



Sector report 1.2008

Health Economy



Health Economy

in Mecklenburg-Vorpommern, Germany



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1. Introduction

The demographic development, the advances in medical technology, but also the increasing health-awareness of the population in the German Federal Republic have all led to a continual growth in the demand for and the interest in health-oriented products and services in the last few years. Health Economy is numbered among the largest and most dynamic of economic sectors in Germany. It is a strong and hitherto often underrated source of growth, and this evaluation is not only based on the creation of new workplaces but also of added value.

In Mecklenburg-Vorpommern just short of 90,000 people are occupied in the field of health. With a spectrum ranging from out-patient and in-patient health care right up to the export-rich sectors of high-performance medicine and biotechnology as well as health tourism and an innovative nutrition market, this sector provides more people with employment and generates more turnover than many “traditional” sectors in the federal state.

The expression “Health Economy” is often shrouded in a veil of uncertainty as far as its exact boundaries are concerned. Thus, reliable statistics on the development of the sector have until now been available only on a limited scale. This report is based on the definition which was approved on the occasion of the first National Conference for the Health Economy Sector in Rostock-Hohe Düne, which defined Health Economy as “The creation and marketing of goods and services which are conducive to the preservation and restoration of health“.

The sector report “Health Economy in Mecklenburg-Vorpommern“ is intended to contribute to the establishment of more transparency in the sector and also, at regular intervals, to inform stakeholders both within and outside the region about the development

of the regional health economy sector in Mecklenburg-Vorpommern.

The report will develop in both structure and content. This first edition of the sector report “Health Economy in Mecklenburg-Vorpommern 01/2008“ comprises, as an initial step, a regular compilation of available research, studies and data on the sector in general and in Mecklenburg-Vorpommern in particular. During the creation of the report, the heterogeneousness of the sector was confirmed, as a myriad of various up-to-date statistics was elicited from the most diverse of sources. The next step therefore, was to add to and bring the available data completely up to date.

We wish you a pleasant read of this first edition of the sector report for “Health Economy in Mecklenburg-Vorpommern“.

Your BioCon Valley® team

The term “Health Economy” is defined as “The creation and marketing of goods and services which are conducive to the preservation and restoration of health“.

1st National Conference for the Health Economy Sector, Rostock-Hohe Düne, 2005

2. The Structure of the Sector

The uniform compilation of figures for the Health Economy sector is difficult to devise, as there have previously been no comprehensive statistical surveys for this sector. Altogether we are dealing with a heterogeneous sector, comprising both private companies and public institutions of various forms and sizes from different industries.

The figures from the Statistisches Bundesamt (German Federal Department of Statistics) are primarily based on the core areas of Health Economy, the classical health care system with its immediate sub-systems, upstream services and supply industries. Peripheral areas relevant to the field of health such as the sport, leisure and spa sectors, as well as the field of health tourism which is all important to the state of Mecklenburg-Vorpommern, remain just as unrecognised at present as information specific to the state itself. This also applies to the surveys carried out by the Chambers of Commerce and Industry, which are organised according to the conventional official classifications for the branches of the economy, without a particular classification being allocated with specific, binding parameters as to what may and may not be included.

This sector report is based on the wider-reaching, multi-layered, so called “Zwiebelmodell“ for Health Economy as collated by the Institut für Arbeit und Technik in Gelsenkirchen (Institute for Work and Technology in Gelsenkirchen). This model classifies the companies and organisations of the Health Economy sector according to their value creation chain. Thus, both the labour-intensive services of the core area and also the areas which are capital, skill and technology-intensive are recorded, along with the peripheral areas with their heavily health-oriented service and product portfolios:

- The core area contains the in-patient and out-patient health care institutions such as hospitals and clinics, doctors' surgeries, preventative care and rehabilitation centres, non-medical forms of treatment, the (partially) in-patient and out-patient care centres as well as chemists.
- The ancillary and supply industries consist of the areas of the pharmaceutical industry, medical technology and geronto technology, health-related crafts, and trade in medical and orthopaedic products.
- Among the neighbouring and peripheral areas are health-oriented services from the fields of sport, leisure, spa and health tourism, health consultancy, ecological building and living companies from the food industry, services senior citizens and the manufacturing companies.

