Digital Health: Revenue Models & Reimbursement in Switzerland

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On August 24, Bluelion Incubator, Innovation Booster User-Centred HealthTech and Peak Spirit brought 50 people from healthcare, health insurance, innovation / entrepreneurship, academia, and industry into one room to disect the status quo of digital health reimbursement in Switzerland.

After a short introduction to the topic, the participants were split up into 5 working groups, discussing digital health reimbursement in the context of five different systems: basic insurance, private insurance, providers, patients and relatives, and industry.

In the following, we provide a quick summary on the outcome of each working group, and illustrate the general consensus the community has voiced to move forward.

Basic health insurance

The framework for basic health insurance coverage of digital health in Switzerland is among the worst in Europe. Unfortunately, no systemic change is in sight. Unless there is a clear, directly applicable code within the current framework, bilateral agreements with insurance companies are required. However, many startups do not have the resources or network to facilitate this. In addition, the small number of patients per insurance company compared to neighbouring countries makes such an endeavor hardly economically attractive.

Hence, the best practice can be formulated as follows:

- check whether a direct applicability of the current Swiss coding is given
- if not, determine feasibility with larger health plans through bilateral agreements
- launch outside Switzerland as soon as possible

The group emphasized the societal and economic need for change at systemic level, because the status quo is keeping vital, cost- and potentially even life-saving innovation out of patients' and clinicians hand.

Private health insurance

Private health insurance in Switzerland is not an alternative, but rather a voluntary, private-market complement of basic health insurance. The working group brought a number of very relevant insights to the table, including the fact that new insurance products need approval from the federal authority on insurance, which often takes 1-2 years.

Furthermore, insurance companies undergo diligent preparation and vetting before launching a new product. In other words: it is by far faster to launch new digital health solutions in the context of existing products. Often, insurance brokers are even the best starting point - they have a lot of information, and from different insurances!

Within private health insurance, the product managers are key stakeholders. Insurance product managers keep track of all services covered within their insurance product. They will also be able to hint at whether a certain digital health solution is a match with a certain insurance product and thus a likely "buy", or not. For ideal uptake, a pilot phase is typically the best way to start working with private insurance in Switzerland.

Finally, since bilateral agreements are a very costly undertaking, the group presented the idea to pool together several solutions and several insurance providers at the service level, thus lowering transaction costs for everybody. The idea of a "digital health and insurance speed dating" event was brought up.

Reimbursement from providers

Providers are a very heterogeneous field. Hence, there are significant differences between how a single dentist practice and a large university hospital evaluates and adopts digital health, just to name two examples. Nevertheless, when it comes to reimbursement, the basic model is similar: A digital health solution needs to improve on providers' status quo - operationally, economically, or both. Only then, superior clinical outcomes can be materialized in a B2B model through providers.

What does that mean? It implies that solutions need to be cash-flow positive overall, and if an upfront investment is required to implement the solution, then the payback period has to be relatively short (3 years were given as a proxy by a hospital director). Furthermore, it is crucial that the solution is simple to adopt and integrate into current clinical procedures.

Literacy is clearly a challenge. The complexities in how providers get paid and what they can or cannot bill to insurances must be navigated by digital health solutions aiming to market their products to providers. And while expertise is available, it comes at a hefty premium to early-stage innovators. Grants from public and private entities, public-private partnerships, and also just private initiatives can bridge this gap.

Reimbursement from patients and relatives

The working group discussing patients' and relatives' view on digital health reimbursement came up with a number of key challenges patients face today. These include fragmentation of the care system, access to information, access to care, and patient education. Overall, digital health has the opportunity to empower patients and relatives. But: realistically, reimbursement can only come from patients and relatives in areas where out of pocket monetization is already widespread - in Switzerland, that would include dental care, prevention, wellness, aesthetic medicine, and others.

Furthermore, it is clear that isolated digitization of the pathway leads to little perceived improvements, and unless the entire care pathway is looked at, the willingness to pay will be limited at best.

Interestingly, several senior physicians in this working group were able to share their experiences on patient empowerment through digital health. They reported that patient education, for example through digital solutions, has a very positive impact on patients' and relatives' understanding of diagnosis and treatment, and thus also provides benefits to physicians in terms of workload and

stress. This seems to be an area where collaborative experiments of digital health innovators, clinicians and patients may lead to promising results, and thus may have a pathway to be economically sustainable in the longer run.

Reimbursement from industry

In the working group focusing on industry reimbursement, experts from pharma, medtech, and industry associations discussed how digital health should be monetized from the medtech & pharma industry perspective. As reimbursement in these more established industries is very clearly regulated, most participants voiced support for a systemic change initiative for digital health reimbursement in Switzerland. The industry seems supportive in being a potential platform for such an initiative.

Furthermore, the power of digital health solutions as gateways for other therapies, and the power to leverage data was iterated. From the medtech and pharma industry perspective, digital health innovation needs to occur over a pathway, not just an isolated diagnosis or treatment to provide real benefits and thus a realistically significant monetization potential.

Finally, support for a "digital first" mandate for certain pathways was voiced. Providers or insurance companies should be mandated to offer digital diagnostics and therapeutics that are effective and economic, and patients should be able to chose digital pathways over physical ones if they prefer.

A call to action

While many different ideas were proposed, our synopsis and call to action resulting from the workshop is as follows:

1. Systemic change is necessary, but nowhere in sight.
-> Let's **form a lobbying platform and take first steps!**

2. Collaboration with research partners and within industry enables radically new ideas.
-> Let's **launch an Innosuisse Flagship application** to bring systemic change forward.
-> Let's all be engaged in the ecosystem in a way that facilitates multi-stakeholder initiatives

3. Health Insurances are interested in innovative solutions to provide attractive complementary insurance products.
-> Let's provide a platform **for pitching digital health solutions to product managers of health insurances** to simplify market entry.

4. Getting the whole chain of stakeholders on board is tricky.
-> Let's **address user groups** which are profiting directly from your digital health solution. They will be your strongest marketing partner and they might be willing to pay.

5. Literacy is key.
While the status quo is complex, navigating it successfully AND being able to improve on it requires stakeholders to first understand it.