

Private Health Insurance A Strategic Pillar in an Evolving Healthcare System

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From Implementation to Resilience

The Next Phase of ΓεΣΥ



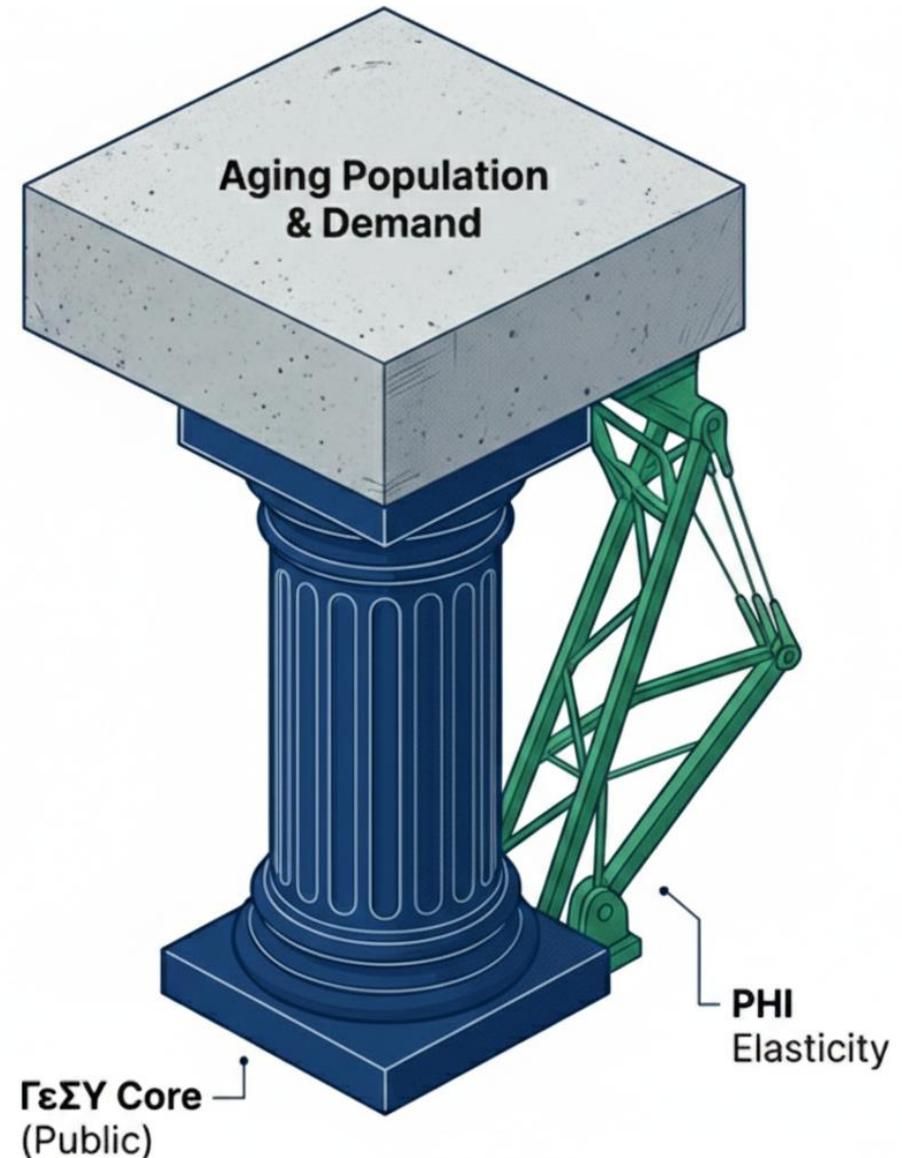
ΓεΣΥ is a historic success: Universal coverage achieved, unmet medical needs declining, financial protection established.



The new constraint: Mature systems naturally migrate from access challenges to capacity bottlenecks.



The Resilience Pillar: Private Health Insurance is not a replacement or a parallel exit; it is the resilience pillar required to protect the core healthcare system, under increasing structural pressures.



Why The System Is Evolving

The Structural Gap



Demand is compounding:

Aging demographics, chronic disease complexity and higher health literacy outpacing GDP growth.