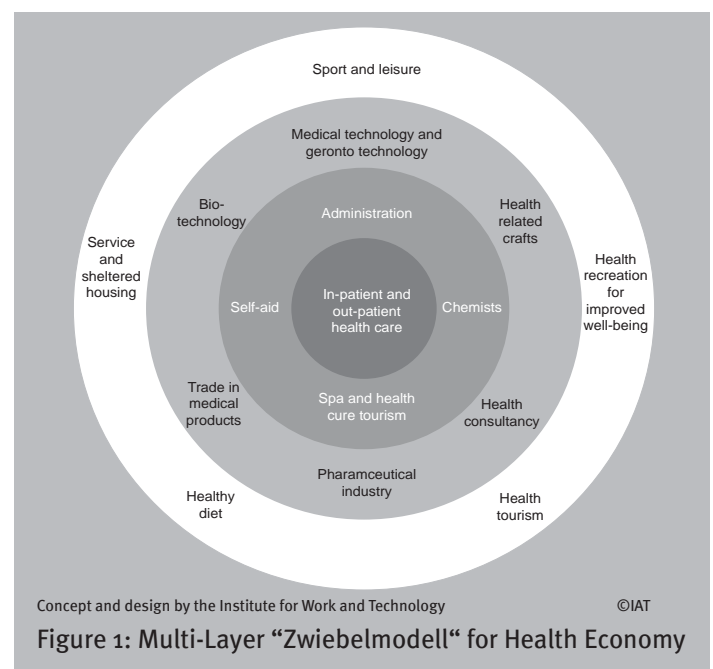


Figure 1: Multi-Layer “Zwiebelmodell“ for Health Economy

3. Health Economy in Germany

In various current studies, both domestic and international, the Health Economy sector has been classified as one of the most important engines of growth and employment for the future. While “health“ was essentially seen as a socio-political service up to the nineties, and was thus evaluated in an economic respect as an antecedent for the payment of rising costs, the productive and added value characters of health oriented services are increasingly gaining in importance in Health Science.

“The mega market of the next (the sixth) Kondratiev wave will be the Health Economy sector; meaning health in the sense of the complete body: Physically, spiritually, ecologically and socially. In the terminology of today: The markets for biotechnology, medical products, environmental protection and the enormous, still unstructured market for psycho-social health, namely psychosomatics, psychology, psychiatry and the related area of psychotherapy.“

Leo A. Nefiodov, Russian economics expert

The labour force in the German Health Economy sector is currently estimated at 4.9 – 5.2 million gainfully employed people, many times more than in the automobile, chemical and engineering industries of Germany. According to pertinent studies, the number of people working in this sector will increase still further until 2020, whereby the predicted growth rate allows for between 470,000 and 800,000 additional workplaces.

Because of the medical-technological advances being made, doing business with health not only has an effect on the curing and well-being of humans but also crucially affects the companies operating in related areas to Health Science and the national economy in a positive way. The German gross added value in 2004 for health care alone was around 134bn Euros with a predicted increase of 29% by 2020. A doubling of turnover has been predicted for the medical-technical sector in the next ten years. As a part of this, biotechnology will make a significant contribution to the improvements in the quality of health, thanks to cognitions in, for example, the areas of human genetics and system biology, the possibilities for both diagnosis and treatment of illnesses, or the linking of diagnostics and therapy.

The increasing health awareness of the population should also have a positive effect in this respect. This is mirrored in the development of the buying power in the privately financed area of health spending. In 2004, in Germany only 13.7% of health care was privately financed. This area will see an annual rise of some 2.9% until 2030.

Health Economy is heavily influenced by the ongoing health-political discussions. The general institutional conditions of practically no other sector have such a meaningful influence on the chances of economic

development as those which are determined by health politics. In this way, many challenges are created for the protagonists of the sector. The full extent of these challenges could not be thus far identified and in spite of the increasing requirement in the sector, the risks for the overall development may in the moment not be fully foreseen.

