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Health Insurance Premiums 2027:

Will households have to dig deeper again? Yes — but likely to a lesser extent than in recent years.

"Health insurance premiums are already roughly a quarter higher today than in 2022, and a further increase is expected in 2027. Long-term cost pressure is here to stay. Aging accounts for only part of this: medical progress, broader access to care, and higher utilization of services are the main drivers."

Rexha Hasani, *Head of Private and Corporate Clients*

Health insurance premiums continue to rise

Health insurance premiums have become an increasingly heavy burden for Swiss households in recent years. Since 2022 in particular, one premium hike has followed another in quick succession. Premiums paid per insured person have risen by roughly a quarter across all age groups since then.

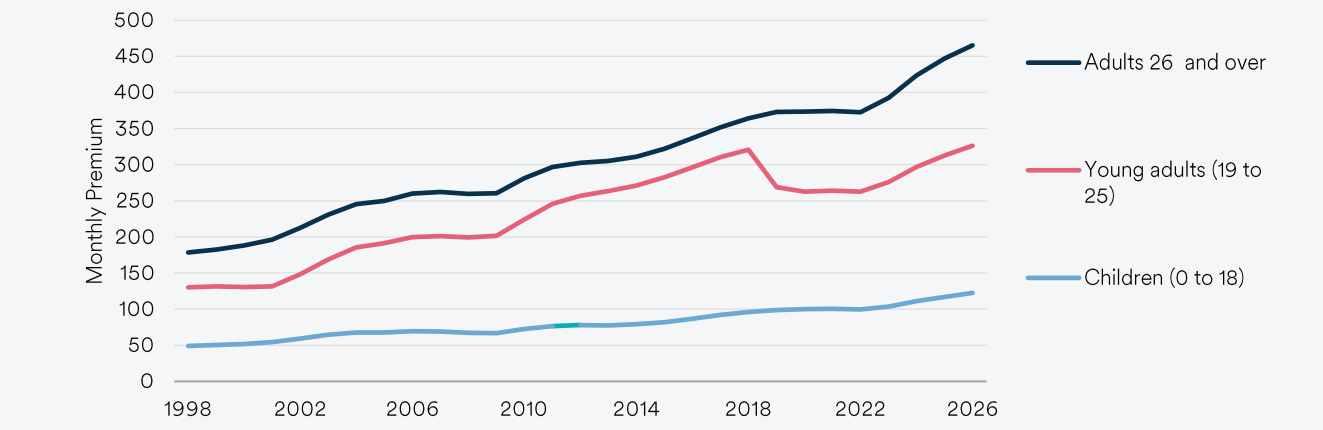
Health insurance is thus no longer just a health policy issue — it has become a tangible burden on disposable income. In last year's UBS Worry Barometer survey, 45% of eligible voters named healthcare costs and health insurance premiums as one of Switzerland's most pressing problems.

Each year at the end of September, the federal government announces premiums for the following year. After several years of steep increases, the key question for 2027 is whether the upward trend will continue — or whether relief may finally be in sight.

A serious answer to this question, however, does not start with the premium itself. The health insurance premium is ultimately just the visible result of a much larger system. Two questions are decisive: how much are overall healthcare costs rising, and what share of those costs is actually passed on to premium payers?

Health insurance premiums have risen by around 25% since 2022

Development of the average monthly premium per insured person, by age group



Note: The 2025 and 2026 figures are based on official estimates by the FOPH. Source: FOPH Statistics on Compulsory Health Insurance, smzh ag.

Healthcare costs have been rising for decades

Switzerland's healthcare costs have risen from around CHF 36 billion to roughly CHF 100 billion per year since 1995. Annual growth rates have fluctuated along the way, but no clear acceleration is apparent over the past two decades. The rise in costs is therefore not a new phenomenon, but a long-term trend.

