

Press Release

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KOF Forecast of Swiss Health Care Expenditures 2013-2016

The health sector's share of Swiss GDP is set to increase to 11.9 per cent in 2016

Health care expenditures in Switzerland will continue to grow faster than the economy as a whole this year and next year. This is the result of the half-yearly KOF Forecast for Health Care Expenditures, which is carried out thanks to a research contribution from TopPharm. KOF is expecting overall health care expenditures to grow by 2.8 per cent (2015), 3.2 per cent (2016) and 3.8 per cent for 2013 and 2014, which have also been recalculated. The economic impact of the health sector is continuing to grow.

Forecasts for health care expenditures in Switzerland always contain forecasts relating to the past, since the data only become available after a long time lag. The KOF has reviewed downwards the 2013 forecast compared to the last publication in autumn 2014, as it is now assuming that the changes to hospital financing will have a more restrained effect on cost growth for hospitals. Although it was announced that the changes to hospital financing should be cost-neutral, in actual fact 2012 already saw a rise in the costs of for "hospital" service providers jumped of just under 10 per cent.

The data relating to the "Monitoring of trends in health insurance costs" provided by the Federal Office of Public Health (FOPH) point to another strong increase in costs for hospitals. This meant that last autumn the KOF again forecast high growth in spending for "hospital" service providers of 6.3 per cent. However, according to the most recent information and our own internal research, this figure has probably been set too high. The KOF has accordingly reduced the rate of growth in this forecast to 3.6 per cent and is projecting a continuation of the reduced rate of spending growth in the hospital sector for the following years. In view of the impact of this area of expenditures, this has also resulted in a flattening of growth rates for overall expenditures compared to the autumn 2014 Forecast for Health Care Expenditures.

Following the strong increase in overall health care expenditures of 5.3 per cent in 2012 and the more moderate, yet still relatively high growth of 3.8 per cent forecast for 2013, the rises for 2014 and 2015 will level out. This is also affected by the reintroduction of the moratorium on new doctors. In addition, lower prices for pharmaceuticals took effect in June 2013, which according to the FOPH should result in savings of 720 million francs by 2015. This means that 2015 spending growth of 2.8 per cent will still be moderate, and will only pick up somewhat to 3.2 per cent in 2016, following the expected end to the pharmaceuticals sector savings.

Last autumn an increase of 3.7 per cent was still being forecast. The fact that a lower rate is now forecast is due to the deterioration of the economic climate in Switzerland which has occurred during the intervening period following the "franc shock" of 15 February 2015. As a result, the KOF is expecting the unemployment rate to increase in 2015 and 2016. After a lag, due to muted wage growth, this will have the effect of depressing increases in health care expenditures.

In addition, the Federal Council is seeking to achieve significant additional medium to long-term savings in its "Health 2020" strategy. Over the forecast horizon until 2016 however, the consequences in terms of cost of the measures planned under this strategy – except in the pharmaceuticals sector – do not as yet appear to be sufficiently concrete in order to be taken into account in the forecast.

Increasing economic significance of the health sector

The health sector is developing into an increasingly important branch of the Swiss economy. In 2014 employment in the health care industry reached a figure of 239,800 FTE. Over the long term, the proportion of health industry workers out of overall workers is increasing and, measured in terms of FTE, rose from 4.9 per cent in 1992 to 6.8 per cent in 2014. The contribution of the health industry to overall added value increased from 3.7 per cent (1997) to 5.0 per cent (2012).

The health care expenditures ratio, i.e. the proportion of GDP dedicated to health care expenditures, increased over the ten years prior to 2012 from 10.1 per cent to 10.9 per cent. During the 2013-2016 forecasting period, health care expenditures will increase faster than nominal GDP, with the ratio reaching 11.9 per cent by 2016.

About the study

The detailed KOF study "Spring Forecast for Swiss Health Care Expenditures 2013–2016" by Marko Köthenbürger, Pauliina Sandqvist and Jochen Hartwig, is available on our website (in German): <http://kof.ethz.ch/de/publikationen/p/kof-studien/>

The forecast of ETH Zurich's KOF Swiss Economic Institute on the development of Swiss health care expenditures is published twice each year. The spring forecast is supported by the company TopPharm with a research contribution, whilst the autumn forecast is supported by the internet comparison service comparis.

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