



A bold step towards reforming healthcare in Cyprus

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Description

The Ministry of Health has managed to secure commitment by all major political parties to voting a Law that prepares the ground for the introduction of the long-planned National Health Insurance Scheme in Cyprus. This report describes the background of this development and explains why the circumstances are now favourable for implementing the much-needed healthcare reform.

The current healthcare system in Cyprus is marred by inequities and inefficiencies. To begin with, it does not provide universal cover. According to the Cyprus 2016 National Reform Programme, only 80% of the population is covered. Furthermore, over half of total private healthcare expenditure (which accounts for 3.9% of GDP) is out-of-pocket payments by households, without the intermediation of the state or insurance organisations. This has led Cyprus to having one of the highest proportions of healthcare expenses per household in Europe (Ministry of Health, 2016). Finally, despite efforts to reduce congestion through referring patients to the private sector, many patients cannot access vitally needed health services due to long waiting times (Pashardes et al, 2016).

The idea of remedying the maladies of the healthcare system through drastic reforms dates back to the early 1990s. Following several technical studies, Parliament passed the Founding Act of the National Health Insurance Scheme (NHIS) in 2001. However, since then numerous attempts to implementing the Act have failed due to disagreement among the major stakeholders. The healthcare reform effort gained new momentum during the economic crisis (2013-2015), when the inadequacies and inefficiencies of the current system escalated. Its reform was included in the 2014 Memorandum of Understanding between Cyprus and the Troika (which consists of the European

Commission, the European Central Bank and the International Monetary Fund) and in the 2016 Country Specific Recommendations of the EU Council of Ministers. In this context, two Bills on the implementation of the NHIS were agreed by the Parliamentary Health Committee on 1st June 2017 and approved by Parliament on 16th June 2017. The specifics of the reform can be found in the 2017 Cyprus National Reform Programme and Cyprus 2017-2020 Stability Programme.

Outlook & commentary

Behind the successful outcome of the long and agonising procedure that led to all-major-party political support of the aforementioned healthcare reform Bills is the bridging of disagreements among stakeholders on three thorny issues.

a) The financial and operational autonomy of public hospitals, a prerequisite for the proposed NHIS, will be completed in five years. During this period, the government will support any overruns, subject to controls and monitoring. This provision appears to satisfy the view held by all political parties that the public hospitals need some time to restructure and reorganise so that they do not collapse financially when the NHIS kicks in.

b) Healthcare in Cyprus is now financed by general taxation. The contributions to the planned NHIS will start on 1st March 2019. They will initially cover only outpatient care and

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(as percent of salary/pension) will be 1.70 for employees and pensioners, 1.85 for employers, 1.65 for the state, and 2.55 for the self-employed. One year later the contributions will rise to 2.65, 2.90, 4.70 and 4.00, respectively, and cover both outpatient and inpatient care. It appears that the above sharing of the NHIS cost is acceptable to all parties involved, although one employers' organisation (Chamber of Commerce and Industry) has reservations about this contribution structure.

c) The state will be the single NHIS provider. This position seems to have gathered enough political support to resist pressure by lobby groups for a multi-tier health insurance system that would allow people to opt out of the public scheme and purchase health insurance from the private sector. The latter scenario has been strongly opposed by the Ministry of Health, which on the basis of a scientific report (WHO, 2015) has persuaded the political parties that those likely to opt out of public health insurance would be the healthy and the rich, thus compromising the financial viability of the NHIS.

Overall, for the first time, the Ministry of Health appears to have succeeded in compromising conflicting interests and long-standing disagreements among stakeholders (patients' organisations, trade unions, employers, medical practitioners and various lobby groups) that have been holding back healthcare reform for decades. However, the road ahead is long and there are concerns about how far the current healthcare reform initiative will go this time. Will the political consensus for the earliest possible introduction of the NHIS survive the tensions of the forthcoming (February 2018) presidential election campaign? Are the agreed

contributions high enough to secure the financial viability of the new system? Will the public hospitals be able to do what it takes to compete successfully with private hospitals in the open market? Will the new NHIS be of adequate quality to discourage inefficient duplication from people also purchasing health insurance from the private sector?

In a recent interview (Politis newspaper, 4th June 2017), Health Minister Giorgos Pamboridis appears to be optimistic about what lies ahead. He said that the momentum created when the healthcare reform Bills become Law will survive the political tensions of the presidential election and fend off obstacles along the road to full NHIS implementation. According to a poll conducted by the IMR/University of Nicosia (Simerini newspaper, 4th June 2017) this optimism seems to be shared by half the people in Cyprus. The same poll also shows that three interviewees in four consider the existing healthcare system in Cyprus unsatisfactory, and almost four in five believe that the NHIS will be beneficial to citizens (in terms of reducing out-of-pocket payments and waiting lists, as well as ensuring coverage for all).

In our opinion, the climate has never been better for implementing the long-awaited healthcare reform in Cyprus. Myopic antagonism among stakeholders and narrow-minded party politics appear to succumb to pressure from the overwhelming discontent with the current system. In these circumstances, one can expect that the first step towards reforming the healthcare system in Cyprus will not be the last, even though the road to fully accomplishing the task in hand may not be as smooth as one would wish.

Further reading

2001 Founding Act of the National Health Insurance Scheme (in Greek).

Ministry of Finance, 2017-2020 Stability Programme.

Ministry of Health (2014), Bill for the Restructuring of the Public Hospitals (in Greek).

Pashardes P., C. Koutsampelas and C. Charalambous (2016), Reducing Congestion in Public Hospitals, ESPN Flash Report, 2016/10.

Republic of Cyprus, 2016 Cyprus National Reform Programme.

Republic of Cyprus, 2017 Cyprus National Reform Programme.

World Health Organisation (2015), Analysis of options for purchasing market structure under the NHS Support to the Health Reform Programme of the Government of Cyprus, April 2015.

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