

Navigating in a complex system a perspective on healthcare challenge and reform

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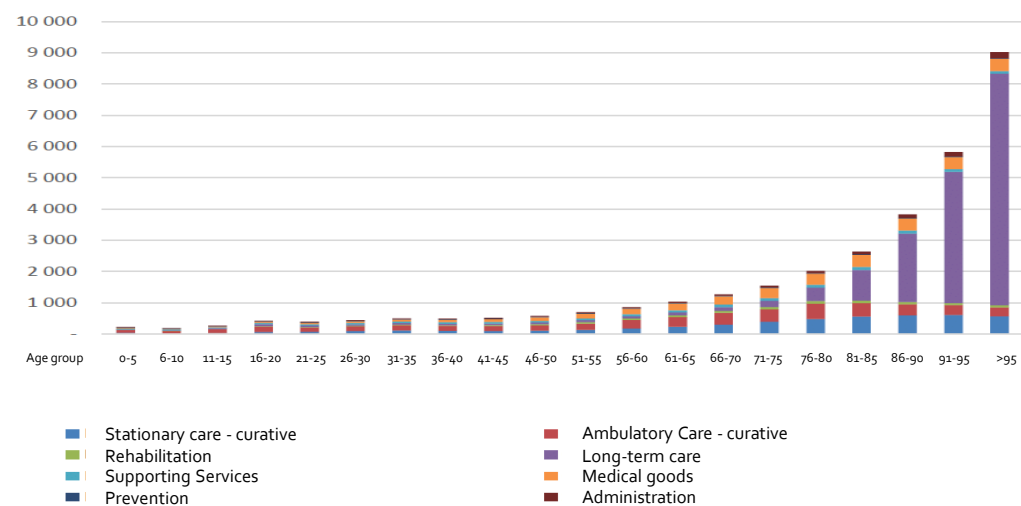
A system characterised by many tensions

- High quality healthcare system, but under pressure
 - Cost development, demographics
 - Complexity and vested interests
 - Degrees of freedom and role of regulator
- National insurance in conflict with cantonal competencies
- Medical progress and increased demand for sophisticated services
- Supply driven market: freedom to choose services driving cost
- Everybody calling for cost containment “elsewhere”
- Aversion to digitisation
- Stakeholder inertia favoring regulation

A burden for the system and for citizens

Ageing, technology and economic standard will continue to drive cost

Future development - cost development over lifetime

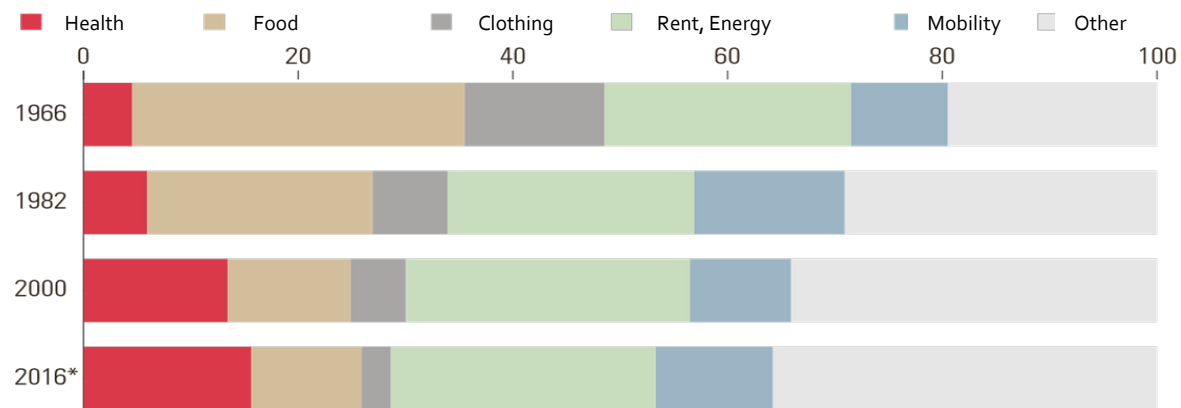


Source: Federal Office of Statistics

Cost containment will remain a top priority

Burden of cost - overall share of healthcare cost

Share of cost within household budgetary basket (country index of consumer prices) in percent



