

Confidential price models

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The most significant change in Swiss pricing practice of the last decade has been the spread of confidential price models. For expensive innovative medicines, especially in oncology and rare diseases, the Federal Office of Public Health and the manufacturer increasingly agree on a public list price that is combined with a confidential refund to the insurers. The refund may take the form of a fixed percentage, a cap on the cost per patient, a payment linked to the results of treatment or a volume-based arrangement.¹ The company thus obtains a high nominal price, which matters because other countries refer to the Swiss price in their own reference systems, while the Swiss health system pays an effective price that is lower.

The practice has been criticised for its lack of transparency and for its uncertain legal basis. Critics argue that confidentiality prevents public control of the use of premium funds and that it undermines the external reference pricing of other countries, which then refer to a list price that nobody actually pays. The Federal Council and Parliament therefore included a legal basis for price models, including the exemption of the refund amounts from the Freedom of Information Act, in the second package of cost-containment measures.² The same mechanism is used across Europe, which suggests that confidential discounts have become a structural feature of pharmaceutical pricing in high-income countries.

The Swiss debate shows a tension that runs through this whole chapter. Switzerland is home to some of the largest pharmaceutical companies in the world. As Part D and chapter III of this part show, its economy and tax base depend heavily on them. At the same time the Swiss population pays for medicines through compulsory health insurance premiums that are not linked to income and which weigh heavily on middle-income households. A Swiss minister of health therefore faces a dilemma that a minister in most other countries does not. Every franc saved on medicine prices reduces a premium paid by voters. Yet a policy that the industry perceives as hostile

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may weaken the location that finances a considerable share of public revenue in Basel.

1 Notes

1. On price models with confidential refunds (Preismodelle mit Rückerstattungen) used by the Federal Office of Public Health, see the office's reports and the Federal Council's dispatch on cost-containment package 2. Status to be verified. ↩
2. Federal Council dispatch on the amendment of the Federal Health Insurance Act (measures to contain costs, package 2), with provisions on price models and the restriction of access to official documents on refunds; parliamentary decisions in 2024–2025. Status to be verified. ↩

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