STRUCTURAL PROBLEMS IN THE GERMAN HOSPITAL SYSTEM

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SUMMARY

The German health care system has been based on the Hospital Financing Act, which the German government introduced in 1972. According to that, the federal states plan hospitals and make investments. The health insurance funds finance the operating costs. But now the Hospital Financing Act is obsolete, because both the health insurance funds and the federal states are in financial trouble and try to avoid the costs, which are nevertheless rising. In order to freeze costs, the legislators have introduced a new remuneration system, called DRGs (Diagnosis Related Groups), which will be mandatory from 2007 onwards. In this system, the treatment provided will be coded and remunerated on the basis of the primary diagnosis. Periods of hospitalisation and different remuneration systems will no longer be relevant. Transparency and quality will thus be promoted, and the upshot will be more competition among the hospitals. Hospitals that cannot meet quality standards will lose patients and will ultimately have to close. Other participants in the health care system, such as, for example, nursing staff, physicians, pharmacies, rehabilitation centres and patients, will also be concerned in many ways. The consequences of the DRGs for the health care system, its future development and possible alternatives are discussed in this article.

Key words: German health care system, costs, DRGs, consequences, quality

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