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Young paying for old's COVID care

Ronny Linder

The struggle with the coronavirus pandemic has created divisions between different segments of Israel's population, but one that hasn't attracted much attention is the generational divide.

But a study by the Taub Center for Social Policy Studies shows just how deep it is, with younger Israelis bearing so much greater an economic burden that it threatens to undermine inter-generational solidarity. Prof. Dov Chernichovsky, one of the study's authors, said he was already seeing signs of a quiet rebellion.

"I'm an economist who believes in balance and that people behave rationally. I think that people have internalized that they are paying for others. The struggle doesn't have to be expressed explicitly, but you see today a kind of rebellion among younger people," he said,

Even in normal times, Israel's socialized medicine system puts the burden of paying the cost of health care on the younger, healthier working-age population. That is because money collected in income and health taxes is apportioned to the health maintenance organi-

zations based on the number of insured they serve, with extra money for older clients because they typically need more medical care.

The authors - Chernichovsky, Prof. Benjamin Bental, Rachel Arazi and Alon Sela - described the system as part of a long-standing "social contract" in Israel designed to save lives and provide health care to those who need it the most.

However, during the coronavirus crisis, the Taub study found the imbalance between those paying for the system and those benefiting from it has widened. The authors estimate that the health care system's direct costs for the coronavirus have been

about 17 billion shekels (\$5.3 billion) to date, equivalent to a tax of 2% on the incomes of salaried workers and the self-employed.

The chief beneficiaries are those over 60, who have been heavy users of the system during the pandemic and account for 85% of COVID-related costs, up from 40% in the pre-coronavirus period. Those under age 21 barely require any health care services.

"As stipulated in the State Health Insurance Law or in the social contract customary in Israel in relation to saving lives through medical treatment, the burden of the fight against the coronavirus is being borne by the young,

even though they and their children, benefit relatively little from it," the report said.

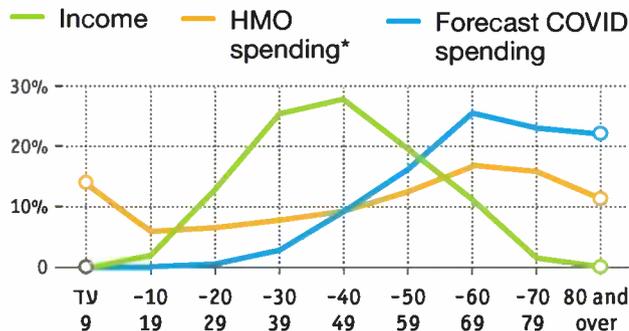
In addition to the health care imbalance, the Taub study found that spending for economic issues related to the coronavirus disproportionately favors older Israelis. The three lockdowns Israel has had over the past year have come more at the cost of jobs for younger people. Even though the young generation generates half the income produced by the economy, they are not the ones most vulnerable to contagion or death and are heavily subsidizing the older Israelis who are.

Chernichovsky said some of the resentment about the imbalance might be moderated by the fact that the older generation is the younger generation's parents and grandparents, but not by much.

"It's true, but people also understand that we are mortgaging the future generation. The children aren't getting anything from the huge investment in the health care system and almost don't need it during the pandemic. In the meantime, their education has been ruined, and they will be saddled in another 20 years with debt that's being accumulated."

Generation gap

Share of resources by age group



*Based on allocation formulae.

Source: Taub Center