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Swiss Health Care Thrives Without Public Option

By NELSON D. SCHWARTZ

ZURICH — Like every other country in Europe, Switzerland guarantees health care for all its citizens. But the system here does not remotely resemble the model of bureaucratic, socialized medicine often cited by opponents of universal coverage in the United States.

Swiss private insurers are required to offer coverage to all citizens, regardless of age or medical history. And those people, in turn, are obligated to buy health insurance.

That is why many academics who have studied the Swiss health care system have pointed to this Alpine nation of about 7.5 million as a model that delivers much of what Washington is aiming to accomplish — without the contentious option of a government-run health insurance plan.

In Congress, the Senate Finance Committee is dealing with legislation proposed by its chairman, Max Baucus, Democrat of Montana, which would require nearly all Americans to buy health insurance, but stops short of the government-run insurance option that is still strongly supported by liberal Democrats.

Two amendments that would have added a public option to the Baucus bill were voted down on Tuesday. But another Senate bill, like the House versions, calls for a public insurance option.

By many measures, the Swiss are healthier than Americans, and surveys indicate that Swiss people are generally happy with their system. Switzerland, moreover, provides high-quality care at costs well below what the United States spends per person. Swiss insurance companies offer the mandatory basic plan on a not-for-profit basis, although they are permitted to earn a profit on supplemental plans.

And yet, as a potential model for the United States, the Swiss health care system involves some important trade-offs that American consumers, insurers and health care providers might find hard to swallow.

The Swiss government does not “ration care” — that populist bogeyman in the American

debate — but it does keep down overall spending by regulating drug prices and fees for lab tests and medical devices. It also requires patients to share some costs — at a higher level than in the United States — so they have an incentive to avoid unnecessary treatments. And some doctors grumble that cost controls are making it harder these days for a physician to make a franc.

The Swiss government also provides direct cash subsidies to people if health insurance equals more than 8 percent of personal income, and about 35 to 40 percent of households get some form of subsidy. In some cases, employers contribute part of the insurance premium, but, unlike in the United States, they do not receive a tax break for it. (All the health care proposals in Congress would provide a subsidy to moderate-income Americans.)

Unlike the United States, where the Medicare program for the elderly costs taxpayers about \$500 billion a year, Switzerland has no special break for older Swiss people beyond the general subsidy.

“Switzerland’s health care system is different from virtually every other country in the world,” said Regina Herzlinger, a Harvard Business School professor who has studied the Swiss approach extensively.

“What I like about it is that it’s got universal coverage, it’s customer driven, and there are no intermediaries shopping on people’s behalf,” she added. “And there’s no waiting lists or rationing.”

Since being made mandatory in 1996, the Swiss system has become a popular model for experts seeking alternatives to government-run health care. Indeed, it has attracted some unlikely American admirers, like Bill O’Reilly, the Fox News talk show host. And it has lured some members of Congress on fact-finding trips here to seek ideas for overhauling the United States system.

The Swiss approach is also popular with patients like Frieda Burgstaller, 72, who says she likes the freedom of choice and access that the private system provides. “If the doctor says it has to be done, it’s done,” said Mrs. Burgstaller. “You don’t wait. And it’s covered.”

While many patients seem content, the burdens fall more heavily on doctors, especially general practitioners and pediatricians.

Dr. Gerlinde Schurter, Mrs. Burgstaller’s physician, says she feels squeezed by government regulators and insurance companies that have fought to hold down costs —

most recently with a 15 percent cut in lab fees that forced her five-member group to lay off its principal technician.

Dr. Schurter also fears a so-called blue letter, a warning from an insurance company that she is prescribing too many drugs or expensive procedures.

If doctors cannot justify their treatments, they can be forced to repay insurers for a portion of the medical services prescribed. And while prescriptions are covered, the government has insisted that consumers fork over a 20 percent co-payment if they want brand-name drugs, rather than 10 percent for generics.

Similarly, the government health office also lowered reimbursements across the board for medical devices in 2006.

These are among the reasons health care costs consume 10.8 percent of gross domestic product in Switzerland, compared with 16 percent in the United States, the highest level of spending among industrial countries, according to the Organization for Economic Cooperation and Development.

Still, along with lower costs and the freedom to choose doctors come bigger bills for individual patients. On average, out-of-pocket payments come to \$1,350 annually. That is the highest among the 30 countries tracked by the O.E.C.D. and well above the \$890 average for the United States, which comes in second.

Then there are the hefty prices of the insurance policies themselves, which can top 14,000 Swiss francs a year for a family of four in Zurich, or about \$13,600. That is roughly comparable to the national average annual premium for a family policy under employer-sponsored group plans in the United States, but in high-cost American cities the figure can be much higher.

Direct comparisons are hard to make, however, because in the American system, employers and employees share the cost of premiums, which are also exempt from individual and corporate income taxes.

Nevertheless, Swiss citizens relish the lack of bureaucracy, especially compared with systems in Britain and Germany, even if their doctors grumble.

As in the United States, practitioners typically are paid on a fee-for-service basis, rather than on salary. But they make less than their American counterparts. According to the O.E.C.D., specialists in Switzerland earn three times more than the nation's average wage, compared with 5.6 times for American specialists. General practitioners in Switzerland

make 2.7 times more than the average wage, versus 3.7 in the United States.

That is partly because the Swiss health insurers are not shy about using their muscle with physicians.

Pius Gyger, director of health economics and health policy at Helsana, the country's biggest insurer, cannot suppress a smile when asked about the effectiveness of the so-called blue letters.

"If there's something strange, we knock at the doctor's door," he said. "For doctors, it's an incentive to treat economically, but often perceived as a threat."

He estimates that only about 3 percent of doctors get the letters and that fewer than 1 percent actually have to return money. Still, Mr. Gyger said, "it's an easy exercise for us and it has an effect."

Despite pressure on general practitioners, hospital physicians like Edouard Battegay at the University of Zurich say universal coverage also lowers costs by reducing emergency room visits.

Indeed, his E.R. is as quiet and efficient as a Swiss watch, and he still expresses amazement at what he saw when he worked briefly in Seattle.

"I've seen things in the U.S. that I've never seen here; it was a state of disaster," he said. "Chronic disease management is better here. If you don't treat hypertension, you treat strokes. Not treating patients is expensive."

And even Dr. Schurter — who says her income has been flat for the last five years — praises the virtues of the Swiss system for patients struck by catastrophe.

When her daughter was found to have leukemia seven years ago, "I never worried for a second how and if she'd get treatment and if it would be paid for," she said. "All was granted as naturally as the air we breathe."