

Political environment

According to the KOF Swiss Economic Institute of ETH Zurich, healthcare expenditure increased by 3.7% in 2019, having also risen in the previous two years. This was due, among other factors, to the slight increase in wages in the healthcare sector and the rise in the number of older people. At the same time, the increase in premiums for compulsory health and long-term care insurance for 2020 was very moderate, averaging only 0.2%. According to the Federal Office of Public Health (FOPH), healthcare costs will continue to rise in the future as a result of demographic trends and advances in medical technology. The Federal Council therefore intends to take various measures to help limit the increase and has developed a cost containment programme for this purpose.

Federal Council programme to curb cost growth in the healthcare system

While the increase in health insurance premiums for 2020 is relatively modest, cost containment will remain the focus of health policy in the coming years. In 2017, the Federal Council initiated the discussion on health policy in Switzerland with an expert group report on curbing cost increases in the healthcare system.

The cost containment programme has been divided into two packages of measures. The first package was submitted for parliamentary consultation with the Federal Council's dispatch in August 2019, and discussions will commence in the 2020 spring session.

A reference price system to encourage dispensing of generics

As part of the first package of measures, a reference price system is to be introduced for drugs whose patents have expired, among other things. If at least three drugs with the same combination of active substances are on the specialties list (SL), a reference price is to be determined for the active substance concerned. Compulsory health insurance would cover at most this reference price, and any amount exceeding the reference price would have to be paid by insured persons themselves.

The introduction of a reference price system aims to increase the dispensing of generics and biosimilars and achieve savings under compulsory health insurance. The Federal Council estimates that between CHF 300 million and CHF 500 million could be saved annually by introducing the reference price system. The introduction of the system would require an amendment of the Health Insurance Act (KVG). Due to broad-based opposition, including from all relevant associations in the healthcare market, long and contentious discussions are expected in parliament. One of the main arguments against the reference price system is the increasing constraints on the supply of medications. Lower prices would notably further jeopardise the already limited provision of generics in the small Swiss market.

Additional measures to ease the burden on premium payers

The first package of measures also includes the proposed introduction of a so-called experimental article, which would make it possible to implement innovative, cost-reducing pilot projects to ease the burden on premium payers. This would establish a legal basis for cantons and tariff partners to carry out such pilot projects under the Health Insurance Act (KVG).

In addition, the tariff partners, consisting of the medical profession, hospitals and health insurers, are to create a national tariff organisation for the outpatient medical sector, as exists for the inpatient sector. Service providers would be obliged to provide the tariff organisation, free of charge, with the data the organisation needs to carry out its tasks. This measure is intended to help limit the number of services provided in medical practices and outpatient clinics to what is medically necessary.

Number of employees in the Swiss healthcare system



325,908

Full-time equivalents

(2017, source: Federal Statistical Office)

As a further measure, service providers shall be legally obligated to send insured persons a copy of the invoice in all cases. This copy could also be sent electronically. The move is intended to increase patients' cost awareness.

Second package of measures announced

The second package of measures under the programme to curb cost growth in the healthcare system is to be submitted for consultation in 2020. It is expected to include further measures regarding drug prices, an appropriate distribution margin and greater transparency in the healthcare system.

Adjustment of distribution margin

An adjustment of the distribution share in the pricing of medications (distribution margin) is designed to reduce false incentives when dispensing medications and achieve savings under compulsory health insurance of around CHF 50 million annually. The aims are to reduce negative incentives for the dispensing and sale of medications and to promote dispensing of low-cost generics.

Gradual implementation of the revised TPA

The ordinary revision of the Therapeutic Products Act (second stage) came into force on 1 January 2019. The most important implementation steps can be summarised as follows:

Reclassification of medicinal products

The entry into force of the new Therapeutic Products Act in January 2019 means the dispensing categories are now as follows: A (single dispensing requiring a medical prescription), B (dispensing requiring a medical prescription), D (dispensing on the advice of a specialist) and E (dispensing without advice from a specialist).

Dispensing category C (dispensing on the advice of a medical professional) has been abolished, and dispensing categories D and E have been evaluated and expanded, respectively. The conditions for dispensing medicinal products in dispensing category B have been made more flexible and the boundaries between prescription-only and non-prescription medicinal products less strictly defined. Pharmacists are now able to dispense certain medicinal products in dispensing category B to patients without prescription.