That healthcare costs are rising is, at first glance, hardly surprising: Switzerland's population today is significantly larger than in the mid-1990s, and the general price level has also increased. Roughly breaking down the cost increase since 1995, about a quarter is attributable to population growth and just under a fifth to general inflation. The remaining roughly 57% results from the fact that, in real terms, more is being spent on healthcare per person than in the past. Several distinct factors are behind this — ranging from aging and higher utilization of services to medical progress and higher costs per treatment. Correspondingly, healthcare spending as a share of GDP has risen from around 8.6% to more than 11% today.

Population aging explains only part of the picture

It is undisputed that population aging drives up healthcare costs. According to our own calculations based on official data, a person over 65 incurred roughly 3.3 times the healthcare costs of a person between 26 and 65 in 2024. As the population shifts into older age groups, total costs rise as well. Just how large this effect actually is was shown by a 2025 study commissioned by the Federal Office of Public Health (FOPH). A detailed breakdown of healthcare costs from 2012 to 2022 found that around 19% of the cost increase was attributable to the population's changing age structure. Aging is therefore a relevant driver of cost growth, but not the most important one. Nearly half of the cost increase resulted from higher average costs per person treated.

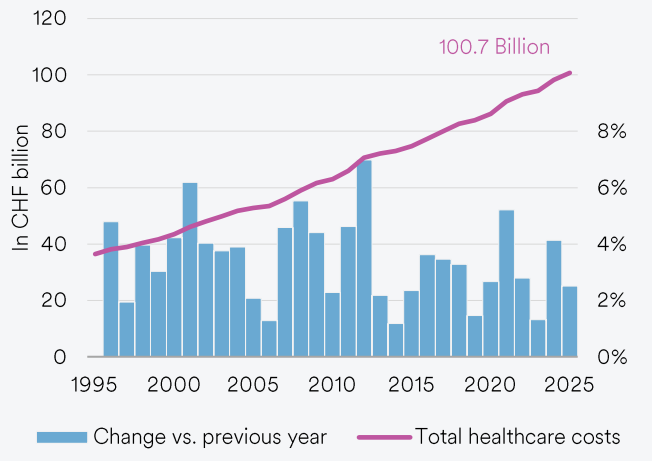
This cost increase is evident across all age groups. While people aged 66 and older account for nearly half of total healthcare costs, per-capita costs in this group are rising less sharply than in other age groups. The distribution of total costs has shifted somewhat as a result. Aging therefore drives up healthcare costs mainly because more people are moving into cost-intensive age groups — not because per-capita costs are rising especially sharply among older people. Rather, the overall cost increase is occurring across all age groups.

What is driving per-capita healthcare costs?

The key insight, therefore, lies elsewhere: the larger share of the cost increase originates within medical care itself. What matters most is the volume of services used, the intensity of treatments, and the cost per treatment.

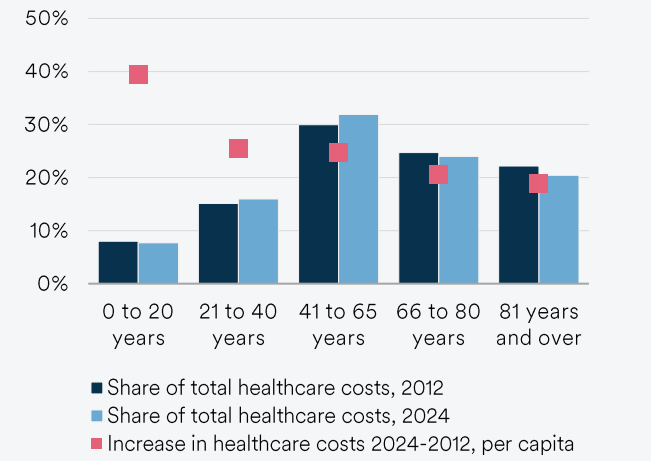
As prosperity rises, so does demand for healthcare services: preventive care, diagnostics, and treatments are used more frequently, while expectations for quality and availability also increase. Medical and technological progress continually expands the range of treatable conditions. New medications, therapies, and diagnostic methods often do not fully replace existing services but are added on top of them. As a result, the scope and intensity of treatment both increase. At the same time, access to care, treatment options, and life expectancy have all improved over time.

