



GERMAN HOSPITAL FEDERATION –
THE VOICE OF GERMANY'S HOSPITALS

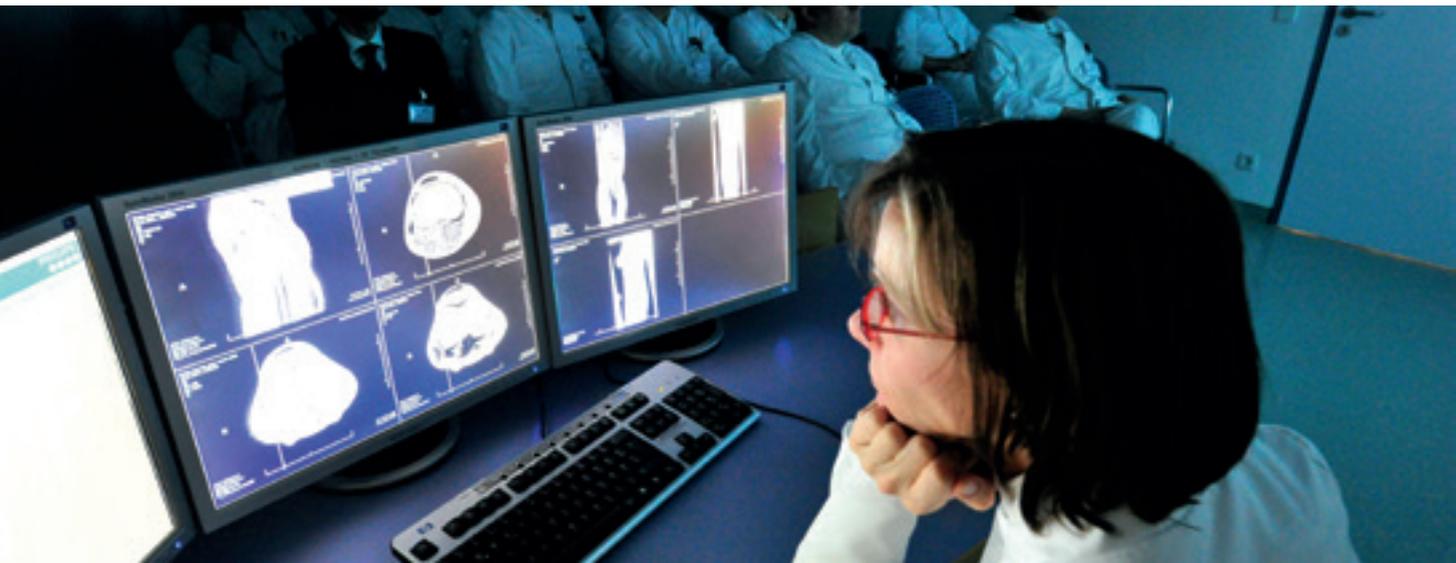
MANDATE AND ORGANISATION OF THE GERMAN HOSPITAL FEDERATION

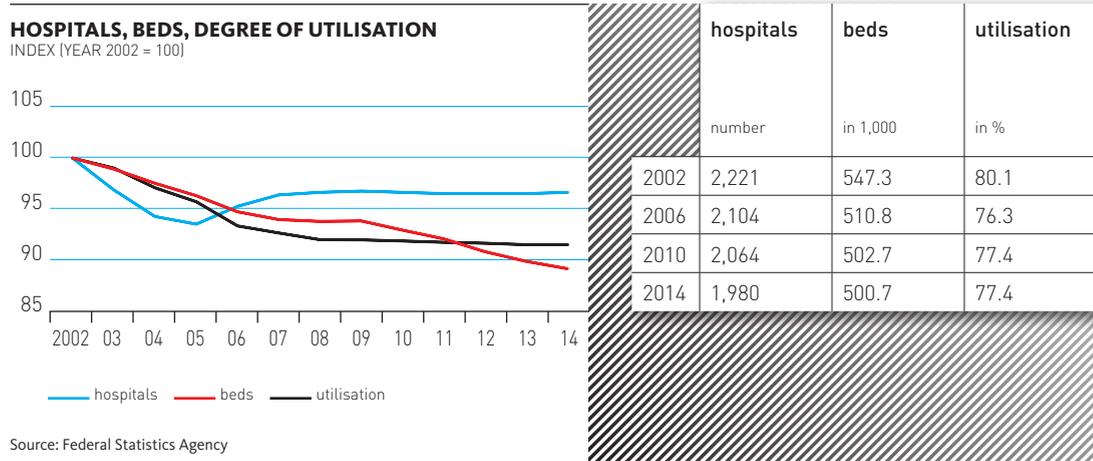
The German Hospital Federation (DKG – Deutsche Krankenhausgesellschaft e.V.) is the representative organ of all German hospitals. It bundles and advocates their interests regardless of the kind of ownership. Public, private for profit and private not for profit or charity based hospital owners are unionised in DKG via its member organisations: 16 associations on the Federal States level (Bundesländer) are providing special services to the hospitals in their region, e.g. negotiating hospital plans and prices. The other type of DKG's members are the twelve national associations, dedicated to each type of ownership who bundle the special interests of their hospitals. On this broad basis, DKG represents the whole range of interests of the providers of hospital care.

