



Healthcare Market

# Six recipes to combat high healthcare costs

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## At a glance

In order to counteract rising healthcare costs and premiums, sensible reforms are needed. There are a number of effective recipes for containing costs, improving the quality of services and at the same time ensuring healthcare for the population. Now it's time to get to work!

On June 9, 2024, the people and cantons rejected the Premium Relief Initiative and the Cost Containment Initiative. The message from voters is clear: no to reforms that jeopardize healthcare and lead to even more redistribution. With the rejection of the initiatives, the indirect counter-proposals can now be implemented. "Reforms yes, but balanced" is how the day of the vote could be summarized.

The only problem is that the pressure of high premiums remains. So how can we reduce healthcare costs? Six recipes that work:

## First: Uniform financing of benefits

The financing of benefits has a major impact, not only on the cost burden, but also on cost trends. This is why reforms to the financing of healthcare services are promising. In the fall, we will be voting on the uniform financing of outpatient and inpatient services (EFAS). This reform will improve the financing mechanism. There will no longer be any disincentives to choose between outpatient and inpatient treatment; only medical necessity will be decisive. It is an important step, but more is needed.

## Secondly: reducing costs yes, but not at the expense of quality

Today, we know exactly what the Health Insurance Act (KVG) costs us. But we know far too little about what we get in return. It makes no sense to reduce costs without taking a close look at the services provided. This is because the quality of services is crucial. Basically, it is good, but the level of 1970, for example, would no longer be sufficient today. We therefore need constant development in order to further improve standards. This requires firstly more transparency and secondly incentives in the form of higher tariffs for particularly good quality. In this way, insured persons can choose good service providers and, through competition, ensure better services at lower costs. Digital instruments can help to ensure that the required quality transparency does not lead to more bureaucracy.

## Thirdly, higher cost sharing by insured persons

Cost sharing has not been adjusted since 2004. Here, the incentives for cost savings on the part of the insured have decreased. What price is still the same as 20 years ago? An increase in cost sharing is long overdue. However, as politicians are always reluctant to increase them, an automatic mechanism must be introduced. Linking cost sharing to costs would at least keep the incentives to save costs constant.

## Fourthly: Better incentives for integrated care

The healthcare system is highly fragmented. Incentives for coordination exist above all in the alternative insurance models (AVM). There is no free choice of doctor here. The health insurance companies choose their service providers (doctors) themselves and can thus reduce costs. Insured persons would have an incentive to choose an AVM, as they can benefit from significantly lower premiums. In addition, multi-year contracts should generally be permitted under the KVG. This not only helps insurers to save costs, but also strengthens prevention and improves the incentives for optional deductibles.

## Fifthly: More efficient hospital care

Despite a major structural shift towards outpatient care, our inpatient care is still too large by international standards. In addition, inpatient services are provided at too many locations. This results in costly redundancies in the infrastructure. First and foremost, the cantons are hindering the structural streamlining that was intended with the new hospital financing. This also weakens the well-positioned institutions because economies of scale cannot be realized. In addition to a reorganization of responsibilities between the Confederation and the cantons, the stakes between private and public institutions must also be equal. Tariffs must be adjusted in such a way that the more cost-effective outpatient services are worthwhile.

## At the very least: further develop performance competition

There is no need to always wait for reforms: the law (KVG) offers plenty of scope for a more cost-effective, innovative and transparent care system: quality measures and target agreements are possible, innovative tariff models for alternative insurance models (AVM), etc.. However, the prerequisite is the will of all those involved to further develop the current system in the direction of performance competition and, for example, to overcome the expensive cantonal spirit. This is the only way to ensure that good quality healthcare remains affordable.

In light of this, the flirting of the SP and centrists with a single health insurance fund is incomprehensible. Because everything is expensive if it is provided by a monopoly. A single health insurance fund leads to high costs and poor care. Quality-oriented service competition, on the other hand, can deliver exactly what we expect from the healthcare system, namely good quality at reasonable costs.



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