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**ΓΕΣΥ**

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## **Cyprus General Health System (ΓεΣΥ GHS)**

**NICOSIA 2<sup>nd</sup> May 2019**

### Overview

During 2019 Cyprus launches its new General Health System (ΓεΣΥ GHS).

The new system brings together Public as well as Private Healthcare and allows Patients to choose their healthcare provider from those registered with the Health Insurance Organization (“HIO”).

# Who is entitled to use the GHS

The following classes of people are entitled to participate in GHS:

1. Cyprus Citizens
2. European Citizens who are employed or selfemployed in Cyprus or who retain such status or have acquired the right of permanent residence in Cyprus
3. Third-Country Citizens who have legally acquired their right of permanent residence in the areas controlled by the Government of the Republic of Cyprus
4. Third-country citizens who have acquired a legitimate right for equal treatment in the area of social security
5. a recognized refugee or person with a supplementary protection status
6. members of the families of the persons specified in paragraphs 1,2 and 4 above
7. members of the families of the persons defined in paragraph 3 above and who have legally acquired the right of permanent residence in the areas controlled by the Republic of Cyprus
8. any citizen of Cyprus who has his habitual residence in the territory of the Sovereign British Sovereign base areas in Cyprus and any member of their family

'Member of the family' means a spouse, children under the age of 21 as well as children over the age of 21 who are dependent on that person.

# Health Services provided and Implementation dates

Lifelong healthcare services are provided to all entitled members, and they include on-going treatments as well as treatment of rare conditions. Treatments not available in Cyprus can be provided to entitled members by Certain overseas medical centers. Entitled members can also receive health treatment from other EU medical centers participating in their country's health system.

## **June 2019 - Phase One: Outpatient Healthcare**

- General Practitioners for adults and children
- Specialists
- Medicines
- Laboratory tests

## **June 2020 - Phase Two: Inpatient Healthcare**

- In patient healthcare
- Accident Emergency Medical Services including ambulance
- Nursing staff, midwives and other health professionals
- Preventative dental care
- Medical rehabilitation

## How to join GHS; How does it work?

Entitled persons need to register with their preferred Personal Doctor

Registration to GHS and to the Personal Doctor will be performed either electronically or by visiting the Personal Doctor.

Beneficiaries have to use their personal Personal Doctor as the first point of contact; should further medical services be required will then have the right to choose a specialist, a pharmacy, a chemical laboratory or any other provider whether private or public from the network of participating members.

## Supplementary payments

The beneficiaries need to pay nominal charges when receiving the services of a specialist, the laboratory, the pharmacy, nursing staff, midwives and other professional services as follows:

### Co Payment

<b>Healthcare Services</b> (No co-payment is paid in cases where the healthcare services are provided within the context of inpatient healthcare)	<b>Amount of Co-Payment</b> <b>€ (euros)</b>
Per lab test or group of lab tests (max total charge €10), Per pharmaceutical product, Per medical device or medical supplies	1
Per visit to a nurse or midwife	6
Per healthcare service performed by a specialist doctor in radiology/diagnostic radiology, Per visit to allied health professionals, Per visit to a hospital to receive healthcare services in cases of accidents and emergencies	10

These charges are subject to an annual ceiling of €150 for members of the General Public and €75 for pensioners and children

# Personal Contribution

In case a Beneficiary visits directly an Outpatient Specialist, without a referral from their Personal Doctor, a Personal Contribution will be paid as set out below:

Healthcare Services	Personal Contribution Amount € (euros)
Outpatient visit without referral from Personal Doctor	25
A female beneficiary who has attained the age of 15 and visits an Outpatient Specialist in Gynaecology/Obstetrics,	No charge

In cases where **Personal Contribution** is paid, no **Co-payment** will be paid for the same visit. **Personal Contribution** is paid directly by the beneficiary to the healthcare providers and constitutes part of the healthcare providers' fee.

In cases where beneficiaries choose a more expensive pharmaceutical product than the one covered by the GHS they will pay an additional **Personal Contribution** which is equal to the difference between the price of the pharmaceutical product covered by the GHS and the price of the pharmaceutical product that the beneficiary chose.

# How is the GHS funded?

The GHS is a national healthcare system, financed through the Government as well as through compulsory contributions of the following:

- employees
- employers
- self-employed persons
- pensioners
- persons earning other types of income

## How much do we need to contribute?

Category	Applicable on	As of 1 March 2019	As of 1 March 2020
(a) Employees	Own emoluments	1.70%	2.65%
(b) Employers	Own income	1.85%	2.90%
(c) Self-employed	Pension	2.55%	4.00%
(d) Pensioners		1.70%	2.65%
(e) Persons holding office	Officers' Remuneration	1.70%	2.65%
(f) Republic of Cyprus or physical/legal person responsible for the remuneration of officers / persons holding an office	Officers' Remuneration	1.85%	2.90%
(g) Persons earning rental, interest, dividend and other income which is not mentioned above	Rental, Interest, Dividend Income etc	1.70%	2.65%

#### Government Contribution

- 1.65% as from 1 March 2019
- 4.70% as from 1 March 2020

on the contributions specified on the categories (a), (c), (d) and (e) above.