Since its foundation in 1949, DKG established itself as the representative of hospital interests and is itself a private not for profit organisation. DKG is not only a key player in German healthcare politics but also got and gets provided with a continuously growing list of responsibilities with regard to the principle of self-governance, inherent to the national healthcare system. In addition to its political and administrative responsibilities, DKG is dedicated to maintaining public dialogue on hospital policy, the exchange of knowledge and the support of scientific research, also crossborder and on international level.

At European and international level, DKG represents Germany's hospitals in the European Hospital and Healthcare Federation (HOPE) and in the International Hospital Federation (IHF).

At its headquarters in Berlin, more than 80 employees work in the Federation's twelve departments on all issues involving the hospital sector. Topics include hospital finance, hospital personnel, data processing, quality management as well as legal and medical questions. The analysis of ongoing health policy developments and public relations activities are also among DKG's central tasks. With its monthly journal "Das Krankenhaus", the Federation publishes one of the most important specialists' periodicals in the Germany's hospital sector.





VOICE OF GERMANY'S HOSPITALS IN POLITICS AND ADMINISTRATION

DKG represents the entire hospital sector in all health policy decisions on national and on EU level. It is a partner to policy makers, political and administrative institutions, stakeholder associations and researchers.

DKG is one of the leading actors in the country's system of "self-management" in the healthcare sector and is member of the "Federal Joint Committee" ("GBA - Gemeinsamer Bundesausschuss"). This legal body is responsible for basic and binding decisions on measures that shape the provision of inpatient and office-based medical services. Together with its partners representing the

other parties in the self-management institutions – health insurers, medical associations and nursing associations – it decides on all topics of relevance to the hospital sector. E.g. the implementation of the German system of diagnosis related groups (G-DRG) for the reimbursement of hospital services as well as hospital quality assurance measures are determined to a considerable extent by DKG in cooperation with its fellow members.

GERMANY'S HOSPITAL SECTOR

The hospitals, whether in private, public or non-profit ownership, offer accessible, high-quality medical care to all patients throughout the country.

Approximately 2.000 hospitals provide health care to more than 19 million patients on an inpatient basis. Additionally, they provide services to another 18 million outpatients which constitutes a continuously growing share, e.g. by delivering highly specialized ambulatory care or outpatient treatments in so called "ambulatory care centres". DKG is working on overcoming the former strict borders between primary and hospital care in dialogue with partners in politics and self-government on a permanent basis.

The care is provided by 1.2 million employees, constituting the heart of Germany's hospitals' success and high quality of care. Round about 185.000 doctors (almost 150.000 full time equivalents) with a growing percentage of foreign colleagues accept their continuous responsibility for the health of the patients. Medical doctors in Germany in general are basically trained for six years at universities and academic teaching hospitals. After starting their career as assistant doctors they enter into the specialised training which lasts another five years as salaried employees in the hospital. They are supported by over 400.000 nurses (approximately 320.000 full-time equivalents). Most of them are trained on a basic level in three years' time in nursing schools operated by the hospitals, and by training on the job in the wards. After this, they can work as general nurses and start their advanced training or even academic studies in order to become highly specialised healthcare workers. DKG provides guidelines for advanced training programmes and develops curriculums for new healthcare professions, e.g. "anesthetic technical assistants" or "operation technical assistants".