Supply is inelastic:

Fixed number of specialists and linear growth in facilities and diagnostic hardware.

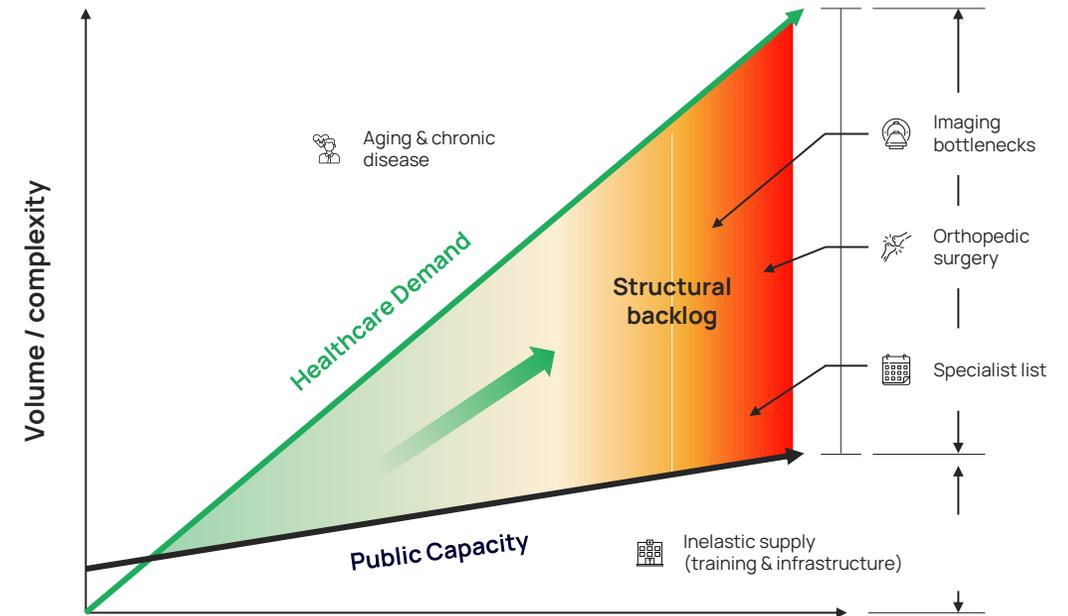


The Bottleneck:

Concentrating pressure on specialist waiting times, specialist imaging and surgical slots.



Cyprus faces bottlenecks in physical capacity, not just funding



System Mechanics

The Physics of Universal Access



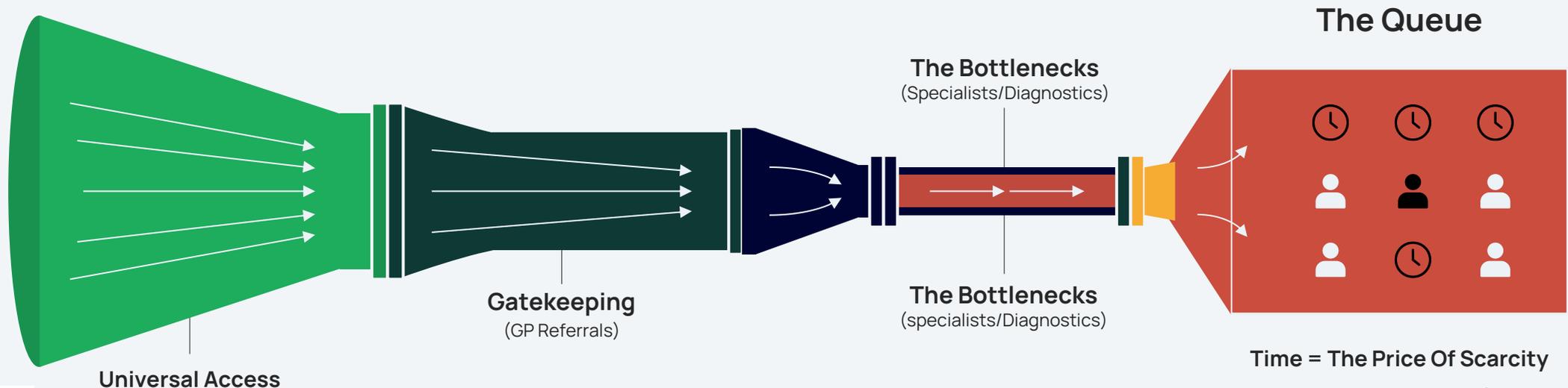
The Equation: Universal entitlement + Finite physical capacity leads to Queues (Equilibrium state).



