Switzerland’s Health Care System

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Facts and Figures of the Swiss Health Care System (A)

- Population: ~7.5 million;

- Total Health Care Costs: ~EUR 35 billion

- Health costs as % of GDP: ~11.6% (2005)/ ~9.7% (1995)

After USA the most expensive health care system in the world;
Facts and Figures of the Swiss Health Care System (B)

- Financing:
  ~68% (public source) / ~32% (private source)

- Cost distribution:
  ~21% Medicaments / ~23% In-hospital
  ~14% Out-of hospital / ~23% Doctors / ~19% Others
  Most of the growth in out-of hospital;

- Number of health insurance co.:
  ~88 (The 4 top companies have >500’000 members);
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- Situation of Swiss Health Care System
- Introduction to the Swiss Health Care System
- Key issues of the Swiss Health Care System
- Discussion: Unique health insurance company
- Future of the Swiss Health Care System
Situation of
the Swiss Health Care System (A)

PUBLIC [obligatory]
&
Private [voluntary]
MIX
Situation of the Swiss Health Care System (B)

EXCELLENT QUALITY [health] & QUITE EXPENSIVE [wealth]
Situation of the Swiss Health Care System (C)

A. Quality of health care
   In general excellent
   everyone gets the best available health care;

B. Access to health care
   In general very good
   everyone gets access to the health care needed;

C. Cost of health care
   Very unsatisfactory
   very high / each year increasing;
Situation of the Swiss Health Care System (D)

How much is an individual prepared to pay for his or his family’s health? (private)

How much can an individual afford to pay for his or his family’s health? (private)
Situation of the Swiss Health Care System (E)

Swiss face rising health care costs:

- Ageing population;
- Ongoing improvement of medical technology;
- Mostly indemnity plans with no influence on volume and quality of health care delivery
  Demand / Supply doesn’t work)
- Fraud
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Introduction to the Swiss Health Care System (A)

Two types of Health Insurance Coverages:

- **Basic Health Insurance** (KVG)
  - obligatory (since 1996)
  - a) unified health care service catalogue (regulated)
  - b) based on cost principle (versus service principle)

- **Additional Health Insurance** (VVG)
  - voluntary
  - a) add on: dental care, private, alternative medicine…
Introduction to
the Swiss Health Care System (B)

Premium determination:

- **Basic Health Insurance (supervised by the state)**

  a) per head premiums (not income / age / risk related)
     (support via taxes for low-income insured)

  b) premium depends on the following factors
     i) choice of the retention (EUR 195/……/EUR 1’625)
     ii) choice of the model (HMO etc)
     iii) choice of health insurance company & domicile
         (~87 health insurance companies)
Introduction to the Swiss Health Care System (C)

Premium determination:

- **Additional Health Insurance**

  a) age & risk related premiums;

  b) premium depends also on the following factors
     i) choice of health insurance package;
     ii) choice of the model (HMO etc);
     iii) choice of health insurance company & domicile;
Introduction to
the Swiss Health Care System (D)

Underwriting / acceptance:

- **Basic Health Insurance** (KVG)
  
  a) No underwriting at all
  b) Each application to be accepted by the health insurer

- **Additional Health Insurance** (VVG)
  
  a) Underwriting according to health insurer’s guidelines
  b) loading / rating / declining / postponing & canceling allowed
Introduction to the Swiss Health Care System (E)

Additional comments:

- No need to have the Basic Health Insurance & Additional Health Insurance with same health insurance company;

- A health Insurer can decide to withdraw offering Basic Health Insurance completely from a region;

- The insured can change each the carrier of his Basic Health Insurance;
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Key issues of the Swiss Health Care Systems (A)

1) *Increasing health care premiums*
   → low-income insured even poorer;

2) *Equal premiums for everyone*
   → re-allocation of the funds from young to old (poor to rich) / ageing population;

3) *Missing real competition*
   → prices are too high / health care not efficient enough (50% of in-hospital costs not under control);
Key issues of the Swiss Health Care Systems (B)

4) Defined / fix catalogue of health care services
   → paying for coverage not wanted / prices rise if coverage extended (e.g. Viagra);

5) Obligatory premium payment
   → motivation to use health care services;
Key issues of the Swiss Health Care Systems (C)

- Improvement and better **cost control** (better model for risk adjustment);

- Increase insurance companies **purchase power of health care services** (no contributions anymore to the hospitals by the cantons);

- Reduction of the **hospital “surplus” capacity**;
Key issues of the Swiss Health Care Systems (D)

- Cost reduction in respect of **medicaments** (generics, break the lobbying of the pharmacy industry);

- Long term improvement by **changing the governance** (Now: 26 more or less autonom health care systems);
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Discussion

Unique health insurance company (A)

Pros & Cons to have just one health insurance company covering the basic health insurance:

Pros:

a) Get rid of the “hunt for good risks” (not ethical)
b) Separation of basic and additional health insurance;
c) Reduction in administration costs (~EUR 200 million)
d) Expensive and complicated system of risk adjustments between the health insurance companies;
e) Avoiding the yearly insured turn over between health insurers;
f) More solidarity due to income dependent premiums;
g) High quality / no two-tier health care system;
Discussion
Unique health insurance company (B)

Pros & Cons to have just one health insurance company covering the **basic health insurance**:

Cons:
- a) No competition anymore (no efficient medicine);
- b) Creation of an “administrative monster”;
- c) Doctors no room for negotiations due to monopole;
- d) Less innovations for new models;
- e) Expectations of even higher costs;

→ *Declined in voting of 11 March 2007*
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Future of the Swiss Health Care System (A)

1) More competition elements
to increase efficiency of health care;

2) More freedom of choice
shift rather health care services from the basic coverage to the additional coverage;

3) More risk adjusted premiums
in the sense of motivating to prevent health care costs;

4) Wishful thinking to have 1-tier health care system
accept the fact that some have the money to pay for additional coverage;

5) Early health care education in school
Future of the Swiss Health Care System (B)

1) Introduction of Insurance Card (planned in 2008) improvement of data quality;

2) Risk equalization extends (until 2010);

3) Review the basic health care service catalogue;

4) Rethink the hospital financing (up to 50% financed by cantons & Reduce hospital bed overcapacity;
Future of the Swiss Health Care System (C)

5) Actions against providers working uneconomically;

6) Contractual freedom;

7) Managed Care models;
Future of the Swiss Health Care System (D)

→ INCREASE EFFICIENCY OF HEALTH CARE SERVICES

RESULT:
BETTER COST CONTROL!
The Swiss Health Care System

THANKS FOR YOUR ATTENTION

For further questions:
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