HealthManagement
Promoting Management and Leadership

Volume 12, Issue 3 / 2010 - Interview

Overview of the Swiss Healthcare System

Switzerland's hospital system is subject to change. Cost containment, competitiveness, transparency of service quality, need for manpower and trend to outpatient care are the main constraints that hospitals face today. Political decision making like the introduction of diagnosis related groups (DRG) further advances this process, which will intensify networking among hospitals, promote specialisation and lead to the closing of those enterprises who cannot meet the challenges of competitiveness.

Facts and Figures

Switzerland contains 7.7 inhabitants on a space of 41,285 square metres. The four official languages are German (64 percent), French (20 percent), Italian (6.5 percent) and Rhaeto-Romanic (one percent). The remaining 8 percent speak other languages. 20 percent of the population are foreigners. Switzerland is a confederation, divided into 26 cantons (politically autonomous regions). Its gross domestic product is 424 bn. USD, which is 55,000 USD per capita. Life expectancy is 80 years on average for men and 84 years for women.

Healthcare services are one of the growth and innovation sectors. The hospitals alone have a turnover of 20 bn. Swiss francs. The direct value added by Swiss Hospitals sums up to 9 billion Swiss francs, 2.1 percent of the GNP. In addition the Swiss hospitals add indirectly a value of 3.8 bn. Swiss francs (value added, by demand of hospitals at other suppliers).

In 2007 the Swiss hospitals employed 130,000 full time equivalent; these are 35 percent of all employees in the healthcare system. The quota of women is 75 percent; the quota of part time employees is 44 percent. The hospitals employ 19,000 medical doctors, 49,000 nurses, 30,000 other healthcare professionals and 30,000 other professions. The hospitals' total pay for salaries is 12 bn. Swiss francs per year.

The costs of the healthcare system amount to 55 bn. francs, with a tendency to rise each year. The access to healthcare services exists for everybody, and the medical catalogue of the social insurance system is large (except dental medicine). Switzerland's expenditures on social healthcare are therefore high in comparison with other countries. However, costs for healthcare have not increased more than the GDP during the last five years. That's why the healthcare cost ratio on the GDP is stable; it amounts to nearly 11 percent.

In principle, Switzerland has a mandatory health insurance system. Each citizen has to be insured by an insurance company, and gets paid basic healthcare services. Citizens can be additionally insured in a non-regulated healthcare insurance market which covers special healthcare services. Within one company, premiums are the same for everybody, regardless of one's income. Insurance companies are privately owned companies and cover all expenses of the ambulatory services. The costs of the hospital services are divided among the insurance companies and the regional state unities (cantons). This is the social element in healthcare financing. Nevertheless, a diminishing number of people can afford the insurance premium, and more and more citizens receive government subsidies.

The mandatory insurance system covers about 43 percent of the healthcare system's costs, providing for health, accidents, and disability. Private households account for 30 percent, public spending for 17 percent, and private health insurances for 10 percent.

Trends and Challenges

This section will examine the trends and challenges in the Swiss healthcare system. Four actors are in focus: hospitals (as medical service providers), state (especially cantons), health insurance companies, and patients.

The actors' roles are complex and multifaceted. Hospitals are basically healthcare providers, but besides they are often an important factor for regional economy and employment. Cantons are not only state actors, but mostly they also own and pay hospitals, and they adopt and control tariffs. Health insurance companies are private enterprises, but as providers of mandatory health insurance they interpret the role of a state authority. And, last but not least, patients are also citizens, tax payers and insurance holders.

The main focus lies on hospitals. Their system is changing, and the challenges they face are heavy: cost containment, stronger competition among themselves, transparency of service quality, more need for manpower and trend to outpatient care.

The Swiss Hospital System is Changing

The Swiss hospitals undergo a profound change, which is manifold.

