

# Updating the Health Basket in Israel: Mechanisms, Challenges, and Policy Directions (2023)

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**Submission date:** 30-Aug-2025 04:39PM (UTC+0700)

**Submission ID:** 2690327030

**File name:** IJAR-53622.docx (99.28K)

**Word count:** 1930

**Character count:** 11634

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## Abstract

This paper examines the mechanisms for updating Israel's National Health Insurance basket of services. It provides an updated analysis for 2023, addressing demographic, price, and technological updates. The paper highlights the persistent gaps between legal updates and actual system needs, the growing reliance on private sources, and the implications of technological advances. Policy options are discussed for ensuring sustainability, efficiency, and equity.

## 1. Introduction

The National Health Insurance Law (1995) established a <sup>1</sup> defined basket of health services to be provided by the four health funds. Since then, the debate over the updating mechanism for the basket has been one of the most contested issues in Israeli health policy. Key disagreements concern demographic updates, price indexation, and technological changes. By 2023, gaps remain between the official update mechanisms and the real growth in healthcare demand and costs. This paper explores the structure of the updating mechanism, reviews its strengths and weaknesses, and considers possible reforms.

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## 2. Literature Review

Scholarly research highlights the tension between sustainability and equity in healthcare financing. Rosen et al. (2021) note that Israel's system remains cost-efficient but increasingly dependent on private sources. Shmueli (2018) and Chernichovsky (2019) argue that insufficient updates to the health basket have led to hidden rationing. OECD (2022, 2023) reports show that Israel has one of the highest shares of out-of-pocket expenditure in the OECD. Studies of health basket committees emphasize the role of politics and lobbying in shaping the technological update process.

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### 3. Methodology

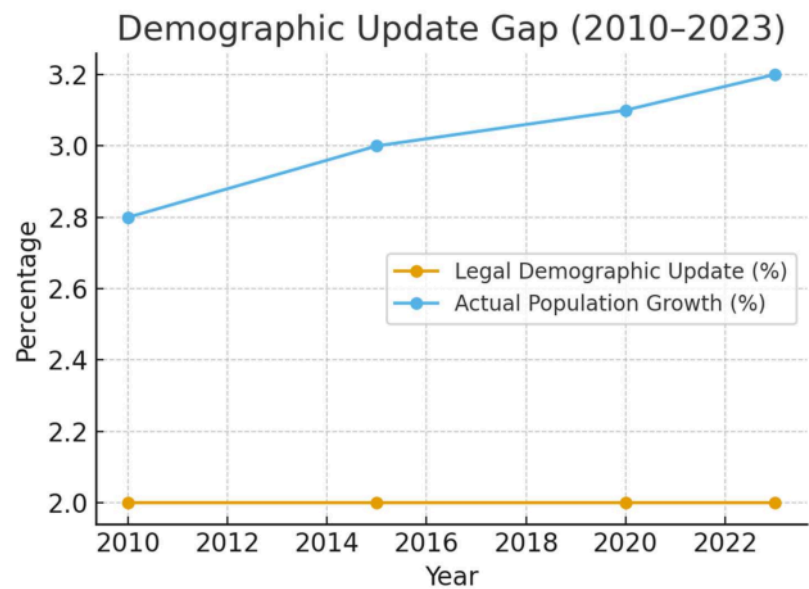
This study is based on secondary data analysis of Ministry of Health annual reports (2020–2023), Central Bureau of Statistics publications, OECD and WHO health data, and peer-reviewed academic studies. The analysis compares legal update mechanisms with actual demographic growth, cost changes, and technology adoption.

### 4. Findings

Table 1: Demographic Update Gap in Israel’s Health Basket (Selected Years)

Year	Legal Demographic Update (%)	Actual Population Growth (%)
2010	2	2.8
2015	2	3.0
2020	2	3.1
2023	2	3.2

The data demonstrate a persistent gap between the legal demographic update (2% annually) and actual population growth ( $\approx 3\%$ ). This gap, compounded over decades, has created structural underfunding in the health basket.



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## 5. Discussion

The analysis highlights systemic underfunding due to demographic and price index gaps. While efficiency gains and structural reforms have offset some costs, the system remains pressured by aging populations and expensive new technologies. Position A emphasizes efficiency and sustainability, while Position B stresses the erosion of resources and inequity. By 2023, both perspectives remain relevant, underscoring the need for balanced policy solutions.

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## 6. Conclusion and Policy Implications

Israel's health basket update mechanism requires reform to ensure both financial sustainability and equity. Options include enshrining a realistic demographic coefficient in law, linking updates to actual input costs, and defining a transparent technology coefficient. Strengthening public funding while maintaining efficiency is essential to preserving universal coverage. Reforms must also address political influences on the basket committee process, ensuring decisions are evidence-based and equitable.

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