CONALLIANCE

Ambulant Intensive Care in Germany

An analysis from an M&A (mergers and acquisitions) perspective

Authors: Günter Carl Hober and Martin E. Franz

Oct. 2016

Contact

Your contact persons for M&A

For comments and additional information do not hesitate to contact the Conalliance M&A Healthcare Services Team. We are looking forward to your feedback and a mutual exchange.

Günter Carl Hober
Dipl.-Kfm. / MBA

Managing Partner und
Head of Healthcare M&A Europe

Tel.: +49 (89) 809 53 63-0

g.hober@conalliance.com

Frank Herrmann
MBA

Associate
Team Healthcare M&A Europe

Tel.: +49 (89) 809 53 63-0

f.herrmann@conalliance.com

www.conalliance.com

Important Notice

No part of the report or service may be resold, circulated, lent or disclosed to non-customers without written permission of Conalliance. This information is based mainly on primary and secondary market research and own Conalliance analysis and therefore, is subject to fluctuation. Furthermore, no part may be reproduced, or transmitted in any form or by any means, electronic, photocopying, mechanical, recording or otherwise without the permission of the publisher, i.e. Conalliance. All statements of fact, opinion, or analysis expressed in this report are those of the respective analysts and M&A advisors of Conalliance. They do not necessarily reflect formal positions or views of Conalliance. The Information used and statements of fact made are not guarantees, warranties or representations as to their completeness or accuracy. Conalliance assumes no liability for any short term or long terms decision made by any clients based on analysis included in our reports (e.g. Commercial Due Diligence Reports, Market Reports, Target Screening Reports, etc.).

CONALLIANCE Munich, October 2016

Please note also:

Due to confidentiality reasons significant parts of this report have been blacked, edited and shortend. We kindly ask for your understanding.

Part I
Market Model

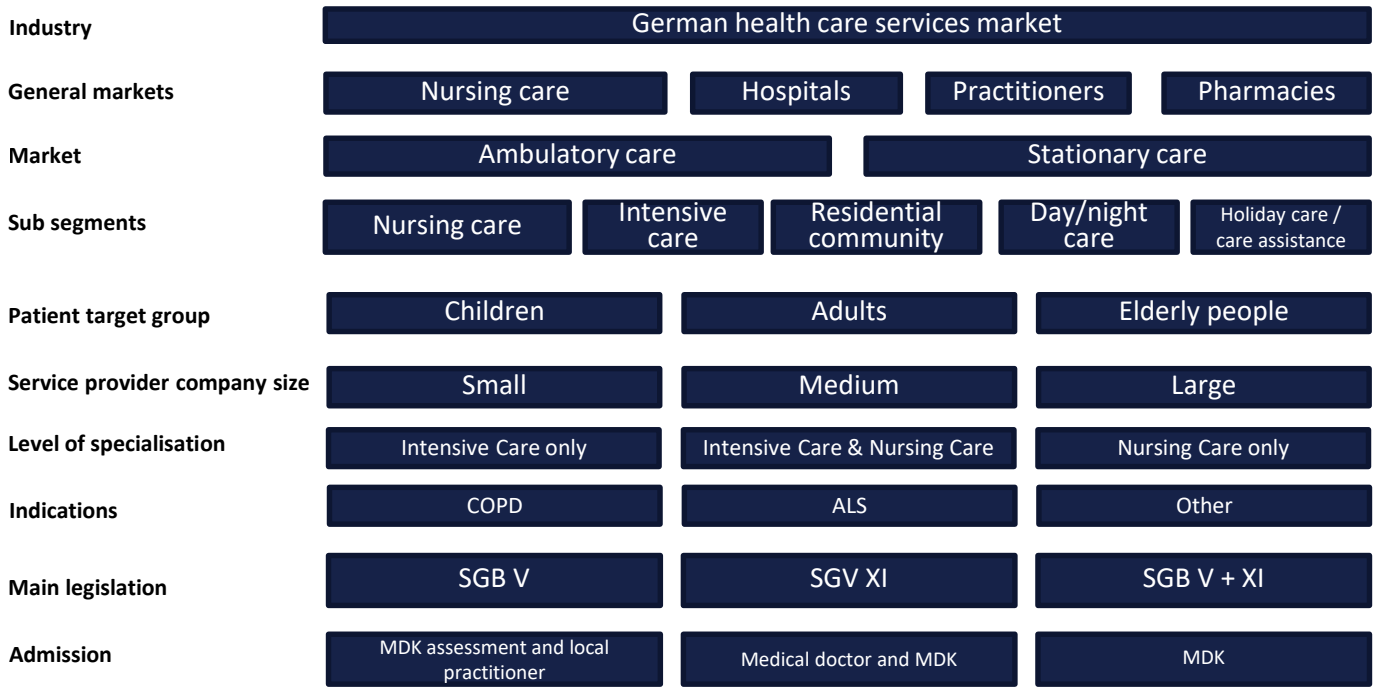
Summary „*Market Structure & Patients*“

1. The focus of this analysis is set on the ambulatory care and ambulatory intensive care market.
2. The German ambulatory intensive care market is a specialized niche market embedded in a tight service network,
   - regulated by a social code and care legislation, as well as federal state specific legislation,
   - paid by health insurance and long term care insurance
   - Serviced by medical and therapeutical service providers and product suppliers.
3. The patient is normally referred into the system by stationary acute care.
4. The number of total inhabitants in Germany decreases annually by 0.4% until 2060. The number of inhabitants aged 65 to 80 and 80+, who are most likely to need care, grows during the same time period by 0.2% and 1.5% respectively. Hence the group of people who are potential patients grows.
5. The total number of long-term care patients is [redacted] The majority of ambulatory care patients have a low Care Level (Care Level I represents [redacted]% in 2013). However, some regional difference between growth rates can be identified in Germany.
6. In Germany approximately 700 thousand people are being cared for by ambulatory care services. Only [redacted] of these are ambulatory intensive care patients.
7. The patient base in the German ambulatory care market is expected to grow at an annual rate of [redacted]% until 2030. The largest growth rate is forecasted for the ambulatory service patient base.
8. The number of ambulatory care patients has grown in recent years at [redacted]% annually. The number of ambulatory intensive care patients has [redacted].
9. Experts differ strongly in their view on effective growth rates for the future.
10. [redacted]
11. [redacted]
12. [redacted]

Market Structure

Market segmentation

The focus of this analysis is set on the ambulatory care and ambulatory intensive care market.



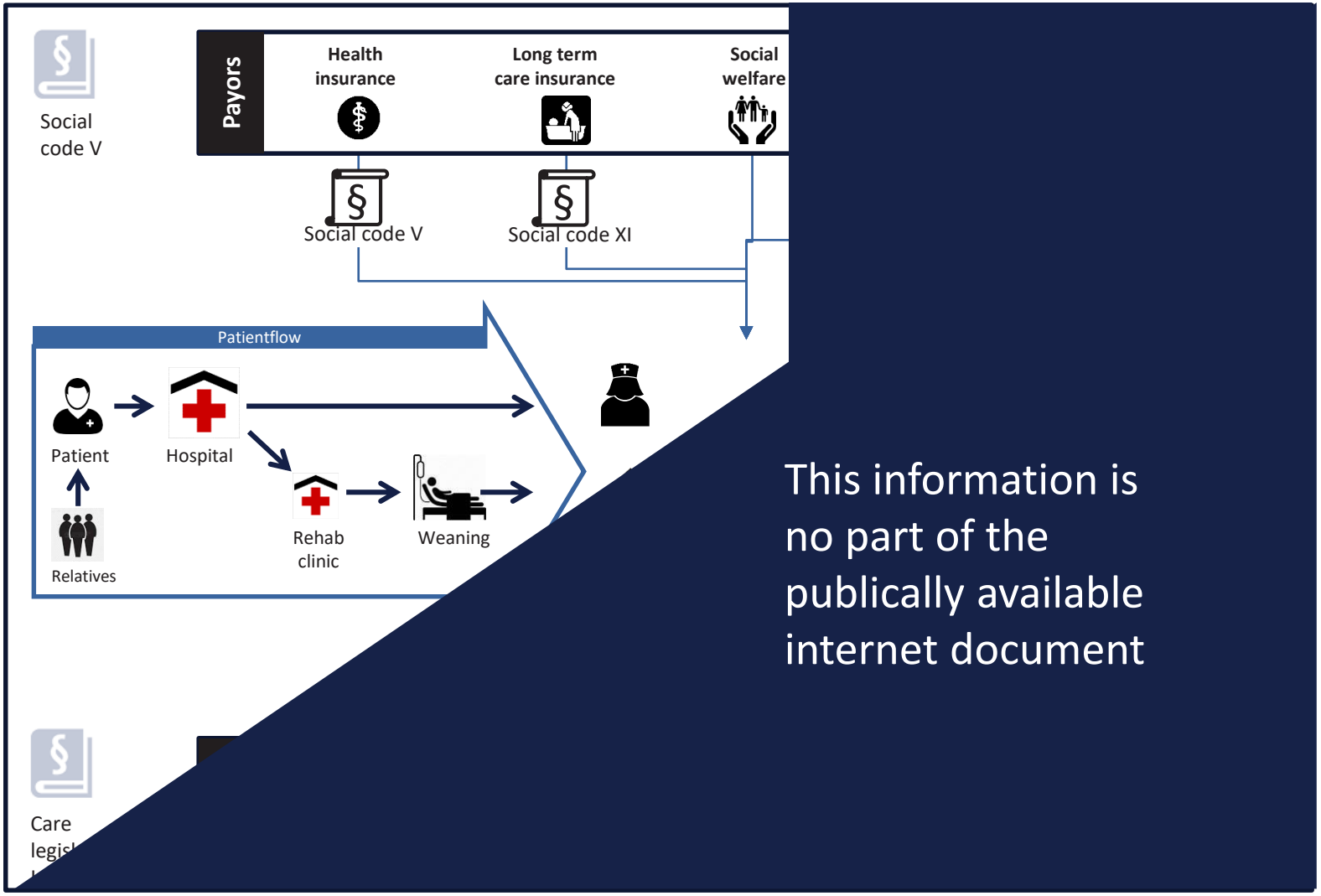
German nursing care market is a growing subsegment of the German health care service industry. German nursing care represents 18 % of the total German health care spending. All non hospital care services are encompassed in this market segment. Stationary care services such as nursing care homes are not part of the market assessed in this study. Ambulatory care services such as intensive care and general ambulatory care as well as day care services are the focus of the following analysis. Care providers can be segmented according to their main target group (children, adults, elderly), its company's size (small, medium, large) and the level of specialization (i.e. are they exclusively providing nursing care or intensive care or are they providing both). The ambulatory care services in focus are governed by the German code of social law. (SGB V and SGB XI) Social code V regulates admission and payments of German health insurance, social code XI regulates admission and payments of German long term care insurance. Admission to payments of health insurance is restricted by medical doctor prescription, access to long term care insurance payments is regulated by an MDK assessment ("Medizinischer Dienst der Krankenkassen" – medical service of German health insurance).

Market participants of the ambulatory intensive care service

The German ambulatory intensive care market is a specialized niche market embedded in a tight service network: ambulatory intensive care is

- based on social code and care legislation, as well as federal state specific legislation
- paid by health insurance and long term care insurance
- supported by medical and therapeutical service providers, as well as
- medical and pharmaceutical suppliers

The patient is referred into the system by stationary acute care.



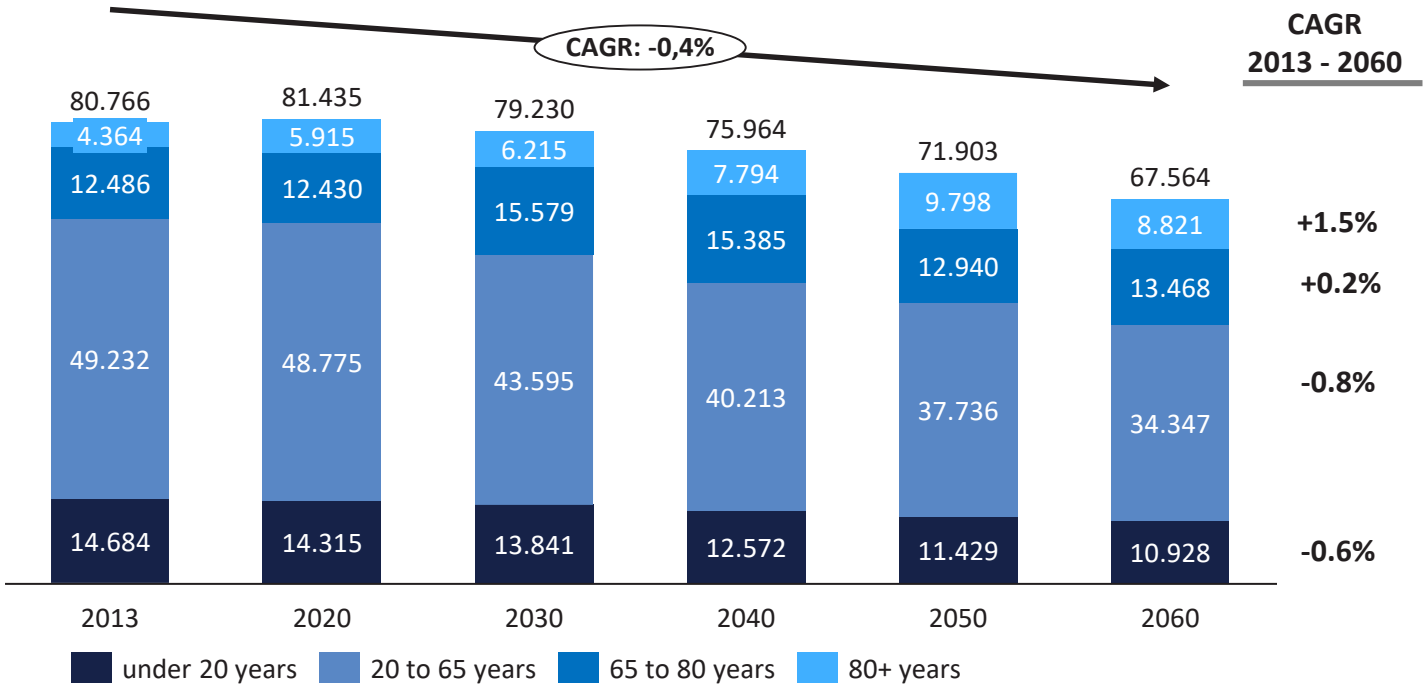
Source: own analysis, Conalliance

Patients

The total number of inhabitants decreases in Germany, the age group 65+ grows

The number of total inhabitants in Germany decreases annually by 0.4% until 2060. The number of inhabitants aged 65 to 80 and 80+, who are most likely to need care, grows during the same time period by 0.2% and 1.5% respectively.

Prognosis of German inhabitants (base case) by age group (in 1000)



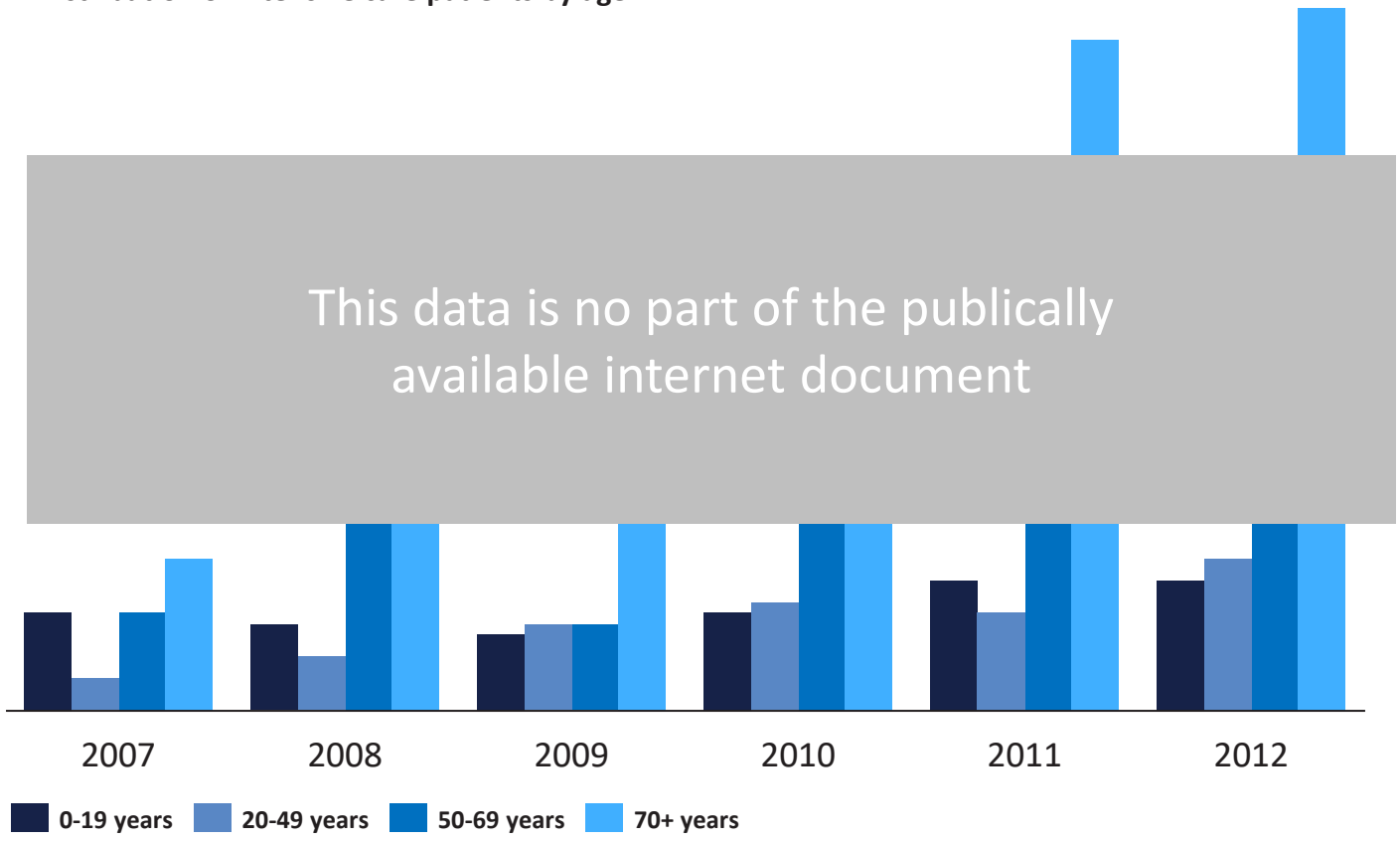
In a base case prognosis German population is forecast to shrink from 2020 onwards from 81.4 mill. inhabitants to 67.5 mill. inhabitants. Base case does only account for minor immigration and stable birth rates.
During this period the age groups below 65 years are continuously shrinking in number. The age group 65-80 is growing between 2013 and 2060 with an annual growth rate of 0.2%. The age group above 80 years of age is growing during this time at an annual rate of 1.5%.
The likelihood to need intensive care increases strongly with age. According to first findings and expert interviews, 50% of all intensive care patients are 70+ years of age.

