The Economic Footprint of the Healthcare Economy in Germany and Mecklenburg-Vorpommern

ScanBalt Forum 2017 (Tallinn)
A. The Economic Footprint
Towards a New Understanding of the Healthcare Sector

B. Healthcare Economy – A Story of Success
Key Results and Lessons Learned from the German Approach

C. Outlook
First Steps Towards an International Reporting Tool
WifOR is Fostering the Paradigm Shift in the Global Healthcare Sector – Health Economy as an Increasing Driver for Growth and Employment

**OLD UNDERSTANDING**

- Part of healthcare
- Mostly public financing
- Input oriented
- Healthcare as a cost factor
- Healthcare consumption
- Separate silos, fragmentation, e.g. statutory health insurance

**NEW UNDERSTANDING**

- Health economy as an heterogeneous sector
- New financing methods, secondary health market, new methods of paying providers (P4P)
- Better quality, more outcome oriented
- Growth sector, increasing work force, new career opportunities
- Investment in health to promote growth and productivity
- Lifelong health and well-being, less fragmentation

Source: WiFOR illustration, following Henke, Neumann, Schneider et al. (2010).
Only GROSS VALUE ADDED allows statements about the economic importance of sectors to the national economy.

GDP contribution describes the contribution to the gross domestic product (GDP). The gross value added is the key figure for measuring a company's economic development and its prospects for growth and economic welfare.

**Source:** WfOR illustration.
The NATIONAL HEALTH ACCOUNT (NHA) as a comprehensive database - A History of Success in Cooperation with the BMWi in Germany

2009
Creation of a Health Satellite Account for the BMWi
First Quantification of the Economic Impact of the Health Economy

2013
Evolution towards a National Health Account for Germany
Presentation of Time Series Economic Figures and Quantification of Spill-over Effects of the Health Economy

2017
Creation of a „regionalized“ Health Account for different Federal States of Germany
Economic facts and Figures of the Health Economy and Subsectors now cover all Federal States in Germany

since 2013
Regular reporting and methodological advancement of the Health Economy by the BMWi
Annual Updates on the National Health Account as the Central Basis for Facts and Figures of the Sector

Source: WfOR illustration.
The HEALTHCARE ECONOMY is a heterogeneous Sector with important sub-areas, e.g. the industrial healthcare economy.

**In-/outpatient Sector**
- Hospitals
- Practitioners
- Rehabilitation
- Care

**Industrial Healthcare Economy**
- Pharma
- Medtech
- Biotech
- RnD
- E-Health

**Other Sectors**
- Insurances
- Pharmacies
- Wellness Tourism
- Consulting

Source: WifOR illustration.
Key results of the NHA show - About 12% of the overall German GDP arises in the Healthcare Economy

- 12.0% Share of total GVA in Germany in 2016
- 16.1% Share of total labor force in Germany in 2016
- 8.2% Share of total exports in Germany in 2016

In Mecklenburg-Vorpommern the regional Healthcare Economy is a driver of growth and employs nearly 20% of total labor-force

- **15.3%** Share of total GVA in Mecklenburg-Vorpommern
- **4.4%** Average growth since 2006

- **19.9%** Share of total labor-force in Mecklenburg-Vorpommern
- **1.7%** Average growth since 2006

- **4.3%** Share of total exports in Mecklenburg-Vorpommern
- **6.4%** Average growth since 2006

Based on the NHA we are also able to calculate the economic impact of a Cluster such as Life Science Nord (LSN)

- **Gross Value Added of the Cluster LSN**: €4.0 bn EUR
- **Share of Small and medium-sized enterprises (SMEs)**: 69%
- **Labor-force in Pharma and Medtech within the Cluster LSN**: 31,000
- **Share of Small and medium-sized enterprises (SMEs)**: 78%
- **Total exports of the Cluster**: €4.8 bn EUR
- **Share of total exports in Hamburg and Schleswig-Holstein**: 8.2%

The Economic Footprint Approach – based on GDP calculations – answers different questions about benefits in a macroeconomic context.

What is the contribution of the Healthcare Economy to gross value added and GDP?

How many jobs are accounted by the business activities of the Healthcare Economy?

How high are the spillover effects of the Healthcare Economy in contrast to other benchmark sectors?

How high is the impact of the Healthcare Economy on foreign trade in contrast to other sectors?

Source: WifoR illustration.
The Economic Footprint of the Healthcare Economy in Europe – For example a ScanBalt Approach is possible as well

National level in Germany

Federal States in Germany

The Same Approach is Possible – Valid Database for the Healthcare Economy

ScanBalt Region

Individual countries in BSR

Source: WiFÖR illustration.
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