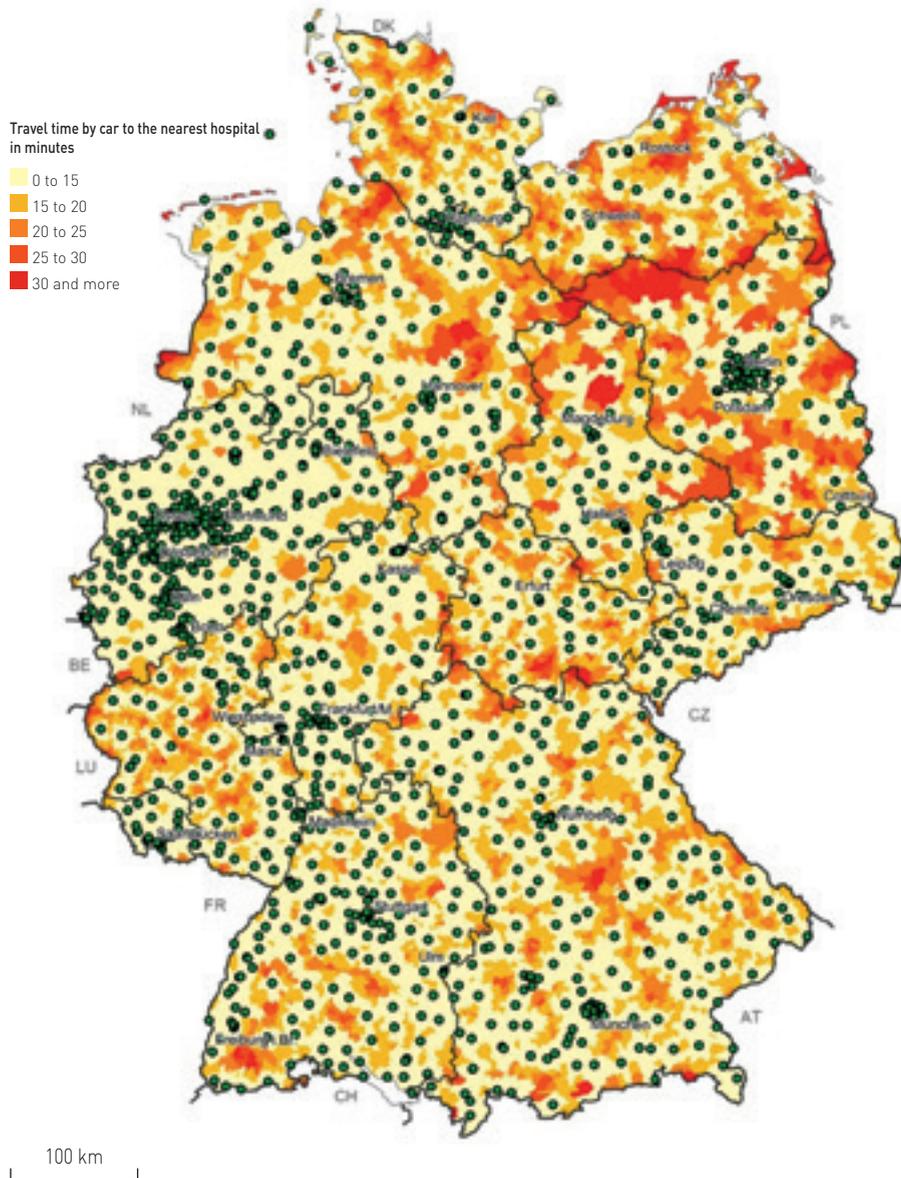
Germany's hospitals are the entrance gates for innovation to the healthcare system. Additionally, hospitals

are very active in research and development, especially amongst the 33 German university hospitals.

With growing revenues of actually more than 90 billion Euro, Germany's hospitals are an important economic factor in the country's prospering healthcare market. In many regions, hospitals are the most important employers.



