

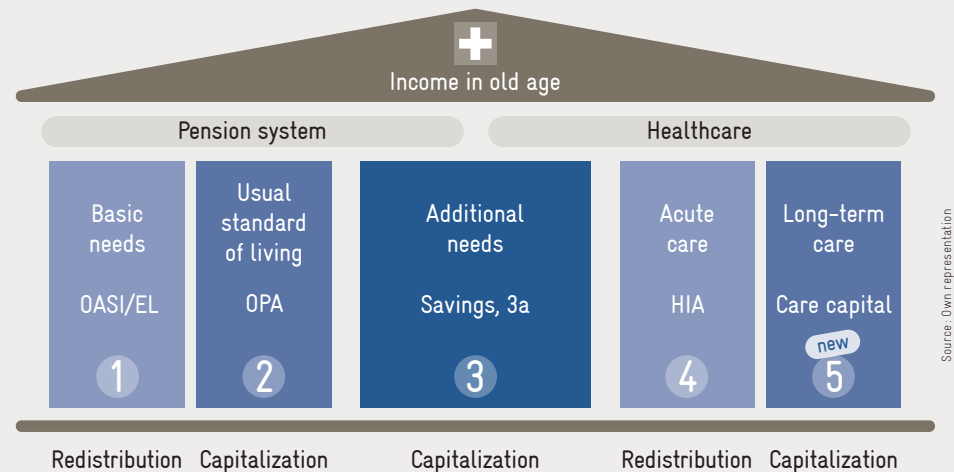
From Pension to Long-Term Care Capital

By 2045, the population aged 85 and older will double. This highlights the need for a new long-term care financing model that ensures intergenerational equity.

Situation

Baby boomers who are retiring today will be around 85 years old in twenty years. Many will be frail and dependent on professional care. Improved coordination between nursing homes and Spitex could help better allocate caregiver resources. However, this alone will not be enough to reduce the financial burden. Increasingly, this burden will be shifted to the working population through health insurance and to the public sector through taxes.

A five-pillar model for Switzerland



Funded financing of long-term care would also enable risk diversification in the healthcare sector comparable to that of pension provision.

Facts

CHF 10,800

In 2024, the average cost of care in a nursing home was CHF 4,800 per month. This was supplemented by expenses for personal care (CHF 1,600) and accommodation services (CHF 4,400), bringing the total to approximately CHF 10,800 per month.

■ Cost explosion

In 2024, long-term care costs (including accommodation) amounted to CHF 15.7 billion, having increased by more than 37% over the past decade.

■ Burden on younger generations

The financial responsibility for long-term care is largely borne by the working population. In 2022, health insurers covered 52% of the costs, while the government contributed 37%. In 2012, the government's share was only 32%.

■ Growing financial burden

According to the Federal Finance Administration, the proportion of Switzerland's GDP spent on long-term care will rise from 1.7% in 2013 to 3.1% by 2050.

■ Supplementary benefits fund nursing homes

In 2024, 55% (CHF 1.9 billion) of supplementary benefits (SB) for the OASI were paid out to nursing home residents, even though they make up only around 19% of SB recipients.

Recommendations

The current system for financing elderly care is both unfair and inefficient. To address this, a **mandatory long-term care capital** should be introduced. This would partially replace the existing system, which relies on health insurance premiums and taxes, with a capitalized model. With the proposed system, individuals above a certain income and age (e.g., 55 years) **pay a**

fixed amount into a blocked account each month. The accumulated capital would be reserved exclusively for medical care in old age, if necessary. **Any unused funds could be inherited.** If the capital proves insufficient, **government support** – similar to the current supplementary benefits – would provide additional coverage.