Gatekeeping: Protocols and referrals act as necessary rationing tools but create inevitable friction and delays.



Economic Reality:
Scarcity is priced in time



Redefining The Role

Private Health Insurance as System Architecture

- » **Pillar vs. Alternative Payer:** Moving beyond claims reimbursement to structural support.
- » **Governability under scarcity:** A mechanism to manage excess demand without compromising equity.

The Three-Pillar PHI Support Model



Demand Architecture

Absorbing Preference



Readiness Engine

Funding Capacity



Legitimacy

Protecting Equity

Demand Architecture

Filtering Preference From Entitlements

Not all demand is equal; A unified system must decide where different types of demand are handled.



Need-based demand



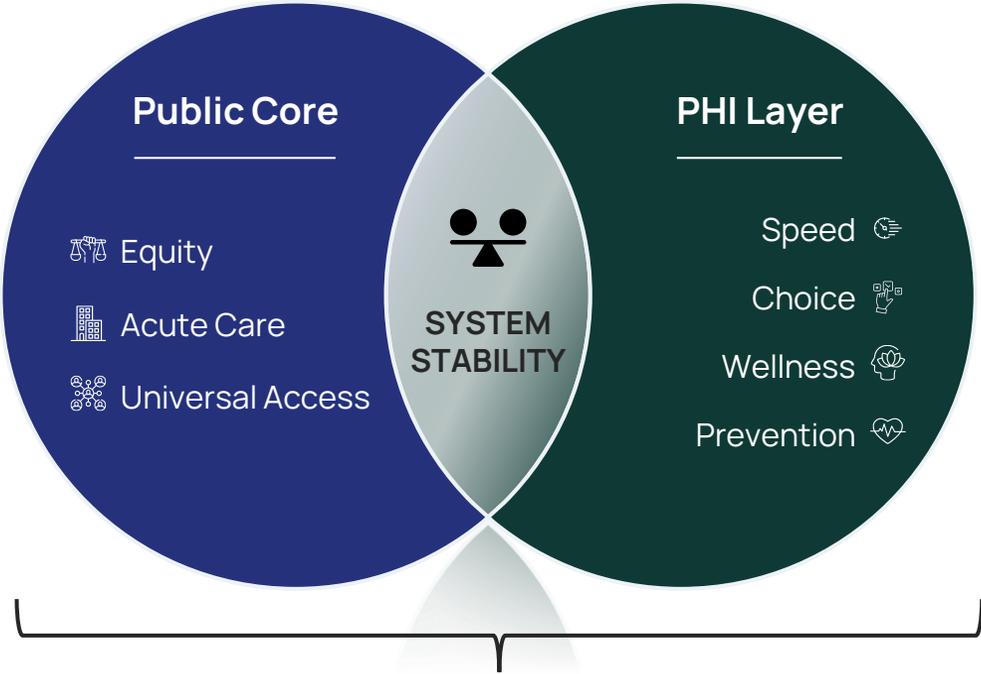
Preference-based demand



Absorb Demand
Absorbs non-urgent/elective demand to protect acute public access and resources.

Elasticity Engine
Funds prevention, wellness and service differentiation.

Formalize the bypass
Replace informal "connections" with transparent, regulated, supplementary pathways.



