

Sunday Forum: Israel does health care right

The Israelis have taken ideas pioneered by the United States to create an effective, low-cost health-care system available to all, reports

KAREN WOLK FEINSTEIN

Sunday, August 02, 2009

Pittsburgh Post-Gazette

In 1995, the United States abandoned health-care reform and returned to a status quo that perpetuates high-cost insurance and poor health outcomes. At the same time, Israel successfully overhauled its health-care system. Fourteen years later, with four competitive health-maintenance organizations providing universal coverage, Israel's per capita costs are half those of the United States and it provides better health care.

Today, as we debate health-care reform again in the United States, we should question all of our assumptions. We should go beyond tinkering at the margins and develop a long-term game plan for a truly rational, value-driven health-care system.

For instance, should we maintain mammoth, redundant government bureaucracies to manage many separate public financing systems, each with its own set of regulations, prices and coverage? Do we need myriad private plans with similar variations or would consolidations reduce complexity for physicians and administrative expenses for purchasers?

Should employers remain in the middle of health-care purchasing decisions? Is it rational to invest more to treat illness than to prevent disease, or to pay providers based on the volume rather than the effectiveness of care? What can we do about the high cost of medical education and the perverse effects it has on our health-care system?

The Pittsburgh Regional Health Initiative recently led a group of physicians, health-policy analysts and insurers on a fact-finding visit to Israel as guests of the Myers-JDC Brookdale Institute -- Israel's leading social and health-policy think tank. We wanted to know how Israel achieved universal coverage and excellent health care at low cost.

We learned that Israel provides generous universal coverage via four private nonprofit insurance plans organized essentially as health-maintenance organizations -- a concept pioneered but mostly abandoned in the United States. Financed by progressive taxes, the basic service entitlement is substantial and includes physician services, hospitalizations and medications. As HMOs, each plan emphasizes high-quality primary care to maintain members' health, coordinates care in the event of illness and measures provider performance on the basis of patient outcomes.

Primary-care physicians practice at plan-sponsored health centers organized to deliver the best results through state-of-the-art information technology, patient-centric care and disease-management incentives. Physicians receive rapid, extensive feedback on their performance using quality indicators selected and designed by fellow physicians. Primary care in Israel is virtually paperless, with swift access to comprehensive patient information through Israel's highly developed national health information technology.

Although all of the health plans are private and nonprofit, the Israeli government plays a crucial role. It assures universal access, establishes an annual global health-care budget, allocates payments to plans adjusted by the age of members, and controls wages and prices of providers. This "levels the playing field" and reduces complexity.

To further contain spending, Israel developed a widely accepted and respected Ministry of Health process to evaluate and prioritize new drugs and devices that are covered in the basic service bundle.

Reasonably immune to political interference, coverage decisions are made by a special commission of experts in clinical practice, scientific research, economics, technology and ethics.

Administrative costs are low. There are no separate health plans for the elderly, disabled and poor in Israel; anyone is eligible to join any of the plans. Employed workers choose a plan that best suits their needs and preferences just like anyone else, without their employers' involvement. Plans are encouraged to be creative and compete on the basis of quality, efficiency and patient satisfaction. Member satisfaction is high; only about 1 percent of the population changes plans each year.

Incentives for doctors to become primary-care physicians are multiple. Unlike in the United States, where financial incentives are heavily weighted toward physician specialization, Israeli doctors are salaried and wages are fairly uniform across specialties. Government-subsidized medical education costs students \$2,000 to \$3,000 a year. Most finish medical school debt-free. Respect for primary-care physicians is high and, because they do not bear large debts, more Israeli medical students choose primary care and internal medicine than do students in the United States.

Israel's higher-quality, lower-cost and patient-satisfying health care is rooted in HMO concepts that are now re-gaining favor in the United States as we debate health-care reform. But HMO-like reforms are unlikely to achieve the excellent results of the Israeli system if they are grafted on top of an expensive and underperforming legacy system that rewards doing as many tests, treatments and procedures as possible without proof of superior outcomes.

We have our second chance in 15 years to address these big issues right now. But real reform will require the political will and stamina to create a rational system of finance, administration, service delivery and incentives that can produce efficient, high-quality health care.