

Health

SECURING ADEQUATE RESOURCES FOR ISRAEL'S HEALTH SYSTEM

- ▶ Israel has built a good healthcare system, combining universal coverage with a degree of competition and choice. However, some risks remain, at least in the medium term.
- ▶ Relatively low public spending for health (as a share of total health spending) may compromise the responsiveness and quality of the Israeli health system.
- ▶ Health funds and providers are often in deficit, suggesting that they might be underfunded.
- ▶ Current and foreseen shortages in healthcare resources mean further investment is required to secure and improve the health system's responsiveness to population needs.

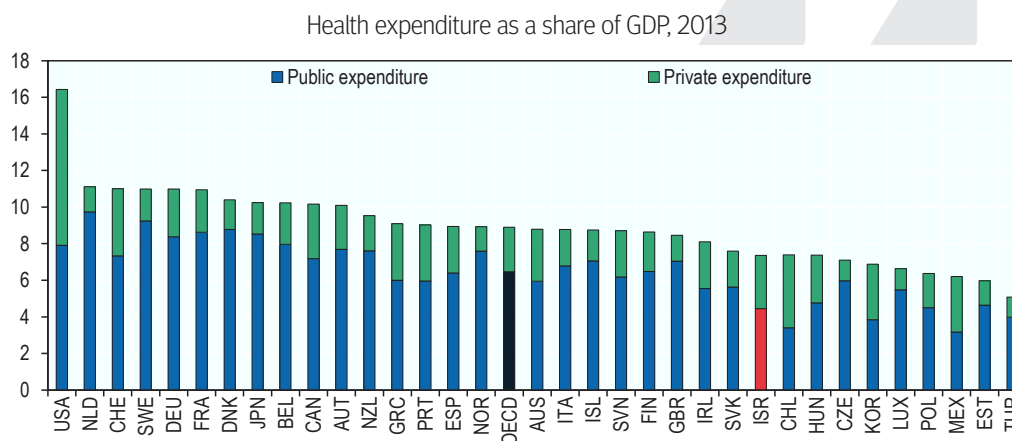
What's the issue?

Overall, the Israeli population enjoys good health outcomes. In 2013, life expectancy at birth was 82.1 years, above the OECD average of 80.5 years. Israel has built an effective universal health system centered on four competing health funds which provide a publicly funded basket of services at reasonable cost while also financing the private healthcare market. Israel's primary care services focus on preventive care and patient follow-ups based on extensive quality monitoring indicators, providing an exemplary model to other countries. However, the Israeli health system is under pressure from growing demand and tight public financing for health. Moreover, complex inequalities between different socio-economic groups with respect to health care provision remain an issue.

Health spending in Israel was 7.5% of GDP in 2013, below the OECD average of 8.9%. The share of public spending over total health with spending in Israel lags even further behind (60% in 2013, compared an OECD average of 73%). In fact, 2013 marked the smallest nominal annual increase in government spending on health in Israel since 2007. By contrast, out-of-pocket spending (the most regressive way to fund health care) grew by 10% between 2012 and 2013.

Recurrent deficits of the four health insurance funds and providers suggest that the public system may be underfunded. Even though the government has, since 2014, tightened the control of hospital financing and increased the funds' financial budgetary resources to prevent deficits, deficits in the funds and providers are likely to persist in the future due to rising costs.

Israel has relatively low public spending for health



Note: Data refer to 2012 for Australia, Ireland, Luxembourg and Spain. For Canada, Greece, Israel, New Zealand and Portugal the data are preliminary estimates. Capital expenditure is excluded.
 Source: OECD (2015), OECD Health Statistics.

Pressure on human resources is also foreseeable for the future. While the density of physicians is comparable to other countries, the density of nurses is only about half the OECD average. At the same time, many physicians are close to retirement (particularly in primary care) and there is an increasing specialisation of the health workforce. A significant expansion of medical schools and nurse training is underway. However, the recruitment and retention of public doctors in the public sector is complicated by the differences in pay between the private and public systems. Regions, notably the northern and southern areas of primarily Arab-Israeli populations, have serious shortages in personnel, equipment and beds. There is little integration of foreign trained doctors and nurses. Besides efforts to increase capacity, Israel should reconsider how health service delivery is organised to promote a more equitable and efficient use of resources.

While Israel has made notable efforts over the past decade to develop a sophisticated primary care system, the hospital sector is overcrowded. Compared to the OECD average, Israel has very few hospital beds (3.1 beds per 1000 inhabitants versus 4.8). This results in a high hospital bed occupancy rate of 94%, far higher than the OECD average of 77%, potentially compromising health care quality. Although the government recently increased the number of hospital beds by around 7% and made efforts to introduce indicators to monitor and measure quality and effectiveness of care of hospital services, more action is needed to ease these pressing issues.

Why is this important for Israel?

The Israeli health system sets high standards for care and aims to be responsive to patients' demands. However, overcrowded hospitals and the imminent retirement of many physicians pose problems and tensions between public and private health care and can challenge the universal character of the system.

While Israel is a relatively young country compared to the other OECD countries, population ageing and the rising demand for healthcare services still mean that increases in health care resources will be needed. Moreover, the increasing burden of chronic disease will require more co-ordination between health care professionals.

Tackling health inequalities between regions and between population groups with different socio-economic status is important for inclusive societies. Inequalities in health status are linked to many factors, including differences in exposure to risk factors, and differences in accessing health care. Addressing inequalities and their complex determinants is an opportunity for the country to further reduce the variations in health care quality and outcomes.

What should policy makers do?

- ▶ Further increase health spending and investment, especially within the hospital sector.
- ▶ Enhance co-ordination of care for patients across health care services to further improve integrated care and better health outcomes.
- ▶ Apply incentive-based initiatives to reduce waiting times and workloads in hospitals.
- ▶ Improve the availability of healthcare services in the north and south regions.
- ▶ Improve the recruitment and retention of staff, especially for physicians in primary care, and explore shifting tasks between professionals.
- ▶ Facilitate the integration of foreign-trained professionals in the health workforce.
- ▶ Encourage the health funds to develop programmes for health promotion and to coordinate with government-run initiatives.
- ▶ Systematically roll out public health programmes that target risk factors among disadvantaged groups.



Further reading

OECD (2015), *Health at a Glance 2015: OECD Indicators*, OECD Publishing. http://dx.doi.org/10.1787/health_glance-2015-en

OECD (2013), *OECD Economic Surveys: Israel 2013*, OECD Publishing. http://dx.doi.org/10.1787/eco_surveys-isr-2013-en

OECD (2012), *OECD Reviews of Health Care Quality: Israel 2012 – Raising Standards*, OECD Publishing. <http://dx.doi.org/10.1787/9789264029941-en>