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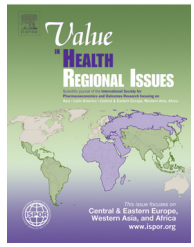

A Framework for Applying Health Technology Assessment in Cyprus: Thoughts, Success Stories, and Recommendations

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ABSTRACT

Objectives: Health care decision making, assessment, and procurement of medicines is a complex, human resource–demanding, and time-consuming process. A thorough evaluation of all factors involved is necessary to optimize the process. The objective of this study was to describe and analyze the current stage of health technology assessment (HTA) in Cyprus. **Methods:** Literature research and private communication with all involved parties and competent authority. Moreover, data, decisions, and recommendations of the Drug's Committee were used. **Results:** Cyprus is a latecomer in this field. HTA has entered a growing phase after the 2007 reform. It has not reached its full potential, and the current state is applicable only to the public sector, because of the nonexistence of a national health system. Therefore, this poses both a great challenge and a great barrier considering maximization of the value of money spent and health access equity. **Conclusions:** There is definitely enough space and clear necessity for further dissemination, and early successes indicate that steps should be taken toward the introduction of an HTA procedure that will cover both private and public sectors. The introduction of a national health system will further enhance the uptake of HTA, optimize the process, and use the common knowledge strategy for evidence-based decision making.

Keywords: Drug's Committee, evaluation, HTA, pharmaceuticals, private sector, public sector.

Health Care Sector in Cyprus

Currently in Cyprus, two fragmented systems run in a parallel, overlapping, and competitive manner with clear disparities among them: public sector and private sector. This situation is caused by the absence of a national health system. The Ministry of Health (MOH) is the provider, regulator, and payer of public sector beneficiaries. Public health care is highly centralized, and the policymaking process takes place at the macro (ministerial) level. There are five major categories of beneficiaries [1] according to income and employment status. It is essential to underline that 85% of the total population is entitled to free public medical care, without any direct or indirect contribution. As a result, moral hazard [2] has been prominent and was expressed by overuse and misuse of medicines in the pharmaceutical sector. In contrast, private sector's patients pay the full amount out of pocket, unless they are covered by an optional private insurance.

Health care costs in Cyprus account for 6% of gross domestic product [3], which pushes Cyprus to the European low segment. The rate of increase in costs in the health care sector outpaces almost all other European Union (EU) countries [4] primarily because of the following reasons [5]:

1. An aging population that has an increasing life expectancy, with concurrent increased morbidity.
2. Lack of prescribing control due to the nonexistence of an interface management system. The system was launched in 2010, but it is still not fully operational.
3. No direct contribution of beneficiaries—Exploitation of moral hazard.
4. Policy susceptible to colloquial evidence especially regarding new expensive products.
5. Pharmaceuticals in the private sector are regulated only at the price level.
6. There is a duplication of high-cost hospital services in Cyprus, which have high running cost but are not fully utilized.
7. The above remark is augmented by the low value of the public sector perceived by beneficiaries. This was an undisputable finding of a recent study [6] that examined the value for money regarding beneficiaries of the public sector. Under the hypothesis that all health care systems want to gain more health for the same amount of money, the perceived value of the health system was assessed. The most important finding is presented in Fig. 1.
8. Preventive programs are underfunded. Preventive programs apply usually to beneficiaries, while the financial burden of many diseases is entirely shifted to the MOH.
9. There are no quality indicators. As a result, the MOH cannot assess any health policy, and consequently arbitrary decisions are taken regarding abortion or carryover of them.

