



## NEWS RELEASE

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### **New Study: Swiss and Dutch Health Systems Can Provide Lessons for U.S. on Achieving Universal Coverage, Low Administrative Costs**

New York, NY, January 16, 2009— A new Commonwealth Fund study says that policies in the Switzerland and Netherlands that achieve near-universal coverage and low administrative costs can help inform the U.S. health care reform debate. Both countries effectively cover all but one percent of their population—compared with 15 percent uninsured in the U.S.—due to an individual mandate to purchase health insurance and premium assistance for those with low incomes. Both countries have also been successful at curbing high administrative costs: the Swiss and Dutch health systems spend about five percent of health care costs on administrative costs, compared with an average of seven percent and even higher rates in private insurance policies in the U.S.

"These countries can serve as idea labs for health reform in the U.S., and we should seek to learn from their successes and failures, just as we learn from the experiences of states like Massachusetts," says Commonwealth Fund President Karen Davis. "There are examples of universal, comprehensive, high-quality, efficient health care systems that can show us the path to high performance."

Both Switzerland and the Netherlands have mixed public-private systems with an individual mandate and insurance market reforms that are similar to the Massachusetts universal coverage law. Both countries' health systems also feature patient choice, broad access to care, and low rates of disparities in care, according to the study, [\*The Swiss and Dutch Health Insurance Systems: Universal Coverage and Regulated Competitive Insurance Markets\*](#), by Robert E. Leu of the University of Bern, Switzerland and colleagues.

Key policies that the U.S. might learn from include:

- **Universal coverage attained through a mandate that every individual purchase a basic insurance plan.** Both Switzerland and the Netherlands subsidize premiums for low-income households, with about 40 percent of households receiving premium assistance in both countries.
- **National standards for basic coverage for private insurance ensure that benefits are comprehensive for acute care services.**
- **Tight regulation of basic health insurance markets, with requirements for open enrollment and community rating, lead to relatively low overhead costs.** Administrative and profit-margins account for about 5 percent of premiums.
- **Risk equalization systems help to reduce incentives for insurers to seek healthier enrollees.**

While the U.S. spent 15 percent of GDP and \$6,700 per capita on health care in 2006, Switzerland spent 11 percent and the Netherlands 9 percent of GDP on health spending; per capita spending was \$4,300 in Switzerland and \$2,800 in the Netherlands. Both countries achieve better health outcomes compared to the U.S.: in 2005 life expectancy in the U.S. was 77.8 years, compared with 81.4 years in Switzerland and 79.1 years in the Netherlands.

**The Commonwealth Fund is a private foundation supporting independent research on health policy reform and a high performance health system.**