



# CYPRUS



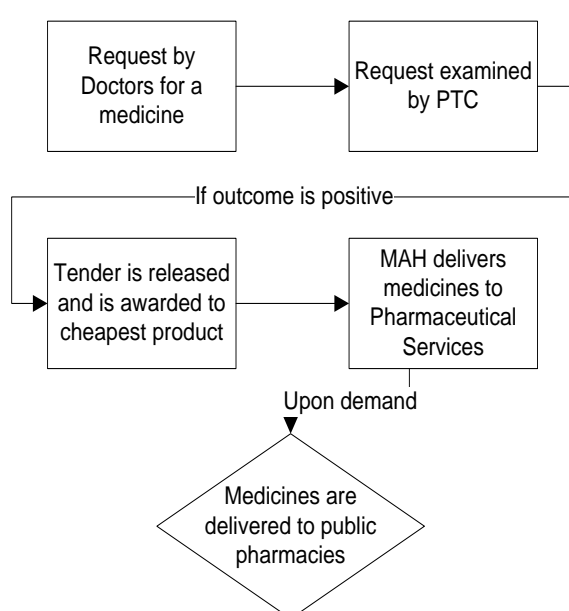
## HEALTH INSURANCE ORGANIZATION

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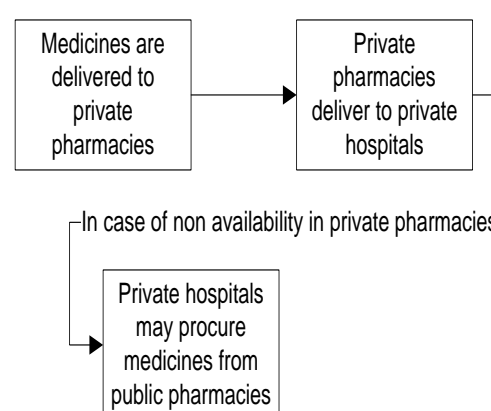
### Pharmaceutical provision in hospitals

- The majority of patients with chronic and severe diseases are eligible for free medical treatment by the state. Consequently, the majority of these treatments are provided in the public hospitals. Public hospitals are controlled centrally by MOH, while the vast majority of private hospitals belong to doctors-shareholders.
- All public hospitals have pharmacies. The pharmacists deal with supply, dispensing and monitoring of consumption. Medicines are procured centrally by MOH through tendering and are forwarded to public pharmacies upon demand. Private hospitals do not have pharmacies. Private hospitals procure their medicines from private pharmacies at the pharmacy wholesale price plus a reduced mark-up pharmacy profit.
- Hospital pharmacies are not involved in decision making, regarding the introduction of a new product to the formulary. However, they control prescription and may refuse to dispense an expensive product unless the patient did not respond to or tolerate a cheaper alternative. Moreover, they are the gatekeepers of certain protocols that are implemented in the public hospitals, regarding rational prescription of certain products.

*Cyprus – Flowchart of medicines delivery chain in **public** hospitals, 2009*



*Cyprus – Flowchart of medicines delivery chain in **private** hospitals, 2009*



### Purchasing of medicines in the hospital sector

- MOH procures medicines centrally through tenders for public hospitals at considerably lower prices (range of 15-80%), due to the fact that the volume requested by MOH, is guaranteed ( $\pm 30\%$ ). Private hospitals get their medicines through private pharmacies.
- Private hospitals get their medicines at the Pharmacy Wholesale Price (statutory pricing) plus a 15% mark up pharmacy profit (instead of 37% that would lead to the Pharmacy Retail Price). In case of non availability, private hospitals may procure the medicines through public pharmacies at the tender price, plus 20% administrative costs. There is no V.A.T on medicines.
- Tender prices are published by the Pharmaceutical Services and sales above 133000 euro are made public to TED Europe as well. The official price list of MOH with Pharmacy Wholesale and Retail Prices is published as well.
- In public hospitals, the Drugs Committee (PTC) decides centrally upon the inclusion or not of a medicine in the formulary, after the request of a doctor for the specific medicine. In private hospitals, doctors decide for the medicines they will use.

### Financing of medicines in the hospital sector

- Private hospitals payments are completely out-of-pocket by the patient.
- Regarding public hospitals, financing is done through the block funding of MOH. Medicines are provided free of charge to beneficiaries. In 2007, 668,825 people were entitled to free medical coverage by public hospitals. This corresponds to 85% of the total population. In total, there are 5 categories of beneficiaries.
- A few of the patients' categories are subject to 50 % co-payment.
- There is only one hospital formulary in Cyprus in public hospitals, although some specialised medicines are available only in certain hospitals. In Cyprus, negative lists do not exist.

### Evaluation and Interface management

- There is no monitoring in private hospitals.
- In public hospitals, pharmaceutical expenditure and consumption is monitored centrally and it is done by the clinical pharmacy department of the Pharmaceutical Services. The clinical pharmacy department deals with excess in the expenditure through implementation of guidelines. The Pharmaceutical Services publish and disseminate guidelines for certain therapeutic areas to all public doctors. If doctors do not follow the guidelines the public pharmacist may not dispense the prescribed product.
- There is a definite need for interface management, which is currently in progress. This need will be satisfied through the implementation of the National Health Insurance System.