

Press Release

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KOF Health Expenditure Forecast, Autumn 2016: Uptrend set to continue into 2018

Health expenditure in Switzerland continues to rise. In line with its Health Expenditure Forecast Spring 2016, KOF expects an increase of 3.6% in total health care spending in 2016, followed by a more pronounced rise of 3.9% in 2017. This trend is set to continue in 2018, with another expected increase in expenditure of 3.9%. KOF predicts that health care spending as a percentage of GDP will grow to 12.2% in 2018. These are the results of the semi-annual KOF Health Expenditure Forecast, conducted with the support of a research grant from comparis.ch.

Health expenditure data for Switzerland are published with a time lag. In October 2016, the Federal Statistical Office published definitive health spending data for the year 2014. Compared to the provisional data released in spring, the final figures revealed an additional CHF 167.9 million in health expenditure in 2014, leading to an upward revision in the year-on-year growth rate from 2.8% to 3.0%.

The general picture portrayed by KOF in its Health Expenditure Forecast Spring 2016 remains largely unchanged. The latest forecast includes a new estimate of health care spending for the year 2018. In the forecast period 2015 to 2018, the increase in health expenditure is expected to remain moderate at first, with a subsequent gain in momentum. KOF anticipates that health care spending rose at only a modest rate of 2.9% in 2015, due primarily to weaker economic conditions, as well as a reduction in prescription drug prices that came into effect in June 2013. According to the Swiss Federal Office of Public Health (FOPH), these price cuts resulted in savings of CHF 720 million by 2015. The shift in expenditure from inpatient to outpatient treatment continued. Spending on outpatient treatment continued to gain momentum, predominantly in the 'Spitex' and 'Physiotherapy' categories.

Economic conditions for the year 2016 have been rather subdued to date. However, the performance of health expenditure is more greatly impacted by demographic trends than by prevailing economic conditions. Growing numbers of senior citizens contribute to a steady rise in health care spending, reflecting the increased demand for health care services that comes with old age. As a result, health expenditure is expected to expand at a higher rate of 3.6% in 2016. In 2017, overall economic performance will gain momentum, leading to an increase in health care spending of 3.9%. KOF anticipates that the economic uptrend will continue into 2018, accompanied by a moderate increase in wages, and forecasts steady growth in health expenditure of 3.9%.

In line with its 'Health 2020' strategy, the Swiss Federal Council is pursuing substantial additional savings in the health care sector over the medium-to-long term. However, the impact on health care expenditure of the measures planned as part of this strategy remains too vague to be accurately predicted over the forecast period to 2018; with the exception of prescription drug policy, the potential impacts of the 'Health 2020' strategy have therefore been excluded from the forecast. Moreover, the planned reform of TARMED, the Swiss national framework for medical provider remuneration, was not successful; as a result, the current price structure will remain in place until the end of 2017.

Importance of the Health Care Sector

The health care sector plays an increasingly important role in the Swiss economy. In 2015, the health care industry employed more than 266,000 people (full-time equivalents), representing almost 7% of the Swiss workforce. The sector's value-added share is 5%, while health care spending as a percentage of GDP (the health expenditure ratio) was 11% in 2014, up from 10.4% in 2004. The health expenditure ratio is set to rise to 12.2% by 2018.

About the Study

The KOF Swiss Economic Institute at ETH Zurich publishes a semi-annual forecast of Swiss health expenditure. The spring forecast is supported by a research grant from the company TopPharm, while the autumn forecast is supported by the online price comparison service comparis.ch.

The detailed KOF Study (in German), "KOF Forecast of Health Expenditure Autumn 2016" by Marko Köthenbürger and Pauliina Sandqvist can be found on our website:

<https://www.kof.ethz.ch/en/publications/kof-studies.html> →

For further information about KOF Health Expenditure Forecasts:

<https://www.kof.ethz.ch/en/forecasts-and-indicators/forecasts/kof-forecasts-of-swiss-health-car-expenditures.html> →

Contact

Prof Marko Köthenbürger | Tel. +41 44 632 54 46 | koethenbuerger@kof.ethz.ch
Media Services | Tel. +41 44 632 42 39 | kofcc@kof.ethz.ch