



Business Destination Germany 2022

Focus industry: Healthcare
Survey





Healthcare: demographic challenges and the digitalization push

Germany, Europe's largest economy, spends around 5,000 EUR a year per inhabitant on health. In 2019, health expenditure in Germany amounted to 411 billion EUR. In 2020, based on existing and updated values, a further increase in health expenditure to 425 billion EUR has been estimated – up 3.5 % on the previous year. An aging society, the increase in life expectancy and medical progress are the main cost drivers. However, it is currently difficult to determine the Corona-related proportion of the estimated health expenditure.

As a high income country, Germany spends a greater share of GDP on health than other comparable countries. Germany's health expenditure accounted for 11.9% of GDP and puts it in 3rd place on the global ranking of the world's largest per capita health spenders. A strong, reliable, and proven health system means that the German healthcare market is attractive to companies from all over the world.

However, in many areas of the healthcare system there is still much more potential for further development to make it even more effective and efficient. The pandemic has also clearly revealed weaknesses in the Germany health system. In an international comparison, as well as in a domestic German industry comparison, the German healthcare system shows a high backlog demand with regard to digitalization. To catch up on this deficit, massive private budgets and the public funding of various digitalization projects is currently being undertaken and that offers foreign investors sustainable investment opportunities in the German healthcare system. Digital transformation also acts as a catalyst for the development of new business models. This will allow for service providers, operators, and the medical technology industry to proactively and successfully shape the new health landscape of the future.

“The COVID-19 pandemic represents an unprecedented challenge for the healthcare system and the hospital market. Even after the pandemic, economic constraints will not decrease, which gives hospital operators the chance to actively and successfully shape the hospital landscape through transactions and collaborations. Only through cross-sectoral cooperation and the realization of extensive synergies in the primary, secondary and tertiary areas of hospitals can high-quality, local care for patients be ensured in the long term without additional extensive public funds. Digital health applications will thereby increasingly become the new standard of care.”



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