Source: Bundesgesundheitsberichterstattung

A study of intensive care patients by age

A study by AOK North shows that more than [redacted]% of all ambulatory intensive care patients are [redacted]

Distribution of intensive care patients by age



Source: own analysis Conalliance 2016, Drucksache 6/2054 Landtag MV, 2012

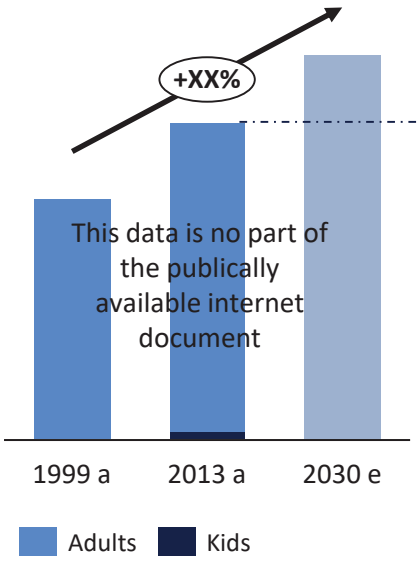
The number of long-term care patients is growing - ambulatory patients represent the majority of long term care patients

The total number of long-term care patients is [redacted]%, ambulatory patients represent [redacted]% of the long term care nursing market patients. [redacted]% of all ambulatory patients are kids.

The majority of ambulatory care patients have a low Care Level (Care Level I represents [redacted]% in 2013).

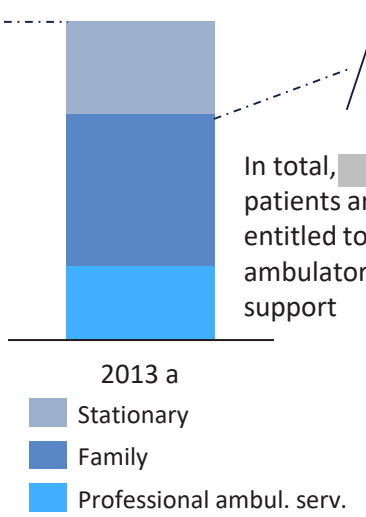
Total number of long-term care patients

(in mill. patients)



Total number of long-term care patients – split by type of care

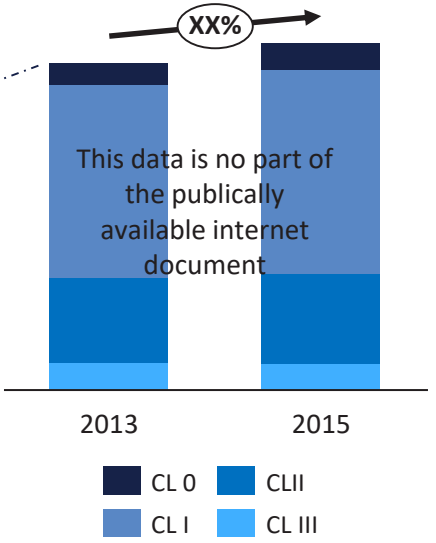
(in thousand patients)



SOURCE A; xyz

Number of ambulatory care patients with long-term care insurance support (by Care Level)

(in thousand patients)



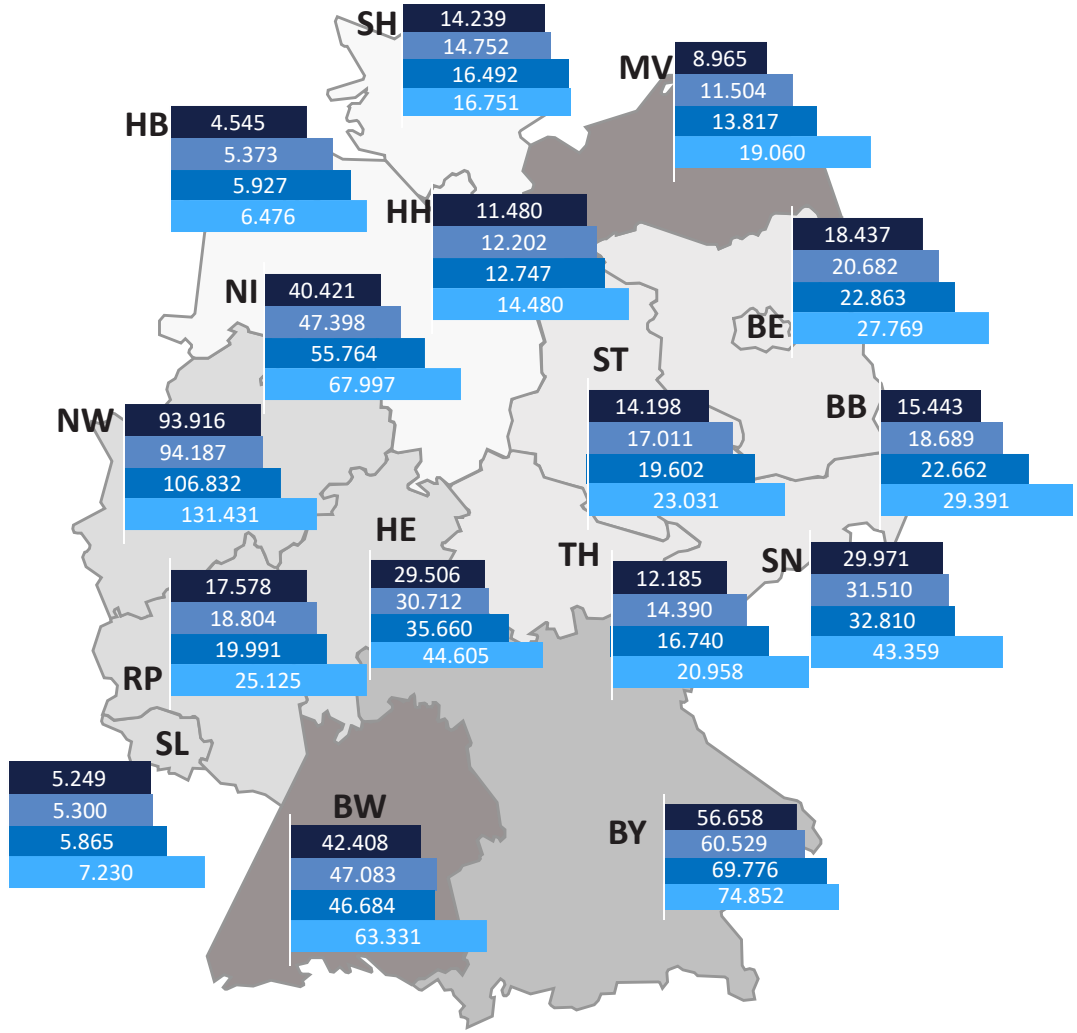
SOURCE B: xyz

The number of patients financed by long term care insurance has grown annually between 1999 and 2013 by [redacted]%. Until 2030 the increase of long term care patients is forecasted to grow at an annual rate of [redacted]%
In 2013 almost [redacted]% of all long term care patients were receiving stationary care services. [redacted]% or [redacted] Million patients received ambulatory care support. [redacted]% of all long term care patients were cared for by an ambulatory care service. In 2013 only [redacted] children ([redacted]%) were classified as care patients of the long term care insurance.
Almost two thirds of ambulatory care patients had a care level I classification ([redacted]%), almost [redacted]% had a care level II and still [redacted]% of ambulatory care patients had care level III.

Development of patients cared for by ambulatory care service 1999 - 2013

The number of ambulatory care patients has grown between 1999 and 2013 steadily in all federal states. However, some regional difference can be identified.

Patients of ambulatory services



Source: XXXXXXXXXX , 2016

Total # of patients cared for by ambulatory services

1999:	**415.199**
2013:	**615.846**
CAGR:	*+ 2,9%*

Fastest growth:
Mecklenburg-Vorpommern **+ 5,5% CAGR**

Slowest growth:
Schleswig-Holstein **+ 1,2% CAGR**

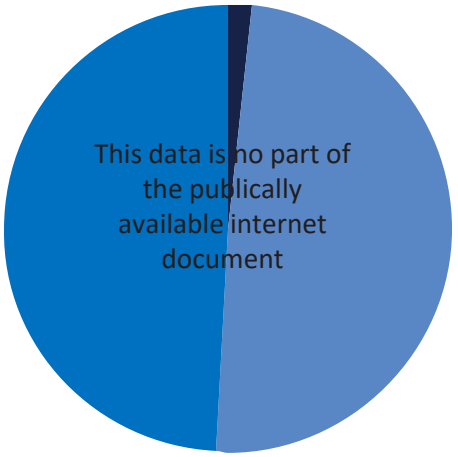
Private operators care for [redacted] of all ambulatory care patients

The ambulatory care market is mainly serviced by private and non-profit providers. Two thirds of kids cared for by ambulatory care services are up to five years of age.

Total number of ambulatory long-term care patients – split by type of service provider

(2013 figures)

TOTAL: [redacted]

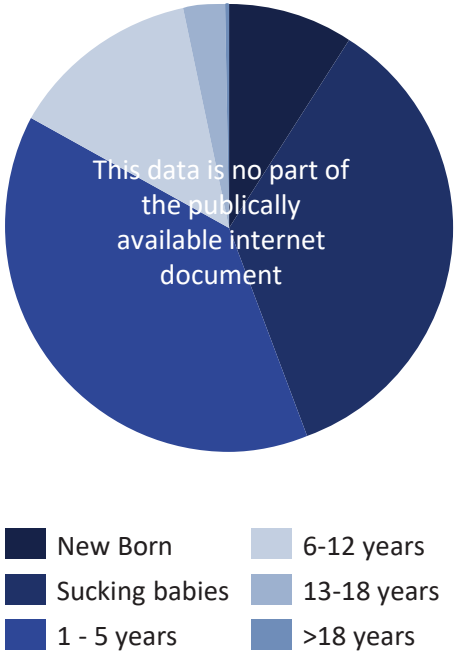


The private German ambulatory operators care for [redacted]% of all ambulatory care patients. The non-for-profit providers care for almost the same number of patiens, [redacted]% of all patients. Public providers play a minor role with only [redacted]% of the total patients group. In the intensive care sector, the number of patients cared for by provate operators is expected to be well above [redacted]% of the total market.

Total number of ambulatory long-term care CHILDREN patients – split by age

(2013 figures)

TOTAL: [redacted]

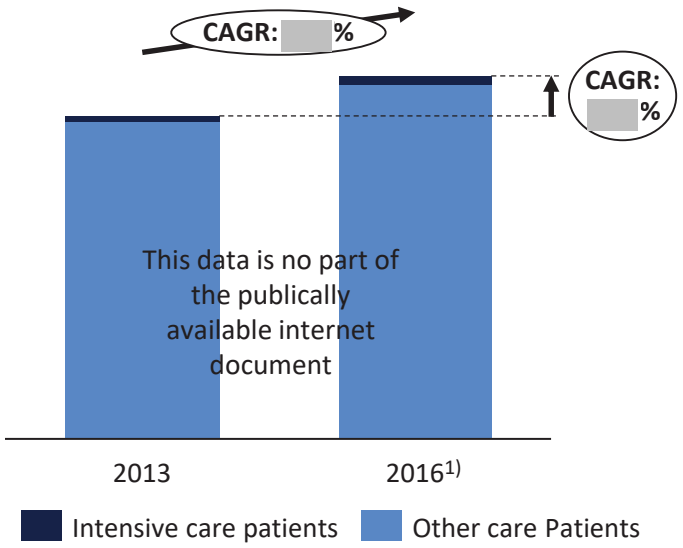


Of all ambulatory cared for children, sucking babies and the age group 1 to 5 year olds represent [redacted] patients.

Almost 700 thousand ambulatory care patients, intensive care patients represent % of all ambulatory care market patients

In Germany approximately 700 thousand people are being cared for by ambulatory care services. Only of these are ambulatory intensive care patients.
The number of ambulatory care patients grows. The number of ambulatory intensive care patients also grows.
Experts differ strongly in their view on effective growth rates.

Ambulatory nursing care patients vs intensive care patients



Interviews concerning number of ambulatory intensive care patients

Interviews with clinical doctors in charge for non hospital artificial ventilation suggest:

- The number of new cases has grown substantially over the last few years.
- Expert estimations about annual cases differ strongly.
- Interviewees have stated new annual cases of between 1.000 and 10.000.

All numbers about patients in the ambulatory intensive care market are not statistically registered. The data about relevant patients can only be obtained in expert interviews and by own calculation. All public statistics end at the level of ambulatory care patients, most statistics end in the year 2013.
The total number of ambulatory intensive care patients is not officially registered, hence these numbers are based on various expert estimates. The number of patients cared for by ambulatory care services has increased during recent years at an annual rate of %. During this time the number of intensive ambulatory care patients – based on expert estimation – has grown at an comparable annual rate of %.

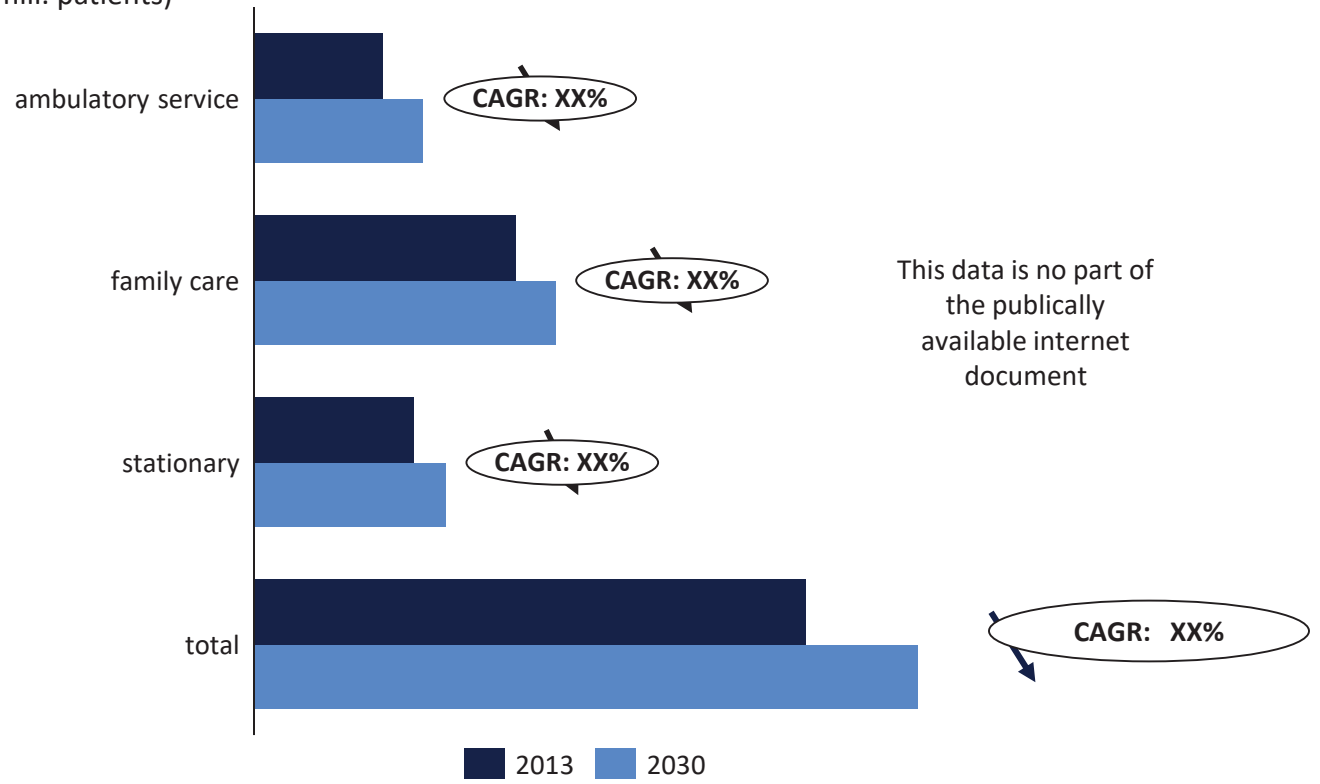
Source: own analysis Conalliance 2016, 2016, , 2016, expert interviews
1) Estimate based on figures „GKV Spitzenverband 2016“: % p.a. growth rate (2014-2015) of ambulatory care patients in long term care

The patient base of ambulatory care services is expected to grow at an annual rate of [redacted]%

The patient base in the german ambulatory care market is expected to grow at an annual rate of [redacted]% until 2030. The largest growth rate is forecasted for the ambulatory service patient base.

Growth prognosis for the care market by type of care provider 2013 to 2030 (base case)

(mill. patients)



This data is no part of the publically available internet document

The German long term care market is expected to grow at an annual rate of [redacted]% until 2030. The highest annual growth is expected in the area of professional ambulatory care (ambulatory care services) ([redacted]% annual growth rate). Family care has the lowest growth rates, stationary care grows on market average of [redacted]% annually .