* some structural changes

Source: Federal Office of Statistics, NZZ

Multiple federal health policy reform initiatives (examples)

- Financing ambulatory and stationary care (EFAS)
- Adjustments financing care-giving
- Provider market access limitations
- Health insurance law: Quality and Effectiveness
- Medicines: New regulation of Pricing and Margins
- TARMED reform of tariffs for ambulatory care
- Market access new therapies/products and strengthening HTA
- Implementation of Therapeutic Product Act legislation (HMG)

Medicines in prominent and exposed position

what is obvious

- medicines ubiquitous
- “low hanging fruits” - federal competence to regulate
- comparing prices always simple
- high medication prices and industry profits
- inefficiencies and waste

what needs to be considered

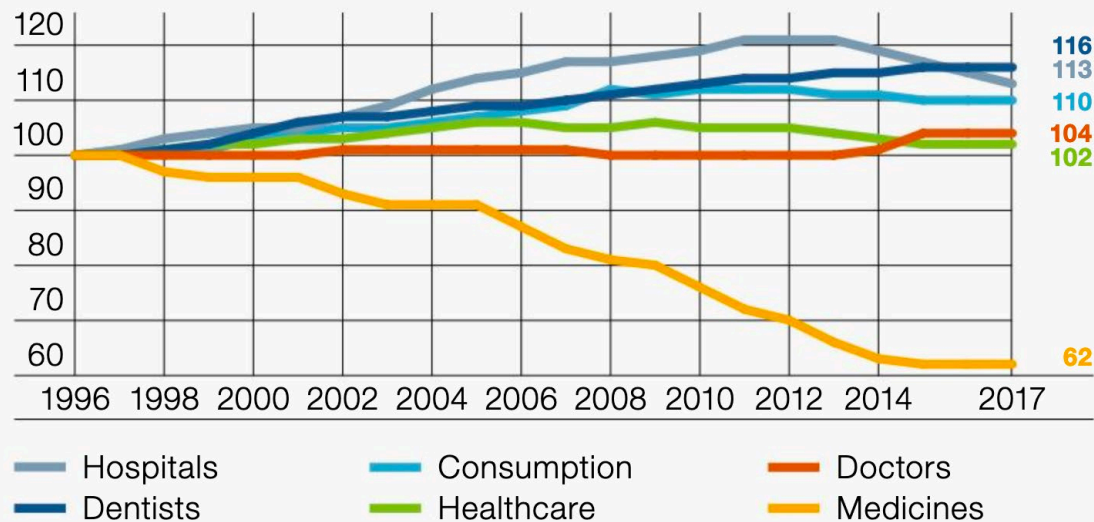
- medicines only 10% of total cost
- focus on key cost drivers: ambulatory and stationary care
- cost of national value-chain
- industry and distribution with very different economics
- lack of data, coordination, compliance

Medication measures with impact but must be better aligned

Medicine cost development

Price indices of the health system in Switzerland

Index: 1996 = 100



Source: Consumer Price Index, Federal Statistical Office, 2018;
conversion of index by Interpharma on the basis of 1996.

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- Cost containment important
- Better alignment needed

Reason for concern:

- No differentiation industry - distribution
- Unsufficient focus on services
- Pricing pressure and product stock-outs

Danger of damaging structures necessary for sustainable reform

Distribution and pharmacies in the future: from volume to value

Pharmacies an important base ...

- proximity to population
- competence and trust level
- value of prevention, adherence

... but change is needed

- services with measurable impact
- cooperation among providers
- aligned reimbursement across product range (generics to high-cost therapies)



Parliament and payors provide a foundation

- Therapeutic Product Act (HMG)
- New reimbursement concept in negotiation (LOA, pharmasuisse – santesuisse/curafutura)
- Introduction of patient record and data-based initiatives (EPR, e-Health, medication plan)
- New models for care delivery supported (e.g. pay for performance for high cost drugs)
- Willingness to design and offer new insurance products for integrated care (so called "AVM")

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