- Most cantons have changed the status and organisation of public hospitals. 18 of the 26 cantons have regrouped their hospitals to one juridical and organisational unity, mostly as entity of the public law. Only three of them have chosen a form in private law.
- The hospitals have reduced their capacities over the past years. Beds have been reduced in great numbers, from 76,000 in 1982 to 40,000 in 2008. At the same time, the number of patients has risen from 0.95 to 1.2 million. The average length of stay is 10.7 days in 2008 (7.8 days in acute care hospitals), which is 12 percent less than five years before. Shorter stay is the consequence of more innovation.

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- Swiss hospitals are internally changing their organisation. They tend to focus on a core business, a trend which is accelerated by the introduction of the new hospital financing system: diagnosis related groups, or DRG. In particular public hospitals are forming partnerships, e.g. for purchase, and are forced into networks.
- Healthcare providers need more manpower in order to meet the growing demand for healthcare from an aging society. 60,000 retired professionals have to be replaced until 2020 and it is estimated that 25,000 professionals have to be recruited additionally.
- Private hospitals are regrouping and gaining more patients with complementary private insurance in a shrinking market.
- Hospitals are closing (stable number of hospitals until 1970: around 250; from 1970 to 1982: rising to 460; from 1982 to 2008: declining to 320).

The political framework requirements change as well: in 2007 the Swiss parliament decided a new hospital payment system, whereby cost covering and financing of hospitals as structures is replaced by paying for performance. Cantons and mandatory health insurance companies share the hospital financing in a ratio of 55:45. The revision comes into force in 2012.

Challenges to Swiss Hospitals

Hospitals are the most important part of the whole healthcare system. They drive the inventions; they provide the most complex – and most expensive – healthcare services. The healthcare sector covers over one tenth of the gross domestic product, the hospitals alone about one fifth. The healthcare sector is expanding more than the average economy, and it will continue to do so.

The Swiss hospitals offer very different services depending on their size and ownership status (public or private). Their sizes also greatly differ, from five beds to 2,167 beds. There are five university hospitals throughout the country, with total 5,900 beds for 7.7 million inhabitants. The 14 biggest hospitals, nine percent of all hospitals, contain 45 percent of all beds, which reflects their importance in healthcare provision. In contrast, the 87 smallest hospitals of acute care, 54 percent of all hospitals, offer only 13 percent of all beds.

Cost Containment

With its combination of medical, technical, pharmaceutical and biological innovations on the one hand, the social insurance system on the other hand, the costs of Swiss healthcare are rising each year, and with it the premiums of the insured population. Pressure on hospitals by the media, the public and the politicians is high. Yet it remains to say that the citizens – patients as well as employers – and the economy as a whole are profiting from modern, although expensive medical services.

Competitiveness

Swiss hospitals have undergone changes to strengthen their efficiency in recent years. Yet they are expected to be even more efficient. One of the incentives is financing by DRG. Swiss DRG is similar, though not equal, to German DRG, and is due to be introduced on 1 January 2012. The DRG may serve as the basis for a more competitive hospital market, which would include a role change of the up until now, dominant cantonal authorities.

It has to be accepted that more hospitals will close. The new method of hospital financing will put the medical service providers under more pressure to perform efficiently. Especially small and middle-sized hospitals will probably search solutions in specialising, i.e. in focusing on medical services in which they have a competitive advantage. In fact, many specialised hospitals do already exist, often run by private owners.

Parallel to specialisation, Swiss hospitals are forced into networking by the constraints of price pressure, cost containment and quality requirements. Public as well as private hospitals are collaborating more: some merge completely, some combine certain services.

40 percent of the hospitals are run privately. In the past five years, two big private hospital groups have emerged, each consisting of a dozen sites. In addition a network of another dozen private hospitals has been founded. Many other private hospitals hope to continue independently, as a provider of very special services, and/or as a regional actor.

Transparency of Service Quality

Politicians and public opinion are demanding more transparency in quality. Today, half of the Swiss hospitals publish their yearly quality reports under the new Label H+ qualité. H+, the national hospital association, has already released two branch reports on quality based on these documents. The national administration, for its part, has published quality data on the basis of mortality. However, mortality on its own can never be an adequate indicator for quality.

