

# Germany's hospital "reforms": Another blow to healthcare

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The German federal government, together with the 16 states, has now agreed on key points for the hospital "reforms" proposed by Health Minister Karl Lauterbach (Social Democratic Party, SPD). These so-called reforms will lead to unprecedented hospital closures and significantly worsen healthcare provisions for working people.

In December, the expert commission appointed by the Ministry of Health presented its draft proposals. The commission was headed by Professor Boris Augurzky of the Rheinisch-Westfälisches Wirtschaftsinstitut (RWI) and Reinhard Busse, Professor of Health Care Management at Berlin's Technical University, both of whom have been calling for the large-scale closure of hospitals for years. This draft has now essentially been passed after some squabbling with the state governments. Only Bavaria voted against, Schleswig-Holstein abstained.

The reform was "a kind of revolution," Lauterbach asserted after agreement was reached. In future, hospital financing is to be linked to the quality of services and no longer to the number of treatments carried out. Allegedly, this will make per-case flat rates less important, and hospitals will be paid for providing good services.

Payment based on flat rates per case were introduced in 2004 by the then SPD-Green coalition government as part of its socially regressive "Agenda 2010" policies, a process in which Lauterbach was significantly involved. Together with the transformation of hospitals into profit-oriented and partly private companies, these measures contributed to the deterioration of health care and the intolerable working conditions in hospitals and clinics. In the name of the alleged "abolition of flat-rate payments per case," Lauterbach is now striking the next blow against public healthcare.

To measure the performance of hospitals, uniform "performance groups" with minimum requirements are to be defined. As Lauterbach and other advocates of the reforms keep repeating, this is to ensure that complex treatments, such as those for cancer or strokes, are only carried out in clinics that are appropriately equipped and staffed.

Contrary to the protestations, this will in no way lead to

better care, because not an additional cent will be made available, as would be urgently needed for the necessary equipment or sufficiently well-paid staff. In fact, it will only lead to the closure of departments or entire hospitals, as the German Hospital Association and numerous other experts have long protested. Only in exceptional cases do exemption rules apply in this matter, and these only for a limited period.

It also remains completely open how long waiting times at specialised high-performance clinics will be and who will have privileged access to them. In the UK, where the Sunak Tory government is in the process of killing off the National Health Service, it is already almost impossible for seriously ill patients without expensive private insurance to get a timely appointment for treatment, leading to unnecessary deaths.

Another central aspect of Lauterbach's reforms are so-called "retention fees." Up to now, hospitals have only been paid for cases treated; in future, an average of 60 percent of the costs are to be covered by the retention fees. According to Lauterbach, this would relieve economic pressures and secure the existence of hospitals despite lower case numbers.

This is pure eyewash. The money will still be linked to the number of treatments, because flat rates per case are not being abolished, but at best supplemented. At the same time, the total volume of funds, which is far too low, will not change at all. Lauterbach had stated from the beginning that no additional money would flow into hospital financing.

Moreover, there is still no concrete information on how these flat rates will be calculated. They will not be ring-fenced, which means private hospital groups, for example, can use them to pay dividends to their shareholders.

There was no agreement yet on the classification of hospitals into care levels, as proposed by the expert commission. Lauterbach wants to regulate this centrally and publish the corresponding data in January next year. "Materially," the level classification was not important, so the *Länder* (federal states) did not have to adopt it, Lauterbach said. The *Länder* are resisting this and insist on their own criteria.

Free Democratic Party (FDP) health politician Lars Lindemann explained what was behind the plans to publish so-called quality data for hospitals. “We need a great deal of openness about what certain structures in the hospital sector are capable of,” Lindemann said. Hospitals that could not provide certain services at a certain level of quality would have to stop doing so in case of doubt and leave the field. “That is painful, but that is the way it is.”

The federal and state governments, on the other hand, agreed that hospitals would not receive any financial aid until the reforms came into force on January 1, although this was urgently needed.

Hospitals are confronted with enormous price increases. The coronavirus subsidies have expired and due to the glaring shortage of nursing staff, numerous beds or entire wards have had to remain closed. Never have so many hospitals in Germany been in the red as today.

When asked whether, in view of this situation, the federal government should not provide emergency aid, Lauterbach stated coldly: “I can’t give any hope there,” adding that no funds had been earmarked for this in the federal budget.

In fact, the cuts in the health budget for the coming year are staggering. From €64.4 billion [\$US72.1 billion] in 2022 and €24.5 billion in the current year, it will drop to €16.2 billion next year. It will thus be cut to a quarter within two years. The money will be used directly for military rearmament.

The fact that numerous hospitals will slide into insolvency this year due to the refusal to provide aid is a political calculation. This is intended to accelerate the closures demanded by Lauterbach and the expert commission.

The German Hospital Association (DKG) predicts a wave of bankruptcies already for the current year. “We run the risk that ten to 20 percent of hospitals will then have to file for insolvency,” says the DKG. The deficits burdening hospitals will add up to €15 billion by the end of the year. The Association of Municipal Hospitals is warning of up to one hundred insolvencies this year.

According to a survey by the Baden-Württemberg Hospital Association (BWKG), 77 percent of the state’s hospitals say they expected to incur a deficit this year. That is significantly more than last year, when 62 percent were in the red. The total deficit last year was about €500 million, this year an €800 million minus is expected.

The agreement between the federal and state governments shows that all the establishment parties support the hospital closures and cuts. The Left Party’s criticism of the key points is therefore hypocritical and abhorrent.

“The hospital reform is so poorly crafted that the entire sector is unsettled,” complained Tobias Schulze, health policy spokesman for the Left Party in the Berlin state

assembly. In addition to this harmless criticism, the party presented its own health policy concept at the end of last week. But it failed to mention that Thuringia and Bremen, where the Left Party either provides the state prime minister or is involved in the state government, have spoken out in favour of the reforms.

What is known so far about the Left Party’s concept does not go beyond empty promises. According to its paper, hospitals should work according to the principle of self-cost recovery, i.e., they would be reimbursed for the costs incurred. The prerequisite for this would have to be that the respective providers signed up to a collective agreement with the unions, the Left Party argues. The experience of recent years shows that this has nothing to do with ensuring adequate working conditions. At the Charité hospital in Berlin, for example, nursing staff fought for months for better working conditions—despite being covered by collective agreements—and were sold out by the Verdi union and the SPD-Left Party-Green state executive.

The demand for the “insourcing” of outsourced hospital departments is also hypocritical. Not only did the Left Party in Berlin outsource many areas 20 years ago to save money, but the subsequent insourcing only served the purpose of cementing poor wages in place.

Under the slogan “remunicipalisation of private hospitals,” the Left Party now pretends that it wants to stop the further privatisation of health facilities. But the question of whether remunicipalisation means the expropriation of the private health corporations was explicitly denied by party leader Janine Wissler.



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