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Digitization in healthcare: the CHF 8.2 billion opportunity for Switzerland

Switzerland is known for its world-class healthcare system, but rising costs have been a major concern. A new study by McKinsey & Company has found that the country has an enormous potential to overcome increasing expenditures and save up to CHF 8.2 billion with healthcare digitization.

In contrast to other industries and comparable European countries, Swiss healthcare has not yet received the digitization push to reach significant improvements. While some areas have progressed, such as telemedicine and, to some extent, the electronic patient dossier (EPD), the adoption of digital health solutions is still limited. In 2018, the Digital Health Index conducted by Bertelsmann Stiftung ranked Switzerland 14 out of 17 for its digitization status.

Besides their savings potential, digital technologies could also support structural shifts—linked to demographics and medical progress. For example, the Swiss healthcare system faces an increasing incidence of chronic disease, while it still focuses primarily on curing acute diseases. With advancements such as the introduction of digital patient self-care and remote monitoring tools, digitization could modernize healthcare at a lower or less rapidly growing cost and bring additional comfort and quality for patients.

Value pools for digitizing healthcare in Switzerland

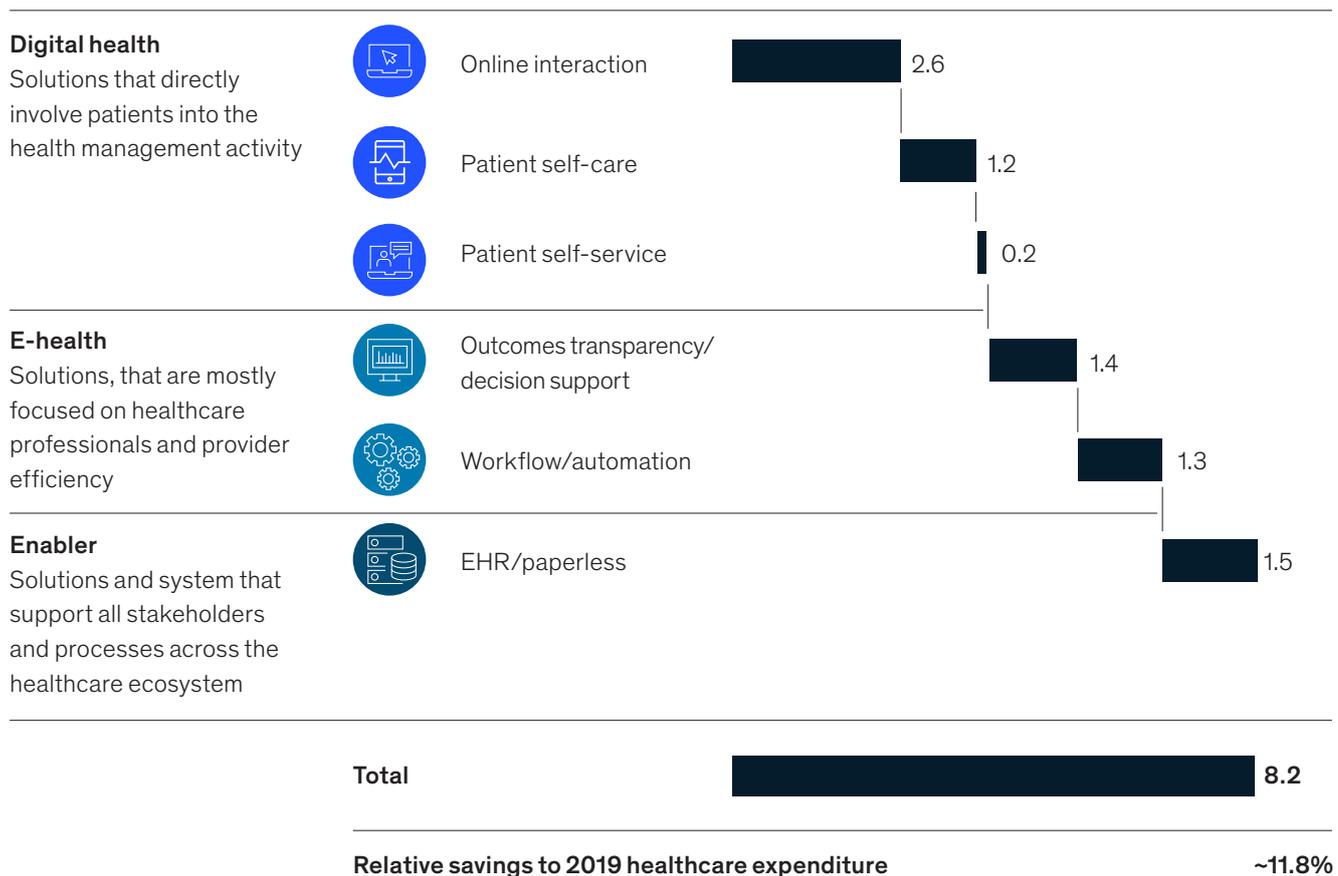
The study focused on the savings potential from 26 digital, healthcare-related technologies, which were categorized into three types: digital health solutions that involve patients directly; e-health solutions focused on healthcare professionals and providers; and enablers that support the overall ecosystem of stakeholders and processes. The potential of CHF 8.2 billion savings is the sum of the potential of these three categories.

The analysis also expands on how the benefits of digitizing the Swiss healthcare system come primarily from efficiency improvements, such as automated workflows and decision support at providers (67%), where they free up resources and time that can be reinvested in patient-focused activities. The remaining savings potential (33%) mainly comes from reductions or shifts in demand and benefits other actors in the healthcare value chain, primarily health insurers.

