

# IMPROVEMENTS TO THE PALESTINIAN MEDICAL REFERRAL SYSTEM SIGNIFICANTLY REDUCE COSTS

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The Palestinian Ministry of Health (PMOH) provides health services to approximately 4.55 million people in the West Bank and Gaza. When clients need specialized care not available in the public health system, the PMOH refers them to private or non-governmental organization-managed hospitals in the West Bank, Gaza, or abroad; a significant portion are referred to Israeli hospitals. When clients are referred to Israeli hospitals, the associated health care costs are deducted from the Palestinian Authority's tax revenue. Referrals abroad are a challenge to plan, manage, and finance. In recent years, the number of referrals—and the cost—have skyrocketed. In 2013-2014, the cost of referrals to Israeli hospitals mounted precipitously, reaching 97 million New Israeli Shekels (NIS), or US\$25 million,<sup>1</sup> in the second quarter of 2014, up from 46.5 million NIS (US\$12 million) a year earlier. In February 2014, the monthly deductions peaked at 35 million NIS.

In 2014, the PMOH and IntraHealth International's US Agency for International Development (USAID)-funded Palestinian Health Capacity Project (PHCP) designed ways to reform the referral system and implemented strategies to control costs while maintaining the quality of health care services provided. The Service Purchase Department (SPD) in the PMOH is charged with administering the referral process and has successfully led the multifaceted performance improvement approach. Since the beginning of 2014, PHCP has partnered with the SPD to improve all aspects of the complex system that allows the PMOH to obtain medical services from hospitals outside of their network, with a particular focus on Israeli hospitals. This comprehensive approach included redesigning work processes, developing guidelines and protocols, constituting referral committees, signing agreements with Israeli hospitals, conducting regular medical and financial audits, and training health workers involved with referrals.

The referral processes between the SPD and Israeli hospitals are now clearer; the prices are agreed upon and documents and improved tools have increased the overall efficiency and accountability of the system. The proof of these improvements is in the results, as the costs of referrals to Israeli hospitals have declined and stabilized. The average deductions in the second half of 2015 were 32% less than the same period in 2014. The trend continued into 2016 as the cost of referrals from January through June 2016 declined a further 27% over the same period in 2015.

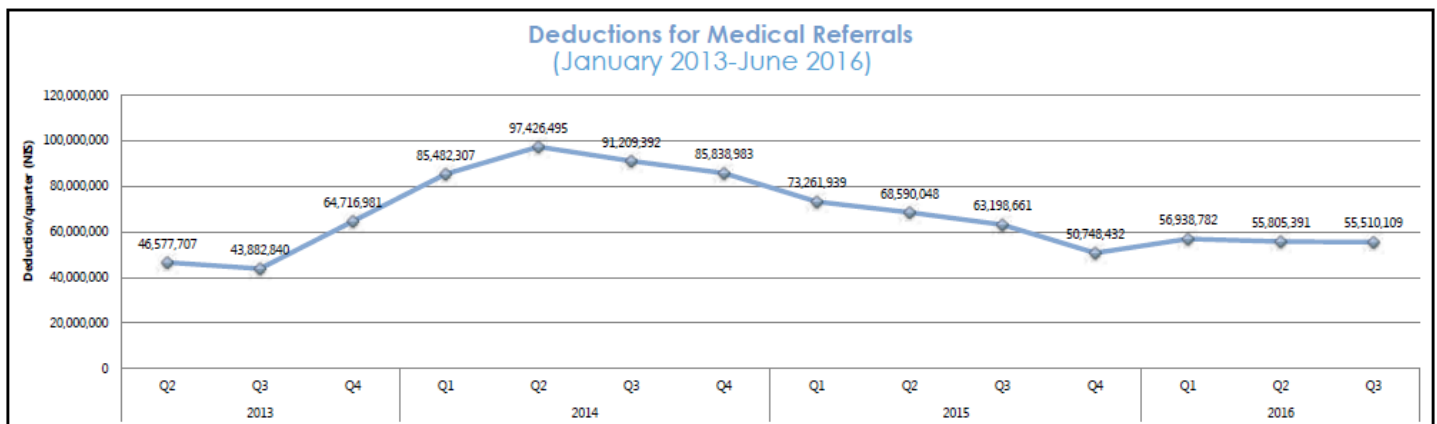


Dr. Amira Al-Hindi, Director of the SPD in the PMOH.  
Photograph courtesy of IntraHealth International.



<sup>1</sup> June 2016 exchange rate: US\$1 = 3.88 NIS

Dr. Jawad Awwad, the current Minister of Health, recognized these improvements in the referral system in a television interview, explaining that referrals were a “bleeding wound, and we put our hands on the wound. Starting from the beginning of 2015 we saw a significant reduction. IntraHealth and USAID helped us to regulate the situation and we managed to reduce monthly deductions.”



## SEVEN KEY COMPONENTS OF THE REFERRAL REFORM PROCESS

- 1. Ministry leadership.** The Minister of Health has prioritized and been involved with reforming the referral system, and the execution of this reform strategy has been successfully spearheaded by Dr. Amira Al-Hindi, the director of the SPD.
- 2. Evidence-based strategy.** The SPD and PHCP conducted an initial situation analysis of referrals to gather evidence on which to design the strategy. The analysis applied a business-process-reengineering approach that assessed current practices, policies, and technologies to identify specific areas for improved efficiencies.
- 3. Informed project planning.** Utilizing this research and reviewing international best practices, the SPD, USAID, and PHCP designed a multifaceted approach to improve the referral system.
- 4. Guidelines and protocols.** Documentation and dissemination of these new referral procedures and upgraded tools and job aids facilitated implementation of the new procedures.
- 5. Strengthening SPD and Regional Referral Committees.** Developing and refining standard operating procedures, organizational structures, terms of reference, and job descriptions, as well as on-site mentoring and troubleshooting from PHCP’s technical team, strengthened SPD staff and the performance of the Regional Referral Committees.
- 6. Memoranda of understanding (MOUs) with Israeli hospitals.** MOUs between the PMOH and each Israeli hospital established the terms and conditions for the purchase and provision of health care services that are linked to a list of set prices and clarified communication and approval processes. The SPD also established a dedicated email address to communicate with Israeli hospitals.
- 7. Regular auditing analysis and monitoring.** SPD staff was enabled to develop and implement the improved referral procedures to maximize the quality and value of health care services.

Building on this strong foundation of performance improvement in the referral system and the impressive cost-savings realized, the SPD and PHCP will continue to work together to enhance the referral system. This sustained focus on performance improvement will include upgrading the eReferral System, further refinement of standardized protocols and guidelines, and extending these guidelines and best practices to non-PMOH local hospitals to further improve the efficiency and effectiveness of the referral process.