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: Treasury plan to raise copayments for medications will make Israelis sicker

'Treasury plan to raise copayments for medications will make Israelis sicker'

• By JUDY SIEGEL-ITZKOVICH

The Finance Ministry's all-powerful Budgets Division suffers from a severe case of nearsightedness and paralysis of its hands, which remain in its pocket.

The Ministry's Budgets Division plan to raise the deductible (copayments) for the purchase of medicines and services included in the Health Services Basket will cause chronically ill patients in Israel to get sicker and cost the public coffers more money, according to researchers at the Taub Center for Social Policy Studies in Jerusalem.

Prof. Nadav Davidovitch, Prof. Gabi Bin-Nun, and Nir Kaidar said that if implemented, the rises will place a greater financial burden on most of the population, potentially harming public health, especially for those with chronic illnesses, older adults, and the middle class.

More specifically, higher copayments would likely increase the phenomenon of forgoing medicines and medical services due to cost, which may increase state revenues.

Israelis with low incomes who suffer from chronic illness will forgo medicines for financial reasons – at a rate twice the national average. The researchers warn that this could exacerbate health inequalities.

The researchers urge decision makers to reject the proposed copayment increase and instead consider more progressive and efficient funding alternatives in order to protect public health.

Davidovitch is the former head of the School of Public Health at Ben-Gurion University of the Negev (BGU) in Beersheba and is now the principal researcher and chair of Taub's Health Policy Program. He told *The Jerusalem Post* in an interview that "there is a renewed discussion about the role of copayments in financing national health expenditure.

"Beyond the important empirical question of whether copayments are intended as a tool to promote rational use of medicines, reduce excess demand, and restrain health spending, or whether they serve as a barrier with negative impacts, it is important to remember that this is a regressive form of financing that increases inequality, and that there are more progressive alternatives.

"Another important point is that the additional revenue from higher copayments probably won't be earmarked for the health system, which could set a troubling precedent."

The Treasury's plan would also raise the share of private financing in the health system, which is already considered one of the highest in OECD countries, the authors wrote.

After the summer recess, the Knesset Health Committee is due to discuss the Treasury's proposal and vote on it. Davidovitch hopes the panel can be persuaded to drop the proposal and instead reinstate the tax on damaging sweetened beverages, which the Netanyahu government canceled under pressure from haredi (ultra-Orthodox) lobbyists.

THE TAX had been advocated by Health Ministry professionals but was opposed by Shas leaders who controlled the party at the time (but have since left the coalition).

Shas also contributed to the cancellation of the tax on disposable products that harm the environment, which are widely used by the haredi public. This tax could also be reinstated to help cover the budget deficit, Davidovitch asserted.

"Health Ministry heads have not spoken publicly against the intention to raise copayments, even though its professionals strongly oppose it, because the Treasury previously expanded the Health Services Basket and provided more funds for much-needed psychological services during the Gaza war," Davidovitch added.

"This would be the first time that copayments won't be used to advance health."

BGU economic health policy professor, Bin-Nun, declared



HIGHER COPAYMENTS would likely increase the phenomenon of forgoing medicines and medical services due to cost. (Hadas Parush/Flash90)

that raising copayments would be "shameful. People will get sicker, and the state will have to spend much more money to treat them. It's short-sighted. And the Treasury raised National Insurance Institute and health taxes a year ago that were eight times more than they added for health."

Internal discussions held on the subject between the Finance and Health Ministries indicate that the Treasury apparently does not intend to inject the funds generated by this measure into the health system but rather to use them as a source of increasing state revenue.

"It justifies this by the need to cover the deviation in the Health Ministry budget due to the allocation of NIS 1.4 billion per year for the years 2024 and 2025 for the areas of mental health and rehabilitation," Bin-Nun declared.

Budget Division officials claim that "providing drugs without copayments could lead to unnecessary overconsumption of drugs, overuse of health services, and the hoarding of drugs. All of these impose an excessive financial burden on the health system."

But the study authors noted that the effect of the copayment requirement varies for different health services, for populations with different income levels, and for different time periods. Research abroad found an 11% increase among populations insured by public health insurance in not taking necessary medications for chronic diseases such as heart failure and diabetes.

Israel's 1994 National Health Insurance Law established the framework for copayments for medicines and health services included in the Health Services Basket and stipulated that copayments would be part of the health funds' sources of financing. Chronically ill Israeli patients spend hundreds of shekels a month on medications, an amount that affects their ability to finance other basic needs: 11% of them reported that they had reduced medication doses or given up on them altogether to save costs.

In 2023, 26% of the elderly reported that payments for medications burdened them "to a great extent," and 17% of income-support benefit recipients decided not to purchase medications because of copayments for each package.

According to the researchers, there are other ways to increase the sources of funding from within the health system.

This includes abolishing the ceiling on health insurance premiums; currently, employees are exempt from paying health insurance premiums on the portion of their wages that exceeds five times the average wage in the economy (approximately NIS 50,000 per month).

Abolishing the exemption will allow for an increase in the sources of funding available to the health system and improve the degree of progressivity of health insurance premiums.