The increasing importance of Health Economy as an economic factor has been recognised not only on a domestic and international level but also, increasingly, on a regional basis. In February 2008, the organisation „Netzwerk Deutsche Gesundheitsregionen e.V.“ (Network of German Health Regions) was founded in Berlin. The organisation intends to strengthen Health Economy as a sector of the future. In this respect, the project-oriented co-operation between the regions is very much to the fore. The organisation is intended to promote regional fields of excellence on the broader base of the nationwide level and so optimise and force the pace of developments in medical care, research, science and also products and services. A further focus will be the international marketing of the regions. In the framework of this project, the service ability of the German Health Economy shall be highly profiled abroad.

FOUNDER MEMBERS OF THE
“Netzwerk Deutscher Gesundheitsregionen e.V.”
(Network of German Health Regions)

- Gesundheitsinitiative Schleswig-Holstein
- BioCon Valley® GmbH (Mecklenburg-Vorpommern)
 - Gesundheitsinitiative Bremen
 - Netzwerk Gesundheitswirtschaft/
Health Capital Berlin-Brandenburg
 - Gesundheitsstadt Berlin e.V.
 - Gesundheitsnetzwerk Weser Ems
- Verein zur Förderung von Innovationen in der
Gesundheitswirtschaft Ostwestfalen-Lippe
 - MedEcon Ruhr e.V. (Ruhr area)
- Initiative Gesundheitswirtschaft Rheinland-Pfalz
- Initiative Gesundheitswirtschaft Rhein-Main e.V.

4. Health Economy in Mecklenburg-Vorpommern

Mecklenburg-Vorpommern has actively dedicated itself to the promotion of the Health Economy sector since 2004. Thus this federal state is regarded as being very much on the cutting edge and on the forefront of the German health regions. The initiative of the state government has been unique on a national level. Both the cabinet and the state parliament passed acts to support the Health Economy in Mecklenburg-Vorpommern.

4.1 General conditions and the master-plan

A significant milestone along the way was the creation of the master-plan "Health Economy Mecklenburg-Vorpommern 2010", which was presented to the state prime minister in 2006. The master-plan details five main areas of focus for Health Economy, which are complemented by three spheres of activity.

MAIN AREAS OF FOCUS	COMPLEMENTARY AREAS
<ul style="list-style-type: none"> ▪ Prevention ▪ Health tourism ▪ Rehabilitation ▪ Nutrition ▪ Services for senior citizens 	<ul style="list-style-type: none"> ▪ Life Sciences ▪ Highly-specialised medical and research projects ▪ New forms of care

The strategic orientation is targeted at the establishment and build-up of a health-tourism infrastructure which is also health-conducive, in order to develop Mecklenburg-Vorpommern into one of the leading health regions of Germany. In addition, an attractive range of possibilities for health-retreat and recreational holidays as well as for the natives of the area should be created. At the same time, the networking of the health and spa tourism with economic branches such as medical technology, biotechnology, environmental medicine, and the food industry should be pushed ahead.

With the project office for Health Economy of the BioCon Valley® GmbH as a public private partnership, a central contact for Life Science and Health Economy was created, which both supports the active players with services and bundles their fields of competence into an nationwide visible network.

4.2 Jobholders

The number of gainfully employed people in the Health Economy sector of Mecklenburg-Vorpommern amounts to around 86,000. The number of jobholders was last surveyed as a part of the creation of the master-plan and is currently being brought up to date. Around 87% of the jobholders (~ 75,000) work in the core areas, a little under 8% in the ancillary and supply industries, as well as more than 5% in the peripheral Health Economy or neighbouring sectors.

Table 1: Jobholders in Health Economy (2003)

Area	Jobholders	%
In-patient/partially in-patient care	30.958	35.9
In-patient care for the elderly	6.498	7.5
Out-patient care	23.316	27.0
Emergency medical services	973	1.1
Administration/insurance	10.125	11.7
Chemists	3.154	3.7
Core areas	75.024	86.9
Geronto technology/health-related crafts	3.917	4.5
Pharmaceutical Industry	228	0.3
Trade in health products	1.645	1.9
Research	848	1.0
Supply and ancillary industries	6.638	7.7
Health tourism	3.321	3.9
Sport, leisure, recreational health	917	1.1
Other	358	0.4
Peripheral and neighbouring areas	4.596	5.4
Total	86.258	100

4.3 Companies and health-related crafts

For the calculation of the number of companies active in the fields of Health Economy, those companies and craftsmen registered with the Chambers of Commerce and Industry were consulted.

