

PRESS RELEASE

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Report to the Federal Parliament: Estimate and monitoring of health care expenditure

In order to keep expenditure trends in compulsory health care insurance under control, the legislator capped the annual budget increase and worked out measures to implement in case of budget overspend. However, in a report published in January 2006, the Court stated that these mechanisms were not sufficiently effective. The present audit showed that the 2006 report recommendations had largely been implemented, but that there still remained a fundamental issue.

A positive feature is that the consultation bodies can now rely on better substantiated proposals, opinions and data to draw up the budget. In addition, the new system of permanent control ensures a follow-up of spending over a longer time frame and pays attention to the underlying factors that account for the expenditure trends. This approach, together with simplified procedures, provides a better support for making decisions to take possible corrective action than a merely mathematical comparison between the budget and the recorded expenditure as was usually performed in the past.

Nevertheless, the issue is whether these adjustments are also effective in a negative budgetary context. Since 2005 budgetary surpluses have been recorded from year to year and in 2010 they amounted to 694.5 million euro according to provisional estimates. In view of this overall result, there is less perceived need to focus on sectors facing budgetary difficulties. Corrective mechanisms in these sectors have not been worked out or used and the issues were simply shifted to the next budget implementation. Meanwhile thanks to the budget outcome of the previous years, health insurance funds accumulated a surplus amounting to 552.2 million euro, but the point whether and how this surplus contributes to containing expenditure (which is the set goal of the system) has never been clearly addressed.

Moreover, it now appears that the containment rate allowed for any annual budget increase is too high to curb the actual cost trend and consequently misses its objective. In this respect, it is not the 4.5% growth norm set by law but the extra amount provided for the indexation of health care reimbursements that is at stake. During the 2005-2011 period, over 1 billion euro has been spent under this item in addition to the amount required under the indexation rules specific to the health care insurance scheme.

No corrective action has yet been taken either through legislative adjustments or the setting of a lower budget target by the consultation bodies. It has though to be noted that a part of the growth margin is now passed on to the other social security branches. But be that as it may, this approach can only be accepted in the short-term and as a transitional measure, because it undermines the purpose and the logic of budgetary procedures specific to the health care insurance scheme.

The Court therefore recommended to review the method or the purpose of the present budgetary procedures for health care expenditure monitoring. The alternative is either to revert to the original objective of the procedures, namely a strict containment of the expenditure trend within which stakeholders have to make choices in the breakdown into partial budgetary objectives, or to decide to fit the budget as closely as possible to the actual health care insurance cost trend. In this case, there is no point any longer in maintaining an overall growth rate in the legislation in force.