Source: [redacted]

Suppliers

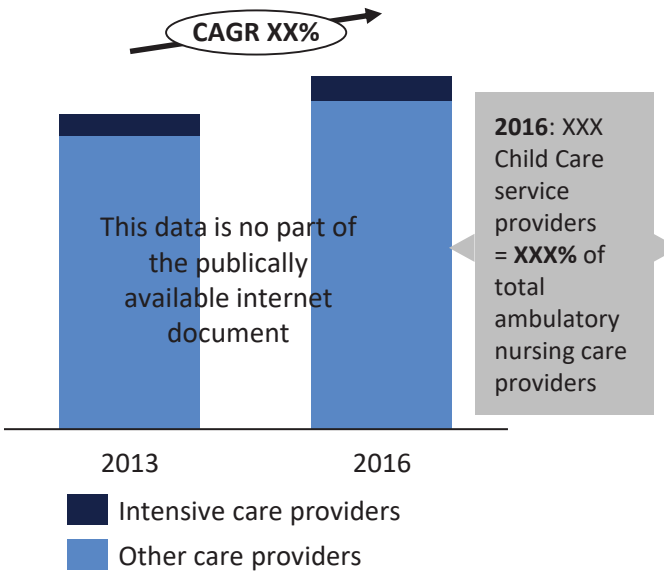
Summary *Suppliers*

1. The ambulatory care market is mainly serviced by private and non-profit providers.
2. The German ambulatory care service market grows at an annual rate of %. Of the total number of (in 2016) ambulatory care services, approximately are specialized intensive care services. Child care services are a small niche market segment. Only % of the specialized intensive care services are child care services.
3. The total number of ambulatory care services has grown in Germany between 1999 and 2013. However, the trend differs strongly between federal states. In some federal states – such as - the total number of ambulatory care services has reduced, In the total number is stable. In for instance, the number of services has grown strongly. Exceptional developments 1999-2013 with regard to the number of ambulatory care service providers:
   - Fastest growth: % CAGR
   - Strongest decline: % CAGR
4. In 2013 the ambulatory care service market is dominated by private providers, representing of all services.
5. There are strong differences in size between the different provider types, on average the private providers are little more than half of the size (patient base) of non-for-profit providers. One quarter of ambulatory care services cares for or less patients. Mainly the larger care services have gained size since 2007.
6. Ambulatory care services offer on average the same services of SGB V and SGB XI, % still offer additional assistance to care services.
7. The number of residential communities for intensive care patients has seen a strong development during the last few years. Between January 2015 and July 2016, the number of total places available has doubled. However there are strong regional differences. Strongest growth rates can be seen in Rheinland-Palatinate and Mecklenburg-Vorpommern, minor reduction in places has happened in Bremen and Hamburg.
8.
9.
10.
11.

2% of all ambulatory care services are intensive care service providers, child care ambulatory services account for 1,3% of total ambulatory care suppliers

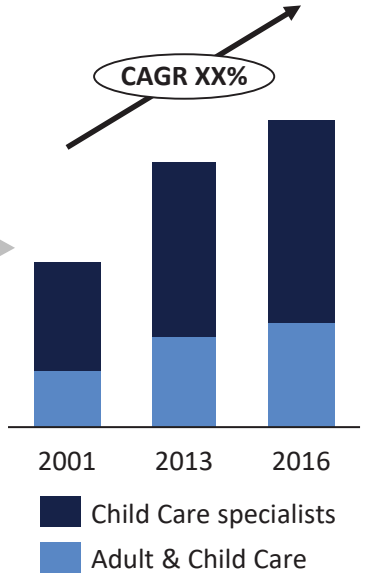
The German ambulatory care service market grows at an annual rate of [redacted]%. Of the total number of [redacted] ambulatory care services, approximately [redacted] are specialized intensive care services. Child care services are a small niche market segment. Only [redacted]% of the specialized intensive care services are child care services.

# of ambulatory nursing care service providers

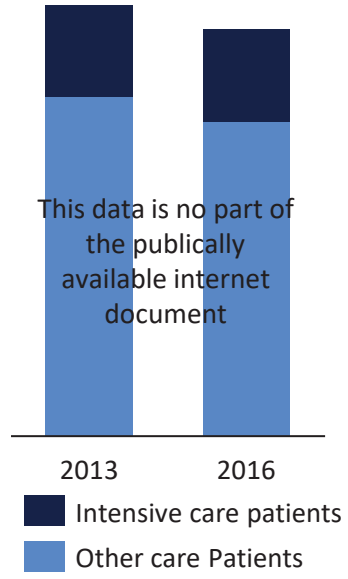


2016: XXX Child Care service providers = **XXX%** of total ambulatory nursing care providers

# of ambulatory nursing care service providers for CHILD CARE



Avg. # of patients per ambulatory nursing care service provider



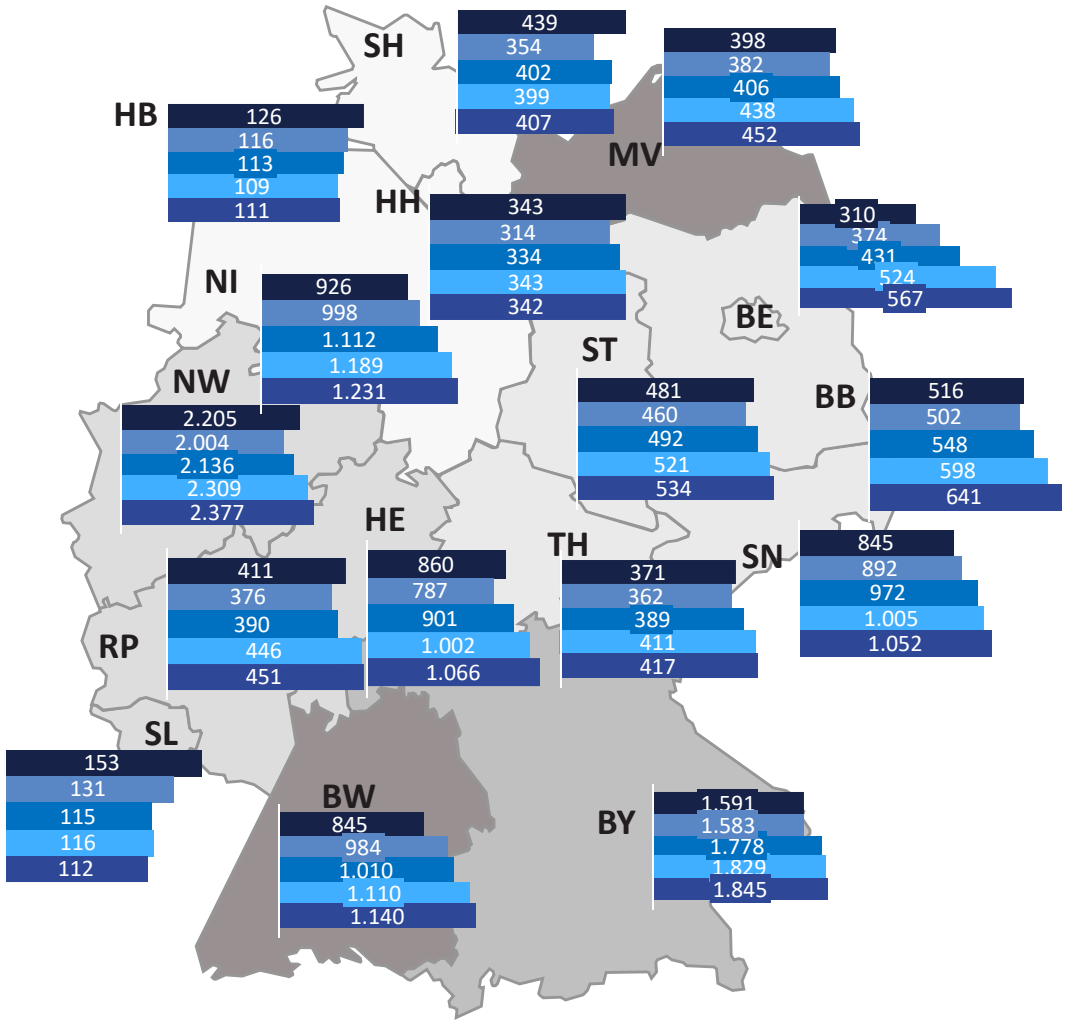
The number of ambulatory care services has grown substantially at an annual rate of [redacted]% since 2013. Of the [redacted] ambulatory care services that were registered in 2013, approximately [redacted] had at least [redacted] ambulatory intensive care patient.
The total number of ambulatory intensive care services is not being registered in official statistics, hence numbers about these services depend on expert estimates. Experts estimate a total number of [redacted] ambulatory intensive care services. This represents [redacted]% of the total ambulatory care service market. Of these [redacted] [redacted] services have specialized on child care.

Source: [redacted] 2016, [redacted], 2016, expert interviews
1) Estimate: [redacted] patients, [redacted] intensive care providers

Number of ambulatory care services 1999-2013, strong regional differences

The total number of ambulatory care services has grown in German between 1999 and 2013. However, the trend differs strongly between federal states. In some federal states – such as Saarland, Schleswig-Holstein - the total number of ambulatory care services has reduced, In Hamburg the total number is stable. In Berlin for instance, the number of services has grown strongly.

# of ambulatory service companies



Total # of ambulatory services

1999:	**10.820**
2013:	**12.745**
CAGR:	***1,2%***

Exceptional developments

Fastest growth:
Berlin **+4,4% CAGR**

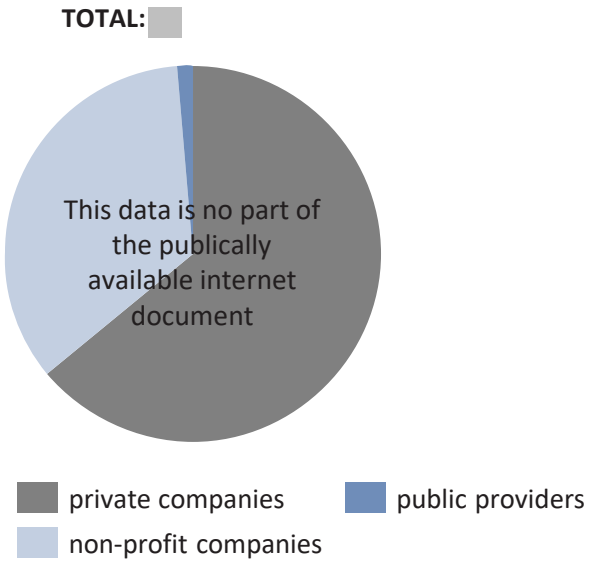
Highest decline:
Saarland **- 2,2% CAGR**

Private operators dominate the ambulatory care service market with a large number of small services

In 2013 the ambulatory care service market is dominated by private providers, representing two thirds of all services.
There are strong differences in size between the different provider types, on average the private providers a little more than [redacted] of the number of non-for-profit providers.

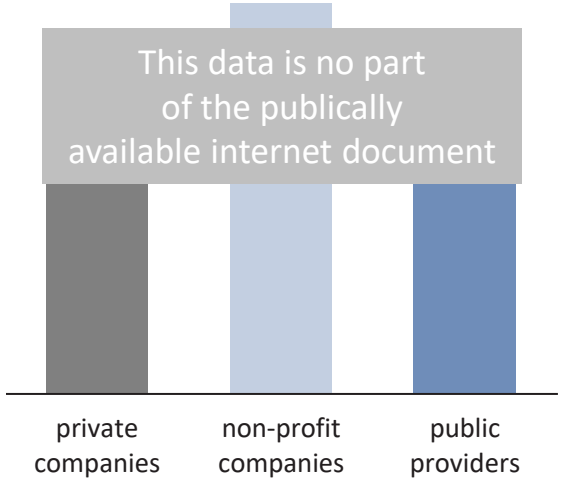
Ambulatory care services by provider type

(2013 figures)



Average # of ambulatory care patients per provider

(2013 figures)



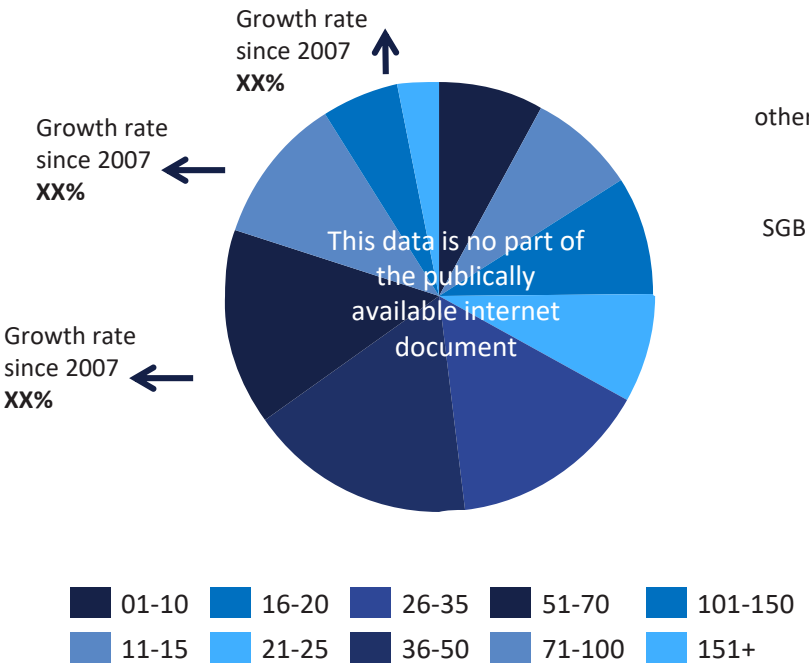
The German ambulatory care services are mainly run by private operators. In 2013 they have the largest number of care services and represent [redacted]% of all ambulatory care services. Non-for-profit providers have [redacted]% of all ambulatory care services. Only [redacted]% of all services are run by public operators.
However, private operators only care for [redacted]% of all ambulatory care patients. (see above)
On average the private ambulatory care services are smaller in size. On average they service [redacted] patients, as opposed to [redacted] patients cared for by non-for-profit providers. Public operators have an average size of [redacted] patients per care service.

Source: XXXXXXXXXX , 2016

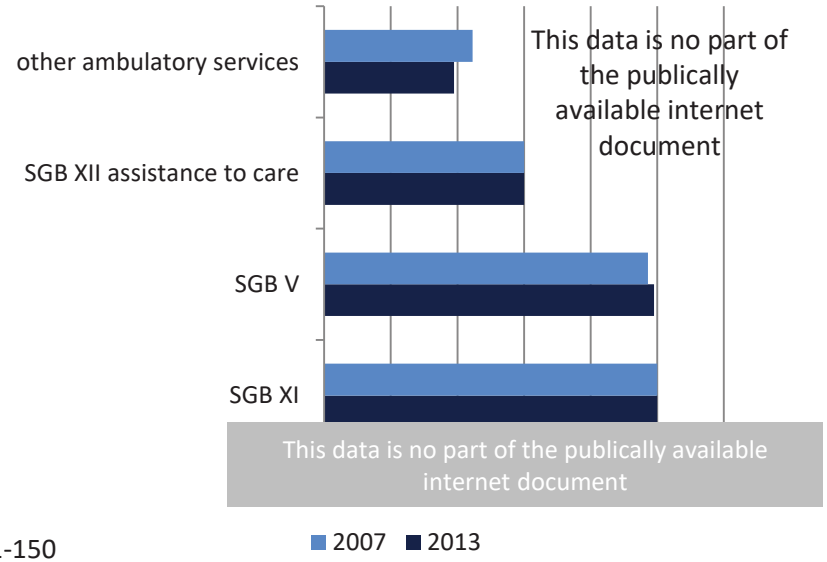
The ambulatory market is fragmented, the larger services have grown during recent years

One quarter of ambulatory care services cares for or less patients.
Mainly the larger care services have gained size since 2007.
The ambulatory care services offer on average the same services of SGB V and SGB XI, % still offer additional assistance to care services.

Split of ambulatory care services by number of patients cared for 2013



Services provided by ambulatory care services 2007 vs 2013



Almost half of ambulatory care services (%) care for patients in 2013. One third of care services (%) care for or less patients. Only of care services reach a size of or more patients cares for.
Since 2007 especially the larger ambulatory care service providers have in number. This suggests first consolidation trends
All ambulatory care services offer SGB XI (long term care insurance) services in 2013. The number ambulatory health care services offering health insurance financed services (SGB V) has grown slightly since 2007. By 2013 % as opposed to % in 2007.