Healthcare costs reach CHF 100 billion
Development of annual healthcare costs



Source: Swiss Federal Statistical Office, smzh ag.

Healthcare costs are rising across all age groups
Comparison of healthcare costs by age group, 2024 vs. 2012



Source: Swiss Federal Statistical Office, smzh ag.

In addition, healthcare is a highly labor-intensive sector. Physicians, nursing staff, and therapists can only be automated or scaled to a limited degree, while their wages must keep pace with the broader economy over the long term. Higher costs per case can therefore stem from greater utilization of services, new and more intensive treatments, and higher prices and staff costs. Rising healthcare costs thus reflect both greater use of resources and an expansion of medical care.

Rising per-capita healthcare costs therefore stem essentially from three components: greater use of services, more intensive or extensive treatments, and higher costs per service. These are precisely the key levers for policymakers, insurers, and tariff partners if cost growth is to be curbed sustainably.

Health insurance premiums are rising faster than healthcare costs

Over the long term, healthcare costs determine the direction of health insurance premiums — but the two do not move at the same pace. While health insurance premiums per insured person have risen by roughly a quarter since 2022, per-capita healthcare costs are likely to have grown only in the low single digits over the same period. At first glance, this seems contradictory: if premiums for mandatory health insurance (OKP) — Switzerland's basic health coverage — finance healthcare services, why are they rising so much faster than healthcare costs?

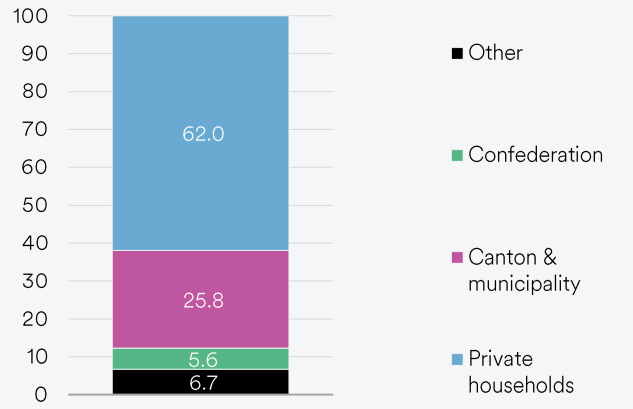
The reason lies in the financing system. Only part of total healthcare costs is financed through the OKP. A significant share is borne by the federal government and cantons, through deductibles and co-payments, supplementary insurance, and directly by private households. The trajectory of health insurance premiums therefore depends not only on how much total healthcare costs rise, but also on what share of those costs ends up with the OKP.

Ultimately, everyone contributes to the Swiss healthcare system, albeit through different channels and mechanisms. While the health insurance premium is the most visible burden for most households, it finances only around a third of total healthcare costs.

Breaking costs down to CHF 100: roughly CHF 32 comes from private households' mandatory health insurance premiums. Households pay a further roughly CHF 30 through deductibles and co-payments, supplementary insurance, and services paid entirely out of pocket. The government covers roughly CHF 31 — directly, for example by funding hospitals and other care providers, and indirectly through premium subsidies and other social insurance schemes. The remaining roughly CHF 7 comes from businesses and other funding sources.

This makes clear that healthcare costs and health insurance premiums are not the same thing. What matters for premium development is not only how much total healthcare costs rise, but also what share is financed through basic insurance. The fact that premiums have risen significantly faster than total healthcare costs in recent years can be explained mainly by two developments: an ever-larger share of the healthcare bill is landing with the OKP, while the interim drawdown of reserves initially delayed part of the cost increase and later triggered an additional catch-up effect in premiums.

