Competition in an insurance-based health care system: The case of Switzerland
Basic facts about Swiss SHI /I

• 1996: Introduction of Statutory Health Insurance (SHI)

• Until 1995: PHI

• Premium based SHI (not Bismarckian; however 30% of the population receives premium subsidy)

• No premium differentiation (capitation)

• Regional differentiation of premiums
  26 cantons with up to 3 premium regions
Basic facts about Swiss SHI /II

• About 60 competing insurers (2016) in SHI
• Strong competition between insurers
• Compulsory deductible 300 CHF per annum
• Compulsory coinsurance (10%)
• Voluntary deductibles (500, 1000, 1500, 2000, 2500); premium rebates
• Managed care contracts; premium rebates
• Maximal copayment: Deductible plus 400
The choice of deductibles as a function of age

![Graph showing the choice of deductibles as a function of age]

- F-300
- WF-500
- WF-1000
- WF-1500
- WF-2000
- WF-2500
Costs and premiums in SHI: Age and gender profiles

![Graph showing costs and premiums in SHI with age and gender profiles.]

- **Ef-Ko F**
- **Ef-Ko M**
- **Nettoprämie**

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Premium regulation requires

- Enforcement of compulsory contracting
- Risk Adjustment Scheme (RAS)

to mitigate risk selection of insurers.

RAS is a necessity for a functioning competitive health insurance system
Swiss RAS

- 1996: Introduction  
  Individual RAS for every region (26 Cantons)

- Risk factors included
  - Age (15 categories)
  - Gender (Men, Women)
  - Hospitalization in the previous year (2012)

  \[60 \text{ cells for every Canton}\]

- Drug expenses in the previous year > 5000 CHF (2017)
- Pharmaceutical Cost Groups (PCG, 13 categories) (2020)
Swiss RAS

- Very effective in mitigating risk selection by insurers
- Some insurers went out of the market
- Challenge: Refinement of RAS
  - German and Dutch RASs include too many risk factors
  - Regions should be included
    (Germany does not, Netherlands and Switzerland do)
  - Income might be considered depending on the organization of the RAS
Internal and external RAS

Internal RAS

RAS

RAS transfers

Insuree → Insurer

Contribution

Switzerland

External RAS

RAS

RAS transfers

Contribution to RAS

Insuree → Insurer

Germany
Conclusion

- Strengths of the Swiss system:
  - Regional premiums, preventing substantial interregional transfers
  - Insurers compete on the regional level
  - Consumer choice: Managed care, deductibles

- Weaknesses:
  - Too much influence of regional politicians (inpatient sector)
  - Free contracting of providers not possible (e.g. strong lobbying of physician association)