

# Cyprus: First results of the new healthcare system

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*Data from the first eight months of the new healthcare system are encouraging, generating optimism for the future. The climate of conflict that prevailed about a year ago has now been replaced by the willingness of all stakeholders to cooperate. In any case, the current climate and the first encouraging data show that time works in favour of the new system.*

## Description

For nearly 30 years the Cyprus healthcare sector has been a focus of concern and of efforts to build a new system of universal coverage. Although the legal basis for this new system was agreed by Parliament in 2001, its implementation was continually postponed. In 2017, after more than 15 years, government and parliament finally showed the necessary political will by passing two new bills: one supplementary bill which amended the founding law of 2001, and another which set out the framework for the financial and administrative autonomy of public hospitals. All the necessary regulations were also prepared and voted on by the Parliament: on issues such as contributions and co-payment rates, and the functional framework of general practitioners and specialists within the new system (see Theodorou, 2019).

This long-anticipated healthcare scheme will be an integrated National Health Service (NHS), financed by state revenues and contributions levied on wages, incomes and pensions. The basic goal of the new NHS is to bring together the public and private sectors into a single and competitive quasi market, under a single-payer system, where the two sectors will compete with each other for patients, based on quality and not price. This extensive reform leads to changes in financing, coverage, provider payments, administration, auditing and data collection. These various changes are expected to improve the quality, accessibility and efficiency of care, and enhance the financial protection of beneficiaries: fundamental elements which were largely missing in the old system. The new comprehensive system of universal coverage began on 1 June 2019, with the

first phase including ambulatory care services (GPs and specialists, laboratory, diagnostic services and pharmaceuticals).

The next important and final phase is the **integration of hospital care within the new system**, scheduled to commence on 1 June 2020. The initial unwillingness of the Pancyprian Association of Private Hospitals (PASIN) to join the new system (Theodorou, 2019), has eventually ceased, following agreement on a memorandum of understanding with the Ministry of Health (MoH) and the Health Insurance Organisation (HIO): this was subject to the condition that the government, through the HIO, will provide financial guarantees of compliance with the agreed budgets between the private hospitals (which account for about 50% of the hospital beds) and the HIO. As a result, PASIN has given its members the “green light” to begin separate negotiations with the HIO. Following this development, it is envisaged that most private hospitals will join the new system.

After eight months of running the new system, the first results are encouraging. The **problems** at the very beginning were not serious, and generally manageable. They were mainly related to the use of the new NHS information system by providers, and difficulties on the part of beneficiaries in registering. These problems have now been minimised, following corrective measures which included more than 40 software system changes/upgrades to better serve both providers and beneficiaries. Shortly after the implementation of the first phase, minor delays were observed in getting appointments with some GPs and specialists, and shortages for some pharmaceuticals. There have also been many cases of over-prescribing by NHS doctors for pharmaceuticals, laboratory and diagnostic services, as well as payment

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claims for services provided to beneficiaries, which were considered by the HIO to be unjustified. In these cases, the doctors were asked by the HIO to provide further justifications to support their decisions in order to gain approval for payment (HIO, 2020). All the above problems seem to be gradually being addressed and the new system appears to be progressively on a steady path.

The problems outlined above, along with the data on beneficiaries' enrolment, the contracted providers, the volume of services provided, and the financing of the new system that follows, give a first very rough picture of the functioning of the "new-born" NHS in Cyprus.

By the end of January 2020, 793,500 **beneficiaries** (about 92% of the total population/beneficiaries) had registered with the new system.

Regarding **health providers**, due to the initially negative attitude of private sector doctors, the system started operating with a small number of doctors (360 GPs, 98 paediatricians and 420 specialists from both the public and private sectors), but their number has since then increased significantly, exceeding 2,000 (about 80% of active doctors in Cyprus) at the end of January 2020. Also, almost all private sector pharmacies, diagnostic centres and laboratories have concluded contracts with the new system. The volume of **services provided** during the first eight months of the new system includes 1,606,393 **visits to GPs** and **paediatricians**, almost half of which (791,223) involved a prescription for pharmaceuticals, 585,899 **visits to specialists**, 432,485 **referrals for lab tests** and 138,449 **for diagnostic services** (HIO, 2020). Based on the volume of visits to GPs since implementation of the NHS, Cyprus is not far from the yearly average number of visits per capita to general practitioners in most public EU healthcare systems.

Concerning the **financing of the new system**, the fears expressed by some stakeholders about its economic sustainability do not appear to be justified. The financial

data for the first seven months (June-December 2019) did not show any deficit, but rather a surplus of about €80 million (Haravgi, 15.1.2020; Alithia, 15.1.2020; Politis, 10.2.2020). Finally, it is also worth noting that the 2020 NHS budget, approved by Parliament, is also in surplus.



## Outlook and commentary

Although the system did not start under the best conditions, mainly due to the negative attitude of the private doctors and hospitals, the first indications from its initial operation give cause for optimism. The vast majority of private doctors have finally joined the system, and all problems have been satisfactorily addressed. However, it is too early to say that everything is going well, as the system is not yet fully implemented. There are concerns about the second phase of the system, with the provision of hospital care and how competition will ultimately work. Most fears concern the role and viability of public hospitals within the new system, and how effectively they will modernise and change, in order to be able to compete by attracting patients and generating sufficient revenue. This may be the major challenge for the successful completion of the system and its financial sustainability. Finally, although there are no patient satisfaction surveys yet, the feeling is that the system has been embraced by all citizens, due to the significant advantages it has over the old system, namely universal coverage, easier access to doctors without the waiting lists of the old system and the relatively low co-payments.

In the midst of this major reform, the new system is suddenly faced with the unprecedented challenge of the **Covid-19 pandemic**. Cyprus was one of the last EU Member States to confirm the first two Covid-19 positive cases on 9 March 2020. However, by 23 March this climbed to a total of 116 cases, forcing the authorities to take much stricter measures than those taken initially.

Following the presidential speech on the evening of 23 March, a lockdown is in effect since 24 March at 18:00, forbidding movement except for specific pre-defined reasons and with the presentation of supporting documents.

The government has announced a €100 m programme to support the health system. The new system, through the family doctor, provides easy access to outpatient care services to all beneficiaries and this is a significant added value. Besides, the HIO and MoH can easily reach all the beneficiaries and disseminate information, instructions and advice. Unfortunately, many confirmed cases already include doctors and nurses, leading some hospital departments to temporarily shut down.

With the newly adopted system and universal coverage, Cyprus is now better prepared to handle the situation in terms of containment and crisis management. However, the extent to which it will be able to meet the needs of the pandemic will depend on the growth rate of new cases, the resilience and availability of health professionals, and the overall coordination and management of the crisis by the government.

### Further reading

Alithia newspaper, "Positive sign in the NHS fund", 15 January 2020, pp. 1 and 3 (in Greek).

Haravgi newspaper, "The system has not failed financially", 15 January 2020, p. 1.7 (in Greek).

HIO, Briefing to the Parliamentary Committee on Health about the General Healthcare System, 22 January 2020 (in Greek).

Politis newspaper, "GeSY expenditure is as planned" 10 February 2020, pp. 1 and 25 (in Greek).

Theodorou, M. (2019), *Is the healthcare reform process in uncharted waters?*, ESPN Flash Report 2019/16. European Social Policy Network (ESPN), European Commission, Brussels.

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