

Swiss referendum rejects single public health insurance fund

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On September 28, a federal referendum was held in the Swiss Confederation. The result was a rejection of the initiative “For a public health insurance fund” by more than 60 percent of voters.

The initiative demanded the replacement of the country’s 60-plus private providers of mandatory health insurance by a single public health insurance system. This state health system was to be responsible for fixing the rate of contributions for the various regions, collecting them, and reimbursing people for the costs of medical services.

Members of the initiative close to the Social Democratic Party of Switzerland (SP) promised a reduction in administration costs and an end to expenses associated with the so-called “good risks” advertising campaigns. Private insurance companies target their advertising at young adults, whose medical treatment costs are relatively low.

The SP was eager to scale down the costs of the welfare state, but it had no intention of interfering with the unjust core of the current health insurance system, the standardised cost of obligatory contributions. In contrast to many other countries where contributions are linked to earnings, a worker on a relatively low income in Switzerland is required to shell out the same level of premiums as a millionaire.

The Health Insurance Act (KVG) was created in the 1990s under the direction of the SP upper-house parliamentary deputy, Ruth Dreifuss. Under the bill, every citizen is obliged to obtain health insurance from a private fund. The funds in turn are required to accept all applicants and provide basically the same services.

The level of premiums depends on the city of residence and the price set by the insurance company. Unlike other forms of social insurance, such as retirement and disability pensions, and accident

insurance (AHV, IV, SUVA), the income of the person insured is not taken into account.

The health insurance premium for a single person in the canton of Zurich thus amounts to an average of 378 francs (US\$400) a month, or 4,500 francs (US\$4,720) a year. This corresponds to 9.4 percent of a gross annual income of 48,000 francs (US\$50,330), or 4,000 francs (US\$4,195) per month, while the same premium for basic insurance comes to only 0.45 percent for someone bringing in a million a year.

“The Swiss standard premium system is our welfare state’s most powerful mechanism for the redistribution of wealth. However, it is not designed for redistribution from the top down, but from the bottom up,” writes the weekly *Das Magazin*.

The lack of progressive premiums (i.e., differentiated by income) means that the health care system in Switzerland taxes lower-income earners proportionally much more than the well-off, and forces them to co-fund the health care costs of the rich.

Since the introduction of the 1994 Health Insurance Act, premiums have increased annually by three to eight percent—more than in other countries and exceeding the general rate of inflation. Despite cost variations in different cantons, most Swiss must currently spend 10 to 15 percent of their incomes on health insurance.

Services in primary care are also more limited than in neighbouring countries. The fund pays for neither eyeglasses nor dental treatment. The “franchise”, the part of a cost not covered by the insurance company, amounts to a minimum of 300 francs (US\$315). Those who choose a higher “franchise”, because they can afford this deductible sum, pay correspondingly lower premiums in the long run. This also reveals the anti-social character of the system.

There are state premium subsidies for low-paid workers. Their increasing numbers in recent years show how dramatically the gap between rich and poor is widening in Switzerland. Since the introduction of the KVG, the number of those receiving these premium reductions has increased from 1.7 million to 2.4 million people. This means that every third person in Switzerland is already classified as poor.

The ballot on single fund health insurance came at a time when clinical staff and surgeons face new cuts and attacks on their working conditions. Health care employees already work under immense pressure for 60 hours per week, taxing their endurance to the limit.

But the Social Democrats' proposed single fund health insurance scheme failed to offer any prospect of relief; rather, they regarded it as merely another way to further reduce the high costs of the welfare state. According to the Organisation for Economic Co-operation and Development (OECD), Switzerland has—per capita and after the United States—the second most expensive health care system in the world.

On September 28, the proposal was adopted by only four cantons in western Switzerland (Geneva, Vaud, Jura and Neuchâtel), and it was decisively rejected particularly in the rural regions of German-speaking Switzerland. "It was no accident that the initiative was most favourably received in areas near the border with France. This region is serviced by a health care system that is currently struggling to survive due to austerity measures pursued by a succession of conservative and 'socialist' governments."

Slightly more than 60 percent of the country's population rejected the referendum. One reason for this was a massive advertising campaign against the initiative, including posters and newspaper advertisements, declaring that state-run single fund health insurance would patronize citizens, interfere with their freedom to choose doctors, and lower the quality of health care by eliminating competition.

As everywhere else in capitalist society, the media in Switzerland is dominated by business and political elites. The big insurance companies in particular are major sponsors of nearly all of the daily newspapers, as well as public television and radio broadcasting which cannot operate without their sponsorship.

The KVG health care legislation amounts to a means of subsidising insurance corporations and the wealthy

at the expense of the working class, but not a single party drew attention to this state of affairs in the battle for votes.



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