Anno L *Economia & Lavoro The Long-Term Care, pp. 13-31*

ISRAEL'S LONG-TERM CARE INSURANCE PROGRAMME: INSTITUTION, ECONOMY, AND POLITICS*

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The Long-Term Care Insurance Programme (LTCIP) for Israel's elderly was introduced in 1988. It is the main public programme directed at those past retirement who live in the community and are dependent on others for daily living activities.

LTCIP offers several services, mainly home-care help, to the frail elderly based on dependency and income tests. The programme is administered and financed by the National Insurance Institute of Israel (NII) and services are delivered, for almost all beneficiaries, by for-profit and not-for-profit service providers.

The number of beneficiaries and expenditure on benefits have grown dramatically since the programme was introduced. In 2015, a monthly average of almost 161,000 were entitled to benefits, about 16.5% of the elderly, and public spending was about NIS 5.5 billion (about €1.25 billion). While many elderly individuals receive the benefits, their value to the more dependent is rather limited when compared to their needs.

In recent years, various legal amendments and other policy changes have been introduced in LTCIP. The shifts in LTCIP rules can be related to the economic environment and availability of public resources. In the early 2000s cuts were introduced, as in most programmes administered by NII, due to severe economic crisis. In recent years, shifts broadening access and eligibility have been introduced. The global economic crisis of 2008-2009, which had little impact on Israel, was used to advance a change in LTCIP benefits to encourage the employment of Israeli, rather than foreign, paid caregivers.

Changes expanding eligibility for LTCIP are related to relatively high public support for the programme and institutional causes linked to some features of the programme itself.

Nel 1988 in Israele è stato introdotto il Sistema assicurativo di lungoassistenza (LTCIP), il quale rappresenta ad oggi il principale programma di supporto per la popolazione anziana non autosufficiente.

Tale sistema offre una pluralità di servizi – prevalentemente di carattere domiciliare – agli anziani non autosufficienti, i quali ne beneficiano attraverso criteri basati sia sul reddito che sul livello di disabilità. Il programma è finanziato attraverso i fondi pubblici dell'Istituto assicurativo nazionale (NII), mentre i servizi sono erogati prevalentemente da operatori privati o del terzo settore.

Sin dall'introduzione del LTCIP, il numero dei beneficiari e le spese dedicate al programma stesso sono cresciute significativamente. Nel 2015 la spesa complessiva ammontava a circa 5,5 miliardi di sicli (circa 1,25 miliardi di euro) e il sistema forniva servizi a circa il 16,5% della popolazione anziana, con una quota media mensile pari a 161.000 beneficiari. Gli importi ricevuti dai beneficiari variano a seconda del grado di disabilità di questi ultimi, ma generalmente tendono ad essere insufficienti rispetto alle necessità assistenziali di coloro che si trovano in una situazione di maggiore dipendenza.

Le diverse riforme che hanno interessato il LTCIP in questi ultimi anni possono essere lette alla luce del contesto economico nazionale, il quale ha influito sulla disponibilità di risorse pubbliche. Nei primi anni Duemila, a seguito di una severa crisi economica, il LTCIP, in linea con gli altri programmi finanziati dal NII, ha subito un forte ridimensionamento delle risorse a disposizione. Al contrario, la recente crisi economica globale, che è stata preceduta da un periodo di politiche espansive in termini di eleggibilità e accesso dei beneficiari, è stata utilizzata come leva per favorire l'assunzione di operatrici di cura israeliane a discapito delle operatrici straniere.

Queste ultime riforme espansive sono da intendersi all'interno della cornice istituzionale che caratterizza il programma e del generoso finanziamento pubblico ad esso dedicato.

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* The views expressed in the paper are those of the author, and do not necessarily represent those of the National Insurance Institute of Israel (NII).

1. Introduction

Changes in the economy shape the characteristics of welfare programmes, especially severe economic crises. At the same time, the influence of the economic environment on welfare programmes – especially the scope of social rights – is mediated via political processes. For example, economic crises and shrinking resources strengthen the position of the opponents of welfare programmes, allowing them to tighten rules on eligibility and cut levels of benefits. The same economic crises will likely weaken supporters of the welfare state, even though their arguments point to the need to continue public support of individuals and families in just such times. But precisely how an economic crisis influences a specific welfare programme depends on the institutional setting of the welfare programme itself and the concomitant setting of decision making and decision makers. Defending programmes, promoting changes, or blocking actors (or coalitions of actors) requires both entrepreneurial and political skills, as the preferred policy must be articulated in the face of opposition.

This article deals with certain features of the Long-Term Care Insurance Programme (LTCIP) in Israel since the early 2000s. LTCIP is a social insurance plan. Although it is not universal and suffers growing deficits, LTCIP is appreciated by the elderly population and their family members, as well as non-state service providers (see below). In fact, it is more popular than other welfare state programmes in Israel such as unemployment insurance and income support schemes.

