

Switzerland Has Its Own Kind of Obamacare — and Loves It

The country requires everyone to purchase private health insurance, a system that seems to work efficiently while keeping costs under control.



Protesters argue about the Affordable Healthcare Act outside the U.S. Supreme Court on June 28, 2012 in Washington, DC.

By Helena Bachmann / Geneva

For many Americans, the Patient Protection and Affordable Care Act, which makes health insurance mandatory, is a bitter pill to swallow. But after the Supreme Court upheld what is now popularly called 'Obamacare' on June 28, Switzerland's media greeted the decision as "a victory for common sense."

Why should Americans listen to the Swiss? Because Switzerland's healthcare model successfully delivers much of what the U.S is trying to achieve: universal coverage through mandatory private insurance. Unlike most European countries, the Swiss don't have socialized medicine, though the government

regulates the insurance industry and defines what health services must be offered — a generous package that includes doctor’s visits, hospital stays, medications, physical therapy, physician-ordered rehabilitation, and in-home nursing care. Under this law, which went into effect in 1996 to provide equal access to healthcare, everyone has to purchase a plan from one of 92 insurers. Employers don’t provide insurance, so people are free to shop around for coverage that fits their needs and not feel obligated to stay in a job solely for the health benefits it offers.

Depending on the deductible, the monthly premium for this basic package averages about \$300 for adults, plus some co-pays, but it can’t exceed 8% of personal income; if it does, the government subsidizes the cost. (For comparison sake, the Kaiser Family Foundation reports that in 2011, employer-sponsored health insurance in the U.S. was \$5,429 for what it designates as “single coverage” and \$15,9073 for “family coverage.”) Currently, roughly one-third of Swiss households — mainly single-parent families and immigrants — get some form of subsidy. Patients can choose any physician and there’s no wait to see specialists or have surgery. Insurers can’t turn anyone down or delay coverage due to age, medical history, or health risks. They are also not allowed to profit from the obligatory insurance but can make money on the optional supplemental coverage that includes alternative medicine and private hospital rooms.

So far, the system is running as smoothly as a Swiss watch and the patient satisfaction rate is high. In a 2010 Deloitte survey, more than half of Swiss respondents praised their healthcare system, compared to 21% to 43% of Americans, Britons and Canadians. In fact, grumbling about having to buy insurance is non-existent in Switzerland. At least part of the compliance may be cultural: the Swiss are extremely risk-averse and want to be insured if an illness or another calamity strikes. Today, 99% of the population is insured and when it comes to residents who aren’t — mostly new immigrants — the government can buy a health plan on their behalf and send them the bill.

“Switzerland’s system is superb: consumer-driven, cost-effective, and equitably distributed,” says Regina Herzlinger, a Harvard Business School professor who has studied the Swiss model extensively. “For quality care, patient satisfaction, and chronic disease management and prevention, the Swiss come out on top.” Indeed, Switzerland’s population is among the healthiest in the world. According to United Nations, they have the second-highest life expectancy in the world, while the United States lags behind in the 38th place, proving, perhaps, that the highest price tag — nearly \$8,000 per person in healthcare spending each year in the U.S. — doesn’t guarantee the best or most equitable care.

Switzerland’s healthcare spending isn’t cheap either — it costs nearly \$5,350 per resident. But while costs here have risen by roughly 3.5% for the past two years — reflected in annual premium hikes — an analysis conducted in 2010 by Organization for Economic Cooperation and Development found that out of 29 countries it studied, Switzerland was among the most effective in getting better health outcomes for money spent. There are several reasons why Switzerland manages to control spending while keeping its population healthy: universal coverage reduces the need, and therefore the cost, for emergency room visits for non-urgent complaints, and the government regulates drug prices and fees for medical tests.

So is Switzerland a useful model for the U.S.? “The Swiss are among the wealthiest and most market-oriented people, and it’s not surprising that America should come up with a system much like theirs,” says Timothy S. Jost, professor at the Washington and Lee University School of Law and expert on comparative health policy. Obamacare has many similarities with the Swiss system — like individual mandates and competition among private insurers — but there are also differences, Jost says. “Prices and benefit coverage are more highly regulated in Switzerland. Also, the U.S. system remains primarily employer-based and the Swiss isn’t.”
