

# Law for a better medical provision through digitization and innovation

The *Digitale-Versorgung-Gesetz* (DVG, Digital Provision Law), passed by the German Bundestag on 7 November 2019, has far-reaching consequences for the healthcare industry. This paper aims to provide an overview of the main changes and implications of the various stakeholders.

## Objectives of the legislative package

Within the framework of the DVG, digital innovations are to be decisively promoted and integrated in the German healthcare system for the first time, namely the

- increased use of digital health applications,
- connection of service providers to the telematics infrastructure,
- enhancement of the use of telemedicine,
- simplification of administrative processes through digitization,
- opportunities for health insurance companies to promote digital innovation,
- continuation of the innovation fund with 200 million euros per year and
- integration of successful digital health approaches into general provision.

## Measures

The measures pursued by the amendment can be divided into the areas of innovation, technology, patients and administration.



### Innovation

1. **Promotion of digital innovation:** Health insurance companies can promote the development of digital innovations by using up to two percent of their financial reserves for investment purposes.
2. **Innovation fund:** Support through the innovation fund will continue until 2024 with 200 million euros annually. In addition, the development of guidelines can be promoted via the innovation fund in the future.

### Technology

3. **Telematics infrastructure:** Deadlines are set for pharmacies and hospitals to connect to the telematics infrastructure. Other service providers are given the opportunity to join voluntarily.
4. **Telemedicine:** Teleconsultations are made possible on a larger scale and remunerated on an extra-budget basis. The possibilities of using a virtual consultation hour are simplified.

## Patients

5. **Digital applications:** A claim for benefits of the insured persons to digital health is created and a procedure is established at the Federal Institute for Drugs and medical Devices to decide on the range of digital services in general provision.
6. **Data transparency:** Existing legal regulations on data transparency in the context of the use of social data from health insurance funds for research purposes are expanded and the data processing center is further developed into a research data center.

## Administration

7. **Administrative processes:** Insured persons will be able to join a statutory health insurance fund electronically. In addition, health insurers may use electronic means to provide information on innovative care offers. The prerequisites for the electronic prescription of remedies and aids in the regulations of self-administration are created and the electronic doctor's letter is promoted.
8. **General provision:** A procedure is to be established with which proven successful approaches from innovation fund projects can be transferred into general provision.

## Challenges and opportunities

The DVG offers the healthcare industry **easier access to high-quality and valuable data**, while at the same time **new opportunities for digital business models** arise from the cost coverage of digital applications. For insurance companies, the law means **considerable cost increases** in the short term.

For **healthcare companies** it is particularly important to consider the

- development of governance and IT for the secure handling of pseudonymized data
- increased number and improved quality of research hypotheses through the use of new data and
- extension of existing business models to include digital components.

**Insurance companies** must deal with the

- preparation for cost increases due to the adoption of new digital healthcare applications
- potential cost savings through efficiency gains in health treatments (e.g. digital doctor's appointments through telemedicine) and
- increased competitive pressure for private health insurance companies due to the assumption of costs for digital applications by the statutory health insurance funds.

## Conclusion

While the new legislation is associated with **significantly higher costs for the insurance industry** at least in the short term, **healthcare companies** have considerable **sales and research potential** due to the **legal promotion of digital health services** and **extended and improved access to data**.