Source: Trendbericht Altenpflege 2015

Strong increase in capacities of intensive care at residential communities compared to total number of citizens

The number of residential communities for intensive care patients has seen a strong development during the last few years. Between January 2015 and July 2016 the number of total places available has

[redacted]

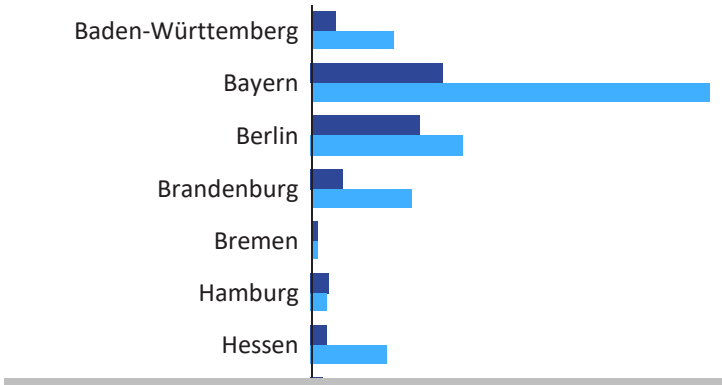
However there are strong regional differences. Strongest growth rates can be seen in

[redacted]

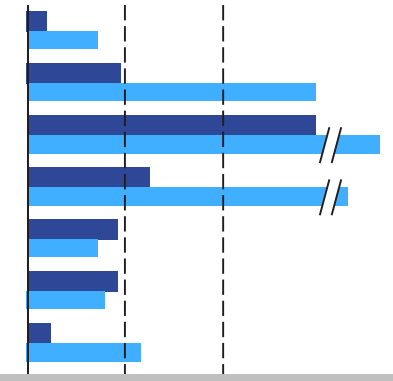
, minor reduction in places have happened in

[redacted]

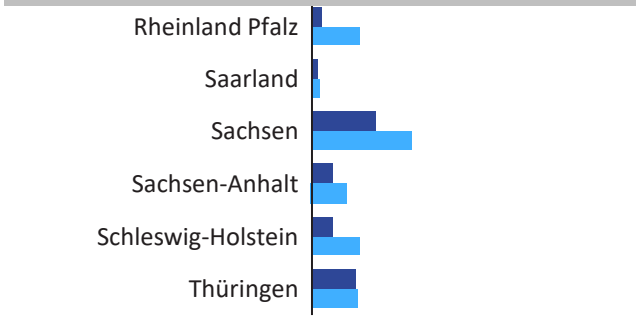
Intensive care capacity at residential communities (# of places - split by state)

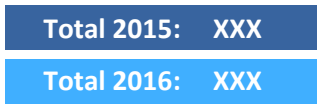


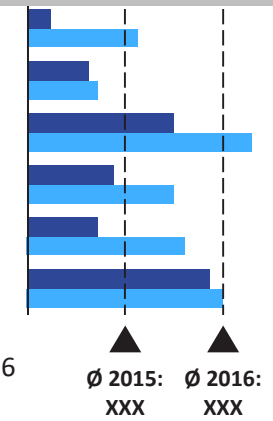
Intensive care capacity at residential communities (# of pl. per 100 k citizens)



This data is no part of the publically available internet document



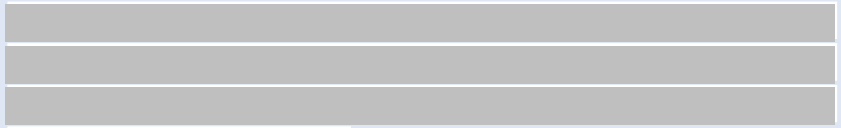
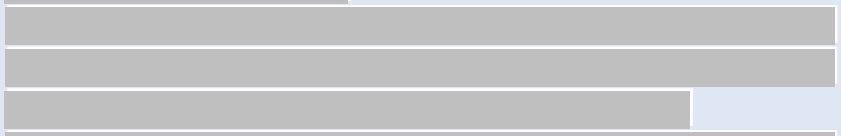
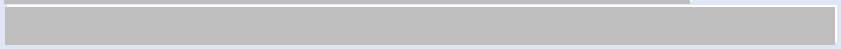
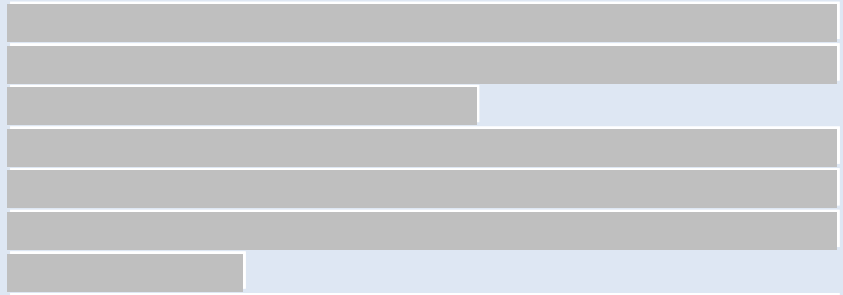
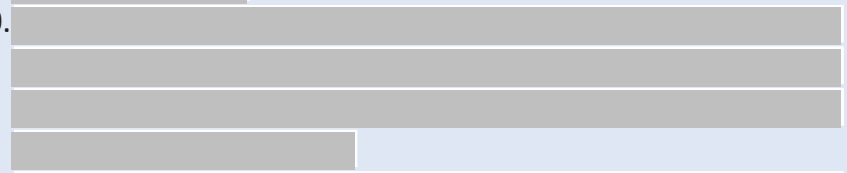
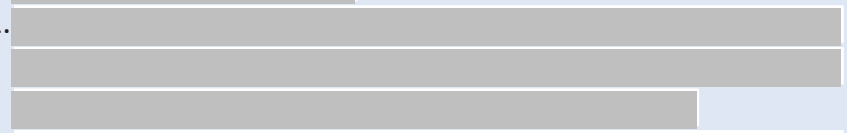
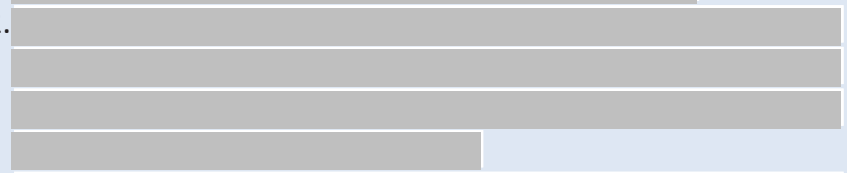
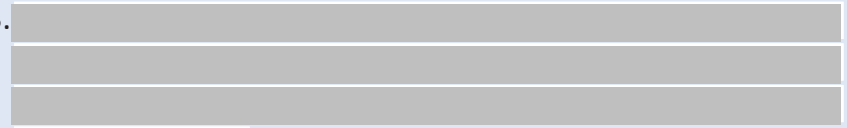
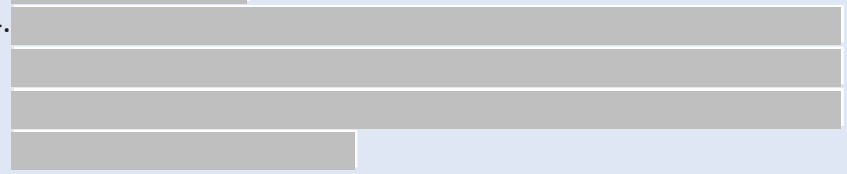




Source: pflegemarkt.com

Health Expenditures

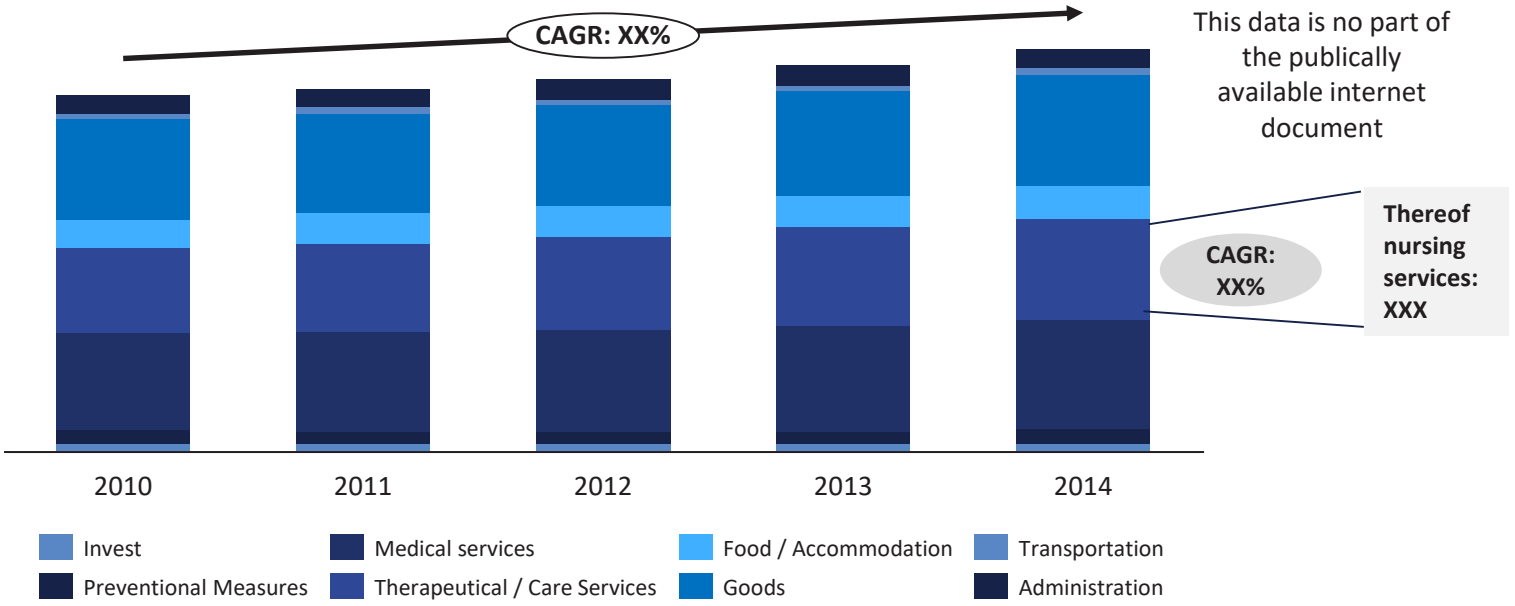
Summary *Health Expenditures*

1. Overall German health care expenditures have grown since 2010 at 3.1% annual growth rate. During the same time ambulatory care expenditures have also grown, at a similar rate of 3.2% annual growth rate.
2. German long term care insurance expenditures have grown since 2000 at % annual growth rate. During the same time ambulatory care service expenditures (SGB XI) have also grown, at same rate of % annual growth rate (Stronger annual growth than overall ambulatory care expenditures).
3. Total ambulatory care service expenditures (SGB XI and SGB V) amounted to Bill EUR in 2015. These are the total expenditures for all ambulatory care services.
4. Experts estimate expenditures for ambulatory intensive care of bill EUR (% of all ambulatory care expenditures)
5. Yearly health expenditures per person grow at an annual rate of %. The highest health care expenditures per person relate to the age group 85+ years.
6. 
7. 
8. 
9. 
10. 
11. 
12. 
13. 
14. 

The overall German health care expenditures have been growing at a steady pace, total ambulatory care expensitures have grown at [redacted]% annual growth rate since 2010

Overall German health care expenditures have grown since 2010 at [redacted]% annual growth rate. During the same time ambulatory care expenditures have also grown, at a similar rate of [redacted]% annual growth rate.

Health Expenditures 2010 - 2014
(in bill. €)



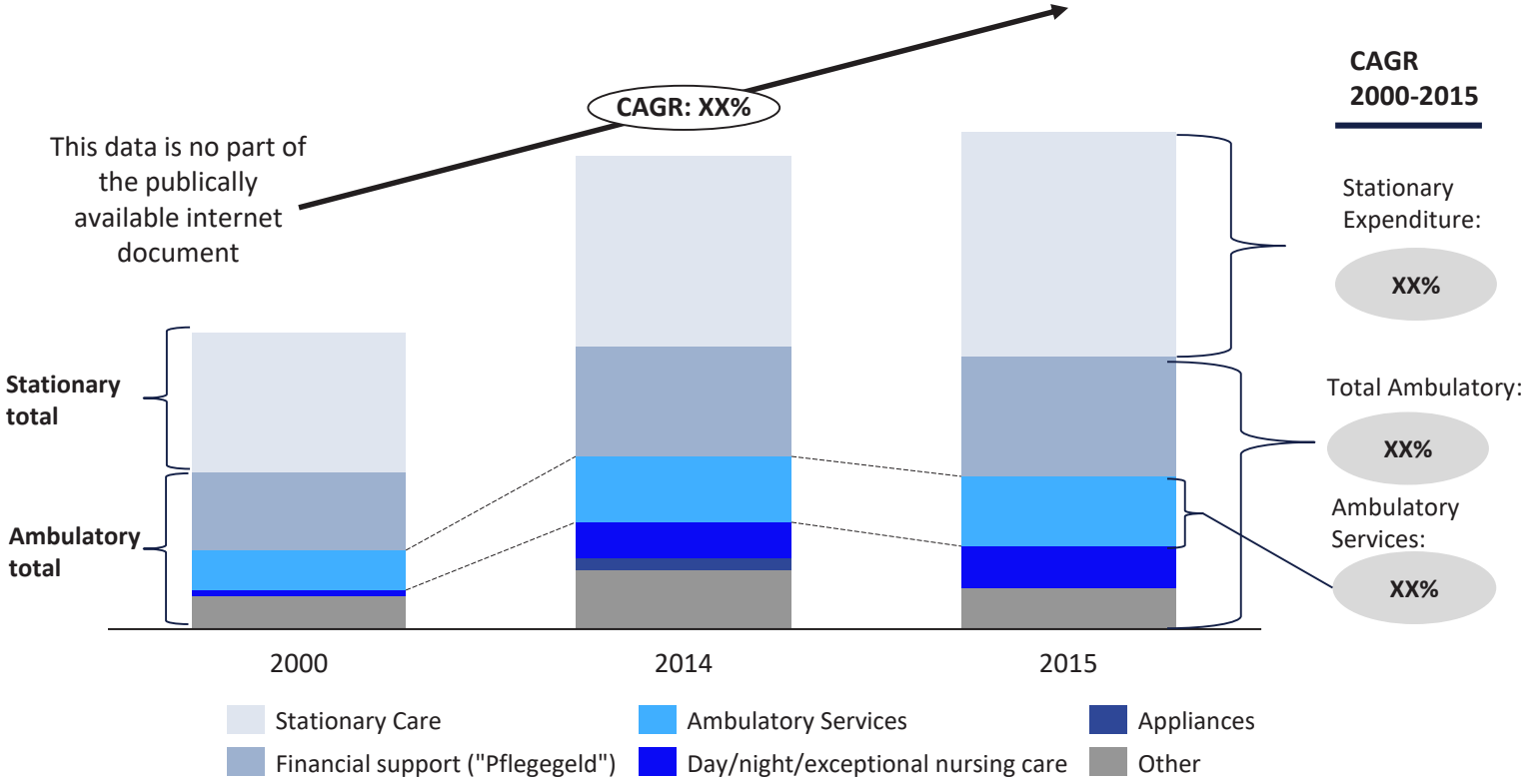
German long term care insurance is guided by the core principle „**ambulatory care before stationary care**". The German health ministry has declared this principle as the main guideline for the nursing care market development. In 1995, with introduction of the long term care insurance, this principle has continuously been implemented in all laws concerning health care.
German health care spending's have developed since 2010 at an annual rate of [redacted]%. Main growth driver for increased spending's are medical costs. The overall care market represents one sixth ([redacted]%) of the total German health care spending's.
The ambulatory care market spending is growing at a simila growth rate than the overall health care market. However it has continuously been growing between 2010 and 2014 at an annual rate of [redacted]%.

Source: [redacted] 2016, „[redacted], 2016" / „[redacted] 2015"

Expenditures long term care insurance are part of German health care spendings, all health care spendings have grown

German long term care expenditures have grown since 2000 at [redacted]% annual growth rate. During the same time ambulatory care service expenditures (SGB XI) have also grown, at same rate of [redacted]% annual growth rate (Stronger annual growth than overall ambulatory care expenditures).

Long-term Care Insurance Expenditures - split by cost types
(annual spendings in bill. €)



German long term care insurance has payed in 2014 [redacted] Bln Euros for ambulatory care services. This represents with [redacted]% of the total spending of the long term care insurance. This is the third larges area of spending's of the long term care insurance.
Since 2000 German long term care spending's for ambulatory care services has grown at an compound annual rate of [redacted]%. The growth for spending's in ambulatory care services is higher than the spending's for stationary care services during the same time period. ([redacted]%)

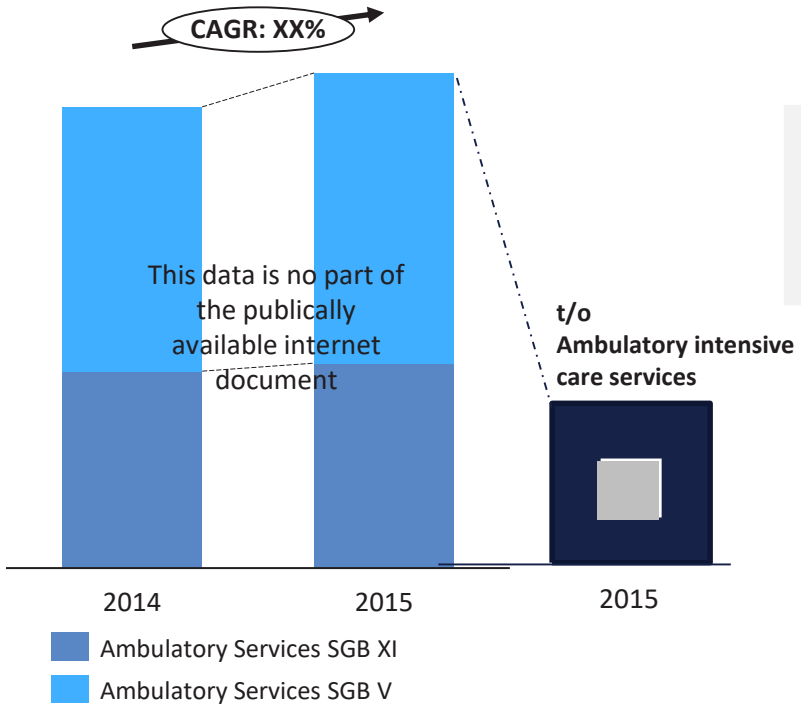
Sources: [redacted], 2016"; „GKV Spitzenverband, 2016"

Expenditures for intensive care patients (2% of total ambulatory care patients) account for 33 % of total ambulatory care expenditures

Ambulatory care service expenditures (SGB XI and SGB V) amounted to [redacted] EUR in 2015. These are the total expenditures for ambulatory care services.
Experts estimate expenditures for ambulatory intensive care of [redacted] EUR ([redacted]% of all expenditures).

