



**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
Manatū Aorere

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# **German Health Market: Hospital Care Reform**

MARKET INTELLIGENCE REPORT

# Summary

- Germany, Europe's largest hospital market, is undergoing major reform. Under the Hospital Care Improvement Act passed in November, hospital funding will shift away from flat rates per treatment to basic funding for the provision of medical services. Each German state will decide which hospitals are eligible for funding for specialist treatment.
- New Zealand medtech providers exporting to Germany should note that while these changes are not aimed at the medical technology sector, they could impact on hospitals' demand for healthcare technology and services. (New Zealand's annual healthcare exports to Germany exceed NZD60 million).
- The German government has set up an online hospital directory to improve transparency on the scope and quality of hospital care - a useful tool for New Zealand medtech exporters. The directory provides data on the number of beds and a breakdown of cases by department or condition for every hospital in the country.

# Report

With more than 1,700 hospitals, Germany has the highest hospital and hospital bed density in Europe, but there is growing evidence that this is not sustainable. Per capita hospital expenditure is the second highest in Europe, making Germany the leading market for health technologies, products and services sought by hospitals. New Zealand's annual healthcare exports to Germany exceed NZD60 million.

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## Major reform to hospital financing is expected to trigger structural change

The German parliament [passed](#) the Hospital Care Improvement Act in November aimed at improving the quality of care, reducing bureaucracy, and maintaining a good distribution of hospitals across the country. It addresses the increasingly difficult financial situation of many (especially smaller) hospitals, by fundamentally changing the financing of in-patient care. Currently, German hospitals fund their running costs through flat fees for every treatment, whereas after a transition period ending in 2029 60% of current expenditure will be received through basic funding for the provision of services regardless of case numbers, with the remaining 40% paid per individual treatment. This should provide greater planning certainty, and help prevent economic considerations from determining medical treatment.

German states will define which hospitals are essential for basic needs and therefore eligible for basic funding in various areas of treatment, and allocate additional funds for more specialised units (e.g. stroke units, paediatrics, intensive care, university hospitals or emergency care). To improve the quality of care, nation-wide quality criteria will be applied to 65 categories of medical services, and all hospital services will be categorised according to their level of care (e.g. basic medical care or complicated treatments). By the end of 2026, each state will decide which hospital should provide what medical services, and they will have to meet the quality criteria to receive the basic funding.

Essential hospitals in rural areas will be able to receive additional support, and some less frequented hospitals will be transformed into basic care facilities to maintain basic local hospital care in combination with expanded outpatient care. A Transformation Fund of up to €50 billion will support the expected restructuring of hospitals between 2026 and 2035.

The reform has been controversial, politically and among stakeholders. Statutory health insurers have welcomed the reform, in particular the more strategic approach to capacity planning, while objecting to their required contribution to the Transformation Fund and insisting that further reforms are necessary to manage costs. Hospitals, on the other

hand, are opposed to the reform, arguing that it will reduce the quality of, and access to, in-patient care, and warn of continued economic challenges that could lead to further insolvencies. A change of government as a result of expected early elections in February could lead to further legislative changes.

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## Implications of the reform for medical technology providers and exporters

Significant changes are expected as a result of the reform. These include greater specialisation of hospitals, less ‘over-treatment’ and more outpatient treatment, as well as the closure of ‘unnecessary’ units and a reduction in the number of hospital beds. The German Medical Technology Association (BVMed) has welcomed the reform, but it has also demanded consideration of: inflation; the impact of demographic changes and technology advances on case numbers; a masterplan for hospital investment in state-of-the-art medical technology; a stronger focus on treatment effectiveness; and recognition of the potential role of medical technology in supporting shifts from in-patient to outpatient care.

The reform creates both risks and opportunities for New Zealand medical technology exporters. In the short term, the uncertainty over potential further legislative changes and the implementation of the reform could lead to the postponement of major procurement decisions. In the medium to longer term, the downsizing of the hospital landscape could result in a smaller overall market. On the positive side, many hospitals may invest in new technology and equipment in order to qualify to provide certain services or to create the conditions for more outpatient care. Nation-wide quality criteria and capacity planning should improve market transparency.

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## Digital hospital directory

A Federal hospital directory ([Klinikatlas](#)) went online in May. It aims to “provide patients with understandable and transparent information about the scope and quality of care”, to enable them to make informed decisions when looking for the best hospital for their specific needs. The data includes hospital locations, number of beds, and breakdown of cases by department or condition. Future updates will include data such as key treatments and complication rates.

The new database complements the well-established, industry-owned [German Hospital Directory](#) and offers a useful tool for New Zealand exporters wanting to explore the German hospital market. It could support their market analysis, help them tailor their marketing messages to the needs of German hospitals, reflect future trends and/or help identify partners for development.

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