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# Costs of health in Switzerland

## the impact of the Covid-19 pandemic

After two and half years of experience, and with the pandemic being – hopefully – behind us, the time has come for drawing conclusions and assessments on various aspects of this episode.

### CHRISTIAN PAULETTO

One of the many questions that attracts attention concerns the impact of the pandemic on the cost of health. The reason for that goes beyond just knowing, for the sake of it, who paid how much. Having a fair idea of the cost may be a valuable piece of information in case the world faces a pandemic again. It is also a valuable parameter in the debate about how much it is worth to invest in preventing the next pandemic. Moreover, for Swiss people, an enduring question relates to the high cost of statutory health insurance premiums. The COVID-19 episode brought to the fore the problem of the high financial reserves accumulated by private health insurers, which led the federal authorities to act.

Since 2021, the Swiss Federal Council (the Government) has been monitoring the costs incurred by the national health system as a consequence of COVID-19. The impetus actually came from the Swiss Parliament. As in all parliamentary systems, MPs or a parliamentary commission may ask the government to submit reports on any relevant political issues. This is called a “postulat” in Switzerland. In April 2020, the Commission for Social Security and Public Health of the Council of States (the Swiss Upper Chamber), submitted a postulat requesting the Government to prepare a report about “the consequences of the pandemic on the costs of health”. In June 2021,

the Federal Council submitted a first, merely qualitative, short report. Last June, it submitted a second report incorporating quantitative estimates. The final report is due for 2023.

The case is interesting for those who want to better understand Switzerland, a federal country, where competences are often shared between the federal and the cantonal (sub-federal) levels. In the case of health, competences for health-related measures are shared, and so too are the related costs. What's more, the Swiss social security system is based on cost-sharing between private insurers and their patients. A collateral effect of this complex system is, in the case at hand, a number of transfer payments between actors. Those aspects make it difficult, but also insightful, to estimate who disbursed how much and for what.

As alluded to, the so-called paying agents (agents payeurs) are the Confederation (central government), the cantons, the insurers, and the insured persons. Jumping to the conclusions, the estimates currently available show that major cost categories rose in 2021 compared to 2020. The total costs for both years reached an estimated 5.6 billion Swiss francs. The lion share pertains to the cost of COVID-19 tests in 2021 for the Confederation, namely 2.3 billion francs. This, in spite of the fact that some tests had to be paid by people, especially at the beginning of the pandemic (until end of June 2020). Those tests that were paid by the insurance system were, normally, then re-billed to the central government.

By virtue of the federal competence sharing, the Confederation is not involved in any activities related to the treatment of patients. For stationary treatments (hospitalisation), the costs accruing to cantons is estimated to lie between 284-335 million for 2020 and 341-404 million for

2021; while the insurers disbursed 233-274 million, respectively 279-330 million. This is based on an estimate of the average cost of a day of hospitalisation. During 2021, 243,471 days of "normal" hospitalisation and 67,759 days of intensive care hospitalisation were recorded, for a population of eight million people. This reflects the fact that the cantons charge 45% of the hospitalisation costs to the insurers. The Federal Council warns that caution is needed to interpret these figures. It is difficult to disaggregate "real" COVID-19 hospitalisation and patients admitted for another treatment and who turn out to be positive to a COVID-19 test.

The cost estimate of vaccination is tricky due to the complexity of the system. The vaccines as such are first bought (and paid) by the Confederation, at a price agreed in each purchase contract with the producer ("pre-financing"). Then, the insurer would pay back to the Confederation a lump-sum amount for vaccines taken by their clients. The cost of injection is mainly supported by the cantons, as they are in charge of running the vaccination centres. International civil servants and diplomats residing in Geneva have noted that being vaccinated was free of charge for them as well, though they are often not affiliated to a Swiss insurer.

For people not having an insurer, the vaccination cost was taken over by a central institution. Similarly, for COVID-19 tests. That said, it is estimated that insurers incurred a cost of 264 million (in 2021) for vaccines, while the approximate cost for the Confederation is circa 600 million in 2021 (a purchase of 647 million and reimbursements of about 45 million), plus a first purchase of 190 million late 2020. Another cost covered by the Confederation relates to material and equipment. This item dropped from 428 million in 2020 to a mere 19 million in 2021.

A hot topic in Switzerland is the cost that people have to pay for their health insurance policies. During the height of the pandemic, in 2020-2021, a number of routine treatments had to be postponed. As a consequence, the insurers had a positive financial result in their 2020 accounts, and could even increase their financial reserves. In light of these abnormally high reserves, the central government decided to act. On 14 April 2021, it modified a federal Ordinance with a view to relax the conditions for giving back excessive reserves to insurers' clients. On that basis, the Federal Office of Public Health (OFSP) approved the reimbursement of 28 million francs in 2021 and 380 million in 2022. With this, the OFSP anticipates a significant drop of the insurers' reserves in 2022. More crucially, insured people paid less for their insurances in that year, with a reduction of 0.2 percent of the actual premiums and an additional 1.2 percent of reimbursement. Nevertheless, insurers' reserves should be reduced further, and more reforms are necessary to control the cost of health.

The army was involved at times as well; For logistics, building of emergency infrastructures, transport, monitoring of patients, hospital services (cooking and cleaning), vaccine logistics (storage and transport), etc. In two years, the army was involved three times, for a total of 380,000 days of service, which corresponds to circa 150 million francs.

Many questions remain open. First, it has not been possible to extract reliable estimates of the costs incurred by the patients. That is why they are not mentioned in the above summary. Second, while stationary treatment is (relatively) easy to quantify, it is more difficult to relate ambulatory treatments (e.g. consultation with a doctor) to COVID-19 versus any other purpose. Third, the report insists that its scope is limited to

"direct" costs of the pandemic, and goes on stating that this includes the cost of "medical treatment in case of COVID-19 illness". Thus, it seems that the cost of treatment against conditions caused by vaccination were disregarded (or simply not monitored). ■

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