



Press Release

MAS Releases a New Study entitled

“Palestinian Health Sector Assessment: A Macro-Analytical Study”

Ramallah, 28 July 2020: The Palestinian Economic Policy Research Institute (MAS) released a new study entitled “Palestinian Health Sector Assessment: A Macro-Analytical Study.” This study aims to assess the performance of the Palestinian health sector at the macro-level, in order to identify interventions that can reduce the financial burden of medical referrals, while promoting the localization of related medical services. Total expenditures on medical referrals outside the Palestinian governmental health system exceeded NIS 1 billion, equivalent to about 53% of the Ministry of Health’s budget. This covered the cost of about 110,000 medical referrals. Undoubtedly, medical referrals overburden the budget of the Palestinian government and taxpayers. The percentage of referrals from the Gaza Strip reached 28% of total referrals and 32.3% of total referral costs, with the remainder representing the share of the West Bank. Results also show that hospitals in the West Bank obtained the largest share of referral costs (35%), followed by Palestinian hospitals in East Jerusalem (32%), then Israeli hospitals inside the Green Line (28%). Hospitals in the Gaza Strip had a low share at 5% of the total. It is worth noting that the destination of medical referrals has changed: whereas Israeli hospitals once claimed the largest share of referrals (40% in 2013), now it is Palestinian hospitals. This is due to reforms adopted by the Palestinian Ministry of Health in previous years. However, these reforms did not significantly reduce the financial burden of medical referrals.

In terms of the distribution of referrals by type of disease, cancer ranks first, followed (with a large difference) by heart diseases and kidney/urinary tract diseases respectively. Israeli hospitals account for a large share of referrals for blood diseases, general surgery, tumors and nuclear medicine. Most referrals to East Jerusalem hospitals concern tumors, ophthalmology, pediatrics, general surgery, gynecology and orthopedics. On the other hand, hospitals in other parts of the West Bank received the largest share of referrals for cardiovascular and urinary tract diseases, medical scanning services, medical tests and rehabilitation.

In terms of evaluating the Palestinian health sector’s infrastructure, the results indicate that there is a lack of medical equipment, with a small number of beds allocated to the treatment of diseases typically referred to Israeli hospitals, at both governmental and non-governmental hospitals. The study also highlights the lack of human resources specializing in the treatment of such diseases. The insufficient availability of adequate infrastructure, materials and human resources is an important factor in the increase in the number of medical referrals, especially to Israeli hospitals.



The study also shows that the Palestinian pharmaceutical sector's ability to meet local demand is limited to the production of generic drugs. The Palestinian Ministry of Health - and the health sector overall - will remain dependent, at least in the short and medium term, on importing medications prescribed for the treatment of diseases commonly referred outside governmental hospitals. The production of such medications requires significant investment, which is difficult to secure given the current, unstable political environment.

Mr. Raja Khalidi, Director General of MAS, specified that the study examines the financial challenges facing the Palestinian government in providing health services, notably in the financial coverage of medical referrals. It shows that the Ministry's allocated budget remained at the same level during the past years - it did not increase with population growth, or with the need to develop quality healthcare services provided by the Ministry, especially primary healthcare. Mr. Khalidi also indicated that the study outlines how low revenues from governmental health insurance play a major role in increasing the financial burden of medical referrals. Economic challenges (especially in Gaza); the expansion of the informal sector; and inadequate health insurance management by the Ministry of Health are the main causes for low health insurance revenues.

The study presents and discusses interventions that can plausibly improve the government's health insurance revenues. In the short term, the most important ones are not to be complacent in the application of procedures relating to the validity period of insurance policies as stated in their instructions; and to increase the value of health insurance contributions - whether for health services or the purchase of medicines - in a manner that does not burden subscribers. For the medium term, the study recommends enhancing health insurance revenues by increasing tax revenues. This can be done through raising taxes, on a limited basis, for a selection of consumer goods, as well as fighting tax evasion and expanding the tax-base.

The study endeavors to explore financial burdens associated with medical referrals that will be incurred during the coming 10 years. Predictions show that the number of referrals is expected to increase - in the absence of government intervention - from about 125,000 to 403,000 referrals. Costs will range from NIS 1,075 million to NIS 3,468 million. On the other hand, if active government interventions are implemented, it is expected that the number of referrals will increase from 121,000 to 279,000, with costs ranging from NIS 1,054 million to NIS 2,651 million over the same period.

Through an in-depth analysis of the cost of referrals and an assessment of the Palestinian health sector, the study concludes with a number of interventions for enhancing the localization of medical services and reducing referrals abroad, whether to Israeli hospitals or those in neighboring countries. The study stresses that addressing these challenges depends on making reforms to the referral system, and addressing the shortage in medicines sent to the Gaza Strip. The study also recommends expanding primary and secondary health services provided at governmental hospitals, as well as expanding tertiary health services in the private and public sectors, at the expense of overseas referrals (including Israel).



The study concludes that it is difficult to permanently stop all referrals outside the Palestinian health sector, at least in the medium term. The localization of medical services for donation-based marrow transplantation, heart transplantation and multi-organ transplantation require the provision of technologies and the accumulation of expertise over several years. In all cases, expanding the localization of medical services requires guarantees from the Ministry of Health that it will work with the Palestinian private and non-profit sectors in a manner that enhances the feasibility of investments in tertiary health services. The Ministry is also obliged to address the shortage of expertise and infrastructure for medical specialties related to diseases with the highest referral rates.

To download a copy of the study in English

<http://www.mas.ps/files/server/2020/healthsectorstudyEnglish.pdf>