



International Actuarial Association Health Section
2007 Colloquium

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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);

Content – Switzerland's Health Care System

- **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 enough efficient
(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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