Ambulatory Care Service Expenditures - split by SGB V / XI

(annual spendings in bill. €)



Ambulatory intensive care services account for

~[redacted] bill. EUR

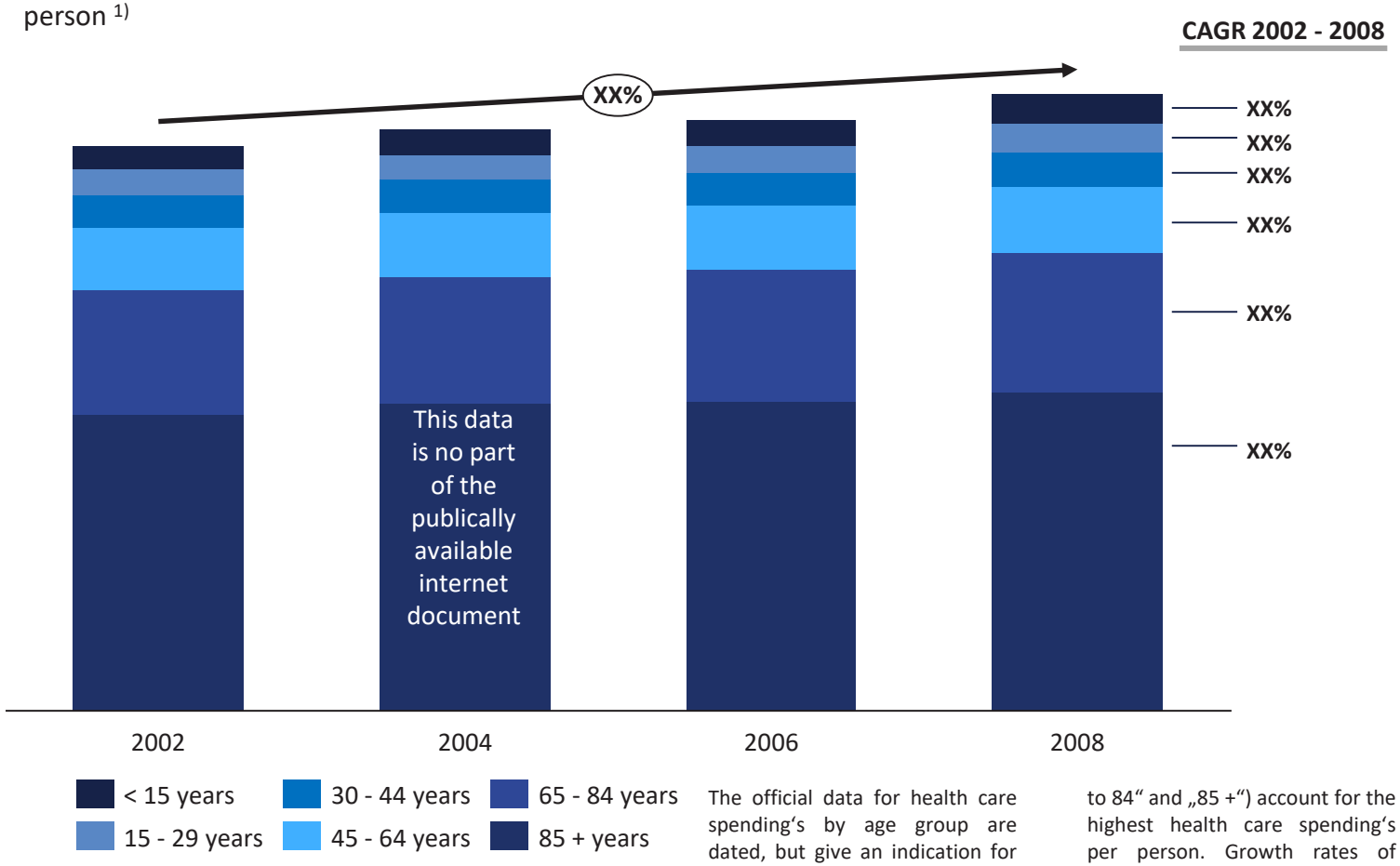
German long term care insurance has payed in 2014[redacted] Euros for ambulatory care services. This represents with [redacted]% of the total spending of the long term care insurance. This is the [redacted] area of spending's of the long term care insurance.
Since 2000 German long term care spending's for ambulatory care services has grown at an compound annual rate of [redacted]%. The growth for spending's in ambulatory care services is [redacted] than the spending's for stationary care services during the same time period. ([redacted]%).

Sources: „XXXXXXXXXX , 2016"; „GKV Spitzenverband, 2016", Expert interviews

Health expenditures grow strongly with age

Yearly expenditures per person grow at an annual rate of [redacted]%. The highest health care expenditures per person relate to the age group 85+ years.

Yearly healthcare spending's by age group by person [1)]



The official data for health care spending's by age group are dated, but give an indication for an cost trend and relative costs between the different age groups.
The two growing age groups („65 to 84" and „85 +") account for the highest health care spending's per person. Growth rates of spending's per person were high in the age group 65-84 years of age (second highest growth rate).

1) Now more recent data available by German statistics office

Source: [redacted]

Indications

Summary *Indications*

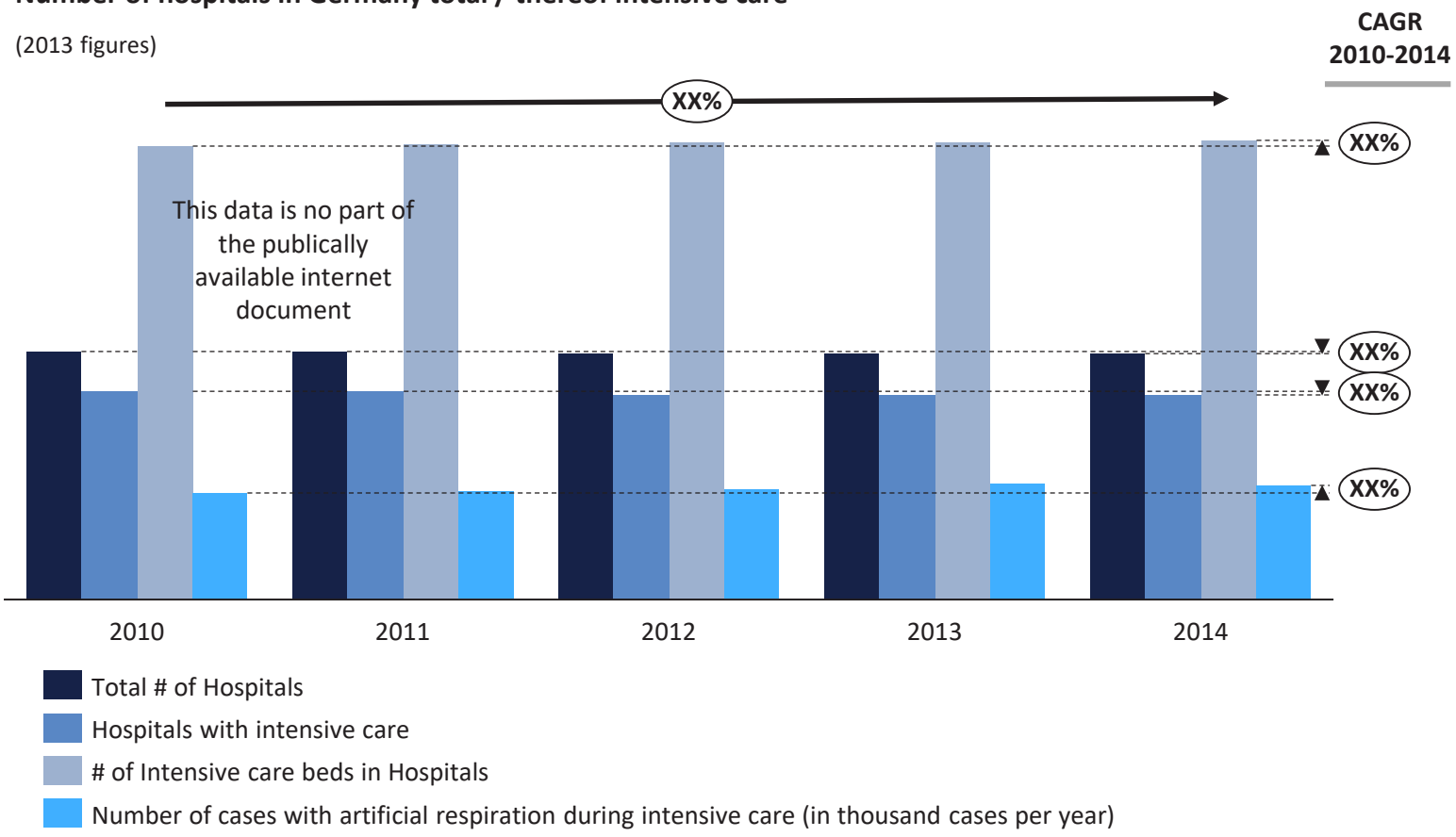
1. The total number of clinics serving acute intensive care patients is [redacted] (CAGR: [redacted]%) between 2010 and 2014. However the total number of intensive care beds is [redacted] (CAGR: [redacted]%) during the same time period. Also the number of cases with artificial respiration during intensive care has increased from 2010 to 2014 by [redacted]% annual growth.
2. The most relevant indications causing the need for ambulatory intensive care are Amyotrophe Lateral Sclerosis and COPD. Mostly chronical neurological and pneumological diseases can lead to ambulatory intensive care. These cases have grown in German hospitals at an annual rate of [redacted] % (until 2012) and [redacted]% in recent years.
3. Cases of tracheostomy have increased over time. The increased rates since 2008 are at around [redacted]% annually.
4. COPD cases in German hospitals are expected to [redacted] at an annual rate of [redacted]% until 2030. [redacted]% of the registered cases are classified severe cases. These cases have a high likelihood to receive artificial ventilation (a main cause for ambulatory intensive care need).
5. Research identified [redacted] case studies about the disease structure of residents (patients) of ambulatory intensive care residential communities. Cases one and three are regionally focussed case studies, Case two has been initiated by [redacted] Pneumological / lung diseases are number one cause for ambulatory intensive care need.
6. To avoid bias, case study two (Linde company data) has not been included into the market model base data.

Trend towards specialised clinics and ambulatory intensive nursing service

The total number of clinics serving intensive care patients is declining (CAGR: %) between 2010 and 2014. However the total number of intensive care beds is increasing (CAGR: %) during the same time period. Also the number of cases with artificial respiration during intensive care has increased from 2010 to 2014 by % annual growth.

Number of hospitals in Germany total / thereof intensive care

(2013 figures)



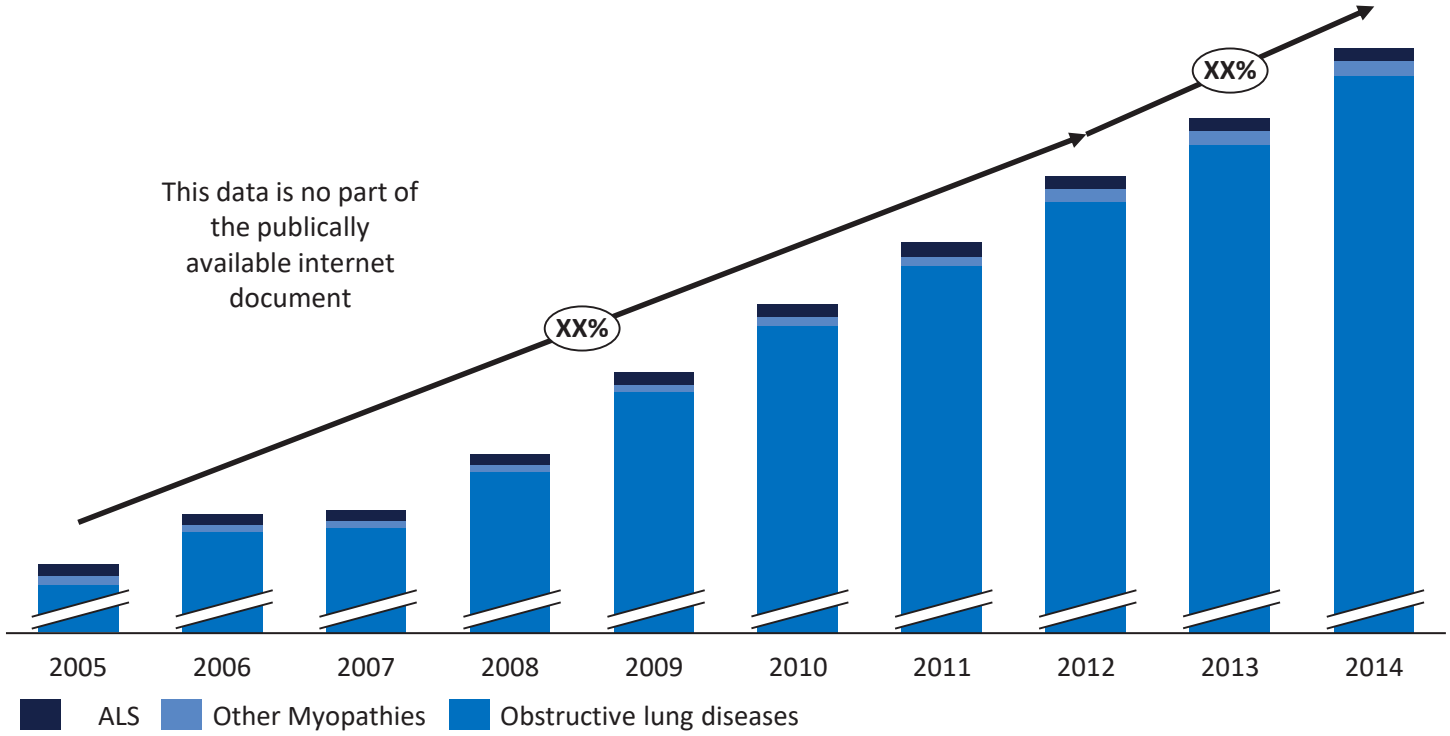
Source: XXXXXXXXXX , 2016

Most relevant clinical indications for ambulatory intensive care show significant increase

The most relevant indications causing the need for ambulatory intensive care are Amyotrophe Lateral Sclerosis, COPD. Mostly chronical neurological and pneumological diseases lead to ambulatory intensive care. These cases have grown in German hospitals at an annual rate of [redacted] *in recent years.*

Hospital care cases

Main relevant diseases for ambulatory intensive care



Main relevant diseases responsible for cases of ambulatory care services	CAGR 2005-2014
ALS	[redacted]%
Other Myopathies	[redacted]%
Obstructive lung diseases	[redacted]%

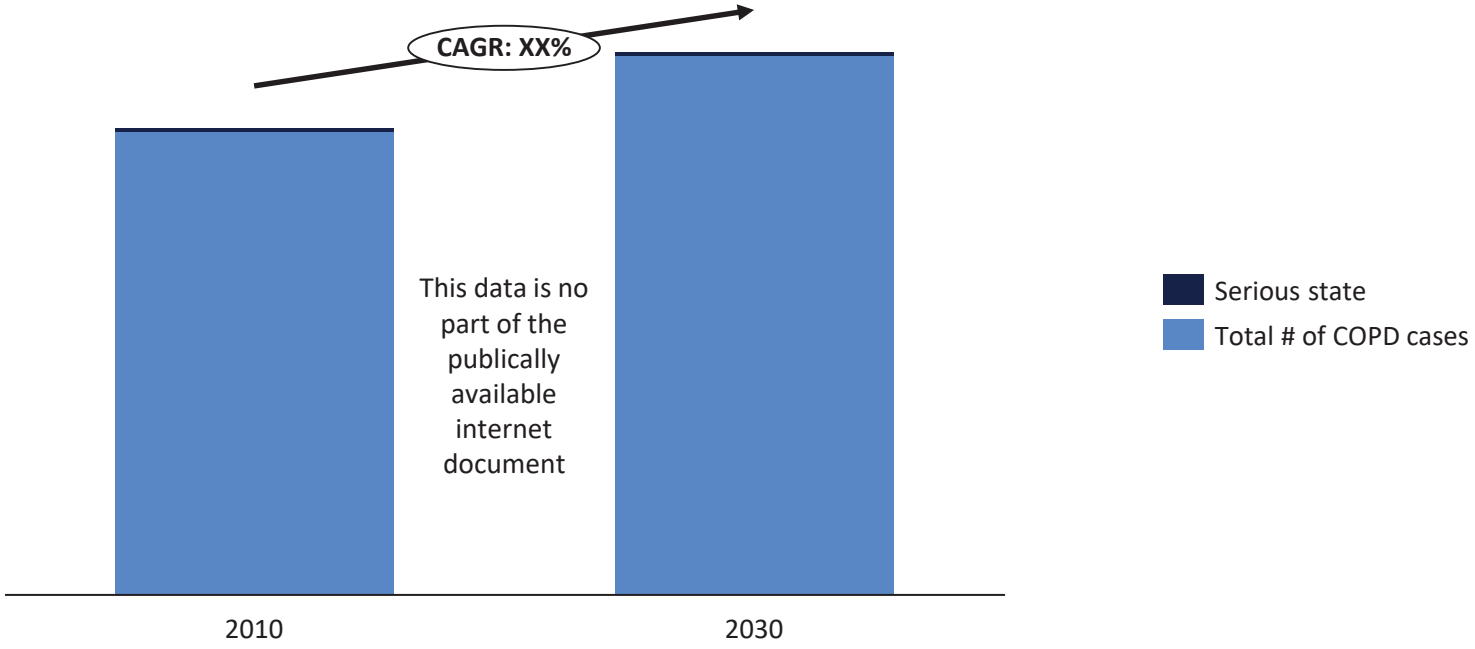
Source: Statistisches Bundesamt, Wiesbaden 2016

Especially COPD is a growing disease, it is #4 of the most wide spread diseases

COPD cases in German hospitals are expected to grow at an annual rate of [redacted]% until 2030. [redacted]% of the registered cases are classified severe cases. These cases have a high likelihood to receive artificial ventilation.

Clinical cases by Indication

COPD LUNG DISEASE



Source: Statista.com, 2016; Lungeninformationsdienst, 2016

Various indications trigger the need for patients for intensive care - Examples

This chapter is no part of the publically available internet report

Underlying Assumptions and First Results

of the ambulant intensive care market value projection

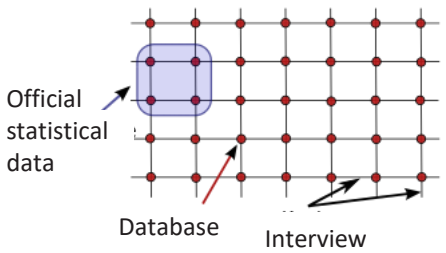
Summary *Assumptions underlying the calculation of market value projections*

1. There are no official statistics about intensive ambulatory care patients, services or expenditures. Therefore, the approach chosen uses manifold sources of information to either gain data points from which to further expand analysis or to prove previous assumptions or results from other steps of the analysis.
2. Research through various sources generated base parameters: base prices, growth rates, etc.
3. Market development was assessed in two scenarios, conservative and realistic. The underlying assumptions were taken from expert interviews as well as from research of various other expert sources.
4. Key parameters are the annual increase in number of new cases through aging of population and impact of medical progress. Taking into consideration information from experts, a cases per year and a % annual rate of further growth of new cases were assumed in the first year, over time % increase in 2030.
5. The increase rates assumed are the result of expert interviews (mainly medical doctors) revealing expert estimates on the number of new cases in 2013 at between cases per year.
6. Age split of patients assumed with 0 – 19 years: %, 20 – 49 years: %, 50 – 69 years: %, and 70 + year: % were taken from a combination of various sources available.
7. Panel mortality rate is assumed with % of total # of patients per year, constant until 2030, equalling years of stay in ambulatory intensive care on average (also based on expert interviews)
8. Accomodation structure is assumed to change over time, starting with Single accomodation share in 2013 as % of patients, Residential communities (2013: %), and Child care (2013: %). It ends up with respectively in 2030.
9. Furthermore, the calculation of the development of the market is based on a set of various parameters:
   a. Single service patients receive 24hrs of care service per day
   b. Patients in residential community accomodation receive 24 hrs of service, but share service personnel at a ratio of patients per service hour.
   c. Pricing is assumed to start with 2016 values as follows: € per hour for single care, € for residential care (taking into account assumed care intensity ratio), € per hour for child care.
   d. % inflation per year (baseed on medical inflation rates in recent years)
   e. Regional factors – although to be considered in detailed evaluation – were not taken into account in the first round of market evaluation.
10. Consolidation of research results reveals an estimated CAGR of the number of ambulant intensive care patients (around patients – model realistic), leading to a market volume CAGR of between % and % in the period between 2012 and 2025 ( ).