Table 2: Companies active in Health Economy (2008)

Area (economy sector classification)	Number
Manufacture of pharmaceutical products (244*)	14
Manufacture of medical equipment and orthopaedic items (331*)	60
Trade in pharmaceutical commodities, ... (51185*)	94
Wholesale of natural food (513833)	12
Wholesale of pharmaceutical, medical and orthopaedic commodities (5146*)	62
Retail of health food (52271*)	123
Retail of dietary nutrition and beverages, etc. (522754)	16
Retail of medical and orthopaedic articles (52320*)	177
Research and development in the fields of agricultural, forestry and food sciences (73103*)	13
Research and development in the fields of medicine (73104*)	55
Health care consultants (741415)	26
Other independent activities in health care (85144*)	425
Patient transport ambulance and emergency medical services (85145*)	15
Other Health Economy institutions and facilities (85146*)	18
Old peoples' residences (85313*)	12
Old peoples' homes (85314*)	2
Old peoples' nursing homes (85315*)	29
Out-patient social services (85326*)	453
Fitness centres/fitness studios (930422)	99
Total	1,705

The selection of the economy sector took place in accordance with the multi-layer "Zwiebelmodell" for Health Economy as described in Section 2, above. Altogether, a total of 1,705 companies, which were able to be classified according to the parameters of Table 2 were surveyed from the three Chamber of Commerce districts, Neubrandenburg, Rostock and Schwerin.

The information about the companies in the category of health-related craftsmen was supplied by the two Chambers of Trade in Schwerin and East Mecklenburg-Vorpommern. A total of 392 handcraft companies are resident in Mecklenburg-Vorpommern.

Table 3: Health Economy related craftsmen (2008)

Area	Number
Ophthalmic opticians	144
Hearing instrument specialists	20
Orthopaedic shoemakers	40
Orthopaedic technicians	27
Dental technicians	161
Total	392

4.4 Health Care

The parameters for the divisions of Mecklenburg-Vorpommern in the classical fields of health care were selected on the basis of the publicly accessible database of the Statistisches Amt Mecklenburg-Vorpommern (State Department of Statistics of Mecklenburg-Vorpommern). The information was supplemented in the number of practices in other medical professions on the basis of surveys carried out by associations of health German insurers (VdAK/AEV). Additional information supplied by pertinent professional associations (e.g. Hospital Society of Mecklenburg-Vorpommern, Medical Association of Mecklenburg-Vorpommern, Dental Association of Mecklenburg-Vorpommern or the Association of Statutory Health Insurance Physicians of Mecklenburg-Vorpommern) was taken into account.

The field of health care in the state of Mecklenburg-Vorpommern is being confronted by a number of challenges. The demographic and epidemiological factors are especially worthy of mention here, for example the high prevalence of important risk-factors (such as obesity, hypertonia, diabetes, tobacco consumption and inactivity) or the heavily increasing proportion of older people and the resulting increase in the number of patients with age-related and degenerative conditions and also the potential lack of qualified doctors caused by the aging of existing doctors and reluctance of younger doctors – especially chief physicians - to take over their practices in the area. It is thus to be expected that the combination of the factors mentioned will lead to rising cost pressure in the health care of the population.

In respect of the area of health tourism, which is developing well, this situation can also be regarded as a chance to develop products and services for the preservation and restoration of health. These should

then support the creation of sustainable added value in the region, for example with specific target groups such as health tourists or individual age cohorts.

