

PUBLIC GERMAN acute hospitals face bankruptcy

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Some German acute hospitals face bankruptcy in 2009, warns Hermann Thiel, at German healthcare property consultancy Terranus.de. Other reports suggest that a third of all publicly owned hospitals will go out of business over the next few years.

Thiel says that the going will get tough as the changes to the system of reimbursements enters its final phase. He predicts that the financial squeeze is likely to lead to more acute hospitals being taken over by private operators. The changes mean that hospitals have had to introduce DRG and can not simply increase their debts.

So far, the only acute hospital to go private is the University Clinic of Giessen and Marburg, which was taken over by stock market quoted Rhoen Kliniken in 2006.

The largest deal was Asklepios' 2005 takeover of seven Hamburg city hospitals, with total 2003 sales of €750m. More typical deals involve the acquisition of several municipal hospitals, which are then rationalised by the private operator.

Frank Löwentraut, head of Avivre Consult, says such deals follow a standard format: "They take over three hospitals owned by a municipality - two small ones of, say, 100 beds each, and a big one with 300 beds. They then close the two small ones, sell them off and build an extra 100 beds into the big hospital."

Helios, part of the Fresenius group, Sana (owned by a consortium of German private insurers) and Schoen Kliniken (a private group in Munich) have also taken over public hospitals, but there has been less activity recently.

Most of the hospitals facing financial difficulties are non-acute and municipality owned. Many are likely to be taken over by private operators.

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