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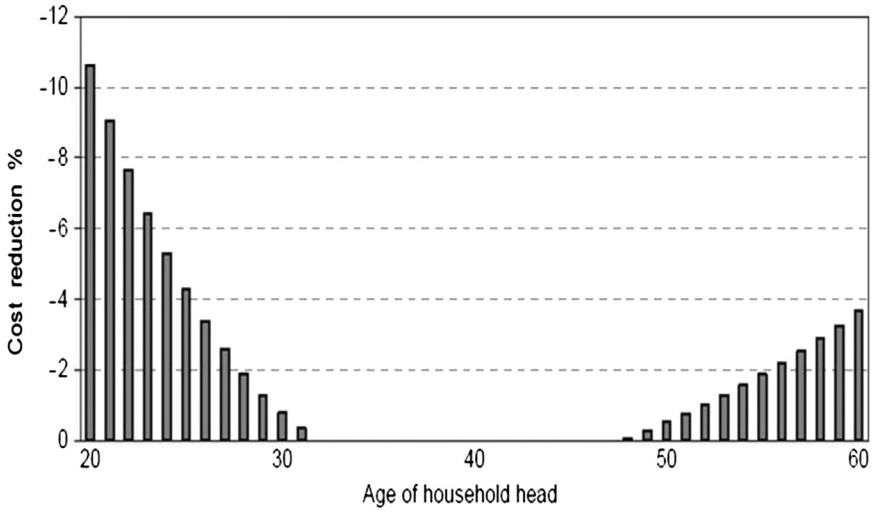

Fig. 1 – Estimated savings from free public health care by age per household member (as percentage of household income). For beneficiaries to free public health care of the age group 30 to 50 years, "no perceptible benefit is realized from access to free of charge public medical care." This partly explains the fact that although 85% of the total population is a beneficiary of free medical care, Cyprus has one of the highest out-of-pocket contributions in the European Union, along with the higher prices of the private sector.

The pharmaceutical market has some unique and inherent traits that make it quite hard to interpret and definitely tell it apart from other products with regard to their market analysis. The pharmaceutical market posseses an unrivalled demand and supply feature. There is a three-tier demand structure in which the recipient (patients) of the products consumes but has little, if any at all, involvement in the decision-making process. Moreover, the prescriber of the product is perceived as the customer, but does not consume the product. Another feature is that the cost does not represent the production cost. This is quite illustrative in generic products that have, in certain cases such as in Italy, half of the original product's price, and they are still profitable. The price of the product is set to offset the research and development expenses and in certain cases, such as in France, is set at a premium to reward innovation.

Governments worldwide and health agencies have applied specific and strict legislation to the pharmaceutical market to ensure that

1. Life-saving products are available; health systems should not be exploited by industry.
2. Good manufacturing processes are safeguarded along the way.
3. The unique demand and supply does not hinder the control role of health agencies regarding product availability [7].

HTA in Cyprus

Many authors have described HTA in a detailed manner [8]. In Cyprus, HTA appeared as a term of reference of the Drug's Committee in early 2000 as a tool to address uncontrolled increase in expenditure through rationalization of the decision-making process [9]. Terms of reference were updated and enriched in 2007, allowing further flexibility and introduction of more complex and legally demanding schemes. HTA is performed through the Drug's Committee, which falls under the MOH (Pharmaceutical Services). We must highlight the participation of Health Insurance Organization in the Stakeholder Forum and the participation of Pharmaceuticals Services at the Joint Action 2 of European Network of Health Technology Assessment .

The successful use of tendering, however, led to significantly low prices for the public sector, which distorted the need for a sustaining and rational decision-making process (Fig. 2).

Goals of HTA in Cyprus

According to the terms of reference, HTA should reach the following goals [9,10]:

1. Constantly upgrade, change, and improve clinical guidelines. Currently, guidelines exist in the majority of therapeutic areas.
2. Define performance indicators and assess effectiveness of medicines.
3. Limit the use of newly launched technologies to therapeutic areas for which there is sufficient documentation of efficacy and safety.
4. Reevaluate high expenditure monopoly medicines that contribute disproportionately to the overall cost.
5. Categorize evidence deficit in areas in which certain technologies are destined and ways to fill this.
6. Disinvestment.

Criteria for Inclusion of a Medicine in the Formulary

The Drug's Committee decides on the reimbursement (or not) of a product. It assesses drug request on the basis of five main pillars:

1. Prevalence and epidemiology of the disease (prioritization of resource allocation).
2. Comparative effectiveness according to common practice.
3. Economic evaluation, primarily budget impact analysis and to a lesser degree substantial cost-effectiveness studies (no inclusion of indirect data).