

Transitioning to a national health system in Cyprus: A stakeholder analysis of pharmaceutical policy reform

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Introduction

Currently, the country's health system consists of a public and a private sector. The government pays for public-sector health care while patients and private health insurers pay for private-sector health care (Figure 1).

Who is eligible for public-sector coverage? About 83% of the population:

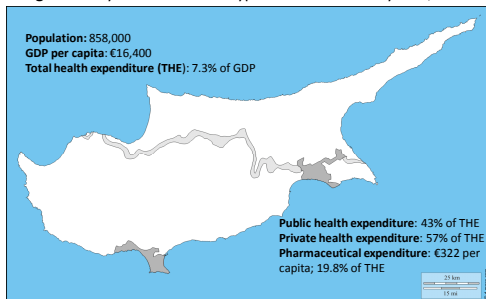
1. Individuals with annual incomes ≤€15,400
2. The chronically ill
3. Civil servants

In 2013, Cyprus agreed to a memorandum of understanding with international creditors which called for the introduction of a national health system by mid-2016. The system is now expected to be implemented in 2017.

Objective

1. To review the pharmaceutical sector in Cyprus in terms of the availability and affordability of medicines
2. To explore pharmaceutical policy options for the national health system finance reform expected to be introduced in 2017

Figure 1. Key statistics about Cyprus and its health system, 2013^a

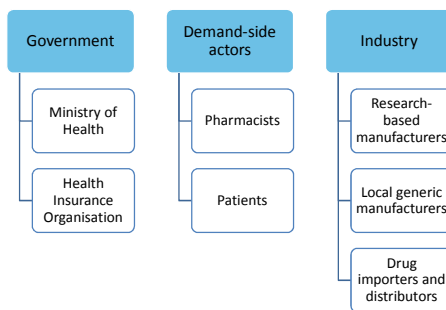


^a All data is from 2013, except pharmaceutical expenditure which is from 2010. Sources: European Commission (2014); World Bank (2014); Ministry of Finance of the Republic of Cyprus (2014); http://www.d-maps.com/carte.php?num_car=2160&lang=en

Methods

We conducted semi-structured interviews (Box 1) in April 2014 with senior representatives from seven key national organizations (Figure 2) involved in pharmaceutical care. The captured data were coded and analysed using the predetermined themes of pricing, reimbursement, prescribing, dispensing and cost sharing. We also examined secondary data provided by the Cypriot Ministry of Health; these data included the prices and volumes of prescription medicines in 2013.

Figure 2. Stakeholder groups represented by interviewees, Cyprus, 2014



Note: Interviews took place in April 2014 at the headquarters of the health ministry's Department of Pharmaceutical Services, Nicosia, Cyprus

Box 1. Semi-structured interview template

1. What are the strengths and weaknesses of the pharmaceutical policies in the public and private sectors?
2. Which policies should be changed before the introduction of the national health system reforms?
3. Which policies should be applied in the new system?
4. What are the key barriers to the successful implementation of the health-care reform?

Results

We identified several key issues, including high medicine prices, underuse of generic medicines and high out-of-pocket drug spending (Table 1).

Most stakeholders recommended that the national government:

1. Review and refine existing pricing policies, such as the external price referencing system
2. Introduce a national reimbursement system
3. Incentivize the prescribing and dispensing of generic medicines

We identified four key barriers to the successful introduction of a comprehensive drug-benefit plan:

1. Many of the policy options would need to be accompanied by legislative changes
2. Differences in opinion between stakeholders over which policies to apply
3. Disagreements over how to allocate responsibilities to governmental agencies
4. Difficulty of raising awareness about the benefits of greater generic drug use

Table 1. Drug expenditure in the public and private sectors, Cyprus, 2013

| Category | Expenditure (millions of €) ^a | |
|---------------------------------------|--|----------------|
| | Public sector | Private sector |
| Prescription drugs^b | 98.5 | 80.6 |
| Inpatient | 59.5 | 9.7 |
| Outpatient | 39.0 | 70.9 |
| On-patent originator brand | 7.7 | 8.4 |
| Off-patent originator brand | 10.8 | 46.6 |
| Generic | 19.3 | 11.4 |
| Vaccines and others | 1.2 | 4.5 |
| Over-the-counter drugs | 5.0 | 14.3 |
| Total drug expenditure | 103.5 | 94.9 |

^a Excluding value-added tax

^b Inpatient and outpatient drugs are sold in hospital and retail pharmacies, respectively

Source: Data provided by the Department of Pharmaceutical Services, Ministry of Health, Nicosia, Cyprus

Discussion

In many countries, the main objectives of pharmaceutical policies are to ensure equitable access to – and the good quality and rational use of – effective drugs.

Over the next few years, there is a need to update the legislative and institutional framework in Cyprus and to acquire data, through pilot studies and simulations, on how health care might operate under the new system.

The government should work to eliminate the four barriers and prepare for unforeseen problems that inevitably accompany large-scale changes to health systems.

Study limitations:

1. Personal bias
2. No representatives from the Cyprus Medical Association were available for an interview
3. Study only looked at reform in the pharmaceutical sector

The findings of this study are meant to inform the ongoing policy deliberations in Cyprus. They can also be used to inform discussions in other countries aiming to establish a comprehensive drug-benefit plan under universal health coverage.

Conclusions

In Cyprus, if the national health system is going to provide universal health coverage in a sustainable fashion, then the national government must address the current issues in the pharmaceutical sector. Importantly, the country will need to increase the market share of generic medicines to contain drug spending.

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References

This poster summarizes the findings of the following study:

Wouters OJ, Kanavos PG (2015). Transitioning to a national health system in Cyprus: a stakeholder analysis of pharmaceutical policy reform. *Bulletin of the World Health Organization*, 93(9):606-613.

Other referenced work include:

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