


SEPTEMBER 28 VOTE

# Political cures to stem health insurance costs

*By Sonia Fenazzi*



Society | Politics

 See in other languages: 5 ▲

REUSE ARTICLE | PRINT THIS STORY

AUG 10, 2014 - 11:00



The Swiss health system is based on competition between insurance companies but critics say it does not work properly

(Peter Lauth/Ex-Press)

**Centre-left parties and consumer groups are seeking to introduce a single public health insurance company to rein in the cost of premiums. Voters have the final say on the proposal on September 28.**

Opponents, including the government and a majority in parliament as well as the business community, argue the initiative is the wrong cure.

Health insurance coverage is mandatory for residents in Switzerland. They can choose from more than 60 companies and their offers for basic coverage. The insurers must not aim to make a profit but grant everybody access to a quality health service.

Premiums vary a fair bit from one client to another but do not depend on their income. Key factors are the age group, the insurance company and the place of residence.

It is also possible for insurance takers to opt for lower premiums if they agree to pay higher excess payments per year or to limit free access to any doctor of choice. Those clients who can't afford to pay the premiums are granted reduced rates and the remainder is paid for by the state according to the terms set by the country's 26 cantonal authorities.

The costs of the Swiss healthcare system have been increasing steadily and no end appears to be in sight. Expenditure reached a total of CHF68 billion (\$75.7 billion), with just over a third of it going towards the basic insurance coverage.

With health costs having become a financial burden for many household budgets, the political left together with patients' pressure groups and consumer protection organisations and trade unions have accused health insurance companies of thriving at the expense of their clients.

### **Third strike**

It is the third attempt by the political left in the past ten years to reform the healthcare insurance system. The two previous initiatives were rejected overwhelmingly in 2004 and 2007. They both sought to link the premiums to the income of an insurance taker either through a public or through a single insurance company.

The latest initiative foresees the creation of a national insurance institution with cantonal and inter-cantonal subsidiaries. Premiums are to be set by the cantons based on the costs of the insurance scheme.

However, the majority of rightwing and centre-right parties in parliament as well as the cabinet argue the initiative will trigger additional costs and cause difficulties implementing the new rules.

“People should have a free choice among the insurance companies and have the right to quit if they are not satisfied with the service. The competition is an incentive to keep costs down. All that would not apply with a single insurer holding a monopoly,” says Barbara Schmid-Federer from the centre-right Christian Democratic Party and a leading member of the committee campaigning against the initiative.

## **Competition?**

Stéphane Rossini from the centre-left Social Democratic Party, a member of the initiative committee, roundly rejects her arguments.

He says there is no real competition among health insurers under the current system and the companies have never made the slightest effort to keep costs under control, nor to lower premiums and save money.

“Only between 5% and 15% of clients change from one company to another every year,” says Rossini.

This costs up to CHF500 million for the system and creates a kind of fake competition. Insurers are trying to attract young and healthy customers, spending millions on advertising, marketing and bonuses, according to Rossini.

“This would all come to an end with a single public insurance company,” he adds.

## **Parliament or voters**

Schmid-Federer shares some of Rossini’s concerns, but she wants to improve the current system with mandatory basic insurances and separate individual complementary coverage and also to strengthen parliamentary control over the health insurance market.

“There are problems, even though Switzerland has a high-quality health system,” she says. “More transparency is

needed, but no extreme changes like the ones demanded by the initiative are called for.”

She prefers to leave it to parliament to tackle the reforms.

For his part, Rossini has little hope in parliament’s ability to bring about changes for the better.

“There is no majority in parliament to eliminate the flaws in the present system. Therefore we want voters to decide,” he says.

## **Hospitals, doctors**

The initiative focuses on cost-cutting measures, notably in the administration of the insurance companies. But Schmid-Federer says the campaigners are mistaken because the management and organisation make up just 5.6% of the total expenditure for the basic health insurance.

This compares with 11.3% for the national accident insurance company and 9.2% for the unemployment insurance scheme.