Table 4: In-patient and out-patient care (2006)

Area	Number
Doctors . of whom general practitioners	6,348 2,472
Dental practitioners . of whom general practitioners	1,48 1,247
Chemists . of whom in public chemists'	801 690
Hospitals and clinics . number of beds	34 10,216
Out-patient services	419
Partially in-patient institutions	51
in-patient institutions	225
Preventative care and rehabilitation facilities . number of beds	63 10,558

Table 5: Practices for other medical professions (2008)

Area	Number
Medical chiropodists'/podiatrists' practices	87
Ergotherapy- practices	152
Speech therapy practices	166
Massage practices / medical bathing facilities	29
Physiotherapy practices	709
Total	1,143

4.5 Further Areas

Mecklenburg-Vorpommern is in a position to build on the added value potential which has hitherto been somewhat sparingly exploited and can expand its position beyond the bounds of the actual Health Economy into the fields of tourism and agriculture.

Health tourism and medical recreation for improved well-being

Mecklenburg-Vorpommern has a qualitatively high grade and very modern infrastructure of tourism, clinics, rehabilitation centres and bathing facilities at its disposal. Since the nineties considerable investments have been made in these areas. The federal state in the north-east of Germany, with its 24 coastal bathing resorts, seven coastal spa resorts, two spas and a total of 57 state-certificated health and leisure resorts, its pleasant climate, its natural resources and its still-intact countryside has thus the best of chances to become the market leader and also increase general interest and make itself even more popular.

With an employment rate of around 5% in the fields of health tourism, sport, leisure and health recreation, Mecklenburg-Vorpommern is considerably above the national average of around 2,5%. Even now, Mecklenburg-Vorpommern has established itself in third place as the most popular German destination for health trips behind Bavaria and Lower Saxony.

The statistics which have been collected until now on the employment rates in recreational health and conventional health tourism have hitherto amounted to just under 10% of the more than 37,000 jobholders in the hotel and restaurant sectors. But here too, the protagonists on the health market are treading new paths: Quality, efficiency and newly available offers in the

areas of preventative care, curative care and rehabilitation such as kinesiatrics, and the possibilities of healthy nutrition or mental fitness are very much in the forefront and will thus significantly increase the number of jobholders.

Agriculture and the food industry

Agriculture numbers among the traditional sectors of the economy in the farming state of Mecklenburg-Vorpommern. A modern and high-performance sector is hiding behind the agricultural economy, which has had a 2.7% share of the gross added value in the state – the national average is around 1.0%. Around 5,150 companies provide for this healthy situation.

The food industry is one of the most important industrial sectors in Mecklenburg-Vorpommern. In 2006 it was responsible for over a third of the turnover among manufacturing companies. This, too, is well above the national average. The growth in the sector has continued uninterrupted for many years. In 2006 the increased growth amounted to over six percent. More than 14,000 people are employed in the food industry today.



REGIONAL HEALTH NETWORKS

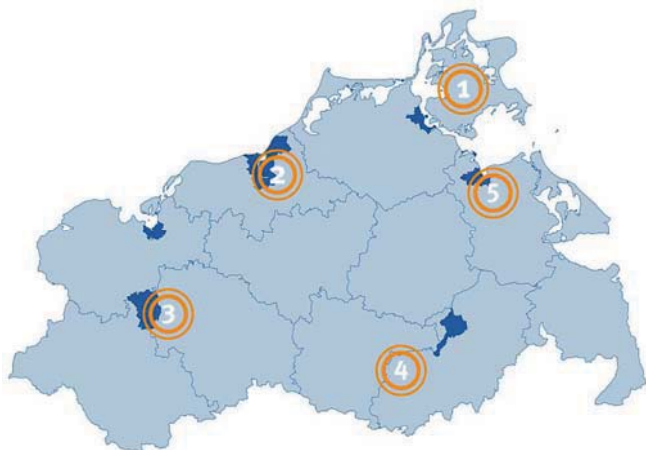
- Gesundheitsinsel Rügen e.V. (1)
- Forum Gesundheitsförderung Rostock und Umgebung e.V. (2)
- Lenkungsgruppe Gesundheitswirtschaft Schwerin (3)
- Mecklenburgische Seenplatte (4)
- Vernetzte Gesundheit e.V. (5)

SECTOR-ORIENTED NETWORKS (a selection)

- KompetenzNetzwerk Orthopädie® (2)
- Transfernetzwerk Community Medicine (5)