One Ecosystem, Distinct Roles

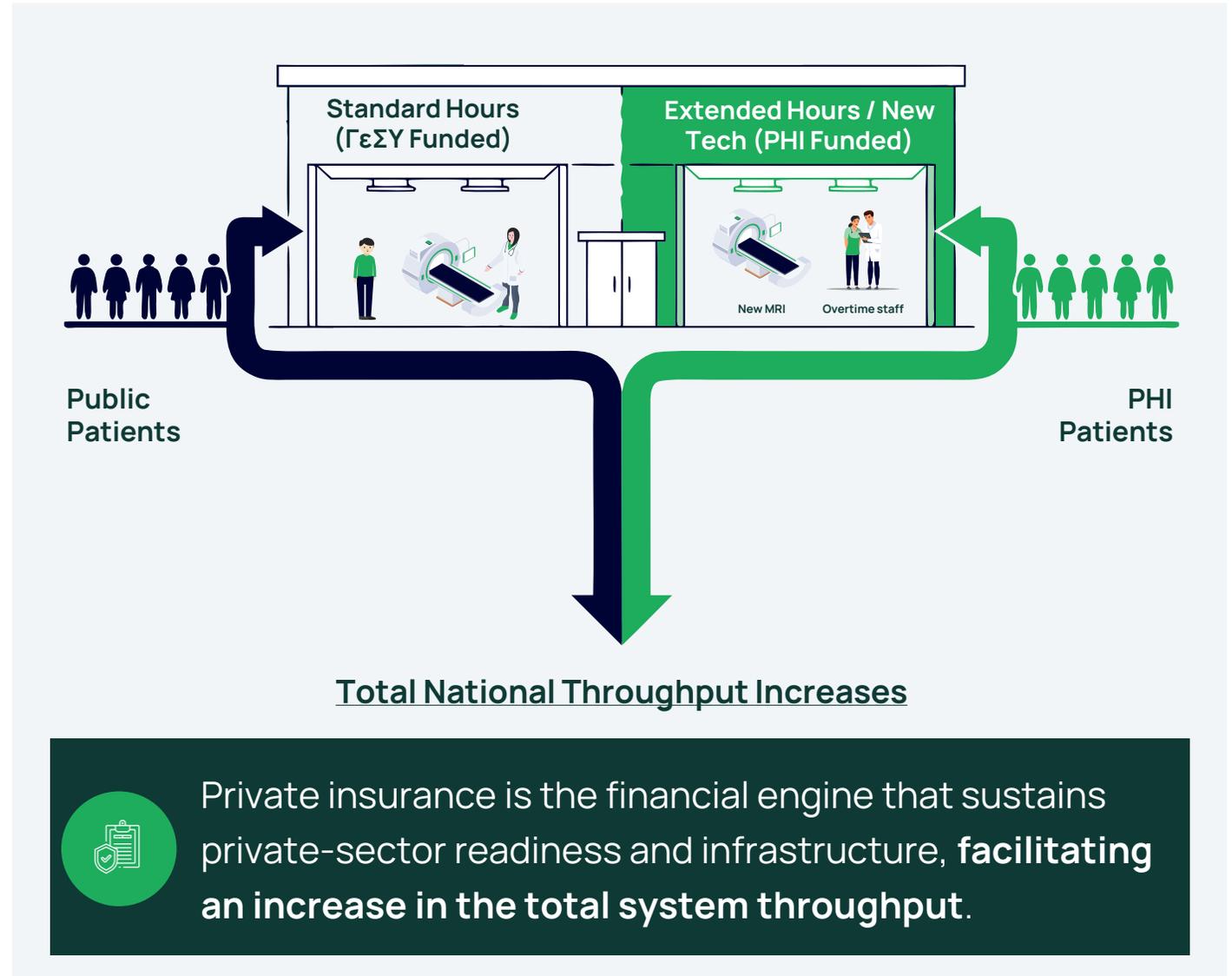
Readiness Engine

Boosting Overall System Throughput

- » Readiness costs money – extending staffing shifts and new equipment costs money.
- » Private Health Insurance must fund new capacity, not cannibalize existing one.

Strategic Goal:

- » Volume from Private Health Insurance incentivizes providers to expand capacity, promote technology, innovation and overall competitiveness for the **ultimate benefit of patients.**



Legitimacy & Elasticity

How PHI stabilizes Elastic Capacity



System elasticity currently relies on fragile mechanisms – goodwill, overtime and ad-hoc backlog clearing – rather than structural design.



