

## Swiss Health System

### Topics

- **Pharmaceutical Health Policy**
- **Health System Governance, Accountability and Financing**
- **Public and Private Clinics and Hospitals; the Role of the Private Sector**
- **Other Topics of interest:**
  - Health promotion
  - Uniform National Health Insurance

## Health System Governance, Accountability and Financing

### Health System Governance - Basic laws



#### Swiss Constitution:

- **Article 117: Confederation has to enact laws over the health insurance**

#### Federal Health Insurance Act (FHIA):

- **In force since 1996**
- **All Swiss residents must have a basic health insurance**



### Health System Governance - Role of the different levels of government

#### Federal Government

- Establishment of the health insurance
- Authorisation and monitoring of insurers (Federal Office of Public Health (FOPH), subordinated to the Federal Department of the Interior (FDI))

#### Cantonal Governments (26 cantons)

- Implementation of targeted subsidies (grants) to individuals
- Authority over hospital policy (planning of hospital care)
- Hospital finance (50% of operating costs)
- Control over the joining of the compulsory basic health insurance (all residents in Switzerland must be insured)

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### Health System Accountability – Reporting and disclosure mechanisms

#### Health insurers are accountable to the FOPH

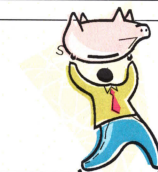
The FOPH ensures that insurers apply the law and comply with its provisions. The FOPH may issue general instructions and/or ask the health insurers for information and documents

The FOPH supervises the financial position of health insurers. Health insurers must provide the FOPH with reports, budgets, annual accounts and the premium rates for the following year. These rates are not effective unless they have been validated by the FOPH.

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### Health System Accountability – Sanctions and penalties

The FOPH can deprive health insurers not complying to legal requirements of their authorisation to provide Health Insurance



### Health System Financing – Different sources of healthcare finance

Costs caused by the FHIA are covered by:

- **Premiums:** Premiums are independent of income and federally regulated. Premiums vary from insurer to insurer, from canton to canton and inside the cantons (regionally)
- **Contribution to costs:** Annual franchise (franchises in a range from SwF. 300 - 2'500) and an excess charge of 10% up to a maximum of SwF. 700 per year
- **Federal, cantonal and local taxes:** The tax revenues cover subsidies to hospitals, to nursing homes and homecare providers as well as subsidies for compulsory health insurance premiums





### Health System Financing – Basic versus supplemental benefits

FHIA defines the scope of benefits:

- Service in the events of illness, maternity, accidents (unless costs are covered by accident insurance) and certain preventive measures
- FHIA does not cover dental treatments (unless linked to serious illness)
- Only benefits that are effective, appropriate and efficient. There is no special list specifying which form of treatment or benefits are subject to compulsory insurance (except for maternity, preventive and dental treatment)
- If coverage is contested, an expert commission voices recommendations. FDI takes the final decisions and publishes them in a special list (negative list)

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### Health System Financing – Health Insurance Premium Level

Premiums are:

- independent of income and risk of the individual
- dependant on the age of the individual (< 18, 19 – 25 and > 26 years)
- community rated (reflecting different cost structures between regions/cantons)
- dependant on the development of healthcare costs
- fixed by the insurer and approved/validated by the FOPH

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### Health System Financing – Risk Compensation

In the light of differential risk pool problems, risk compensation has been introduced to avoid risk-picking:

- formula based on age and sex of the insured
- insurers with a good risk structure pay into the risk compensation fund which is for the benefit of insurers with a bad risk structure
- management by the Common Institution under the FHIA

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### Health promotion under the FHIA

- Insurers work together with cantons to encourage health promotion
- Creation of a joint body (Stiftung Gesundheitsförderung Schweiz) whose aim is to promote, coordinate and evaluate steps aimed at promoting good health and preventing illness
- Joint body is financed by a very small extra charge on the insurance premium
- Joint body is monitored by the FOPH

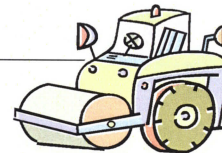
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### Uniform National Health Insurance – What the initiative wants

- **Within three years, the Federal Government creates one single health insurer. The new insurer takes over the assets and liabilities of the existing insurers**
- **Governing and supervisory boards are equally composed by representatives of the public authority, the healthcare providers and the insured**
- **The insurance has to be financed by premiums dependent on the economic situation of the insured person**

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### Uniform National Health Insurance – Impacts

- **Liberty of choice between insurers will be lost**
- **One national premium - Race to the top effect between cantons**
- **Contradictory composition of the governing board weakens the negotiating power of the insurance**
- **Monopoly kills innovation and the quality of services**

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**Uniform National Health Insurance – Impacts**

- **Premiums dependent on income charge the middle class heavily**
- **Important transaction costs**
- **Initiative fights against symptoms, it is the wrong tool to face the real problems causing the cost explosion**

