

## EXPERTS DEBATE SWISS HEALTHCARE MODEL AT HARVARD BUSINESS SCHOOL FORUM

Julie Rovner of NPR moderates discussion between Regina Herzlinger, Ruth Dreifuss, Thomas Zeltner, and Wolfgang Kletmann

BOSTON, March 8, 2010—In 1994, the year the U.S. Congress failed to vote on the sweeping health care reform legislation proposed by President Bill Clinton, voters in Switzerland approved a national referendum guaranteeing health care for every Swiss citizen. Now, almost two decades later as the U.S. Congress again grapples with health care reform, the Swiss health care model and its individual mandate requiring every citizen to purchase health insurance directly from insurers has been cited by several leading experts as a promising model for the United States.

Before a large audience at [Harvard Business School](#) last week, National Public Radio health policy correspondent **Julie Rovner** led a panel discussion on the Swiss healthcare model featuring HBS faculty member and consumer-driven health care expert **Regina Herzlinger**; **Ruth Dreifuss**, former member of the Swiss Federal Council and former president of Switzerland; **Thomas Zeltner**, MD, former director general of the Swiss Federal Office of Public Health; and **Wolfgang Kletmann**, MD, a 1987 graduate of the HBS Owner/President Management Program, a lecturer at Harvard Medical School and president of the HBS Health Industry Alumni Association, which co-hosted the event.

In his introductory remarks, Kletmann praised the Swiss model, noting that “The Swiss health care system delivers many of the features we are longing for in the U.S.— universal coverage, good access, free choice, and high quality customer driven care, without the contentious option of a government run health insurance plan. Like a Swiss timepiece, the quality of the healthcare system is high and reliable.”

According to OECD data, the Swiss spend 11.4 percent of their GDP on health care, while U.S. health spending as a share of GDP in 2006 was 15.3 percent.

Herzlinger, who conducted considerable research on the Swiss system for her most recent book, *Who Killed Health Care?* (McGraw-Hill, 2007), argued that a consumer-controlled universal coverage system like Switzerland’s, in which the people rather than the government control how much they spend on health care, is a viable, bipartisan model for this country.

Herzlinger explained that the United States could enact Swiss-style universal coverage by passing an individual mandate and changes to U.S. tax code extending the present health care tax exclusion to cover a cash-out of the costs of employer-sponsored health insurance for employees. Once the changes were implemented, employees would use their new income to buy their own health insurance, but any difference between the cost of the previous employer plan and the money spent by the employee on health insurance would be taxable. If the U.S. plan for the unemployed mirrored the Swiss model, they would receive direct government funding to purchase the most basic, but still comprehensive, level of insurance.

“I firmly believe the Swiss health care model could be successfully adopted in the United States. Consumers here want universal coverage, particularly given the recession, but they are upset because they also want control of their healthcare. The tax changes required are simple, and the upside for consumers and business is huge,” Herzlinger said.

In his remarks, Zeltner, now an [Advanced Leadership Fellow](#) at Harvard University, noted that indexed annual health care cost increases in Switzerland have been below four percent over the last decade.

Dreifuss, who as head of Switzerland’s Federal Department of Home Affairs oversaw the implementation of the country’s individual mandate in 1996, said that she still considers the popular Swiss system a work in progress although she acknowledged that it provides comprehensive coverage. In her view, more should be done in the area of cost control.

The discussion, titled "Switzerland's Healthcare System - Government Regulation, Private Delivery and Market Forces," was sponsored by the HBS Health Industry Alumni Association, HBS Healthcare Initiative, the Swiss Consulate-swissnex Boston, and the Swiss American Chamber of Commerce’s Boston Chapter.

#### **About the HBS Healthcare Initiative**

The HBS Healthcare Initiative (HCI) serves as a gateway for healthcare research, educational programs, and collaboration. Priority is placed on applying the best principles of performance management and innovation to this complex industry. HCI engages with faculty, students, alumni, Executive Education participants, and many other parts of the University, including Harvard Medical School. Through this powerful alliance of key stakeholders, HBS aims to educate leaders who will make an immediate and lasting impact on the healthcare industry. For more information about related activities at Harvard Business School, please visit the [Healthcare Initiative website](#).

#### **About the HBS Health Industry Alumni Association**

The Harvard Business School Health Industry Alumni Association ([HBS Health](#)) exists to promote interaction and communication among HBS alumni involved in all sectors of the worldwide healthcare industry to aid in their professional development and continuing education. The Association strives to play an active role in positioning HBS and its alumni to achieve a leadership position in the management of healthcare and life sciences organizations.