ACCESSIBILITY OF HOSPITALS





FINANCING OF HOSPITALS

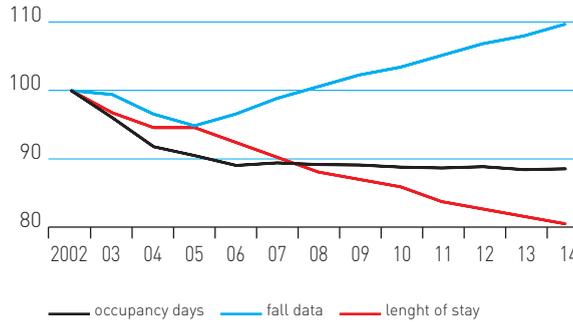
The financing of the German hospital system is based on two pillars: the Federal States (Bundesländer) are bound to bear the investments into the infrastructure, e.g. new construction or refurbishment of buildings as well as the purchase of medical equipment. The health insurance funds pay for the costs of the treatment by applying the G-DRG system (German Diagnosis Related Groups).

The G-DRG system was invented since 1998 by modifying an Australian model and was implemented in practice since 2004. It replaces the former system of per diem charges by introducing a flat payment system: the hospital only gets one flat fee for the whole treatment of the patient from the admission till the discharge, covering all costs of the hospital. Some 1.200 different diagnoses groups with up to seven complication levels allow much defined invoicing which is prepared by specialists in the hospitals who use "OPS codes" and special grouper software. The classification and grouping of the treatment provides a predefined "relative weight" which is multiplied with the "base rate", a regional price for hospital care.

The reimbursement system is continuously developed. The "INEK – institute for reimbursement in hospital" recalculates the relative weights and further develops the number of groups on a permanent basis while the base rates are renegotiated annually. This allows an adequate consideration of new developments and changes in healthcare and cost structures for the reimbursement and price systems. Political discussions on the invention of a G-DRG system also for psychiatric care are going on, seconded by calculations and tests in practice. DKG and its member organisations also reiterates the Federal States governments of their responsibility for the capital costs which became more and more neglected during the last years.

OCCUPANCY DAYS, NUMBER OF INPATIENT CARE, LENGHT OF STAY

INDEX (YEAR 2002 = 100)

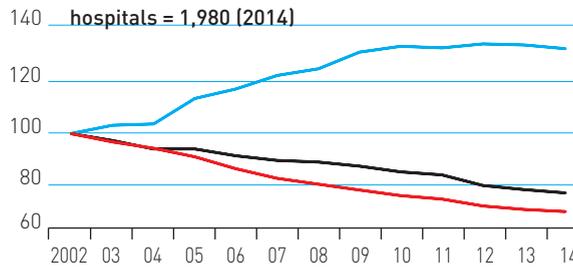


Source: Federal Statistics Agency

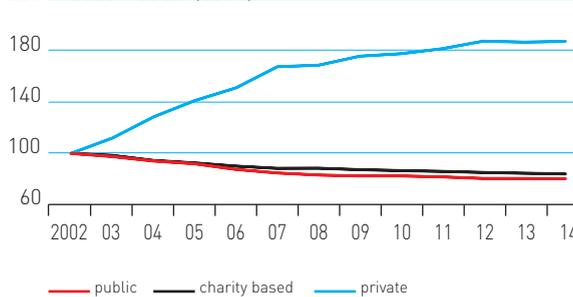
| | occupancy days | number of inpatient cases | length of stay |
|------|----------------|---------------------------|----------------|
| | in Mio. | in Mio. | in days |
| 2002 | 159.9 | 17.4 | 9.2 |
| 2006 | 142.3 | 16.8 | 8.5 |
| 2010 | 141.9 | 18.0 | 7.9 |
| 2014 | 141.5 | 19.1 | 7.4 |

GENERAL HOSPITALS

INDEX (YEAR 2002 = 100)



beds = 500.7 (2014)



Source: Federal Statistics Agency

| | public | charity based | private |
|-------------------|--------|---------------|---------|
| general hospitals | | | |
| 2010 | 539 | 644 | 575 |
| 2014 | 494 | 581 | 571 |

