

avenir debate

Sound hospital policies – More transparency, more patient sovereignty, less cantonalism

More than a third of the spending of the Swiss health system is allocated to hospitals: hospitals having to face strong political influences and suffer the consequences of particular interests too often. A three phase treatment would boost competition in this sector and improve the price-quality ratio. In its new publication, Avenir Suisse calls for more transparency in the allocation process of public interest benefits, the creation of new insurance models with additional patient involvement and the elimination of the cantonal lists of hospitals.

Despite a strong Swiss health system, costs in relation to the gross domestic product remain high. Internationally, the United States is the only other country that spends more. In 2015, Swiss health spending reached 77.7 billion francs, the equivalent to 782 francs per person and per month. 35% of health costs are borne by Swiss hospitals. It has therefore become necessary to closely examine the reform efforts undertaken in this area to this day.

In 2012, the new hospital financing system introduced important competitive elements. Since then, patients are free to choose a hospital in all of Switzerland, either among public or even often private institutions, and hospitals receive per-case payments. It is rewarding to observe that Swiss hospitals have not only maintained their excellency, but even increased it slightly. Cost growth, despite a small decrease, could not be slowed down as initially planned. The specialization, in various hospitals, of reduced groups of services did not occur either. This evolution is mainly due to a lack of transparency on the quality of services, restrictive admission criteria in the list of hospitals and nontransparent cantonal subsidies. The new strategic study of Avenir Suisse led by Jerome Cosandey, Noemie Roten and Samuel Rutz, calls for a three-point treatment for the hospital sector:

- 1. More transparency in grants:** a more transparent and equitable organization of the procedure for awarding public benefits, either through calls for proposals or explicit approval by the cantonal parliament. In 2015 alone, the cantons granted 1.8 billion francs in subsidies, in the form of public benefits with very different cantonal procedures. Where the canton of Zug spent only 8 francs per capita in 2015, the canton of Geneva spent 947 francs. 97% of public benefits were paid to public hospitals, which distorts competition between private and public hospitals.

- 2. Active patient participation:** patients – in other words the end customers – should have a say. New insurance models, in which health insurance companies advise their patients before a hospital intervention, would enable to raise awareness among the insured between the differences in quality and cost. If you were to choose a cheaper offer but of equivalent quality, you could be rewarded with a credit note or obtain lower premiums for the savings incurred.
- 3. Removing the cantonal list of hospitals:** the cantonal lists of hospitals should be replaced by common quality standards valid throughout Switzerland. They would be established and monitored on a scientific basis by a financially and politically independent organization – a Swiss agency for hospital quality. All hospitals that meet the conditions could bill their services to the health insurance and to the patient's residency canton. As the Confederation does not explicitly state in what areas hospitals should be exploited, cantons could be deemed responsible for providing medical services, as is already the case in other areas of health policy (pharmacies, medical practices, home care). If the market does not provide the desired services locally, the cantons could then respond in a subsidiary fashion to regional need by granting public benefits.

Mobility for private hospitals

If cantons lose the possibility to protect their own hospitals from the competition and if the latter were to rise due to increased transparency and awareness of the costs by patients, ultimately, an autonomy and privatization of public hospitals will be required. There is a need for more entrepreneurial flexibility to survive in an increasingly competitive environment. In this case, autonomy primarily translates into the creation of sound corporate governance structures, which ensure the political independence of supervisory and management bodies. The choice of the legal status can also contribute towards this autonomy. Lastly, it is important that hospitals be able to freely dispose of their real estate and define their operation sites themselves.

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