Private insurance acts as the financial engine that converts demand surges into sustained, repeatable operational readiness.



Without the diverse revenue stream from PHI, the private sector's ability to absorb excess demand is significantly hindered, forcing all volume back into a rigid and fragile core.

The Resilience Bridge



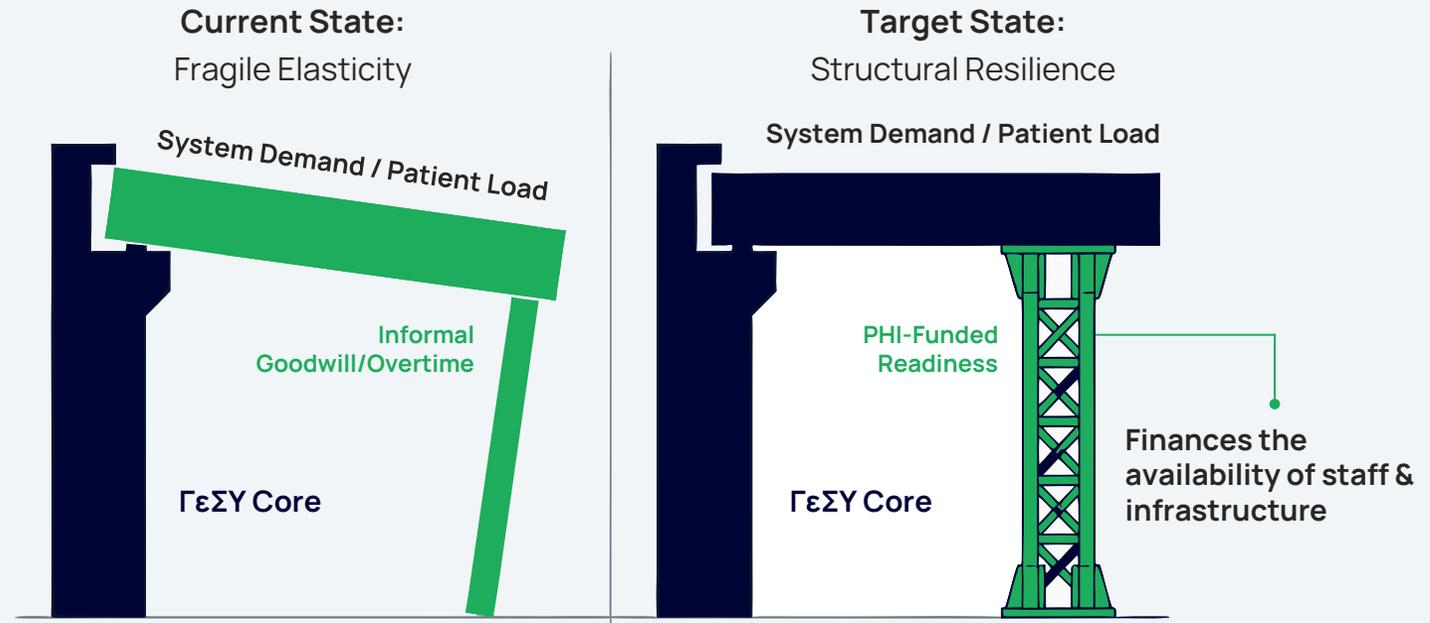
A system is legitimate when:

- > Delays are visible and explained
- > Responses are predictable
- > Rules are clear
- > People believe scarcity is managed fairly



PHI supports legitimacy when:

- > it absorbs preference pressure
- > it stabilizes readiness
- > it enables visible system responses



What The System Cannot Overlook

About Private Health Insurance



IGNORED

If ignored: The state is forced to fully subsidize private sector readiness to ensure supply, turning a self-funding capacity asset into a permanent fiscal liability



UNDER-UTILISED

If under-utilised: Solvable demand remains trapped inside the single-payer system, needlessly consuming resources and lengthening queues for the vulnerable patients who have no other option



MISUSED

If misused: Allowing insurance to function as a loophole, rather than a stabilizer, creates a de-facto two-tier structure that will ultimately dilute the political legitimacy of ΓεΣΥ