Manpower Need

In the short term, the rising need for health professionals can be covered by recruiting abroad. The mean of foreign personnel in Swiss hospitals is at 30 percent, but in some enterprises the foreigner quota amounts to over 50 percent. In the long run, Switzerland has to supply its own health professionals, by providing more training positions, better marketing and securing formation financing, as well as by other means.

Out-Patient Care

A rising number of hospitals and clinics have developed to centres of competence for outpatient diagnostics and therapies. Swiss hospitals deliver up to 40 percent of all out-patient services in a region. Nowadays, patients who used to be hospitalised for several days can return home and go back to the workplace much faster thanks to out-patient treatment and after care. The transition between in- and out-patient treatments
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becomes smooth. The introduction of diagnosis related payment will further advance this development.

Patient Expectations

Switzerland faces the same trends and challenges as many other "western" countries: the population is aging, meaning increased demand for healthcare services. The baby boomer generation is entering the healthcare market in large numbers. Society has become more individualistic, with higher mobility, a growing proportion of one-person households and a tendency to seek more professional healthcare for curing more kinds of illnesses. On the other hand, today's patients are better informed. Books, internet and selfhelp groups provide lots of information. In Switzerland, like elsewhere, a consumer attitude towards healthcare has emerged. Consequently, hospitals are often judged by the hotel services they provide, rather than by their medical services. Expectations towards the whole service package are rising. The distinction between wellness and healthcare services is getting blurry: health insurance companies are offering the use of fitness centres, and lifestyle medicine is advancing.

Waiting lists are not frequent within the Swiss healthcare system. Patients wish to maintain this situation even at a high cost. On the other hand, people have a hard time paying for their mandatory insurance premium. As a consequence, many cancel their complementary private healthcare insurance.

Cantons

The cantons hold many roles: owner and financer of public hospitals, tariff adopter and controller, legislator etc. In particular, cantons decide who appears on the hospital list, and whose services are therefore subsidised. However, the cantons' roles are changing. More rules, especially market rules, will be provided on the national level, a process which might weaken the position of the cantonal authorities. At the same time, there is a great financial responsibility for the insured population, and pressure on cost reduction will be upheld.

Still the cantons will keep a lot of power. Lately, they even seemed to widen their scope by starting and enforcing health promotion and prevention campaigns.

Health Insurance Companies

The role of health insurance companies is complex and ambivalent. As private enterprises they are profit-oriented and act within a competitive environment. However, since they all have to offer and pay the same medical services within the mandatory health insurance, real competition is restrained. Instead a pseudo competition takes place, usually concerning the young and healthy insured because they pay the insurance premium without demanding expensive services.

The number of healthcare insurance companies has reduced dramatically within the past two decades, from a thousand to less than one hundred. In the near future the concentration will continue. Many insurance companies can only survive due to cross subsidises within a holding. Their substance might soon be consumed. So-called "cheap insurance companies" who have insured mostly young and healthy people will have to raise their premiums, too. The "hunt for the good risks" can only be inhibited by introducing a risk compensation which is effective, i.e. by adding morbidity to the criteria of age, sex, and hospital stay.

The influence of health insurance companies on political decision making is high, since many parliamentarians represent and defend their interests. They even aim for more power within the healthcare system. For example they seek more control over patient data, an aim which is often in conflict with data protection law.

Ongoing Issues

Switzerland's legislation process is long. The political parties, as well as the federal power sharing and interest groups, do anything they can to save their particular interests, and therefore tend to block progress. This is true for most political domains but for healthcare reforms in particular.

The most important upcoming reform is the introduction of managed care, i.e. the coordination of therapy processes along the whole chain of treatment. To achieve the reform, all medical service providers have to be included in equal measure, independent doctors as well as hospitals and clinics. Managed Care must focus on chronic, complex and critically ill patients. Next to the refinement of risk compensation, monistic financing has to be installed.

Authors:

Dr. Bernhard Wegmüller

Director

Mr. Stefan Berger

Project Manager Health Policy

H+ The Swiss Hospital Association

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stefan.berger@hplus.ch

Published on : Wed, 3 Nov 2010

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