Ordinance on Integrity and Transparency in the Context of Therapeutic Products (OITTP)

The ordinance specifies the details of the revised Therapeutic Products Act (TPA), which gives a new ruling about provisions on material benefits for service providers. The prescription or dispensing of medicinal products subject to prescription may not be influenced by financial incentives of any kind. The Federal Council adopted the OITTP on 10 April 2019. It entered into force on 1 January 2020.

In addition, under the Health Insurance Act, service providers are obliged to pass on the benefits granted to them in the SL and MiGeL (list of means and objects) areas, such as price discounts and reimbursements, to patients or insurers.

Electronic patient record: additional financial assistance for launch

In spring 2019, the Federal Council increased the financial assistance for reference communities to introduce the electronic patient record (EPR) in 2020. Healthcare professionals and their institutions are joining together in various decentralised reference communities to enable patients to open an EPR. By autumn 2020, all hospitals in Switzerland must be affiliated to a certified reference community in order to be able to offer the EPR.



1,806

pharmacies
in Switzerland

(2019, source: Pharmasuisse)



281

hospitals with a total
of 580 locations

(2018, source: Federal Statistical Office)



37,525

physicians
in Switzerland

(2018, source: Swiss Medical Association)

Political environment

Service-based remuneration: new LOA V tariff model in development

The current tariffs from the service-based remuneration for pharmacists (LOA IV) were originally limited by the Federal Council until mid-2019. At the request of the negotiating partners, the Federal Council extended the tariff agreement in 2019 until the end of 2021. Swiss pharmacy association Pharmasuisse and health insurance associations thus have more time to work out the details.

Periodic review of drug prices

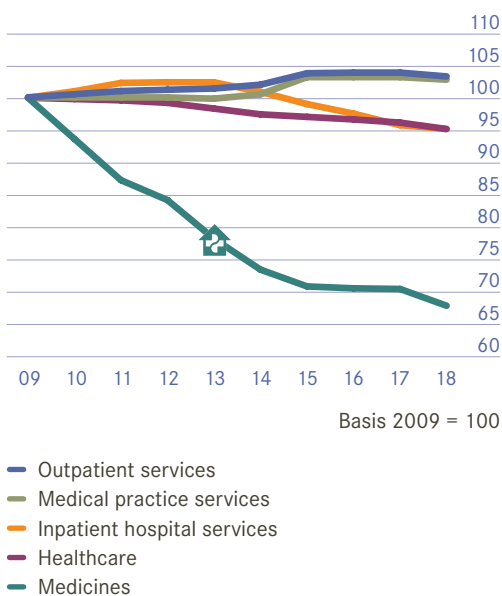
All medicines reimbursed by compulsory health insurance and that are consequently included in the specialties list (SL) are subject to a price review by the Federal Office of Public Health (FOPH) three years after their initial listing. The assessment is based on the criteria of efficacy, suitability and cost-effectiveness and for several years now has also included an international price comparison (IPC) and a therapeutic cross-comparison (TCC).

As part of the three-year review period (2017–2019), the FOPH reviewed the last third in 2019; these include drugs in the fields of cardiovascular diseases, infectious diseases and ophthalmology. The FOPH reduced the prices of 257 originator products by an average of 16.3% during this review period, which should lead to additional savings of around CHF 100 million in subsequent years. Total annual savings amount to over CHF 450 million in the review period 2017 to 2019. The three-year review round will start anew in 2020.

Outlook

The two packages of measures are set to trigger discussions on fundamental issues such as security of supply, quality, patient safety and the financial viability of the healthcare system. The structuring of individual measures will be decisive in determining how and to what extent service providers and the entire supply chain are affected.

Price index medicines and healthcare services



Source: Federal Statistical Office, Swiss consumer price index, IQVIA, conversion basis 2009 Pharmasuisse



Solar roof at Alloga

“Our photovoltaic energy production was increased fourfold thanks to this solar installation – a real success! We greatly appreciate the pleasant cooperation with Alloga.”

Beat Ritler, Managing Director Solarstadt Burgdorf