The impact assessment of each technology is derived from the evaluation of more than 500 scientific publications. The analysis is based on McKinsey's bottom-up health value pool analysis framework and has been applied in other European countries like the United Kingdom, Austria, and Germany.

Exhibit 1

Benefits of 26 digital health technologies, CHF Bn, 2019



Best practices for digitizing healthcare in Switzerland

Switzerland can learn from best practices of countries that are more advanced in healthcare digitization. Teleconsultation, chronic patient remote monitoring, chronic disease self-management, unified electronic health record, and e-prescription are the five main technologies already explored in peer countries. These would have the largest value for Swiss healthcare.

Comparison of Switzerland’s maturity across the five most relevant digital health value pools

| Area | Maturity status [Status Quo] | | | | |
|--|------------------------------|--|---|--|----------------------------|
| | ← 1 | 2 | 3 | 4 | 5 → |
| | Not at all | First immature solution in place, e.g., pilot projects | Partially in place, e.g., existing solutions but not at scale | Very mature solutions in place with significant adoption | Yes, to the fullest extent |
| 1 Teleconsultation | | | IT, FI, DE, CA, CH , NL, UK | PL, SE | |
| 2 Chronic patient remote monitoring | | CH , SE, DE, IT, UK, PL | FI | CA, NL | |
| 3 Chronic disease self-management (digital therapeutics) | | PL, CH , SE, IT, CA, UK, NL | FI | DE | |
| 4 Unified electronic health record | | | CH , DE, UK, NL, CA | PL, FI, IT | SE |
| 5 E-Prescription | | DE, CH , CA | | GB, NL | IT, SE, PL, FI |

Teleconsultation

Teleconsultation could benefit many Swiss patients, as it frees up time and can increase access to doctors and specialists. People in remote areas would be able to consult specialists from other parts of the country. The United Kingdom and Sweden are good examples of teleconsultation adoption. In the United Kingdom, 14% of consultations were already conducted remotely before the pandemic, further increasing to 48% during the pandemic. In Sweden, 17% of the population generally uses digital consultations, and ~9% of all consultations were digital in 2020. In Switzerland, teleconsultations outside the stage-gate basic health insurance model have not been widely adopted, although there are some successful players for specialties like dermatology.

Chronic patient remote monitoring

There are several advantages to chronic patient monitoring that could better serve the Swiss population. The technology could improve the quality of care and outcomes. It would allow detecting early signs of deterioration in a patient’s health status. Simultaneously, it would enable patients to stay longer in their familiar surroundings, enjoying a more normal life. In the Netherlands, ~75% of hospitals report applying some form of remote patient monitoring for diseases, chronic intestinal diseases, and diabetes. In Canada, several provincial Telehomecare projects have been launched successfully to encourage remote patient monitoring. In Switzerland, chronic patient remote monitoring is mainly limited to pilot and research initiatives. The pandemic has sparked additional demand for home monitoring, but doctors and other healthcare workers are still reluctant in many cases to use home monitoring for their patients.

Chronic disease self-management

Also, chronic disease self-management would allow patients to stay in their familiar environment. It can also lead to improved outcomes, as it helps patients to be more compliant with medical prescriptions. As the first country in Europe, Germany has adopted a regulatory framework enabling physicians to prescribe and insurers to reimburse digital therapeutics, the self-managed medical interventions based on apps aiming to impact the course of a disease directly. In Switzerland, the adoption of this technology is in its infancy and has not been structurally encouraged yet.

Unified electronic health record (EHR)

EHRs are advantageous because they diminish redundancies as all players have access to all relevant information. For example, Sweden and, to some extent, Italy have demonstrated successful nationwide availability and high penetration rates of EHRs. Despite some attempts, Switzerland does not yet have a unified EHR in place across all cantons and has encountered many challenges in its implementation.

E-prescription

E-prescriptions could save much time for both healthcare professionals and patients. In Finland, most prescriptions are now electronic, whereas in Switzerland, e-prescriptions are still an exception. So far, the country has not developed a standardized architecture and format for e-prescriptions across healthcare providers, and EPD solutions remain a major challenge.

Actions for a better and more affordable Swiss healthcare

Switzerland has a solid infrastructure to support healthcare digitization, from high coverage of broadband internet to a population with high digital literacy. However, that foundation has not been used at its best so far, mainly for structural reasons (for example, federalism).

Nevertheless, five actions could increase the level of digitization in the Swiss healthcare system:

- 1. Get incentives right.** It is advisable to introduce an appropriate cost reimbursement scheme for digital health solutions and address cost concerns by handling reimbursement for digital services with a set of rigorous monitoring and cost-controlling measures (potentially including outcome-based reimbursement schemes).
- 2. Have the basics in place.** A top-down approach for a nationwide rollout would accelerate the implementation of enabling digital tools. Another basic requirement is a patient-centric approach with participation from patients and patient organizations early in the process.
- 3. Create clarity to foster trust.** Healthcare professionals and consumers must trust technology providers to have their best interest at heart and should be informed on how their data is processed and stored. For that to happen, establishing clear guidance on standards for data privacy and protection is crucial. In Switzerland, industry participants could develop those standards as a self-regulation scheme outside government action.
- 4. To measure is to know.** Promoting continuous evidence generation will stimulate innovation and adoption. Technology and healthcare providers should continuously collaborate to design and launch evidence-generating pilot programs for digital health solutions. This will increase trust and encourage use among medical doctors.
- 5. Don't wait.** Although the regulatory and reimbursement environment is not optimal, there are many opportunities for players in the Swiss healthcare system to make a difference. They can create "win-win-win" dynamics by investing in partnerships that benefit patients, providers, and payors alike. Successful use cases will set positive examples and eventually accelerate the digitization of the Swiss healthcare system.