NETWORKS OF OTHER SECTORS

- Agrarmarketing Mecklenburg-Vorpommern e.V. (agriculture)
- Bäderverband Mecklenburg-Vorpommern e.V. (health spas)
- Deutscher Hotel- und Gaststättenverband (hoteliers)
- Tourismusverband Mecklenburg-Vorpommern e.V. (tourism)



4.6 Regional Networks

Together with BioCon Valley Mecklenburg-Vorpommern e.V. and further companies (Deutsche Bank, Nord/LB, Sparkassen) the state founded the BioCon Valley® GmbH in 2001. This company serves as a coordination and consulting base. Originally it served the Life Sciences and since 2004 it has also been available for Health Economy. The board of trustees “Health Economy Trustees“, which was appointed in 2005 consists of 47 specialists who advise the state government strategically.

Above and beyond the state-base of BioCon Valley®, regional initiatives have come into being with an almost blanket coverage. They combine their interests on a cross-sector level and form a co-operative base. The networks use the synergies which are generated by the co-operation between the sciences, by the economy and business development and between the different companies and facilities of the health economy sector, the service providers, representatives of the administration, the associations and institutions. A cross-sector networking of the protagonists has become increasingly common. In this way, associations from the fields of agriculture, the food industry and the tourism sector take a very active part in increasing the profile of the networks.

5. Future Prospects

“Mecklenburg-Vorpommern – health is at home here“ – thus reads the heading of the master-plan “Health Economy 2010“. This sector report shows just what resources are available to develop the federal state to the leading German health region.

Health Economy disposes over a wide ranging base of companies. On the side of economics and research, the region has proven expertise available with a highly competitive structure when compared on a national level. Added to that are the powerful protagonists in the field of Health Economy. Last but not least, thanks to its natural resources (pleasant climate, Baltic Sea coast, practically unspoiled nature) allied with the low levels of industrialisation and population density, Mecklenburg-Vorpommern has a location advantage which can be further exploited.

The situation of Mecklenburg-Vorpommern on the Baltic Sea, in one of the most dynamic economic areas in Europe, offers new opportunities to protagonists in the state. The region is active and in many respects a trend setter in numerous activities in the Baltic Sea area. Thus BioCon Valley® initiated the Baltic Sea network “ScanBalt“ with partners from Denmark, Sweden and Finland. This is a network from regions with a strong focus on research and development within the modern Life Sciences. The activities of ScanBalt are becoming more and more oriented on the Health Economy sector.

The “National Conference for the Health Economy Sector“ which has taken place for four years now and hosts around 700 active participants, has provided for a high level of attention in selected fields of discussion (preventative care, alternative and complementary medicine, nourishment, movement and activity). The

National Conference for the Health Economy Sector will take place at the beginning of May 2009 and will feature the subject of “Successfully Ageing: Demographic Change as a Challenge for Health Economy“.

A survey which was carried out last year by the Institute for Community Medicine of the University Clinic to Greifswald, together with BioCon Valley®, showed still more potential: Mecklenburg-Vorpommern is extremely attractive to immigrants over the age of 55. The so-called “Best Agers“ possess a high level of health awareness and financial potential and they are prepared to invest in a healthy life style in Mecklenburg-Vorpommern.

That having been said, it should not be forgotten that Mecklenburg-Vorpommern is lying behind several other federal states as regards the health status of its population. Precisely targeted measures are necessary here on an increased level, “so that health really is at home!“ An important reason for all concerned to set their sights firmly on the stated aim, that of becoming the number one health state in Germany - not just as an example for its own population but also for the further expansion of the dynamic and future-oriented sector of Health Economy.



Gesundheitswirtschaft MV

6. Sources

The following reference works were used during the creation of this report:

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- **Zukunftsbranche Gesundheitswirtschaft – zur wirtschaftlichen und beschäftigungspolitischen Entwicklung in den Bereichen der Gesundheitswirtschaft, des Tourismus / Gesundheitstourismus sowie der Ernährungswirtschaft des Landes Mecklenburg-Vorpommern – Kurzfassung**

Reppel+Partner GmbH – Beratungsinstitut für Tourismus, Kurorte, Freizeit und Kultur: Schwerin, Wirtschaftsministerium Mecklenburg-Vorpommern 2003

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