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Just one health insurance fund instead of 60

The outstanding but expensive Swiss healthcare system is a constant political issue. The Swiss people are set to have their say once again – the creation of a unified health insurance fund is on the referendum agenda for 28 September 2014.
By Jürg Müller

Is someone trying to treat the "flu with chemotherapy" here, as CVP National Councillor Ruth Humbel claims? Or is it a matter of combating a cost-driving "pseudo-competition" and ending actuarial chaos, which is how SP National Councillor Jacqueline Fehr sees the situation? As usual, political adversaries are at odds over the precise diagnosis and correct treatment for the sick patient, the "healthcare system". This is no different in the case of the latest product to be put in the political medicine chest, the unified health insurance fund.

Whether this treatment will actually be used will be decided on 28 September 2014. This is when the Swiss people will vote on the initiative for a "public health insurance fund" supported by various user and consumer organisations, the Social Democrats and the Greens. The initiative's key demand is as follows: "Social health insurance is to be provided by a unified, national institution governed by public law." If the proposal is adopted, the 60 or so private health insurance funds would have to withdraw from the mandatory basic insurance market. They would only be allowed to provide supplementary insurance.

"Dangerous treatment"

Proponents of free competition believe this is the wrong approach. This is despite certain grievances that both service providers (hospitals and doctors) and patients have with health insurance funds. As Ruth Humbel puts it: "A unified fund is worse than simply an illusory solution. It is a dangerous treatment with serious ramifications." Opponents in Parliament warned of a monopoly system with no freedom of choice or incentive to provide healthcare cost-effectively. A proven system is being put in jeopardy for a high-risk experiment, and a unified fund would result in higher costs and premiums, they said. The FDP Council of States member Karin Keller-Suter from St Gallen called it a "first step towards a healthcare system fully financed by the taxpayer". Several speakers in Parliament emphasised that the main reasons for the rise in costs were greater life expectancy and medical advancements and not, as is often claimed, the administrative and advertising costs of the health insurance providers.

"Increasing bureaucracy"

This is precisely where supporters of the initiative disagree: "We have increasing bureaucracy," says SP National Councillor Jacqueline Fehr. The problems are set to become greater and greater. There are now 300,000 insurance products with which the funds attempt to attract new policyholders: "That's chaos, not competition." With their marketing and advertising costs as well as the annoying telephone advertising, the health insurance funds have demonstrated that they care "more about their business than the wellbeing of patients". Complaints about the funds' aggressive and irritating advertising campaigns are indeed becoming increasingly frequent.

It is claimed that the system would become simpler, fairer and more cost-effective if the initiative were adopted. Simpler because the current system has become "completely unmanageable and lacking in transparency", as the initiative organisers state. Fairer because the health insurance funds currently invest heavily in the acquisition of healthy policyholders, known as "good risks", resulting in higher premiums overall, and more cost-effective because the rising costs would be halted thanks to savings on advertising and administration. Significant savings would also be made because the funds would be able to provide care for the chronically ill and expensive patients more efficiently and they would have greater interest in prevention and a stronger negotiating position for the setting of rates and prices.

The popular initiative has already proved fruitful in one respect at least. The Federal Assembly agreed a modification to the spread of risks between the individual funds in spring in order to curb the pursuit of good risks.

HOSPITALITY INDUSTRY WANTS LOWER VAT RATE

The gastronomy sector feels discriminated against – services in the hospitality industry are subject to a higher rate of VAT than take-away establishments. Customers eating in a restaurant have to pay the standard 8% VAT compared to just 2.5% at a food stand. The popular initiative entitled "End to VAT discrimination in the hospitality industry", launched by GastroSuisse, will be put to the vote on 28 September 2014. It seeks to make restaurants subject to the same tax rate as that applied to simple food provision, which includes take-aways. It should be noted that the normal rate of VAT in Switzerland is 8%, while the reduced rate of 2.5% applies to everyday goods, such as food. There is also a special rate of 3.8% for accommodation services. The Federal Council and Parliament are opposed to the initiative, not least because the lower rate would result in a tax shortfall of up to 750 million Swiss francs. (JM)