

# Memorandum of Understanding on Specific Economic Policy Conditionality Feb 2014

## **Health care reform**

3.2. To strengthen the sustainability of the funding structure and the efficiency of public healthcare provision, the following measures will be adopted:

a) preserve and implement all fiscal measures relating to compulsory health-care contribution for public servants and public servant pensioners to be reviewed **by Q2-2014** with the programme partners and all co-payments for using public health care services;

b) restructure public hospitals according to the action plan as approved by the Council of Ministers at end-June 2013 and aiming at full implementation **by Q2-2015**;

c) taking into account the economic conditions, the implementation of the necessary complimentary reforms, the results of the updated actuarial study and after consultation with the programme partners, implement a National Health System (NHS), to be fully in place **by mid-2016**. The NHS will ensure its financial sustainability while providing universal coverage. By **mid-2015**, a first stage of NHS, e.g. primary care, will be put into place. This first stage will be defined and adopted with the full roadmap to NHS **by April 2014**, which will also clarify the role of Ministry of Health and the HIO. The amending bill to NHS will be submitted to the House of Representatives **by Q2-2014**. The policies of the Ministry of Health on pricing and reimbursement of medical goods and services, including those related to pharmaceutical expenditure, will be revised in agreement with programme partners to contain projected spending levels under NHS.

d) secure adoption by the Council of Ministers of a binding set of contingency measures (e.g. revision of the basket of publicly reimbursable medical services and products, cuts in tariffs for medical products and providers of medical services, limits to the volume of reimbursable products and services) **by Q4-2014**, in order to ensure that the agreed budget limits of public health expenditure are not exceeded;

e) complete the design of the IT-infrastructure necessary for implementing the NHS, explore all options for improving the IT-infrastructure via the most cost-effective web-based applications as an alternative to the currently-defined IT tender **by Q1-2014**;

f) review income thresholds for free public health care in comparison to the eligibility criteria for social assistance, while ensuring that co-payments to public health care are set so as to protect individuals/households effectively from catastrophic health expenditures **by Q2-2014**;

g) continue to publish clinical and prescription guidelines and to audit their implementation; continue to establish the system for health-technology assessment.

Periodic reviews of the basket of publicly-reimbursable medical services will be conducted, based on objective, verifiable, criteria, including cost-effectiveness criteria (health technology assessment will contribute when feasible); prepare quarterly reports on the results of the respective work streams;

Furthermore, the Cypriot authorities will consider establishing a system of family doctors acting as gate-keepers for access to further levels of care.