Who finances CHF 100 of healthcare costs?
Breakdown of financing by payer



Through which channels are they financed?
Breakdown of financing by channel

State	**31.3**
Directly to service providers	20.2
Premium subsidies	6.7
Via other social insurance	4.5
Private households	**62.0**
Mandatory health insurance	32.5
Cost-sharing: deductible and co-payment	5.9
Via private insurance and other private financing	8.2
Other out-of-pocket payments	15.4
Other	**6.7**
Total	**100.0**

Note: The figures shown refer to 2024.
Source: Swiss Federal Statistical Office, smzh ag.

1. An ever-larger share of healthcare costs is financed through basic insurance

The share of total healthcare costs financed through the OKP has risen from around 30% to 40% since 1996. This means that even if total healthcare costs grow only moderately, the portion to be financed by basic insurance can increase more sharply. Since 2021 alone, this share has risen by roughly 2.5 percentage points.

On one hand, the scope of services covered by basic insurance keeps expanding. For physician services, there is no exhaustive positive list; under certain conditions, new medical procedures can become part of the OKP relatively quickly. New medications, therapies, and other services are added, while services already covered are sometimes used more frequently or intensively. As a result, the share of medical care that is collectively financed through basic insurance — and therefore through premiums — keeps growing.

On the other hand, care is increasingly shifting from inpatient to outpatient settings. Since 2019, the principle of "outpatient before inpatient" has applied to an initial six groups of procedures; in 2023, the rule was expanded to 18 groups of procedures. The logic behind this makes sense: where medically feasible, procedures should be performed on an outpatient basis, as they are generally significantly cheaper than inpatient treatment. This can reduce the cost per procedure and, ultimately, the overall cost of the healthcare system.

For OKP costs, however, this creates the opposite financing effect. While cantons cover at least 55% of net costs for inpatient treatments, outpatient services are financed entirely by health insurers. A given treatment can therefore become cheaper overall while simultaneously increasing costs for the OKP. This exact effect is also visible in the monitoring conducted by the Swiss Health Observatory (Obsan): between 2018 and 2024, the cantons' burden for the 18 affected procedure groups fell by CHF 82 million, while that of basic insurance rose by CHF 134 million.

2. The drawdown of reserves amplified the later premium surge

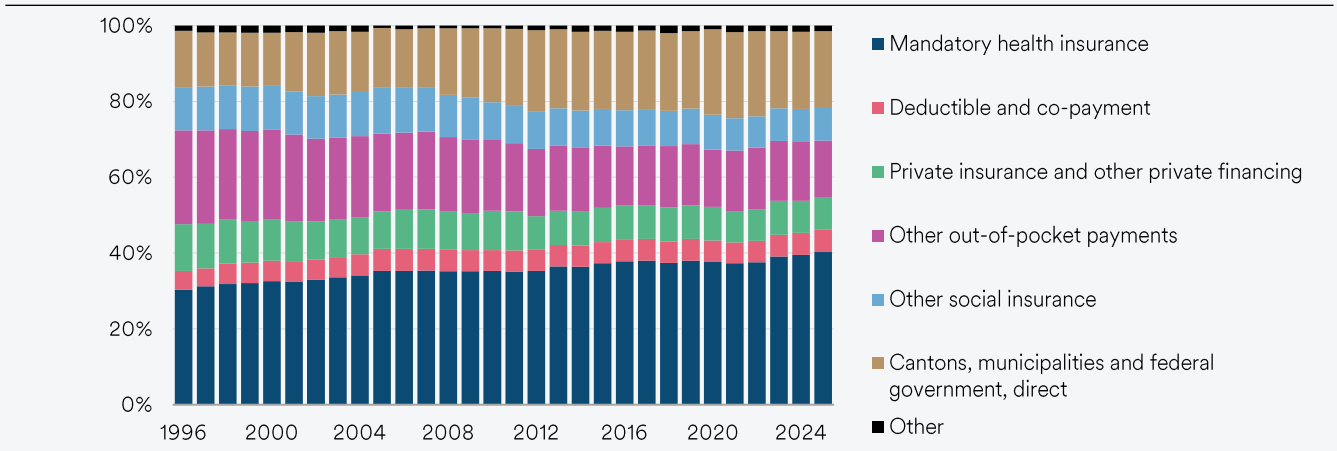
In principle, premiums must be set to cover the expected costs of basic insurance. If actual costs turn out lower than expected, or if investment gains arise, reserves can be built up. Conversely, these reserves serve as a buffer when costs turn out to be higher than expected. Every insurer must hold sufficient reserves; a solvency ratio of 100% corresponds to the regulatory minimum required.