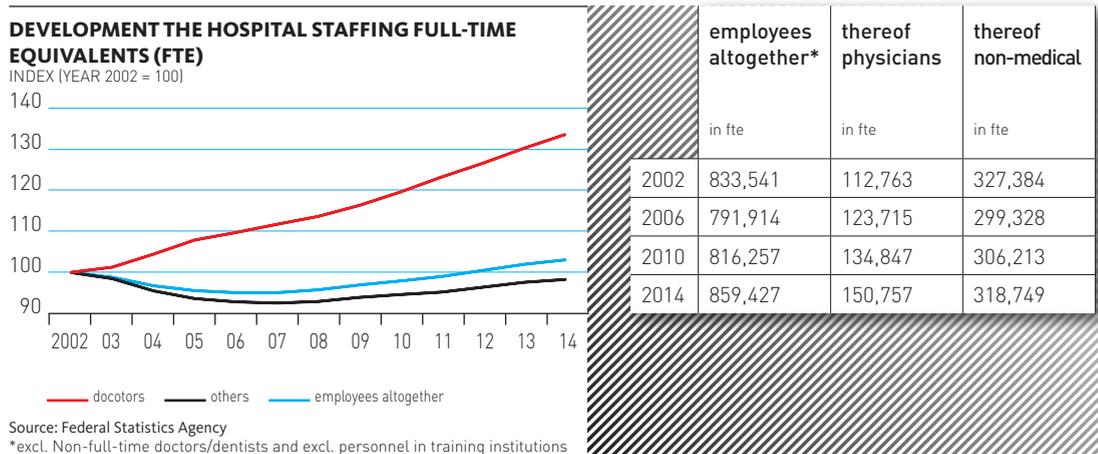
| | public | charity based | private |
|---------------|--------|---------------|---------|
| beds in 1,000 | | | |
| 2010 | 223.4 | 164.3 | 74.7 |
| 2014 | 217.5 | 159.2 | 78.9 |

QUALITY ASSURANCE IN GERMANY'S HOSPITALS

In order to complement the important work to improve quality which is done in the GBA, an additional "IQTIG - institute for quality assurance and transparency in healthcare" was founded with the participation of DKG and started its work with the year 2016. It contributes to the debates in the GBA by developing concrete options on assuring and improving quality and for the measurement and demonstration of the quality of the provision of care.

Beside these developments initiated by law, hospitals take a wide range of measures to assure and improve quality and patient safety at national, regional, local and division level and by every single employee on their own initiative and on a daily basis. Important examples are the establishments of "CIRS – critical incident reporting systems", allowing the prevention of negative processes by sharing experiences between employees and hospitals. DKG regularly reports the "CIRS-case of the month" to all hospitals or promotes the nationwide "action on hand hygiene".

Hospitals provide a unique level of transparency regarding quality aspects. Every clinic mandatorily submits ongoing data on more than 400 structure-, process- and outcome-quality indicators to an external institute. Lacks of quality performance are detected and hospitals have to show measures to improve. Finally, a so called "structured quality report" is created and has to be published by the hospital, giving evidence to patients for a well informed choice. These reports at the same time are the data basis for the official "German hospital directory" and the there installed search engines, where patients can browse for the hospital of their preference. This search engine is also available in English and provides a special search option for international patients (www.german-hospital-directory.de).





LIST OF MAJOR LEGAL TASKS

DKG, despite being a private organisation has got a high level of official responsibility for the healthcare and hospital care, concretised by several legal mandates which have been given to it. Thus, DKG is member in several key organisations:

- Federal Joint Committee (GBA – Gemeinsamer Bundesausschuss): www.g-ba.de
- Institute for reimbursement in hospital (INEK – Institut für das Entgeltsystem im Krankenhaus): www.g-drg.de
- Institute for quality assurance and transparency in healthcare (IQTIG – Institut für Qualitätssicherung und Transparenz im Gesundheitswesen): www.iqtig.de
- German Organ Transplantation Foundation (DSO – Deutsche Stiftung Organtransplantation): www.dso.de
- Society for telematics applications (GEMATIK – Gesellschaft für Telematikanwendungen der Gesundheitskarte mbH): www.gematik.de
- National Contact Point for EU-Patients (NKS – Nationale Kontaktstelle für EU-Patienten): www.eu-patienten.de

LIST OF COOPERATIONS/INVOLVEMENTS

DKG is involved into a number of cooperations with partners and companies:

- German Hospital Institute (DKI – Deutsches Krankenhausinstitut): www.dki.de
- Cooperation for Transparency and Quality in healthcare (KTQ – Kooperation für Transparenz und Qualität im Gesundheitswesen): www.ktq.de
- Association German Hospital Day (GDK – Gesellschaft Deutscher Krankenhaustag): www.deutscher-krankenhaustag.de
- German Hospital TrustCentre and Informationprocessing (DKTIG – Deutsche Krankenhaus TrustCenter und Informationsverarbeitung GmbH): www.dktig.de
- German Hospitals' Publisher-association (DKVG – Deutsche Krankenhausverlagsgesellschaft mbH): www.dkvg.de
- Publisher of the monthly journal „DAS KRANKENHAUS“: www.daskrankenhaus-online.de