Schmid-Federer says costs for hospitals and doctors are the main drivers of the increasing health expenditure, the reason being new medical treatments and the ageing population.

“A single health insurance company would not do anything about this,” she says.

## **Prevention and coordination**

“A single insurer would lead to better coordination and boost prevention efforts,” counters Rossini.

He believes it could help promote alternative healthcare systems with family doctors or sustainable integrated care, bringing in line diagnosis, treatment, care and rehabilitation.

“The aim is improved care quality. Chronically ill patients would benefit in particular and it would help reduce costs for them,” says Rossini.

He dismisses concerns that an overhaul of the health insurance sector would lead to job cuts. The employees of the 61 insurers could be taken over by the new public company, he adds, although some might have to move office.

## **Health and tax**

In addition to the proposal for a public health insurance company, voters will also decide on the introduction of a standard rate for value added tax in the restaurant sector. The September 28 vote is the third of four nationwide ballots this year. At the same time, votes and elections are taking place in many of the country’s 26 cantons and at a local level.

## **Controversies**

Early campaigning has been marked by accusations of allegedly one-sided information by insurance companies about the initiative.

Another debate focuses on the costs and benefits of the transformation to a public insurer. Opponents say it could cost up to CHF2.2 billion. Initiative promoters argue that up to CHF350 million could be saved on administration, and total health expenditure could be reduced by about 10% over the next few years.

The single insurance would exclude lower premiums for children as well as higher excess rates and alternative healthcare models, according to opponents. However, the allegations have been rejected by the promoters of the initiative.

By Sonia Fenazzi, swissinfo.ch  
(Adapted from Italian by Urs Geiser)



## Links

- ↗ Interior Ministry
- ↗ Parliament
- ↗ Committee in favour of a public health insurance company (German, French, Italian)
- ↗ Federal Health Office
- ↗ Committee against a public health insurance company (German, French, Italian)

## Related Stories

**OPINION**  
**Single-payer**

# health insurance: freedom of choice - yes or no?

*By Thomas Zeltner*

The Swiss health care system is a success story, says Thomas Zeltner, former director of the Federal Health Office.

- **Opinion**

Society | Health

## **OPINION**

# Health insurance needs to be more democratic

*By Franco Cavalli*

If the initiative “For a single public health insurer” is adopted in the upcoming nationwide vote on September 28, Switzerland’s health insurance ...

- **Opinion**

Society



## **HEALTH CARE SURVEY**

# Swiss health system gets good global marks



Switzerland's health care ranks second overall among 11 wealthy nations surveyed by the United States-based Commonwealth Fund. But the Swiss ...



**COVERED?**

## Seeking a political cure for rising health costs

*By Peter Siegenthaler*

Expensive health insurance is a given in Switzerland, and there are concerns that the latest proposals to help rein in costs could prove to be a ...

- **Purchasing power**

Politics

**PAYING FOR CARE**

## Health care costs hit all-time high

The Swiss spent more than ever on health care in 2012, according to the latest data from the Federal Health Office, with 11.5% of the country's ...

- **Purchasing power**

Business



## COVERED?

# Seeking a political cure for rising health costs

*By Peter Siegenthaler*

Expensive health insurance is a given in Switzerland, and there are concerns that the latest proposals to help rein in costs could prove to be a ...

- **Purchasing power**

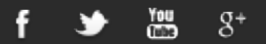
Politics



## HEALTHY SYSTEM?

# Single health insurance reform takes step closer

Campaigners calling for the introduction of a single health insurance scheme have handed in the necessary signatures to force a nationwide vote.



[THE COMPANY](#) | [PARTNERSHIPS](#) | [IMPRINT](#) | [JOBS](#) | [CONTACT](#)

[BACK TO TOP](#)

**WORLD PARTNERS:** [RADIO NETHERLANDS WORLDWIDE](#) | [RADIO SWEDEN](#) | [RADIO CANADA INTERNATIONAL](#) |  
[NHK WORLD](#) | [RADIO PRAHA](#)  
[RTS](#) | [SRF](#) | [RSI](#) | [RTR](#) | [SWI](#)

