



Photo by: Courtesy

## Economist urges gov't to up public medicine funds

By JUDY SIEGEL-ITZKOVICH  
09/04/2013

Prof. Dov Chernichovsky advocates for reduction in private medicine, introduction of physician assistants.

A prominent health economist has urged the new government to significantly increase its funding of public medicine. Favoring private health insurance has increased residents out-of-pocket expenditures and “altered Israel’s health care system for the worse,” wrote Prof. Dov Chernichovsky, who teaches and researches health economics and policy at Ben-Gurion University of the Negev, in the journal *Health Affairs*.

The BGU economist noted Tuesday in his article that Israel has a better doctor/patient ratio than in other Organization for Economic Cooperation and Development (OECD) countries.

However, it is declining rapidly due to physician emigration; career switches to private medical institutions; and higher demands on the system due to the rapid aging of the population.

The state’s per-capita contribution to the health care of the aging population in recent years has increased by just 4.3 percent while private funding rose by 43.7%.

He said the government could increase the number of doctors by increasing the number of medical students or by introducing the profession of physician assistants.

The Health Ministry recently voiced support for this idea in theory, but it has not yet taken any action to implement it.

He noted that the reduction of state contributions for health care was triggered by the section in the Treasury-instigated Arrangements Law Encouraging Economic Growth and Employment in 1998. In that year, the government’s share of total health spending was 68.4%, but in 2009 it had declined to only 58.9%, with the remainder paid for by citizens, who should have more of a say in choosing what public system doctors will treat them, he said.

More residents get less health care in public hospitals and health fund clinics, and many publicly paid physicians moonlight at “less efficient and increasingly unaffordable” private facilities to earn more money.

Inequities in access to care by lower socioeconomic sectors have been the result, Chernichovsky wrote.

While Israel still has a relatively young population, the share of older people who need more medical care is growing. The number of people aged 75 and older is growing at an annual rate of 4.6% – about twice the growth rate of the whole population.

Chernichovsky recommended that the government hike the share of gross domestic product that it spends on health care from 8% to 9%. This is closer to the average of the OECD and the level can return to the 1998 figure.

Less money would be wasted on private medicine, he said, and the publicly supported system would be more responsive to changing circumstances by adopting care practices and technology to alleviate the impact of the declining physician-to-population ratio, he added.

Chernichovsky also recommended that in addition to accepting physician assistants, doctors in specialties with too little manpower would be able to get higher wages through a personal contract than those set down by the Israel Medical Association union contract with the government.

“These changes would come at the expense of private pay to physicians who are already paid by the public and the investment and use of privately funded infrastructure and technology that are already available in publicly funded facilities... This arrangement would also give hospital managers the autonomy – and the public funds – they need to manage their physician workforce more effectively than they do now,” Chernichovsky explained.

Doctors in the periphery are given bonuses for leaving the Center of the country, a benefit that came out of the 2011 doctors' strike.

Chernichovsky suggested that advocating reform would stop the government from running state hospitals, including psychiatric institution. Instead, handing them over to competing, nonprofit hospital corporations – stymied by Treasury opposition – would eliminate the Health Ministry's conflict of interest in owning, running and supervising health care institutions, he said.

He concluded that Israel has a high-performing health care system and the population has one of the best life expectancies in the world. These accomplishments have resulted mostly from “a relatively high ratio of very qualified physicians to population, coupled with equitable and efficient funding and operations.”

But times and conditions have changed, Chernichovsky said, and they can “create great inequities and must be handled with care.”

He urged the state to “resume its leading role in financing health care while relinquishing its relatively sizable roles as a manager and provider of care.”