

# Press release

Zurich, 15 November 2022, 10 am

## Increase in healthcare expenditure as a share of GDP is flatlining

**Healthcare spending will rise by 2.9 per cent this year. The growth rate will increase slightly to 3.6 per cent in 2023 and decrease again slightly to 3.1 per cent in 2024. Compared with economic output, healthcare expenditure will rise less sharply than in previous years. These are the key findings of KOF's health expenditure forecast, which was prepared with the help of a research contribution from comparis.ch.**

### **Healthcare costs will rise by an average of 3.5 per cent per year until 2024**

The COVID-19 pandemic had a considerable impact on the Swiss healthcare system from the beginning of 2020 until well into 2022. However, its consequences are likely to remain noticeable for some time: firstly, owing to the postponement of treatment during the acute phases of the epidemic and, secondly, owing to the incalculable probability of new severe waves of infection and disease as well as the possible long-term effects of COVID-19 illnesses. KOF expects nominal healthcare expenditure to rise by 4.4 per cent in 2021, which is likely to be largely driven by pent-up demand for health treatments in 2020. The forecast for the current year is 2.9 per cent. The growth rate should then gradually return to a more normal 3.6 per cent in 2023 and 3.1 per cent in 2024. The average annual increase over the forecasting period (2021 to 2024) is 3.5 per cent compared with 2.9 per cent over the previous ten years and 4.0 per cent over the period from 2001 to 2010.

KOF expects healthcare spending over the forecasting period to amount to CHF 86.9 billion in 2021, CHF 89.5 billion in 2022, CHF 92.7 billion in 2023 and CHF 95.6 billion in 2024, as shown in the table below. Annual healthcare expenditure per capita comes to CHF 9,993 (2021), CHF 10,190 (2022), CHF 10,416 (2023) and CHF 10,612 (2024).

### **Healthcare spending as a share of GDP largely constant over the forecasting period**

The ratio of healthcare expenditure to gross domestic product (GDP) in 2021 was 11.9 per cent compared with 12.0 per cent in the previous year. This ratio is expected to fall slightly to 11.6 per cent in 2022 and then to flatline at 11.8 per cent in 2023 and 2024. The ratio of healthcare expenditure to GDP over the entire forecasting period (2021 to 2024) averages 11.8 per cent compared with 11.1 per cent over the previous ten years and 9.8 per cent over the period from 2001 to 2010. The increase in healthcare expenditure as a share of GDP is therefore flatlining.

### **Pandemic caused unusually high government spending; KOF expects it to return to normal by 2024**

Analysis of the funding of healthcare expenditure shows that the COVID-19 pandemic caused the government to make a historically unusually high contribution to growth in 2020 by Swiss standards. However, this trend reversed in 2021 and will return to normal by 2024. This all assumes that the pandemic does not require a greater financial commitment by the government in the healthcare sector over the further course of the year. The second striking feature is the high contribution to growth resulting from households' self-funded healthcare expenditure in 2021. The costs of COVID-19 tests not covered or reimbursed by the federal government are likely to be largely responsible for this.

The unusually strong financial involvement of the government in the healthcare sector during the pandemic is also shown by the relevant shares of healthcare expenditure by funding source. Since the federal government normally plays very little part in the funding of healthcare expenditure, the year 2020 is a noticeable

exception. This was because the government decided to cover the cost of most diagnostic COVID-19 tests as well as the supply of vaccines to the population. This included the process of administering the recommended vaccinations, with the cost of vaccinations in pharmacies also being borne by the federal government. Over the coming years, however, funding flows should return to normal, provided the pandemic does not present any new unpleasant surprises.

### KOF's forecast of healthcare expenditure

	2020	2021	2022	2023	2024
Expenditure (CHF million)	83,311*	86,987	89,516	92,696	95,606
Growth rate	1.0%*	4.4%	2.9%	3.6%	3.1%
Expenditure as a share of GDP	12.0%	11.9%	11.6%	11.8%	11.8%

\*Figure according to the Swiss Federal Statistical Office (FSO)

#### About the study

The forecast compiled by the KOF Swiss Economic Institute at ETH Zurich to monitor Swiss healthcare expenditure is published annually and supported by a research contribution from the online comparison service **comparis.ch**.

The detailed study is available on our website:

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

Further information on KOF's healthcare expenditure forecast is available here:

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

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