## Employee contributions

Employee as referred to in the above connection is as defined by the Social Insurance Law, and would include the following:

1. employment in Cyprus of a person on the basis of a contract of employment or apprenticeship, or under such circumstances, where it can be concluded that there is an employer and employee relationship, including employment with the Office of the Republic
2. employment of a person by contract or under the circumstances referred to in paragraph 1 above, where that person has his habitual residence in Cyprus and serves as captain or crew member of a vessel under the flag of the Republic or as governor or crew member of an aircraft, the owner or manager of which has its principal place of business in Cyprus
3. employment of a person in any prison of the Republic serving a sentence of imprisonment
4. training of a person in Cyprus on the basis of a vocational training program

5. employment of a person under any circumstances in a private company, in which he is a shareholder

6. exercise of the clergy function

7. employment of a citizen of Cyprus in diplomatic missions of Cyprus abroad, with the status of local staff, provided that he is not insured under the legislation of the receiving State

**The following are considered as exempt employments:**

1. employment of any member of the naval, military and air forces of the Government of a country other than Cyprus

2. employment in the public or diplomatic service of the Government of a country other than Cyprus when the person employed is hired outside Cyprus

3. employment in the service of the spouse of the person employed

4. employment of a person who has not his permanent residency in Cyprus or in another Member State, to an employer's service who has neither his habitual residence or registered office in Cyprus nor the place of business in Cyprus

5. agricultural employment in the service of the father or mother

# Payments

1. Employees' contributions to GHS will be deducted by the employer from the total earnings of the employees (as defined in the Social Insurance Law) and, together with the employer's contributions, will be paid to the Social Insurance Fund, as in the case of the respective contributions to the Social Insurance Fund. The maximum annual insurable earnings for employees applicable for the purposes of Social Insurance Fund contributions do not apply in the case of GHS.
2. Self-employed persons' contributions to GHS on the sums for insurable earnings provided for contributions to the Social Insurance Fund are paid to the Social Insurance Fund, whereas contributions on income of self-employed persons beyond these sums are paid to the Tax Commissioner.
3. GHS contributions on pensions are deducted by the person paying the pensions and paid to the Tax Commissioner, except for the pensions paid to the pensioners by the Social Insurance Fund, which are deducted from the pension and are paid to GHS. The contributions on pensions received from abroad are paid to the Tax Commissioner by the pensioner himself.
4. GHS contributions on officers' remuneration are deducted by the Republic or the person paying the remuneration and are paid to the Tax Commissioner.
5. GHS contributions on dividends or interest received by an individual from sources within Cyprus are deducted by the payer (as in the case of the special defence contribution on the relevant income) and paid to the Tax Commissioner.

6. GHS contributions on rents received by an individual from sources within Cyprus are deducted by the payer, provided that the payer is a company, partnership, the Republic of Cyprus or a local authority (as in the case of special defence contribution) and paid to the Tax Commissioner.

7. GHS contributions on rents received by an individual from sources within Cyprus by another individual and for which no deduction is made under paragraph 6 above are paid to the Tax Commissioner by the individual who receives the rents.

8. GHS contributions on income from abroad or on any other income not mentioned above, are paid by the individual who receives them to the Tax Commissioner.

9. It is noted that the total amount of the annual income of an individual on which contributions are paid to GHS is limited to 180.000 euro.

10. It is expected that more practical guidance will be provided with regards to deduction and payment of the above contributions to GHS.

## Our Comments

This is definitely a very welcome long-awaited transformation of the Cyprus Public Healthcare system.

It is one of the largest projects undertaken in recent times in Cyprus and we are all waiting to see how it develops and how it will run. Implementation of this size of projects are inevitably difficult.

We set below certain aspects of the scheme that will certainly have an impact to the people domiciled in Cyprus;

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- The cost of compulsory contributions is high and it will have an impact on everybody, whether an employer, an employee or a pensioner. Any income earned in Cyprus is taxed for the purposes of the GHS.
- Once a Medical specialist joins the GHS he cannot carry private practice in parallel. For this reason, a number of well-known specialists will apparently not join the GHS
- If you are a user of certain medication you will not necessarily be able to continue using the same brand of medication for free as only certain brands of medicines are offered under the GHS
- Should you wish to receive private treatment abroad, which is a common benefit in private healthcare, this will not be the case under GHS unless the treatment is not available locally. Cases sent overseas for treatment will need to pass from a medical committee for approval.
- Your point of first contact will from now on be your Personal Doctor; you cannot just go to the specialist.
- Should you visit a specialist without referral from your Personal Doctor you will need to pay

- A number of our large international clients have already advised that for the time being they do not wish to cancel or change in any way their private healthcare
- As the GHS is new to Cyprus, we would advise at this stage our customers to wait and see how it develops as many aspects of the services provided will only be tested after the system comes into full operation (June 2020); not to mention that at phase one (June 2019) only outpatient services will be offered.
- We also wait to see how providers of Private Healthcare will react to the reform, as we expect to see new, add-on healthcare insurance products to enter the market.

**Disclaimer:** Above information was collected from various sources including the official web site of the General Health System and are to be used only as a general guideline to the GHS.

Information is correct at the time this document was produced. As the system is still not fully implemented, we urge the reader to follow up the GHS website for further updates.