The DKG's Organs and Committees

| Membership | | | |
|--------------------------------|-------------|--------------------|-------------|
| 16 State Hospital Associations | | | |
| 12 National Associations | | | |
| Organs | | | |
| General Assembly | | | |
| Board of Directors | designates: | Working Committees | Commissions |
| President's Committee | | | |
| Headquarters | | | |

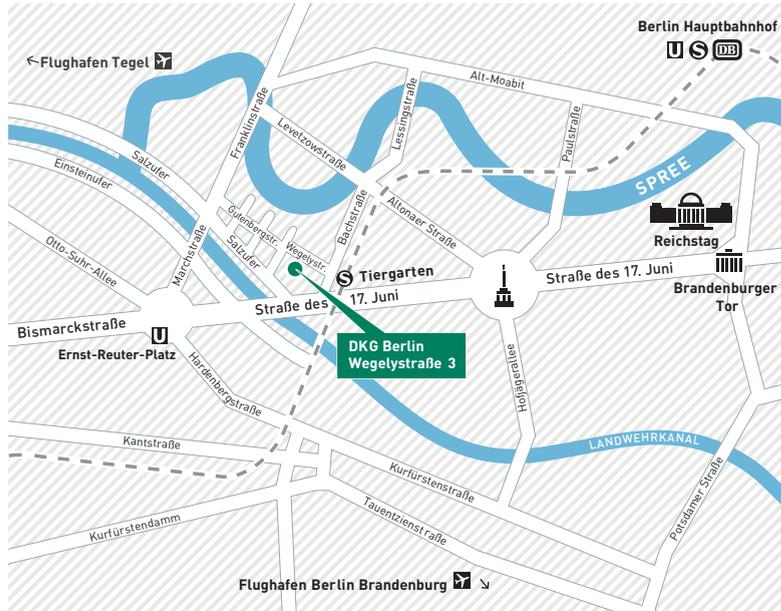
MEMBERS OF THE DKG

16 State Hospital Associations

- Baden-Württembergische Krankenhausgesellschaft e.V., Stuttgart
- Bayerische Krankenhausgesellschaft e.V., München
- Berliner Krankenhausgesellschaft e.V., Berlin
- Landeskrankenhausgesellschaft Brandenburg e.V., Potsdam
- Krankenhausgesellschaft der Freien Hansestadt Bremen e.V., Bremen
- Hamburgische Krankenhausgesellschaft e.V., Hamburg
- Hessische Krankenhausgesellschaft e.V., Eschborn
- Krankenhausgesellschaft Mecklenburg-Vorpommern e.V., Schwerin
- Niedersächsische Krankenhausgesellschaft e.V., Hannover
- Krankenhausgesellschaft Nordrhein-Westfalen e.V., Düsseldorf
- Krankenhausgesellschaft Rheinland-Pfalz e.V., Mainz
- Saarländische Krankenhausgesellschaft e.V., Saarbrücken
- Krankenhausgesellschaft Sachsen e.V., Leipzig
- Krankenhausgesellschaft Sachsen-Anhalt e.V., Halle/Saale
- Krankenhausgesellschaft Schleswig-Holstein e.V., Kiel
- Landeskrankenhausgesellschaft Thüringen e.V., Erfurt

12 National Associations

- Arbeiterwohlfahrt Bundesverband e.V., Berlin
- Bundesverband Deutscher Privatkliniken e.V., Berlin
- Deutsche Rentenversicherung Bund, Berlin
- Deutscher Caritasverband e.V., Freiburg
- Deutscher Landkreistag, Berlin
- Deutscher Paritätischer Wohlfahrtsverband – Gesamtverband e.V., Berlin
- Deutscher Städte- und Gemeindebund, Berlin
- Deutscher Städtetag, Köln
- Deutsches Rotes Kreuz e.V., Berlin
- Diakonie Deutschland, Berlin
- Verband der Universitätsklinika Deutschlands e.V., Berlin
- Zentralwohlfahrtsstelle der Juden in Deutschland e.V., Frankfurt am Main



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