What? No waiting lists?

The Swiss health system is a model that is envied for its universal coverage and standard of care. Everyone has insurance and there are no queues for treatment. So why are people complaining? Alice Ghent reports.

Every year as Switzerland's Federal Office of Public Health (FOPH) announces the annual round of health insurance premium increases, this nation of 7.5 million people lets out a collective groan. Last year, the pain was greater than usual. Concerned about the depletion of cash reserves in insurers' coffers, the FOPH allowed rises of up to 14.6% for basic insurance premiums depending on the canton. That hurt.

Since 1999 the Swiss have seen health insurance costs rise by 50%, according to the FOPH. From 2008–2009, the price hike was significant enough to cut 0.1% from rising household disposable income.

Nadia Bouchardy does not need an announcement to know that a sizeable portion of her family's income is being spent on health. Married to an ambulance driver with two young daughters, the family has an annual income of 90 000 Swiss francs (US$ 83 000) before taxes and insurances. Every year around 10 500 Swiss francs (US$ 9700) or 12.5% of their income goes on health insurance and extra expenses such as dental care.

Last year, Bouchardy, who is aged 41, had an operation and had to pay 10% of the costs of the operation, medicine and her stay in hospital. (In Switzerland, out-of-pocket expenses are capped to ensure families do not suffer what is termed "catastrophic expenses").

"We are not very happy with the health insurance system in Switzerland," she says. "Every year we pay more and we get less. The lists with items that are not covered anymore by the health insurance gets longer. Some items like glasses or basic medicine are not fully covered, so we have to pay these costs out of our non-health budget. So far we are lucky we have not been forced to borrow money in order to pay the health bill."

The Bouchardy family represents how middle-income Switzerland is being squeezed financially. They earn too much to benefit from the health subsidy received by households that spend more than about 8% of their income on premiums (the level of subsidy depends on the canton). Some 40% of households receive the subsidy – either through a lower premium or tax rebate – which is the government's mechanism for preventing the cost of insurance from unfairly disadvantaging low-income families.

Professor Alberto Holly, of the University of Lausanne, is an expert in Switzerland's health financing system. He points to a system that is envied for its universal coverage, its equity, standard of care and lack of waiting lists. "One of the strengths of the Swiss system is equity with respect to health risk and patient ratio. No one is penalized for age, gender or medical history. However, it is not totally equitable and is regressive in respect to income," he says.

> "The average Swiss only has to travel about one kilometre to a doctor and five kilometres to a hospital."
>
> *Gaudenz Silberschmidt*

Under the Swiss constitution, the Federal Government is responsible for managing the health insurance system, but has limited responsibility in terms of health policy. Instead, this energetically democratic country has a decentralized system in which the 26 cantons are autonomous and choose how to organize their own health care. This results in a wide disparity in terms of insurance premiums, which are usually paid by householders, not employers.

Since 1996, it has been illegal not to have basic health insurance in Switzerland. There are 82 not-for-profit insurers that offer policies costing around 350 Swiss francs (US$ 325) a month per adult. No one can be turned away under this scheme, known as LAMal. Further, some 44 companies offer complementary forms of insurance, which allow benefits such as dental treatment and access to luxurious hospitals, and these companies are free to choose clients according to their risk profile.

One characteristic of Switzerland's health-financing system is its expense. "This is not an efficient system," says Holly, "in that it has not been possible to control costs." The result is that Switzerland has the third most expensive medical system in the world. The World Health Organization's national health accounts show that in 2007 total health costs carved 10.6% from Switzerland's gross domestic product. Only the United

Julien Gregorio/Hôpitaux Universitaires de Genève

High technology diagnostic equipment is driving up health-care costs.

States of America at 15.8% and France at 10.9% were ahead.

Gaudenz Silberschmidt, head of international affairs at FOPH, says: "It is surprising that the system is not more expensive given the wage/price level and the health resources available. We have 300 hospitals in total. The average Swiss only has to travel about one kilometre to a doctor and five kilometres to a hospital.

"The number of facilities available is too high but that does not mean that the standard of care is too high. Some parts of the system have more efficiency than others," he says.

As the cantons are responsible for health care, the Federal Government in Bern uses the insurance system to drive costs down through a range of reforms. Incentives to use generics instead of brand-name drugs have been successfully introduced; laboratory tariffs and hospital financing are being restructured; and in 2012 Switzerland will introduce Diagnostic Related Groups, a method of classifying illnesses to determine a rate of reimbursement to hospitals. Hospitals will be paid a predetermined amount of money for treating patients from a given group, regardless of the actual cost of care provided.

> "No one is penalized for age, gender or medical history."
>
> *Alberto Holly*

While the Government is trying to make the system more efficient, it also worries that some insurers providing the basic insurance under the LAMal scheme are practising risk selection, although it is illegal to deny anyone insurance and premiums cannot be increased without government approval. Companies are permitted to selectively advertise but not to selectively recruit clients.

"Risk selection is a problem in the LAMal scheme because so far the risk equalization scheme has not worked sufficiently," says Silberschmidt.

Julien Gregorio/Hôpitaux Universitaires de Genève

In Switzerland everyone must be covered by health insurance.

As premiums are the same regardless of age and gender, insurance companies are compensated if their risk profile is overly skewed. The Federal Parliament has decided to refine the system because age and gender are known to be relatively poor indicators of insurers' risk profile.

Holly says risk selection is practised in subtle ways. "Reimbursement is delayed, discouraging people so that they change insurer. Brokers will allocate people with bad risk to companies with higher premiums, so you don't see it happening."

In 2007, the Swiss rejected a referendum that would have established one government insurance company, preferring a system that guarantees market competition and the possibility of switching companies. Until recently the rate of switching was not high, but premium increases have changed the landscape. In December last year, Comparis.ch, a web site for comparing insurance services, conducted a survey and found 15% of 6000 people had changed health insurer within the past year. For the country as a whole, this means 1.2 million people may be looking for new health insurance.

The Swiss are permitted to change insurer twice a year. For Bouchardy, this seems an onerous process. "Theoretically you can give notice to your health insurance company every year and go to another insurance company. But in reality it is very difficult, you have to compare the fees, it is a huge administrative effort. Also it can be quite difficult to reach the health insurance company for a personal conversation about burning issues."

Inevitably there are also disputes over contracts. Last year the ombudsman for health insurance settled 2812 matters over co-payments and 549 over premiums. But Silberschmidt says surveys reveal a general happiness with the system except during the month when higher premiums are announced. "We now want to push forward on managed care," he says. "We believe that some people are ready to accept that they can pay a lower premium, in return for not choosing their own physician, as long as they get treatment when they are sick."

Bouchardy's insurer already offers her a lower premium in exchange for using a doctor on the company's list. "This does not bother me," she says. "But at the same time I would not like it to become the case for the whole country. That is fundamentally about the liberty to choose."

Additional reporting by Jan Dirk Herbermann. ■

Bull World Health Organ 2010;88:249–250 | doi:10.2471/BLT.10.030410