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# Podcast: German Hospital Reform Ushers In A Reimbursement ‘Revolution’

*Market access expert explains significance for medtech industry*

by [Ashley Yeo](#)

Germany is introducing a new system of paying for inpatient care, whereby funds will be allocated both to diagnosis related groups and to a provisional pot from which funds will be distributed according to the type of care delivered. In this podcast with Medtech Insight, Gabriel Flemming of Germany Trade & Invest explains what it all means for medtech.

When Karl Lauterbach was appointed health minister in Germany’s “traffic light” coalition government of the center-left SPD, Liberal FDP and Green Party, he vowed to overhaul the country’s costly system of inpatient care. Patients were prone to being overtreated and spending too long in the inpatient setting, he said.

In a [white paper](#) issued in December 2022, the minister outlined proposed changes to the diagnosis-related groups (DRG) system of flat-rate fees based on performance and activity volumes. The 20-year-old system had given rise to perverse incentives. He observed that the potential of outpatient care has been under-exploited.

In this 30-minute podcast interview on Germany’s hospital reform, *Medtech Insight*’s Ashley Yeo asks Gabriel Flemming of Germany Trade & Invest (GTAI) about the impact of the changes, in particular on medtech companies serving Europe’s largest national health care market.

The hospital reform represents a major shift to “ambulatorization,” but what are the opportunities and pitfalls for companies? What does the new three-level system of hospital classification signify? And what of proposals for “hybrid DRGs” and allowing hospital inpatients to stay overnight at home?



FLEMMING: 'REFORM SUPPORTS SHIFT TO AMBULATORIZATION'

Flemming, senior manager of chemicals & healthcare at [GTAI](#) (part of the federal ministry for economic affairs and climate action, BMWK), gives his personal views in the podcast. GTAI's medtech webpages can be accessed [here](#).

He observes that the reform is being implemented concurrently with the EU Medical Device Regulation. But the "full horrors" of the MDR for medtech companies look likely to have been averted following recent contingency measures relating to products approved under the precursor Medical Devices Directive.

### *Market Access In Germany*

In this podcast, after introducing GTAI and the German market, Flemming speaks about:

- Why the hospital reform is needed (at 3 minutes: 51 seconds)
- When is it happening? (8:30)
- Why should medtechs be concerned? (9:45)
- Reaction from industry and stakeholders; Germany's new digital health care strategy and its effects on a-home provision of care (14:00)
- Possible effects on other reimbursement mechanisms? (18:08)
- Effects on innovation – of both the reform and the MDR (21:04)
- How can medtechs benefit from this so-called "revolution" in market access in Germany? (24:23) and
- GTAI's role as the hospital reform gathers pace (26:23)

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