A manifold variety of sources has been consulted to build a reliable model of the ambulant intensive care market

There are no official statistics about intensive ambulatory care patients, services or expenditures.
The aproach chosen uses manifold sources of information to either gain data points, from which to further expand analysis or to prove previous assumptiona or results from other steps of the analysis.

- **Official public data** could be found for
  - Historical demografic development and demografic forecast
  - Patient and ambulatory care service details for patients and services financed by long term care insurance
- Other **data base** information and studies could be found on
  - Future development of number of patients of long term care
  - Number of child care patients and services
  - Type of medical indications and age split cared for by intensive ambulatory care services
- **Expert interviews** and specialist literature has been drawn on
  - Selected specialized information on ambulatory intensive care patients and services
  - Forecast of ambulatory intensive care patient cases



Calculation of patient cases / demand as hours of service required in Germany in ambulatory intensive care

Research through various sources generated base parameters: base prices, growth rates, etc.

Sources of information
- Expert interviews
- Various Statistics
- Own calculation

Information compilation method:
- Bottom-up calculation
- "Triangulation" with external expert sources

Result:
- Dynamic model with options to build Scenarios

This chapter is no part of the publically available internet report

Market model

OPTION “A”: 2012 - 2025

- split by age cohorte –

Various combinations of parameters
“market growth rate” and “share of residential communities”

This chapter is no part of the publically available internet report

Market model

OPTION “A”: 2012 – 2025

- split by accomodation type –

Various combinations of parameters
“market growth rate” and “share of residential communities”

This chapter is no part of the publically available internet report

Part II
Regulatory Assessment

Summary Regulatory (1/2)

1. Social Codes books V and XI are the basic laws for care in Germany
2. SGB V rules all the provisions for public health insurance, whereas SGB XI governs all the provisions for long term care insurance.
3. Social Codes books V and XI are modified and complemented by a large number of laws and acts as e.g. PSG I to III. PSG I is already in force, PSG II will come into force on January 1, 2017 (and most propably also PSG III). PSG I to III mean a significant reform of the current law, and thus reform pressure for the years to come can be evaluated to be rather small and restrained. As a consequence planning security can be assessed as fairly high.
4. SGB XI – long term care insurance only finances a smaller portion of all ambulatory intensive care services. The cost for intensive care services is negotiated individually between the health insurance of the patient and the intensive care service provider for each and every case. For intensive care patients, the negotiated hourly rate must be paid jointly by the public health insurance, the long-term care insurance and sometimes also by the patient himself (own contribution/ co-payment). This procedure is evaluated by politicians to be suboptimal, but there no reform concept has been presented lately.
5. Benefits for residential (intensive) care communities were granted – also by PSG I to III – in order to support and favor this form of living in comparison to inpatient care.
6. With this package of measures, residential (intensive) care communities have been incentivized. This already led to a significant increase of residential (intensive) care communities within recent years and we expect this trend to continue – even at an increased level.
7. PSG II will change the current five care grades into three future care levels. Patients in need of care have a grandfathering, i.e. they will automatically pass from their current care grade into the new care level without further examination. There will be up to 500.000 new beneficiaries (estimate by Federal Ministry of Health), 60.000 of them in facilities for disabled people. Moreover all new nursing grades will grant higher monetary payments and ambulatory care patient contribution in kind, than the current cursing grades.
8. According to experts, the next election result will not have a great impact on care politics. The program of the parties differs in this policy field only in details.
9. 

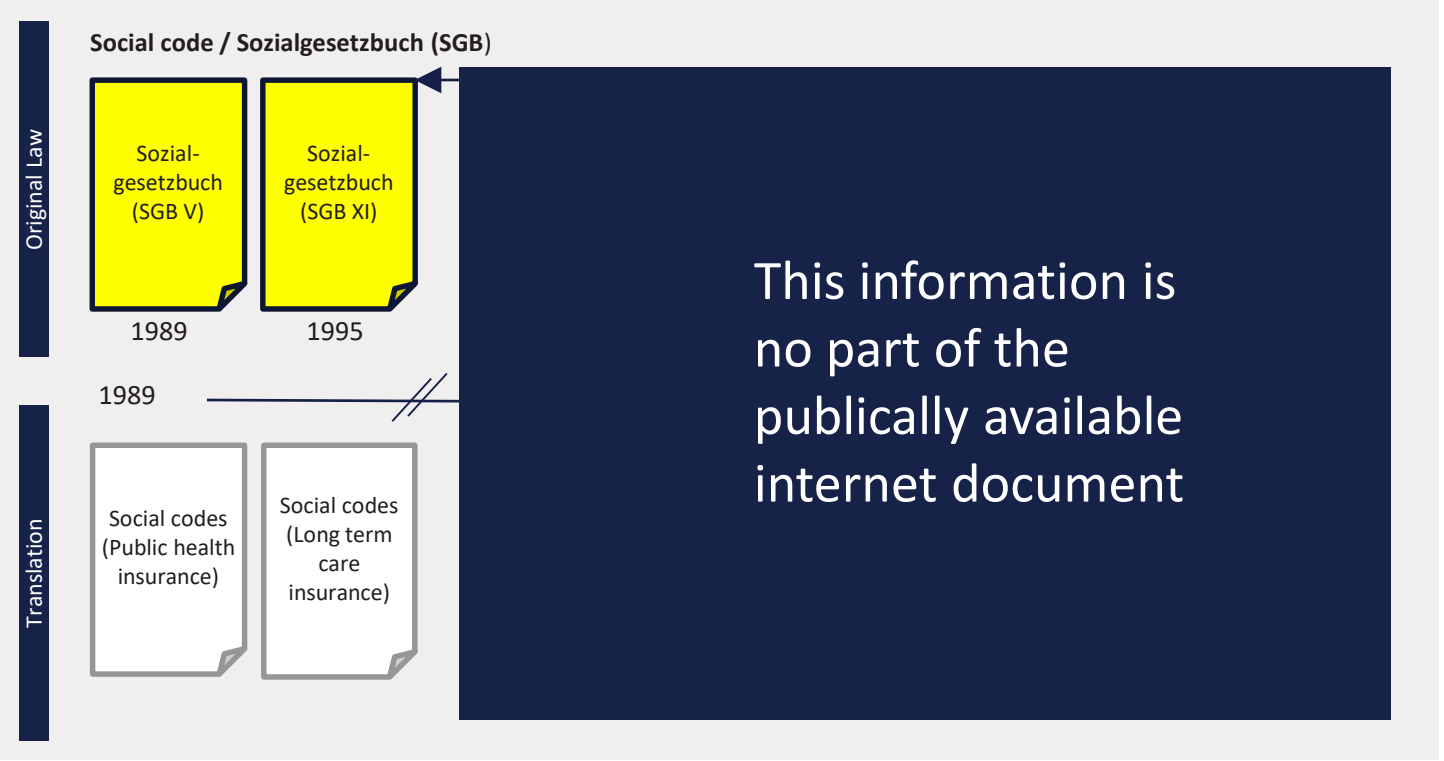
(next page)

Summary Regulatory (2/2)

9. action for the (next) federal government. At the same time it must be considered, that Germany is in a favorable current economic situation. If this current situation declines, there might be pressure on the public health systems quickly.
10. Because of the fact, that cost for intensive care services is negotiated individually, the improvements in payments and contributions (mentioned before) do not have any direct impact on the charges intensive care services may cash up, because of the individually set hourly rates, which are not directly affected by PSG. However the patient's own contribution/ co-payment could decrease.
11. Future goals will become a professionalization of care in terms of management, planning, guidance and control. The trend shows, that this professionalization should be implemented by the federal states individually.
12. Residential care communities (also intensive care) seem to be a future concept, because in general they decrease cost for health and care insurances and at the same time increase margins of care service providers (mostly by lower supervision ratio).
13. However, new single agreements for ambulatory intensive care [redacted] intensive care service providers through negotiation.
14. At the same time, residential care communities (also intensive care) mean a regulatory challenge for care service providers, because of the different law in each federal state.
15. [redacted]
16. [redacted]
17. [redacted]
18. [redacted]
19. [redacted]
20. [redacted]

Overview of relevant German law in ambulatory care (excerpt)

Social Codes books V and XI are the basic and thus most important laws for care



German ambulatory care market is governed by a larger number of interlinked regulations. During past almost 30 years the care relevant legislation has been continuously supplemented by additional legislation.

The main law is the social code with „Sozialgesetzbuch“ (relevant SGB V and XI), being the most important of all applicable laws for ambulatory care in Germany.
The care of the patient is divided into SGB V and SGB XI.

SGB V summarizes all the provisions for public health insurance. It regulates access and financing to medical services and service providers (next page)

Overview of relevant German law in ambulatory care (excerpt)

Social Codes books V and XI are modified and complemented by a large number of laws and acts.

The cost for intensive are services is negotiated individually between the health insurance of the patient and the intensive care service provider for each and every case.

ambulatory and stationary. The majority of ambulatory intensive care services are reimbursed by SGB V, health insurance.

SGB XI – long term care insurance only finances a smaller portion of all ambulatory intensive care services. The cost for intensive are services is negotiated individually between the health insurance of the patient and the intensive care service provider for each and every case. This procedure is evaluated by politicians to be suboptimal, but there has not been presented any reform concept lately.

The „Pflegeweiterentwicklungsgesetz (PfWG)“ is a so called „Artikelgesetz“, which influences and changes several other laws, e.g. article 1 and 2 of PfWG change the SGB XI, article 3, which comrises the PflegeZG.

The PflegeZG allows employees to be released from work duties for a limited time in order to care for relatives in need of care, without suffering from downsides or risks of jeopardising the employment relationship. The FPfZG is a supplement to PfZG and allows a limitation to 15 working hours/ week, limited to two years. Half of the lost earnings are covered by the government (Bundesamt für Familie und zivilgesellschaftliche Aufgaben, BAFzA).

The PNG entered into force on October 30, 2012. With the “Pflegeleistungs-Ergänzungsgesetz” from 2002 it complements the care insurance and has been extended through the PSG from 2015.

SGB V

Social Codes book V governs public health insurance

The Fifth Book of the Social Code (SGB V) summarizes all the provisions for public health insurance. The SGB V entered into force on 1 January 1989th.

The chapters are:

1. General provisions
2. Insured persons
3. Health insurance benefits
4. Relationships of health insurance to care providers
5. Experts for the Assessment of Developments in Healthcare
6. Organisation of health insurance
7. Associations of sickness
8. Financing
9. Medical service of the health insurance
10. Insurance and performance, data protection, data transparency
11. Penalties and fines rules
12. Reconciliation Regulations governing the reunification of Germany
13. Additional transitional provisions

Patients in need of (intensive) care, who are cared by an ambulant care service, can according to SGB V receive contributions for treatment care (for example, wound care, dressing changes, medication administration, medical assistance, blood sampling, ostomy care, also: meshed vital signs monitoring, invasive / non-invasive ventilation).

According to § 106 SGB V Insurance companies and physicians' associations monitor the economic efficiency of medical care for outpatient services and assess the indications, effectiveness and quality of services provided.

In health insurance law, since 1994 the right of the patient in need of care for full inpatient hospital treatment is granted only, if the treatment goal can not be achieved through partial inpatient, pre- and post-inpatient or outpatient treatment including domestic Nursing (§ 39 Abs. 2 SGB V; § 43 Abs. 1 SGB XI, “ambulant vor stationär”). The welfare law provides a number of benefits, to enable the patient to receive care in one's own household (§§ 63 Satz 1, 64 - 66, 70 SGB XII). This principle has been confirmed by politicians within the last couple of years, as e.g. recently by Federal Minister of Health Hermann Gröhe in 2015. According to our analysis, there is no intention to change this principle for the future.

SGB XI

Social Codes book VXI governs public care insurance

The Eleventh Book of the Social Code (SGB XI) contains the rules for the social care insurance in Germany.

According to SGV XI patients in need of (intensive) care, who are cared by an ambulant care service, can receive contributions for home care, as basic care and household assistance (basic care: as help washing, eating, dressing and undressing).

Only those care service providers with a supply contract with the care funds may render their services at the expense of the long term care insurance (§ 72 SGB XI).

To ensure efficient and effective nursing care, the “Landesverbände” (national associations) of the nursing care insurance have to enter into so called “Landesrahmenverträge” (master agreements for each state) together with the association of outpatient and stationary nursing facilities and with the participation of the MDK (medical service of the health insurance), the Association of the local social welfare institutions and the association of private health insurance (§ 75 SGB XI). This is directly binding on the care funds and eligible care services.

The remuneration of outpatient care services and household assistance is based on uniform principles (§ 89 SGB XI). A differentiation in the remuneration according to different payers is not allowed. For these compensation agreements the umbrella organizations of care funds have given a recommendation shortly after introduction of care.

If the patient has appointed an authorized care service, it has to specify the content and extent of the services, including agreed compensation with the care in detail in a contract (§ 120 SGB XI).

The care insurance pays for the consumption certain care aids, such as disposable gloves or mouthguard. If the patient needs additional care aids, such as a walker, a bath lift or carephone the doctor can prescribe it. The insurance company bears the cost.

According to § 43 Abs. 1 SGB XI home care has to be vantage amongst inpatient care: The goal of the care insurance is primarily to support home care, so that patients can remain in their home environment as long as possible. Home and short-time care take precedence over inpatient care.

SGB XI: Benefits for residential (intensive) care communities

Adjustments of Social Codes book XI favor and support care communities, which leads to a win-win-situation for patients, intensive care providers and (public care) insurance

Patients with care level, who are living in a residential care community, have the same rights to care services as people who are cared for at home (eg. as care allowance, care benefits in kind, care aids, short-term care, etc.).

In addition, each group member (precondition care level > “0 with limited everyday skills“) will receive per month € 205 Euro (from January 1, 2017 214 Euro) according to § 38a SGB XI (requirements for these additional services, please see § 38a SGB XI).

Additionally each patient in a residential (intensive) care community receives a onetime payment amounting to 4.000 Euro (“Wohnumfeldverbessernde Maßnahmen“). This grant is limited to a maximum of 4 persons per residential (intensive) care community, i.e. a total of 16.000 Euros.

Usually there are more cost advantages to a residential care community: Costs for domestic aid can be shared and typically rental costs and incidental expenses are lower in a residential community, than for a one- or two-bedroom apartment.

By these measures, residential (intensive) care communities are given advantages to the stakeholders: On the one hand, the dependency between the patient and the care provider is reduced, patients can save money and live in an environment together with people, who are affected by the same obstructions and handicaps. On the other hand, care providers could currently increase their margins because of operational savings (i.e. better relation between labor cost and work input because of an advantageous care ratio). And at the same time, public care insurance benefits from lower hourly rates (also because of the advantageous care ratio).

With this package of measures, residential (intensive) care communities have been incentivized. This already led to a significant increase of residential (intensive) care communities within recent years and we expect this trend to continue – even at an increased level (please find more detailed information on this topic in the „market chapter“).

Overview of Landesrahmenverträge according to § 75 Abs. 1 SGB XI

State law modifies and compliments federal law. Thus regulation is different in (almost) all states within Germany.

Federal state	full-time institutional care	part-time institutional care	ambulatory care	Short-term care
Baden-Württemberg	Rahmenvertrag für das L Württemberg - 09.07.20			
Bayern	Rahmenvertrag für das L			
Berlin	Rahmenvertrag für das L 01.10.2011			
Brandenburg	Rahmenvertrag für das L 01.05.1997			
Bremen	Rahmenvertrag für das L 01.08.1997			
Hamburg	Rahmenvertrag für die F Hansestadt Hamburg - 1			
Hessen	Rahmenvertrag für das L 01.05.2009			
Mecklenburg-Vorpommern	Rahmenvertrag für das L Vorpommern - 01.07.20			
Niedersachsen	Rahmenvertrag für das L - 01.01.2001			
Nordrhein-Westfalen	Rahmenvertrag für das L Westfalen - 01.10.1999			
Rheinland-Pfalz	Rahmenvertrag für das L Pfalz - 01.01.2007			
Saarland	Rahmenvertrag in Saarla			
Sachsen	Rahmenvertrag im Freist 01.06.2012			
Sachsen-Anhalt	Rahmenvertrag in Sachs 01.08.2004			
Schleswig-Holstein	Rahmenvertrag für das L Holstein - 01.07.1996			
Thüringen	Rahmenvertrag Thüringe			

This information is no part of the publically available internet document

Overview of German Pflegestärkungsgesetze („care strengthening laws“)

There are three PSGs, which modify and accomplish SGB XI.

PSG I is already in force.

PSG II will come into force on January 1, 2017.

PSG III will most probably also come into force on January 1, 2017.

PSG I

With the first “Pflegestärkungsgesetz“ (PSG I) support for patients and their families was expanded noticeably in 2015. Dementia patients, disabled and mentally ill people are treated equally than people in need of care. Subsidiaries to residential care communities have been granted. Care benefits have been improved. This resulted in ca. 2,4 Billion Euros additional expenditures.In addition, a long-term care fund has been established to preserve the intergenerational equity in the financing of long-term care. PSG I expands ambulatory and semi-stationary benefits.

