



Healthcare Market

Cost containment measures have *no lasting effect*

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At a glance

- The Round Table's 38 proposals for cost containment in the healthcare sector are mainly level effects that do not change the long-term cost trend.
- Trend factors such as medical progress, demographics and higher demands drive costs in the long term and can hardly be influenced.
- With the principle of voluntary commitment, the "Round Table" has at least avoided coercive legal measures.
- The cost trends can only change by reducing bureaucracy and improving incentives.

The participants in the "Round Table on Cost Containment in the Healthcare System", led by Federal Councillor E. Baume-Schneider, agreed on a comprehensive set of measures aimed at saving around CHF 300 million a year. The agreement was reached jointly with the cantons, the medical profession, hospitals, health insurers and other industry representatives. But why will it not be possible to get costs under control in a sustainable manner in this way?

Since the introduction of the public healthcare system around 100 years ago, costs have been under pressure and need to be limited through cost-cutting measures. Numerous austerity packages have been implemented, but the discussion about rising expenditure is still with us today. This shows that Previous cost containment measures have never achieved their goal of a sustainable reduction.

The reason for this becomes clear when you look at the 38 cost-cutting measures developed by the Round Table. Many approaches are aimed at lower prices (rental prices, MiGeL, diagnostic tests, laboratory tariffs, passing on discounts, etc.), avoiding unnecessary costs (generics instead of original preparations, reducing the administrative costs of health insurance funds) or reducing services (overprovision). Such savings are known as level effects: They lead to a one-off reduction in costs, but do not change the long-term trend. It is true that lower prices lead to lower costs in subsequent years. However, growth rates remain unchanged as they are determined by trend factors. These primarily result in volume growth.

Influencing trend factors is difficult

In order to reduce costs sustainably, it would be necessary to start with the trend factors. These include, for example, medical-technical progress, demographic change, rising health demands, an increase in chronic diseases, an improvement in treatment standards or lifestyle.

Except for lifestyle, which can be made more health-conscious, these trend factors lead to higher healthcare costs. None of these factors could be influenced by the Round Table. It is difficult and also undesirable, for example, to lower treatment standards or inhibit medical-technical progress.

Despite good approaches, no miracles are to be expected

So is it hopeless to reduce healthcare costs if the trend factors cannot really be influenced? There is at least one cost-driving trend that Swiss politicians can actually change: the growing bureaucracy. This is not unchangeable. And this "round table" has actually taken an important step here by formulating the measures as a voluntary commitment on the part of the players. This makes compulsory legal measures superfluous. One example is the "Smarter Medicine" initiative, which aims to achieve continuous improvements in care. The more efficient implementation of pricing models aims to reduce the administrative burden on companies. If this succeeds, it would be a successful example of transforming the trend factor "bureaucratization", which leads to higher costs, into the trend factor "lean administration", which leads to cost savings.



Fridolin Marty
Head of Health Policy