

# German hospital “reform” will initiate a nationwide closure of clinics

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On May 15 the German cabinet approved a draft bill for a so-called hospital “reform” put forward by Health Minister Karl Lauterbach (Social Democrats, SPD). The new measure will initiate a nationwide closure of clinics, massively worsening healthcare provision for broad sections of the population.

The reform is due to take effect on January 1, 2025. Lauterbach himself has spoken of the “biggest hospital reform in 20 years.” In fact, the healthcare system in Germany has suffered greatly over the last 20 years due to austerity measures and privatisation. The latest reform bill will rapidly accelerate this process and aligns the healthcare system solely with the requirements of the federal budget and the profit interests of large corporations.

It is no coincidence that the health minister recently announced a “turning point in the healthcare system.” What this means in reality is that healthcare spending is to be further sacrificed to free up funds for military armament and making the healthcare system “fit for war.”

The reform paper deliberately lacks many key details. According to Lauterbach, the entire plan is to be implemented gradually over the next 10 years. This will ensure that spending can be tightened further and further.

The draft bill essentially attempts to achieve this with a change in financing and the introduction of new forms of specialisation for the approximately 1,700 hospitals still operating nationwide. The bill provides for flat rates and the financing of specific services based on performance.

The flat-rate payments for services will supplement the flat-rate payments per case that will continue to apply. In future, up to 60 percent of hospital funding will be provided via flat rates, the amount of which will

be based on the hospital’s capacities. To this end 65 service groups (e.g., cardiology, oncology) have been defined. Treatments can only be billed if the hospital has been allocated the corresponding service group and has the prescribed, usually very expensive, equipment and the correspondingly qualified staff.

Flat rates per case will not be abolished, as Lauterbach has repeatedly promised in the past, but merely supplemented by reserve financing. The cost pressure on hospitals remains undiminished, as the flat rates per case continue to exist and the requirements for reserve funding must also be met.

In addition, the reserve budget is calculated on the basis of previous years’ case numbers and there will be limits imposed on the reserve budget even if case numbers increase.

This makes it clear that there will be no “de-economisation” of any kind—the officially stated aim of the reform. The chairwoman of the Marburger Bund doctors’ union, Susanne Johna, has confirmed that the reform will not relieve economic pressure. A reform that deliberately aims to reduce the number of clinics has complex consequences for patient care, Johna warned.

A Hospital Transparency Act and online clinic atlas are also part of the hospital reform. The atlas has now been published, enabling patients to see which clinics carry out specific procedures and how often and how many staff are on site. In future, complication rates will also be published for selected procedures. It should also be possible to make specific comparisons between clinics and treatments.

There are, however, many justified criticisms of this hospital atlas. Firstly, it does not publish any relevant data that is not already available. The German Hospital Directory has already been presenting all important

information for some time. Patient associations also criticise the atlas as “unsuitable” for patients to obtain an overview of the quality of care.

However, this is not the government’s aim. While it is superficially about a public list of services, case numbers and the staffing of the clinics, the hospital atlas actually creates the basis for the reorganisation of the hospitals according to “service groups” and various “levels.” This means that more than 300 clinics will probably be downgraded to outpatient centres and thus lose their current status.

Even before the cabinet’s decision, the reform was criticised from many sides. Above all, this is because the financing of the reform remains almost completely unclear and there are considerable differences between the federal government, federal states, local authorities and the statutory health insurance funds, to which a large proportion of the costs are to be passed on.

The deputy head of the AOK health insurance association, Jens Martin Hoyer, explained that the reform would be “very expensive” for contributors and would lead to higher contribution rates if no changes were made. The CEO of the health insurance group Barmer, Professor Christoph Straub, also predicted that up to €25 billion would have to be raised from member contributions as a result of regulations on the transformation fund.

There is general agreement that the “reform” will lead to the closure of numerous hospitals, particularly in rural regions, and that certain services will no longer be offered. This year alone 30 hospitals in Germany have closed or are about to close.

According to a survey by the German Hospital Institute (DKI), 78 percent of hospitals are expecting a loss in their balance sheets for 2023. The survey also shows that large hospitals with more than 600 beds rate their current financial situation as especially poor. For 2024, three out of four hospitals of this size expect the situation to deteriorate.

This situation means that hospitals are increasingly forced to cut costs. This no longer only affects material and energy costs, but increasingly personnel as well. In Berlin, the state-owned Vivantes clinics closed the 2023 financial year with a deficit of €131 million and are already threatening the workforce with drastic cost-cutting measures.

Against this backdrop, Lauterbach’s comments that

the government is pulling the emergency brake with the reform are sheer cynicism. “Without changing the structures of inpatient care, there is a threat of hospital insolvencies, poor treatment and long journeys,” said the health minister.

Despite differences of opinion on details, all of the country’s main parties are in favour of massive cuts to the healthcare system at the expense of patients and employees. Even the Left Party, despite issuing some public criticism, is fundamentally in favour of the reform by the German government (a coalition of the SPD, Greens and Free Democratic Party). Bremen’s health senator Claudia Bernhard (Left Party) praised the reform and welcomed the fact that Lauterbach is “fearlessly forging ahead.”

The health workers union Verdi is also expressly in favour of the reform. Although “improvements need to be made to the financing,” explained Verdi health expert Grit Genster, Verdi declared its support in principle when the draft for the bill was presented. In recent years, Verdi has played a central role in suppressing the widespread anger of healthcare workers and leading the growing number of strikes and protests into a dead end.



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