PSG II

With the second “Pflegestärkungsgesetz” (PSG II) a new definition of “in need of care”, a new care concept and a new evaluation procedure will be introduced **from January 1, 2017**. For the first time patients find equal access to the care insurance benefits - regardless of whether they suffer from a disability or are suffering from dementia. This is accompanied by a new assessment procedure that determines the degree of independence and determined on this basis five “Pflegegrade” i.e. five nursing grades. Who is already in need of care receives protection of legitimate expectation. As a consequence, the benefits of social care in this legislature increase by 20 percent in total. Assessment guidelines for children have been established. A new definition of “in need of care” became necessary, because before dementia patients have not been considered appropriately. With PSG II is has been clarified that benefits which correspond to full-foster care are not allowed in residential communities. Moreover the care insurance has been allowed to collect data on residential care communities. In future, all ambulatory care service providers must offer nursing care besides physical-care and assistance with housekeeping. PSG II unifies the individual payments in inpatient care. This is positive for patients with high need for care and, on the other hand, makes stationary care for patients with low levels of care more expensive. This creates an incentive for the outpatient care of persons with low levels of care.

PSG III

The third “Pflegestärkungsgesetz” (PSG III) is planned[1] to be introduced from **1 January 2017**. By the changes of the PSG III patients in need of care and their families can better adapt care insurance benefits according to their particular situation. Care advice in local communities will be strengthened in order to procure patients and their families with help, also when needed quickly. Patients in need of care and their relatives receive one-stop advice. In addition, the controls are strengthened to better protect patients, their families and caregivers from fraudulent care services.

1) The German cabinet approved the draft of PSG III. The law, however, must now be approved by the German Bundesrat (i.e. no approval, yet). The provisions of PSG III are scheduled to enter into force mostly on January 1, 2017.

PSG II

Main changes by PSG II at a glance

The new examination system will professionalize the care

The new examination tool will be the new basis for access of patients to the long term care system (services as well as financing)

This tool leads to more nursing-scientifically established and specialized essentials, opens a new point of view and focuses on the professionality of the nurse, but also on self-determination and abilities of the care recipient. The acquired data and the valuation are an important base for giving advice and for the care planning process: the personnel allocation, the nursing process and the quality management.

Activating care is promoted

By the resource- and participation-oriented approach the activating care moves into the limelight.

Dementia – equal access to care benefit

Equal service access to benefits from the long-term care insurance for people who suffer from dementia, mental illness or are mentally disabled or even physically affected

Five care grades as opposed to currently three care levels

Up to December 2016, all log term care patients are assessed and classified into three care levels. In the new system, based on the new examination system two additional care grades have been identified. Patient needs for care and support to be independent has received a new definitions

Transition costs and grandfathering costs are secured and financed by reserves

There will be up to 500.000 new beneficiaries (estimate by Federal Ministry of Health), 60.000 of them in facilities for disabled people.

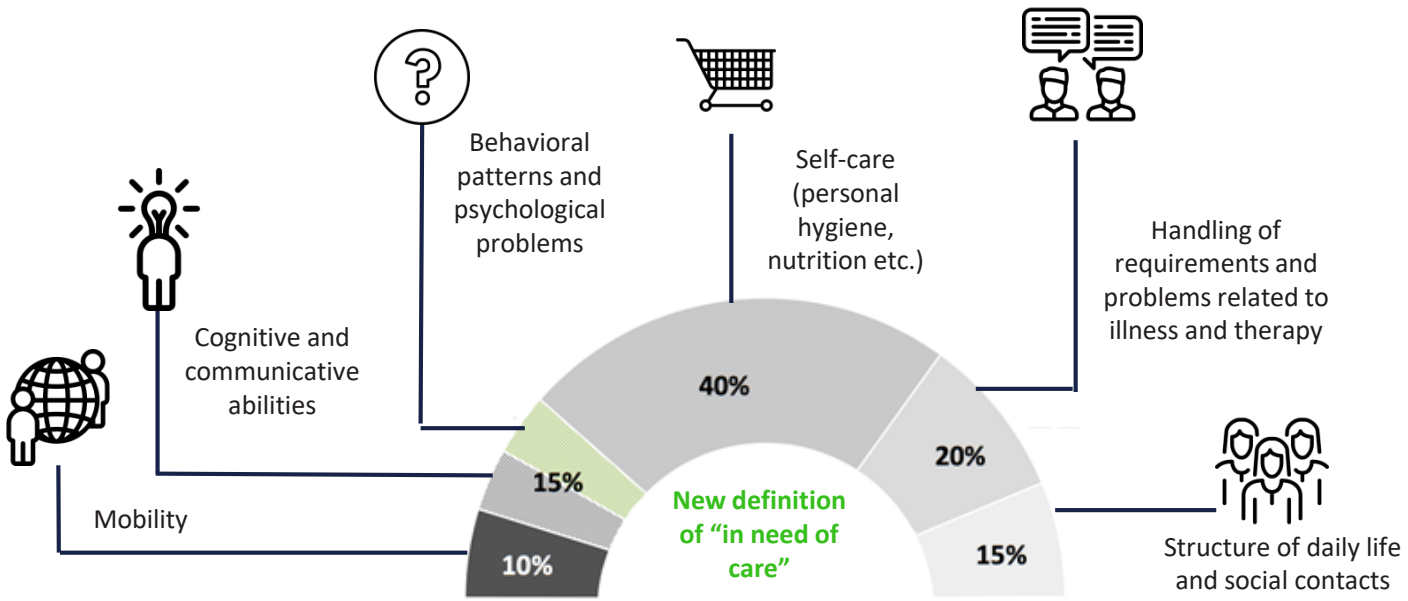
PSG II: Financing via increase in premiums and from retained profits

According to the Federal Ministry of Health, from 2017 there will be additional EUR 5 billion per year available for the care of people. Moreover, the statutory dynamic performance (“gesetzlich vorgeschriebene Dynamisierung der Leistungen“) is brought forward by one year to 2017. Thus in 2017 additional ca. EUR 1.2 billion will already become available for care insurance benefits. The financial situation of care insurance makes it possible to keep the contribution rates stable up to the year 2022. That's two years more than previously expected.

The premium adjustment is not sufficient to refinance PSG II, thus profits from minimum reserve will be used.

Reserves

New definition of „in need of care“ and its evaluation



Determined by the degree of independence at activities and different areas of life

Three levels become five grades

Three levels become five grades

Points	0 – below 12,5	12,5 – below 27	27 – below 47,5	47,5– below 70	70 – below 90	90 - 100
Description	**None** nursing grade	**Minor** Impairment of independence or abilities	**Substantial** Impairment of independence or abilities	**Major** Impairment of independence or abilities	**Severe** Impairment of independence or abilities	**Severe** Impairment of independence or abilities with special requirements for nursing care
		nursing grade 1	nursing grade 2	nursing grade 3	nursing grade 4	nursing grade 5

Different classification for infants from 0 – 18 months

Points	0 – below 12,5	12,5 – below 27	27 – below 47,5	47,5– below 70	70 - 100	
		nursing grade 2	nursing grade 3	nursing grade 4	nursing grade 5	

The new benefit amounts: How the benefits change from nursing levels to nursing grades in Euro/Month from 2017 onwards and transition process

The old three nursing levels will be substituted by five new nursing grades from January 1, 2017.

This substitution means an improvement for the patients in reimbursement in most of the nursing grades.

There is a safe provision for patients within the substitution from the levels to grades, i.e. the substitution will happen automatically (no new examination of patients).

Old nursing levels		I		II		III		
	0 (PEA)	I	I (+ PEA)	II	II (+ PEA)	III	III (+PEA)	
Monetory payment	123	244	316	458	545	728	728	-
ambulatory care patient contribution in kind	231	468	689	1.144	1.298	1.612	1.612	1.995
Hospitalized contribution in kind	231	1.064	1.064	1.330	1.330	1.612	1.612	1.995

New nursing grades	❶	❷	❸	❹	❺
Monetary payment (§ 37)	↑ 125	↑ 316	↑ 545	↑ 728	↑ 901
ambulatory care patient contribution in kind (§ 36)	-	↑ 689	↑ 1.298**	↑ 1.612	↑ 1.995
Hospitalized contribution in kind	↑ 125	↓ 770*	↓ 1.262*	↑ 1.775	↑ 2.005

PEA = Person with limited daily living skills
*Amount lower than before
** ambulatory care patient rate higher than stationary rate

The new benefit amounts: Residential Care Communities

Residential care communities have been supported by PSG II with higher grants and subventions

Monthly grants for residential care communities

	Until 2016	From 2017
Care level > 2	205,- Euro	214,- Euro

Nonrecurring subventions for new residential care communities

	Until 2014	From 2015
Subvention for modification (max. per patient)	2.557.- Euro	4.000,- Euro
Subvention for modification (max. per community)	10.228,- Euro	16.000,- Euro

PSG III

Pflegestärkungsgesetz III (third „care strengthening law“) at a glance (1/3)

The changes of PSG III will be qualitative and its main goal is better service and assistance for the patients and at the same time better control of the market, which should lead to better standards, higher compliance and limitation of fraud.

This will most probably lead to additional bureaucracy for the care providers

Securing nursing supply

The federal states are responsible for the provision of an efficient, numerically sufficient and economic supply of infrastructure in nursing. Federal states may set up committees that deal with supply issues. By PSG III the care funds will become obliged to take part in committees, which deal with regional issues or sectoral supply. In future, care funds must include recommendations of the committees, which relate to the improvement of the supply situation, into their contract negotiations. This can e.g. become required to avoid deficiency in ambulatory care patient care, or if the provision of such services may have to be adjusted by a nursing service for economic reasons.

Consulting assistance

The advice to patients in need of care and their family members should become improved, locally. According to PSG III municipalities should receive the right of initiative for the establishment of care-maintenance-bases for a period of five years. Furthermore, they should become able to redeem consultancy vouchers for care advice. In addition to their advisory role in the assistance for nursing care, elderly care and integration assistance, they should be able to advise patients in need of care, related to care allowance advise, if patients wish. In addition, advisory pilot projects for patients in need of care and their families through community counseling centers in up to 60 counties or urban districts for a period of five years shall be provided. Patients in need of care and their families thus shall receive one-stop advice, to all services that they can avail, such as the assistance for nursing care, the integration allowance or the elderly care.

Services in support of everyday‘s life

The PSG III creates the opportunity for municipalities to contribute in development and expansion of offers of support in everyday life in form of human or material resources. These offers in support in everyday life depend not only on need of care, but also to their relatives who are relieved. In addition to that, states (“Bundesländer”), which have their legal means almost fully contracted, also can use the funds that were not used by other states (“Bundesländer”). The aim is the fullest possible utilization of the contribution of long-term care of up to 25 million euros for the development of such offers.

Pflegestärkungsgesetz III (third „care strengthening law“) at a glance (2/3)

Implementation of the new care concept in the law of assistance for nursing care

Even after the introduction of the new care concept in the SGB XI and by the significant improvement of the care insurance benefits, an additional intended need for care exist. This is covered by the assistance for nursing care within the social welfare and the social compensation law in financial need. Like in SGB XI, the new definition of “in need of care” will be implemented in the Twelfth Social Code (SGB XII) and the Federal Pensions Act (BVG), in order to ensure that financially needy be adequately cared for in case of care dependency.

Control of interface problems between nursing care and integration assistance

With the introduction of the new definition of "in need of care" in the SGB XI, an extension has been made in the area of the benefits law: Nursing care became part of the nursing care insurance. This leads to questions of delimitation between the benefits of integration assistance and benefits of care. Therefore PSG III shall provide clarity: in home environment, benefits of care are prioritised towards the benefits of integration assistance. But outside of the home environment benefits of integration assistance are prioritised towards the benefits of care.
This creates clear delineation arrangements at the interfaces between care and integration assistance, and prevents from cost shift between both systems.

Measures prevent from billing fraud in nursing

The legal health insurance receives a systematic of scrutiny:
Also ambulatory Care Services, solely providing services of home care on behalf of the health insurance, shall be collected regularly with quality and billing tests by the medical service of health insurance (MDK).

In addition, existing quality assurance instruments should be further developed in the field of long-term care: In the sample testing of MDK inspections of care services also people to be involved, who solely benefit of home care.

In home care, the documentation requirements of the nurses are adapted to the already existing requirements in ambulatory elderly care obligations.

Pflegestärkungsgesetz III (third „care strengthening law“) at a glance (3/3)

In the future payroll checks shall be conducted by the care funds independently of the audit by MDK, if evidence of erroneous billing behavior exists. For care services, which are active in out-patient care for the elderly, those rules already apply. They may be controlled in the event of doubt, unannounced, and their accounts must be reviewed periodically by the MDK.

In addition, the care self-government in the provinces should be required by law, to exactly define conditions for contracts in the national framework agreements, to enable more effective measures against providers, which already became suspicious. This is to ensure that not just, for example, criminal care services can sneak a new authorization under a new name or on straw men.

Maintaining self-government is also obliged to establish clear quality standards for ambulatory care patient group homes.

Binding court decisions with regards to compensation

This chapter is no part of the publically available internet report

Uniformal individual agreements

This chapter is no part of the publically available internet report

Residential Communities

This chapter is no part of the publically available internet report

„Heimgesetzgebung“
Laws for care homes

This chapter is no part of the publically available internet report

Part III
Competition

This chapter is no part of the publically available internet report

Regional analysis

This chapter is no part of the publically available internet report

Selected intensive care providers

Deutsche Fachpflege Gruppe (1/2)

Address / phone / etc	Bavariaring 16, 80336 München Tel: 089 59918960
Owner	Chequers Capital (since 2013)
CEO / Management	Christoph Schubert, Thomas Härtle, Bruno Crone, Dieter Steeb
n. of employees	3100-3500 (2015)
Internet	http://deutschefachpflege.de/
Year of foundation	2011
connected care companies	1. AKB Elke Dodenhoff GmbH, Müncher 6. AFIM – Ambulante Fach- und Intensivpflege Memmingen GmbH 7. Holas Ambulante Intensiv- und Beatmungspflege GmbH, Hagen 8. Luftikus gGmbH, Baiersbronn 9. Pflege Daheim GmbH Tag & Nacht, Stahnsdorf Pflegedienst Weingarten GmbH, Rennerod 10. Pflegepunkt Susanne Jandel GmbH, Gomaringen 11. PGS Bayern GmbH, Traunstein 12. Schäfer Care GmbH, Stuttgart 13. tip - Team für intensivpflege GmbH, Bad Arolsen 14. VIP Vitale Intensiv Pflege GmbH, Freudenstadt
Locations	Memmingen, Stuttgart, Stahnsdorf, Traunstein, München, Hannover. Member companies: Ruhr, Hagen, Hannover, Stahnsdorf, Bad Arolsen, Stuttgart, Freudenstadt, Beiersbronn, Biberach, Ulm, München, Traunstein
Turnover (year)	
History	The "Deutsche Fachpflegegesellschaft" was founded in 2011 , set up by a private initiative (60 M €). The aims are to shape the emerging market of non-residential intensive care. The company has grown in a buy and build strategy, processes of the different divisions have not been fully integrated and aligned
Company profile	A high level of patient satisfaction with the implementation of the highest quality of care and at the same time economic success are objectives of our company, which can not be separated. Responsible and ethical behavior towards our employees, business partners , society and the environment are an integral part of the value system of the Deutsche Fachpflegegesellschaft.
Services (overview)	care, end-of-life-care, short-term care, prevention care, artifical feeding, consultation, cost planning

Deutsche Fachpflege Gruppe (2/2)

n. of patients total	n.a.
n. of patients nursing care	n.a.
n. of patients intensive care	600
n of children patients intensive care	n.a.
Intensive care (Y/N)	Yes
Nursing care (Y/N)	No
% of nursing care	No
Ambulant care (Y/N)	Yes
% of ambulantory care	100
Stationary care (Y/N)	Yes
Residential community care (Y/N)	Yes
Day/night care (Y/N)	n.a.
Holiday care (Y/N)	Yes
Care assistance (Y/N)	Yes
Company's news	With nationwide 16 care companies the Deutsche Fachpflege Gruppe is one of the market- and quality leader, but in particular it is one of the larges employer in the area of critical care ● Strategy : The company group should evolve through organic growth and through the acquisition of additional critical care services to the German market leader in the non-hospital intensive care market. The DFG was able to realize seven acquisitions successfully and increased by 27 % per year faster than the market. ● October 2012: acquisition of 100.0 % of the shares of Nationwide Intensiv-Pflege-Gesellschaft mbH based in Hannover and the remaining 20.0 % stake in the CPD Intensivpflegedienst Claudia Schiefer GmbH, headquartered in Munich ●April 2013: Advised by Münchener Beteiligungsgesellschaft GmbH DELTA Equity investors have sold their stake to the Deutschen Fachpflege Gesellschaft GmbH with headquarters in Berlin to the Private-Equity-Gesellschaft Chequers Capital
M&A activities	
Strengths	
Weaknesses	

Bonitas (1/2)

Address / phone / etc	Heidestraße 13, 32051 Herford Phone: + 49 (0) 5221/6999-200
Owner	**LU Vermögensverwaltung GmbH** (4%) = CEO Lars Uhlig; **Lavorel Medicare Deutschland GmbH** (96%), which is 100% owned by **Lavorel Medicare S.A.**, Rue Aldringen, L-1118 Luxemburg; LVL serves ca. 60.000 patients in France; The major shareholder of Lavorel Medicare S.A. is **Air Liquide S.A.**, a French multinational company which supplies industrial gases and services to various industries including medical, chemical and electronic manufacturers (also has a home healthcare department); The company is a component of the Euro Stoxx 50 stock market index; Revenue ca. € 16 billion; Profit ca. € 1,8 billion; Empoyees ca. 68.000;
CEO / Management	Lars Uhlsen
n. of employees	2.548 (2012); 3.247 (2016)
Internet	www.bonitas.de
Year of foundation	21.12.2001
connected care companies	1. Bonitas Holding GmbH & Co. KG, Firmensitz Herford 2. Bonitas GmbH & Co. KG, Firmensitz Herford 3. Bonitas Herford Krankenpflege GmbH & Co. KG Zweigstelle Recke, Firmensitz Herford 4. Bonitas Ravensberg GmbH & Co. KG, Firmensitz Herford 5. Bonitas Kranken- und Intensivpflege GmbH & Co. KG, Firmensitz Herford 6. Vios Kranken- und Intensivpflege GmbH & Co. KG, Firmensitz Herford 7. Vita Krankenpflege GmbH & Co. KG, Firmensitz Bad Iburg 8. Anita Kerner Kranken- und Altenpflege GmbH & Co. KG, Firmensitz Herford 9. Heinemann Krankenpflege GmbH & Co. KG, Firmensitz Herford 10. Ihre Assistenz im Norden GmbH & Co. KG, Firmensitz Herford 11. Die Mobile Intensivpflege Bielefeld GmbH & Co. KG, Firmensitz Herford 12. DIE MOBILE Intensivpflege Köln GmbH & Co. KG, Firmensitz Köln 13. Die Mobile Intensivpflege Bergisches Land GmbH & Co. KG, Firmensitz Herford 14. AKS Kranken- und Intensivpflege GmbH & Co. KG, Firmensitz Herford 15. Animus Kranken- und Intensivpflege GmbH & Co. KG, Firmensitz Herford 16. ANITA Kerner Intensivpflege GmbH & Co. KG, Firmensitz Herford 17. PflegeLeicht Akademie GmbH & Co. KG, Firmensitz Herford **(in total 43 companies according to interview with CEO Lars Uhlen dated July 2016)**
Locations	In Total 8 district managements Beckum, Dresden, Krefeld, Augsburg, Holzkirchen, Bünde, Bielefeld, Detmold, Herford, Hiddenhausen, Rahden, Köln, Recke, Wuppertal, Mannheim, Ibbenbüren, Koblenz, Oldenburg, Wilhelmshaven, Memmingen, Kiel, Hengersberg, Kaufering, Kreut, Nürnberg, Stockach, Untermeitingen, Hannover, Gießen, Weiden, Schwäbisch Hall, Viersen, Hamburg, Bad Rothenfelde, Eichenzell (Rhön), Sinntal, Ludwigshafen