After the industry's reserves had grown substantially over several years, the Federal Council deliberately made it easier to draw them down in 2021. Insurers were able to calculate premiums more tightly and reduce reserves to close to the minimum solvency level of 100%. This initially eased the burden on policyholders: part of the rising costs was not immediately passed on through higher premiums but was absorbed by the existing buffer.

Then, however, two developments coincided: healthcare costs rose more sharply in 2022 and 2023 than had been assumed when premiums were set, while the reserve buffer had already shrunk considerably. In 2023 alone, the insurance business recorded a loss of roughly CHF 1.9 billion, and the industry-wide solvency ratio fell to just 121% at the start of 2024. As a result, premiums had to catch up more sharply: they needed to be brought back closer to

40% of healthcare costs are covered by mandatory health insurance

Breakdown of healthcare costs by payer



Source: Swiss Federal Statistical Office, smzh ag.

actual ongoing costs while also allowing insurers with insufficient reserves to rebuild them.

The drawdown of reserves therefore explains part of the disproportionate premium surge of recent years: what was initially cushioned by reserves later had to be offset through higher premiums. The reserve situation has since improved again, but the higher solvency ratio only partly reflects a genuinely stronger financial position. The increase from 121% to 147% in 2025 is due in large part to a revision of the Health Insurance Act (KVG) solvency test, which lowered the regulatory minimum reserve requirement from CHF 6.1 billion to CHF 5.3 billion.

How are health insurance premiums likely to develop in 2027?

Healthcare costs are likely to keep rising in 2027 as well. For basic insurance costs, the KOF Swiss Economic Institute, commissioned by the FOPH, expects growth of 4.0% per insured person. Uncertainty remains high, however: the 90% forecast interval ranges from 1.3% to 6.7%, and in past years actual developments have at times deviated significantly from the respective point estimates.

At the same time, the reserve situation of health insurers has not deteriorated further. At the start of 2026, reserves stood at roughly CHF 8.6 billion again, while the insurance business ended 2025 nearly break-even. This suggests that the additional catch-up effect, which had amplified premium increases in recent years, will matter less in 2027.

Under these conditions, we expect health insurance premiums to rise further in 2027, but at a more normalized pace compared with recent years. An increase in the average premium of roughly 3.5% to 4% currently appears to us to be a plausible base-case scenario. However, this is a nationwide average — the actual premium development for any individual household can deviate significantly and depends in particular on the insurer, canton, chosen insurance model, and deductible.

Ongoing reforms do little to change this fundamental trend. Since 2026, cantons have been required to contribute more reliably to premium subsidies; depending on the premium burden, the minimum contribution ranges from 3.5% to 7.5% of a canton's gross OKP costs. While this does not lower the actual health insurance premium, it does reduce the effective burden on eligible households and makes government support more reliable.

