

Research impact: making a difference

Enabling health-care reform in the Republic of Cyprus

Olivier J Wouters and Dr Panos G Kanavos helped the Cypriot Ministry of Health explore pharmaceutical policy options for the national health system that is expected to be introduced in 2017

What was the problem?

Cyprus is one of the few high-income countries in the world that has yet to establish a national health system that covers a basic set of health-care services for all legal residents. The Cypriot health system currently consists of a public and a private sector. Low-income individuals, civil servants and patients with chronic illnesses - together representing about 83% of the country's population - are eligible for public-sector coverage. The government pays for public-sector health care while patients and private health insurers pay for private-sector health care.

In 2013, total health spending accounted for 7.3% of the gross domestic product. About one-fifth of this spending was on medicines. Although only around 20% of the population obtained health care in the private sector, private health expenditure equaled almost 60% of total health spending.

Following the recent global financial crisis, Cyprus agreed to a memorandum of understanding in 2013 with creditors from the European Commission, the European Central Bank and the International Monetary Fund to address the country's financial, fiscal and structural challenges. Initially, the [memorandum](#) called for the introduction of a national health system by mid-2016 to "strengthen the sustainability of the funding structure and the efficiency of public healthcare provision" and to promote "free choice of [health-care] provider, social equality and solidarity, financial sustainability, and universal coverage of a minimum benefit basket." The implementation of this health system is now expected to take place in [2017](#).

What did we do?

In the new system, the government will be responsible for paying for all health-care services in the benefit basket - subject to patient cost sharing. The [government intends to](#) supplement current tax revenues with taxes on employers, employees and pensioners, among other sources of funding. However, the government still needs to decide which drugs to cover in the forthcoming health-care system, which pricing and reimbursement policies to apply and how much patients will have to pay for medicines.

In 2014, the Cypriot Ministry of Health sought support from the World Health Organisation (WHO) Regional Office for Europe to decide on these issues. The WHO, in turn, asked researchers from LSE Health to provide technical assistance to the health ministry.

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The aims of the WHO-sponsored project were (i) to review the current system of pharmaceutical care in the private and public sectors in terms of the availability and affordability of medicines, (ii) to explore how the public and private markets could be efficiently merged in the national health system and (iii) to assess the key barriers to the implementation of the new system.

To collect primary data, a team led by Dr Panos Kanavos conducted a four-day study visit to Nicosia, Cyprus in April 2014. During the visit, the researchers from LSE Health interviewed senior representatives from seven national organizations involved in pharmaceutical care in the country. These organisations represented various stakeholders, including research-based and generic drug manufacturers, pharmacists, patients and relevant government agencies. The health ministry's department of pharmaceutical services also provided secondary data on the prices and volumes of prescription medicines in 2013.

What happened?

The LSE Health researchers identified several key issues, notably the underuse of generic medicines in the private sector, high medicine prices in both sectors and high out-of-pocket drug spending in the private sector. The researchers prepared a [report](#) for the Ministry of Health summarising these key issues. This document also outlined pharmaceutical policy options - based on the feedback and suggestions from the interviewees - to inform the ongoing reform process. The report was widely covered by the Cypriot media.

The interview findings were published in the [Bulletin of the World Health Organisation](#). The article also discussed the likely barriers to the introduction of a comprehensive drug-benefit plan in the forthcoming national health system. Barriers include how to reconcile disagreements between stakeholders over which policies to adopt in the new system, as well as how to raise awareness among patients, physicians and pharmacists about the benefits of greater generic drug use.

The report and article findings were presented at the 3rd International Pharmaceutical Pricing and Reimbursement Information (PPRI) Conference on "Pharmaceutical Pricing and Reimbursement Policies: Challenges beyond the Financial Crisis" in Vienna, Austria (12 October 2015). The conference was organized by the Austrian Health Institute (Gesundheit Österreich GmbH), a WHO Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies.

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