Bonitas (2/2)

Turnover (year)	53.4 Millions € (2011) / 82% by intensive care > 100 Millions € (2016)
History	Since 2000 Bonitas belongs to LVL Medical Group
Company profile	Our goal is to preserve or even improve the quality of life of our patients and their families. We ensure that an aging society does not imply any loneliness or dependence. We want you to keep your independence and also help in the most difficult moments. Bonitas assists in long term care. We are specialists in outpatient medical and elder care: medically trained with years of experience in the care process.
Services (overview)	basic care, 24 hours emergency service, domestic work, family care, holiday replacement, substitute care, palliative care, short-term care, sound advice, training program, respite services, intensive care for adults and children, assisted living, residential communities
[redacted]	[redacted]
Company's news	opening of new residential communities (Detmold, Herford, Herringhausen) ● Since 2000 Bonitas belongs to LVL Medical Group , a healthcare company founded by the Lavorel family in France. ● 2012:In March, the nationwide the Intensive Nursing carePflege und Betreuung Bettler GmbH was taken with about 50 patients and about 350 employees and rebranded to Animus nursing care and intensive care . Locations are Dresden , Stuttgart and Wetzlar . ● 2012: Air Liquide buys the majority of LVL Medical Group for € 316 millions . The deal does not include the trading under the name Bonitas business in Germany ● Bonitas also operates leased three stations in hospitals to supply ventilation and coma patients . ● Strategy : "Expansion through acquisitions in a previously atomized market" (Bonitas Annual Report) **● Growth strategy: Until 2018 the plan implements 41 new intensive care living communities with +750 beds and +900 employees (interview CEO Lars Uhlen, July 2016)**

GIP / Pro Vita (1/2)

Address / phone / etc	GIP Gesellschaft für medizinische Intensivpflege mbH, Marzahner Straße 34 13053 Berlin Phone: + 49 (0) 30/232 58 - 500
Owner	Lelbach Holding GmbH (100%)
CEO / Management	Marcus Carrasco-Thiatmar
n. of employees	1140 (2012)
Internet	http://www.pflegedienst-provita.de/
	http://www.gip-intensivpflege.de/
Year of foundation	22.11.2000
connected care companies	Pro Vita Intensivpflege GmbH (Berlin, 100 %) and the foreign subsidiaries Pro Vita Außerklinische Intensivpflege GmbH (Traunstein, 98 %) as well as Vita Temp GmbH (Traunstein, 100 %). Furthermore the MediaIntensiv GmbH, Berlin (100 %) belongs to Pro Vita.
Locations	Berlin, Frankfurt, Heilbronn, Schöneiche, Dresden, Traunstein. Provita: München, Rosenheim, Traunstein
Turnover (year)	
History	2009: ProVita is bought by the Lelbach Gruppe
Company profile	The GIP is a nationwide active company, which is specialized on long-term care of children and adults for more than 15 years
Services (overview)	consultation, basic care, artifical respiration, domestic critical care, patient care, care transition, residential groups, support with daily living, psychosocial care
n. of patients total	

GIP / Pro Vita (2/2)

Company's news	● 2011:The consolidation and integration of Pro Vita companies - Pro vita Intensivpflege GmbH and MediaIntensiv GmbH were sold by Lelbach to the GIP Gesellschaft für medizinische Intensivpflege mbH and are therefore its subsidiaries . ● Behind the GIP and Pro Vita is the Elpro / Lelbach group . Both companies are among the leading care company in the field of home care of patients in need of artificial respiration. ● 2013: Pro Vita became GIP Bayern - since the nationwide operating GIP and the Pro Vita are working together for many years, both facilities get closer by the first of July. Pro Vita operates under the new name of „GIP Bayern“ (GIP Gesellschaft für medizinische Intensivpflege Bayern mbH) by now.
M&A activities	
Strengths	
Weaknesses	

Renafan (1/1)

Address / phone / etc	Berliner Straße 36/37 13053 Berlin Phone: + 49 (0) 30 43 81 900
Owner	Shaodong Fan (95,7%), Renate Günther (4,3%)
CEO / Management	Shaodong Fan
n. of employees	
Internet	www.renafan.de
Year of foundation	1995 (Group) 2001 (Renafan Intensiv)
connected care companies	GIS Hannover, acquisition of divers care units
Locations	Berlin & Brandenburg, Niedersachsen, Hamburg, Magdeburg, Rostock, Ulm, Hannover, Rostock, Elbinsel, Havelstadt
Turnover (year)	(2013-14);
History	Renafan was founded in 1995 and has positioned itself in the field of nursing care. Since 2010, the company trades as GmbH and operates at the business segment of outpatient care, intensive care and inpatient care. The company has mainly grown by green field development
Company profile	RENAFAN is a leading service provider in the field of senior care, intensive care and service for the disabled. Our portfolio ranges from outpatient and inpatient care, innovative living and care options for patients. We offer our services nationwide at more than 40 locations. Around 4,500 people rely on our expertise and reliability. Uncompromising customer orientation and continuous innovation characterize the RENAFAN Holding.
Services (overview)	ambulant and inpatient care, residential communities, care assistance, service for disabled people, nursing care, ambulatory intensive care (focus: artifical respiration), nursing homes, day care, short-term care, prevention care
n. of patients total	around 4.500 nationwide (information from website)

Renafan (2/2)

Stationary care (Y/N)	Yes
Residential community care (Y/N)	Yes
Day/night care (Y/N)	Yes
Holiday care (Y/N)	Yes
Care assistance (Y/N)	Yes
Company's news	● 2001: Foundation and development of the Renafan Intensiv, outsourcing of the ambulant care ● 2004: Opening of an assisted living home ● 2007: Expansion of outpatient intensive care to the entire country, acquisition of GIS in Hannover, building Renafan intensive Niedersachen from the customer base of GIS ● 2008: expansion of the assisted living care in Berlin, offer of ambulatory intensive care and residential communities in Hamburg ● 2009: Offer of intensive critical care at residential cummunities in Hannover ● 2010: Expansion of ambulatory intensive care in residential facilities in Berlin, Hamburg and Hannover ● 2011: Offer of intensive critical care at residential cummunities in Hamburg-Jungestraße ● The aim of the company's development is to grow regionally and, after the consolidation, growth should not only take place in the service life, but also in the areas of outpatient Care and intensive Care
M&A activities	
Strengths	
Weaknesses	

Advita (1/2)

Address / phone / etc	Kantstraße 151 10623 Berlin Phone: +49 (30) 31 51 79 61
Owner	**Adiuva Fund I GmbH & Co KG 51,72% (seite Juli 2014)** Alcedo Beteiligungs GmbH 1,83% David Wiedemann 0,06% Hauke Lübben 0,27% Jan Tobias Osing 0,35% MMTF Beteiligungs Gesellschaft mbH 45,77% (represents management)
CEO / Management	Dr. med. Dipl.-Psych. Matthias Faensen Milada Tupová-Faensen Peter Fischer
n. of employees	1600
Internet	www.advita.de
Year of foundation	1994
connected care companies	21 facilities in 2014; acquisitation of six further nursing services
Locations	Berlin: Berlin-Reinickendorf, Berlin-Treptow Sachsen: Borna, Chemnitz, Dresden, Freital, Görlitz, Großenhain, Hohenstein-Ernstthal, Kreischa, Leipzig, Lichtenstein, Meißen, Radeberg, Riesa, Weinböhla, Wilsdruff, Zschopau, Zwickau Sachsen-Anhalt: Magdeburg Thüringen: Apolda, Jena, Suhl
Turnover (year)	
History	The advita Nursing care GmbH is operating regionally with 24 subsidiaries since 1994
Company profile	advita has set itself the goal of enabling customers and employees maximum freedom in implementing their wishes and decisions. These qualities are distinguishing our company: listening, personal initiative, reliability and working together
Services (overview)	

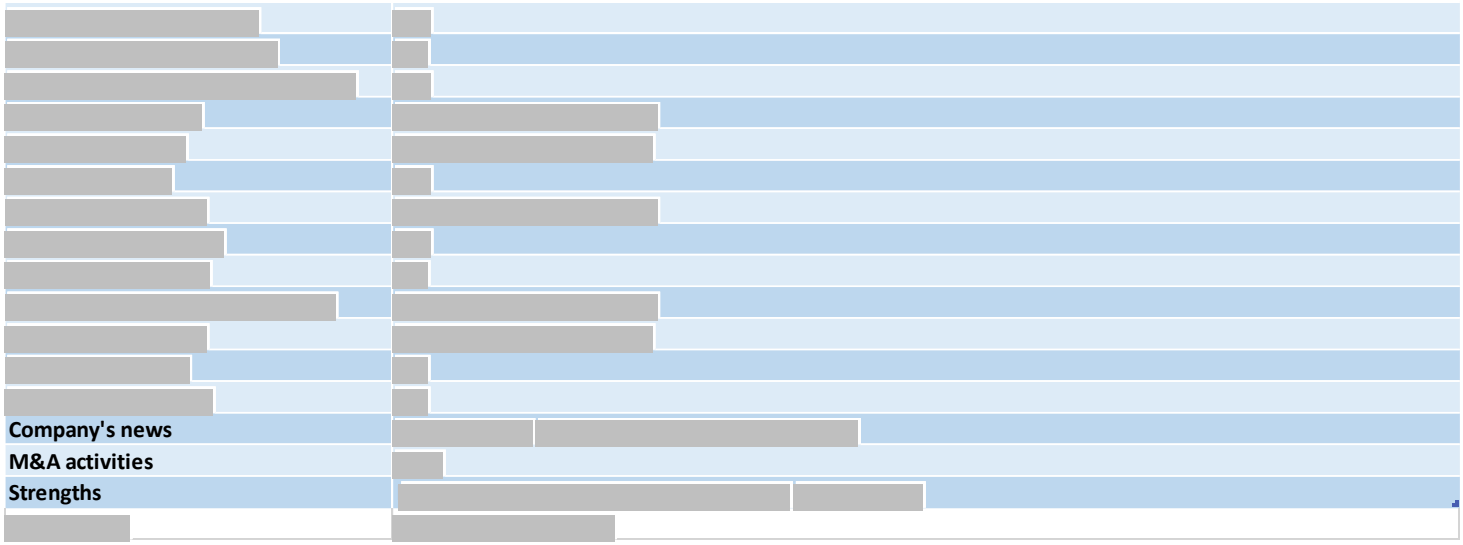
Advita (2/2)

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
Company's news	● Since the MBO in2014 the business areas of outpatient home care and day care were systematically expanded, also areas for outpatient care in residential communities and outpatient intensive care were established. ● Since 2006 Advita has built the know-how for the outpatient intensive care patients . In the intensive care communities Advita has 51 places (2011), another 37 are contracted for 2012 and 2013. ● [redacted] ● [redacted]
M&A activities	
Strengths	[redacted]
Weaknesses	[redacted]

linimed GmbH / Fazmed GmbH (1/2)

Address / phone / etc	linimed GmbH Fregestraße 8 07747 Jena, Phone: +49 3641 - 5 34 35 36 FAZMED GmbH Bismarckstr. 37 96515 Sonneberg Phone: +49 36 75 / 82 67 520
Owner	Vitruvian Partners LLP (Private Equity) The portfolio of Vitruvian Partners LLP comprises Healthcare at Home Ltd UK (ca. 1,400 employees). Healthcare at Home group considers itself claims to be the largest provider of outpatient care in Europe.
CEO / Management	Linimed: Frank List and Kai Nieklauson, Fazmed: Frank List, Kai Nieklauson and Andreas Franke
n. of employees	n.a.
Internet	www.linimed.de
	www.fazmed.de
Year of foundation	n.a.
connected care companies	n.a.
Locations	linimed: Gera, Freyburg, Halle, Leipzig, Greiz, Nordhausen, Jena FAZMED: Sonneberg
Turnover (year)	
History	-
Company profile	The linimed GmbH is a Central German group of companies, headquartered in Jena, which is a full-service provider in the field of care and support for their clients. We have made it our mission to develop concepts that enable us to respond flexibly to the needs of our clients. FAZMED stands for qualified and regionally-networked non-clinical intensive care
Services (overview)	linimed: basic care, medical care, household care, home emergency call, shopping service, holiday care, palliative care, care consultation, training courses FAZMED: transition care, care consultation, preparations for home care, therapies, organisation of care, holiday care, basic care, takeover of everyday tasks, professional respiration care at home, assisted living, short-term care MAIN FOCUS: care at home
n. of patients total	Fazmed ca. 43 (2013/4) Linimed ca. 10 (2013/14)

linimed GmbH / Fazmed GmbH (2/2)



PFLEGEWERK Managementgesellschaft mbH (1/2)

Address / phone / etc	Wisbyer Straße 16/17 10439 Berlin Phone: +49 3039600510
Owner	Dr. Georgios Giannakopoulos (40%) Susanne Giannakopoulos (60%)
CEO / Management	Dr. Georgios Giannakopoulos, Susanne Giannakopoulos
n. of employees	1800
Internet	http://www.pflegewerk.com
Year of foundation	1988
connected care companies	n.a.
Locations	Albersdorf, Berlin, Bonn, Halle, Hamburg, Hannover, Kellinghusen and Osterhofen.
Turnover (year)	
History	The family business, which has developed into a modern healthcare facility, can look back on an impressive success story for over 25 years. The Pflegewerk started with 2 empolyees, now there are more than 1.800 employees involved in the company. Almost in every district of Berlin, the nursing work is represented. At several locations in Germany facilities for outpatient and inpatient care are available. The main focus is on the development and expansion of care facilities in the outpatient sector.
Company profile	We treat everyone with respect, esteem and confidence. Whoever is making use of our help should feel safe and comfortable. We offer as much help as necessary, with as much independence as possible. Cohesion and Respect is an important factor for the quality of our work.
Services (overview)	basic care, treatment care, mediation work, intensive care, family care, home care, inpatient care, assisted living, help for disabled people, medical care, hospice, day hospice, respiration care
n. of patients total	(in the home environment)
n. of patients nursing care	
n. of patients intensive care	
n of children patients intensive care	
Intensive care (Y/N)	
Nursing care (Y/N)	
% of nursing care	
Ambulant care (Y/N)	
% of ambulantory care	
Stationary care (Y/N)	
Residential community care (Y/N)	

PFLEGEWERK Managementgesellschaft mbH (1/2)

Day/night care (Y/N)	No (no further information available?)
Holiday care (Y/N)	No
Care assistance (Y/N)	Yes
Company's news	-
M&A activities	
Strengths	
Weaknesses	

Pflegezeit AG (1/2)

Address / phone / etc	Geschäftsanschrift: Wilhelmsallee 5, 22587 Hamburg Registergericht: Amtsgericht München, HRB 167598 Pflegezeit Breite Straße 9 55124 Mainz Phone: +49 6131 - 94 334 0
Owner	n.a. (but most probably major shares owned by Dr. Ekhard Popp) supervisory board: Dr. Harald Fett, Dr, Richard Heesch, Dr. Björn Söder
CEO / Management	Dr. Ekhard Popp
n. of employees	over 100
Internet	http://www.pflegezeit.com/
Year of foundation	2007
connected care companies	1. outpatient care service Andrea Rohde HH, 2. nursing service PEGASOS, 3. nursing service rat&tat ambulante Pflegedienste GmbH Wiesbaden and Mainz
Locations	Mainz, Wiesbaden, Hamburg
Turnover (year)	
History	2007: founding of the Pflegezeit-Gruppe and acquisition of the care service Andrea Rhode 2008: acquisition PEGASOS, acquisition of the nursing service rat&tat GmbH 2010: founding of the Pflegezeit Intensiv GmbH Pflegezeit AG was founded by Dr. Ekhard Popp in early 2007, who worked at A.T.Kearney in Dusseldorf with a focus on health and sanitation management before.
Company profile	Our home care services in Hamburg, Mainz and Wiesbaden offer nursing care for people of all ages and indications. Our years of experience in the nursing care, we are familiar with all the circumstances of care. Individual solutions are our specialty. Our local teams are characterized by a high level of knowledge and training - particularly in the areas of wound care, care of tracheostomized or ventilated patients and port supply.
Services (overview)	
of patients total	
n. of patients nursing care	
n. of patients intensive care	

Pflegezeit AG (2/2)

n of children patients intensive care	
Intensive care (Y/N)	
Nursing care (Y/N)	
% of nursing care	
Ambulant care (Y/N)	
% of ambulantory care	
Stationary care (Y/N)	
Residential community care (Y/N)	
Day/night care (Y/N)	
Holiday care (Y/N)	
Care assistance (Y/N)	
Company's news	-
M&A activities	
Strengths	
Weaknesses	

Part IV
Potential M&A targets

This chapter is no part of the publically available internet report

Your leading financial advisory firm for health care M&A