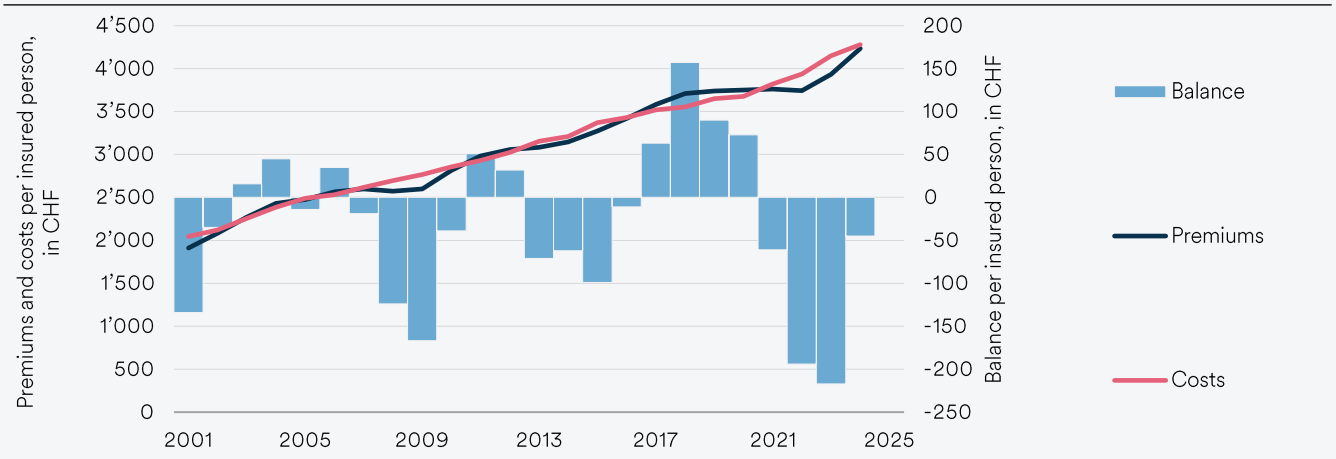
Starting in 2028, a further step follows with uniform financing of outpatient and inpatient care (EFAS). Outpatient and inpatient services will then be split between insurers and cantons using the same financing formula, with long-term care to be included at a later stage. This reform has no direct effect on 2027 premiums, but once in force, it could help slow the rising premium-financed share of healthcare costs.

Both reforms therefore primarily change who pays the bill, not how large the bill is overall. They can help distribute the burden on households and premium payers more favorably, but they do not break the structural cost increase in the healthcare system.

Over the long term, too, the underlying direction is likely to remain upward. Healthcare spending tends to move closely in line with an economy's prosperity and income levels: as incomes rise, demand for medical services grows, while medical progress creates additional diagnostic and treatment options.

In recent years, insurance costs have exceeded premium income

Premiums and costs of mandatory health insurance, per insured person and per year



Source: FOPH Statistics on Mandatory Health Insurance, smzh ag.

Even if annual premium growth normalizes again, this does not mean healthcare costs — and therefore basic insurance costs — will decline on a sustained basis. That would require fundamental structural changes on the supply and service side. The key health policy question therefore remains how to limit structural cost growth without jeopardizing the high standard of care.

What does this mean for households?

Households can do little to influence the trend toward rising health insurance premiums. What they can influence, however, is how they are insured and how much they pay for it.

The annual premium adjustment should therefore be an opportunity for more than simply finding the cheapest insurer:

- Optimize basic insurance: Regularly review your insurer, deductible, and insurance model.
- Check eligibility for premium subsidies: Depending on income, assets, and canton of residence, you may be entitled to a subsidy.
- Switch supplementary insurance with caution: Canceling a policy can prove costly in the long run if equivalent coverage later becomes unavailable due to a health screening. Only cancel once the new coverage has been confirmed.
- Look at the overall picture: Health insurance, deductibles, supplementary coverage, income protection, and asset situation should all be aligned with one another.

The premium can be optimized every year. Insurability cannot.

Anyone looking to optimize their insurance for 2027 should act early: notice of a change in basic insurance must reach the current insurer by November 30 at the latest; for supplementary insurance, notice periods vary by contract and can be considerably earlier.

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Financial decisions are rarely made in isolation. We support our clients holistically.

Rising health insurance premiums are only one part of a household's overall financial burden. That is why it is so important to have a financial strategy that places individual decisions in their broader context. This is exactly where the smzh 360° Check-Up comes in, providing a holistic overview of your financial situation.

Our value proposition for you:

- A holistic analysis of finances, insurance, retirement planning, real estate, investments, and taxes
- A clear assessment of your financial situation
- Identification of untapped potential
- Concrete, prioritized action recommendations

Learn more about the 360° Check-Up

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