

Press Release

Zurich, 19 June 2019, 10am

KOF Healthcare Expenditure Forecast: Growth Rate Edges Up Again

KOF expects healthcare spending in Switzerland to rise by 3.7 per cent this year. This is a slightly larger increase than in 2018 (2.8 per cent) and 2017 (2.6 per cent). This stronger growth can partly be attributed to the modest rise in wages and the increase in the number of elderly people. These are among the findings of the twice-yearly KOF Healthcare Expenditure Forecast, which has been compiled with the help of research funding provided by the Swiss Pharmacists' Association pharmaSuisse and the Association of Groups of Independent Pharmacies (VGUA).

KOF expects healthcare spending in 2019 to rise by an average of 3.7 per cent year on year. This increase is therefore greater than in recent years. The growth rate in 2018 – according to the latest forecast – was 2.8 per cent. Preliminary figures compiled by the Swiss Federal Statistical Office (FSO) suggest that total nominal healthcare spending rose by 2.6 per cent in 2017. Because gross domestic product (GDP) grew more slowly, however, healthcare expenditure as a share of GDP rose further to 12.3 per cent in 2017 (compared with 12.2 per cent in 2016).

The weaker growth in healthcare spending in previous years was partly attributable to wage-related and demographic trends. Nominal wage growth was relatively low in 2018. Because healthcare is a personnel-intensive sector, pay rises translate directly into healthcare expenditure increases. In addition, the number of elderly people rose less sharply than predicted in population projections. Growth in the population as a whole was also slower than in previous years.

Higher wages are pushing up spending

As forecast, wage growth is starting to accelerate in 2019 and the number of elderly people continues to rise. At the same time, political initiatives aimed at containing the growth in costs are taking effect. Next year is likely to see nominal wage growth accelerate further and the increase in the elderly population continue. KOF expects healthcare spending to rise by 3.6 per cent in 2020. Healthcare expenditure as a share of GDP is likely to have grown to 12.6 per cent by then.

In particular, spending on auxiliary healthcare services – such as laboratory analysis – should continue to rise sharply, albeit at a slightly more moderate rate than in the recent past. The policy of shifting healthcare more from inpatient treatment to outpatient care is also continuing. Furthermore, long-term care is expected to grow further owing to the increasing number of people requiring care.

Economic significance of the healthcare sector

The healthcare industry is becoming increasingly important to the Swiss economy. This sector's share of the country's total economic output rose from 3.9 per cent in 1997 to 5.4 per cent in 2016. 281'000 people or 7.3 per cent of all employees in Switzerland – measured in terms of full-time equivalents – worked in this sector in 2017.

KOF Healthcare Expenditure Forecast	2017	2018	2019	2020
Year-on-year growth	2.6 per cent	2.8 per cent	3.7 per cent	3.6 per cent
Per-capita spending (CHF)	9766	9960	10'244	10'517

About the study

ETH Zurich's KOF Swiss Economic Institute compiles and publishes a twice-yearly forecast of Switzerland's healthcare spending. The spring forecast draws on research funding provided by the Swiss Pharmacists' Association **pharmaSuisse** and the **Association of Groups of Independent Pharmacies (VGUA)**, while the autumn forecast receives financial support from the internet comparison service **comparis.ch**.

The KOF Healthcare Expenditure Forecast for spring 2019 – a detailed study compiled by Marko Köthenbürger and Marc Anderes – is available on our website here:

<https://www.kof.ethz.ch/news-und-veranstaltungen/medien/medienmitteilungen.html> →

<https://www.kof.ethz.ch/publikationen/kof-studien.html> →

Further information on the KOF Healthcare Expenditure Forecast can be found at:

<https://www.kof.ethz.ch/prognosen-indikatoren/prognosen/kof-gesundheitsausgabenprognose.html> →

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