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RESEARCH ARTICLE

THE FUTURE OF HOSPITALS IN ISRAEL: GOVERNANCE,AUTONOMY, AND POLICY DIRECTIONS(UPDATED 2024)

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Abstract

This paper examines the future of hospitals in Israel in the context of ongoing debates about governance, autonomy, and separation from the Ministry of Health. Building on decades of partial reforms, the paper provides an updated analysis for 2024, reflecting post-COVID-19 challenges, workforce shortages, and digital health integration. Key findings indicate that while broad consensus exists on the need for greater hospital autonomy, structural, financial, and political barriers persist. Policy implications include corporatization within the public sector, strengthening governance mechanisms, and ensuring equitable access across regions.

Introduction:-

Hospitals remain the cornerstone of Israel's healthcare system, accounting for a significant share of public health expenditure and serving as hubs of medical innovation, training, and service delivery. Since 1948, the Ministry of Health has directly operated hospitals, a role originally intended as temporary. By 2024, the Ministry continues to manage eleven general hospitals, as well as psychiatric and geriatric facilities, covering nearly half of total hospital beds. This dual role—both regulator and operator—creates conflicts of interest, inefficiencies, and challenges to long-term policy planning.

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Literature Review:-

Scholars and policymakers have long debated the role of government in direct hospital management. Rosen et al. (2021) highlight inefficiencies arising from centralized control, while Shmueli (2018) and Chernichovsky (2019) argue that hospital autonomy could improve responsiveness and financial sustainability. Comparative studies from OECD countries demonstrate that corporatized or autonomous hospital models tend to improve efficiency, provided strong regulatory frameworks are maintained (OECD, 2023; WHO, 2021). However, equity concerns persist, particularly in systems with high private involvement. The Israeli case presents a unique mix of universal coverage and semi-autonomous hospitals, making it a valuable case study in governance reform.

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Methodology:-

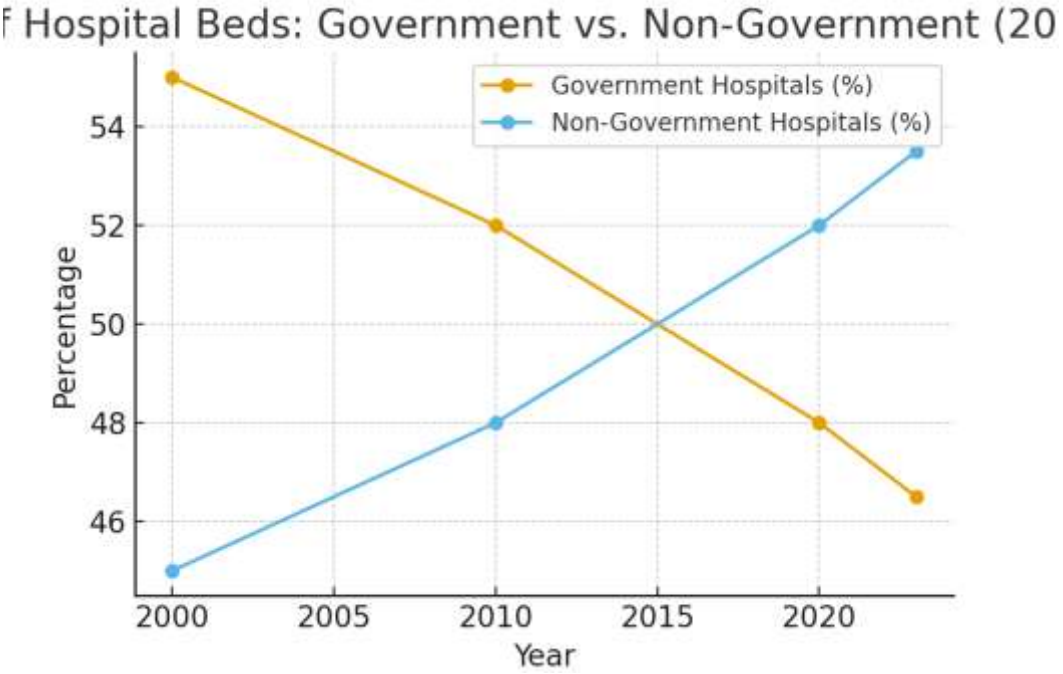
This paper employs qualitative and quantitative analysis of secondary data, including Ministry of Health annual reports (2021–2023), Central Bureau of Statistics data, OECD Health Statistics, and peer-reviewed academic literature. The analysis focuses on trends in governance, workforce, and financing, and evaluates potential policy models for 2024 and beyond.

Findings:-

Table 1: Government vs. Non-Government Hospital Beds in Israel (2023)

Hospital Type	Number of Beds	Share of Total (%)
Government Hospitals	6,494	46.5
Clalit Health Services	≈30% of beds	30
Other Providers (Maccabi, Hadassah, etc.)	≈23.5%	23.5

The data show that nearly half of hospital capacity remains under direct government operation, raising persistent concerns about efficiency and conflicts of interest. Recent reforms have moved toward greater hospital autonomy, but challenges remain.



Discussion:-

The persistence of government-operated hospitals reflects both historical inertia and political resistance. Stakeholders—including the Treasury, hospital managers, and workers' unions—hold conflicting interests. Government sees hospitals as centers of budget and influence, while hospital managers seek autonomy to improve efficiency. Unions fear loss of bargaining power and changes to employment conditions. International evidence suggests that corporatization can yield efficiency gains, but only if governance structures ensure transparency, accountability, and equity in access. Without safeguards, reforms risk widening inequalities, particularly in peripheral regions.

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Conclusion and Policy Implications:-

By 2024, Israel's healthcare system faces urgent choices regarding the governance of hospitals. The continuation of dual roles—regulator and operator—creates systemic inefficiencies. Moving toward corporatization or other models of autonomy could enhance efficiency and responsiveness, but reforms must be designed carefully to preserve equity and access. Policy options include corporatization within the government sector, non-profit models, or establishing a dedicated Hospital Authority. The path forward requires balancing efficiency with equity, supported by strong regulatory oversight and political consensus.

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