

**Fifteen Years of Healthcare Policy in Israel:
Institutional Analysis of the National Health Insurance
Law (NHIL) and its Amendments (1994-2009)**

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This paper points to the existence of two parallel, yet seemingly contradicting, policy trends – reducing public financing for health services on the one hand, while increasing governmental involvement in the health system management on the other hand. While the first trend can be understood as a privatization strategy, the second expresses increased centralization. We explain this policy paradox as a strategy of privatization through centralization. In order to control its expenses, the government must first control the funding and management of welfare state mechanisms. To a large extent, this rationale explains the policy paradox in the Israeli health system whereby in practice the government first took control over the funding of the system through the legislation of National Health Insurance Law (NHIL – 1995). We will then show that the government further increased its control over the system through various legislative amendments of the NHIL. All these measures have enabled the Ministry of Finance to gradually reduce the public funding of health services as part of its general and ongoing policy, yet not necessarily planning for the long term, of retrenching the welfare state.

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