During the last decade and a half, the Israeli economy has experienced alternating downturns and upturns. The early 2000s featured a severe crisis, considered as onerous as the recession of 1965-1967 and the "lost decade" of 1974-1985. The global economic crisis of 2008-2009 spurred fears of another recession that could lead to lower growth and rising unemployment (Bank of Israel, 2009a). Fortunately, Israel's economy proved somewhat more resilient (Bank of Israel, 2010). In the summer of 2011, mass demonstrations against the high cost of living erupted, leading the government to establish a committee that suggested several changes, including in various welfare state programmes (Trachtenberg Committee Report, 2011). Between the periods of recession, however, the Israeli economy experienced periods of prosperity.

The economy has had some impact on changes in LTCIP. Yet the political dimension of this programme and its institutional arrangements are equally essential to understand when considering change. The social reality of ageing of the Israeli society, as well as the evolution of a liberal society in which individuals have access to information and can demand rights and pressure decision makers, has proved to be the main factor in the growth in the number of beneficiaries and the amount spent on LTCIP (Asiskovitch, 2013).

2. Theory: The new-institutional perspective of welfare state programmes

When seen as political institutions, welfare state programmes seem to be resilient – most of the time. Yet, apart from some rare exceptions of radical transformation, they also change gradually across time, with frequent legal updates and modifications in their implementation (Hall and Thelen, 2009; Mahoney and Thelen, 2010; Streeck and Thelen, 2005; Thelen, 2009). The dimensions of social programmes subject to change (Campbell, 2004) include rights and duties of beneficiaries, funding methods, roles of state and non-state agencies and service providers, and the legal-political processes shaping their rules.

The structure of an institution affects the path of its future changes and its resilience to external pressures (Pierson, 1994; Thelen, 2003). Institutional settings include both the characteristics of the programme and the legal-political procedures to amend it.

One essential aspect of the institutional setting of a social programme is the existence of adherents and opponents (Korpi and Palme, 1998). Adherents include the beneficiaries and welfare state agencies responsible for the programme. Not surprisingly, universal programmes are more popular than programmes involving selective income/means testing (Korpi and Palme, 1998; Pierson, 1994). Opponents of a welfare programme who wish to reconstruct it include those who do not benefit from the programmes or carry the burden of financing it, and those who aim at cutting taxes and public expenditures (Asiskovitch, 2010, forthcoming). Both sides have entrepreneurs who are able to articulate their goals and preferences and political agents who are able to advance these proposals (Campbell, 2004). In any event, in most cases, the manifestation of a social programme is the outcome of a struggle between rival coalitions whose relative power is affected by the particular institutional setting and their ability to use their skills in that setting.

External circumstances must be factored into the equation (Asiskovitch, 2009, 2010), because social programmes, like other institutions, are affected by outside pressures: economic, social, political, or cultural (Campbell, 2004; Pierson, 2004; Thelen, 1999, 2003). An example of an economic pressure is a change in the availability of public funding. Economic austerity may lead to cuts in benefits, tightened eligibility rules (Gilbert, 2002), and/or a rise (or fall) in the share paid by other funding sources, such as insurance fees and/or direct payments, in the case of social services. Social pressures include expansions in the potential populations and/or the number of beneficiaries, as these increase the financial burden (Razin and Sadka, 2005). The impact of economic and social pressures on social programmes is not straightforward, however (Korpi and Palme, 1998; Shalev, 1999). It is mediated by the interaction of struggle and compromise among and between the various actors (Asiskovitch, 2009, 2010; Korpi, 2003; Ross, 2000) mentioned above, and their ability to articulate and further their goals. Finally, cultural pressures can be described as the competition of common ideas of republicanism and individualism, social-democracy and neo-liberalism, and the role of the State, market, and family in providing welfare (Ram, 2007; Shafir and Peled, 2002).

The welfare state is a part of a larger political-economic regime (Shalev, 1999) whose economic relations, institutions, and decisions are the outcome of political struggles (Esping-Andersen, 1990, 1999; Huber and Stephens, 2001). Scholars of political-economic regimes and the various typologies of welfare regimes argue that these do not change linearly or coherently (Esping-Andersen, 1990; Lewis, 1992; Lodmel and Trickey, 2000; Shalev, 1999). Moreover, various parts of political-economic regimes may change in different, even opposing, directions at the same time, and the same is true for the welfare state (Asiskovitch, 2009, 2010, forthcoming). How a specific welfare programme or service changes across time, or its resilience to pressures, is affected by its specific political dimension and by any interests linked to it, as well as by its institutional settings and the interaction of politics and institutions (Korpi and Palme, 1998; Ross, 2000).

3. LTCIP in Israel: An overview

LTCIP was introduced in April 1988. Its main goal was and continues to be the easing of the physical and financial burdens of long-term care placed on fragile people and their

families. It does not intend to replace informal care or to cover all long-term care costs shouldered by the individual and his/her family (Asiskovitch, 2013).

Almost all beneficiaries receive in-kind benefits. The services are delivered by for-profit and not-for-profit service providers; the National Insurance Institute (NII) determines eligibility, defines the basket of services for beneficiaries, and pays the service providers for their services. The main service to beneficiaries is home care, including assistance in the performance of basic activities of daily living and some home management. Other services are visits to day centres for the elderly, absorbent undergarments, alarm units, and laundry services. Since January 2007, LTCIP has offered three levels of benefits: 9.75, 16, and 18 hours of home care per week, depending on assessed needs (until 2006, it envisaged only the two lower levels).

Until June 2016, the benefit levels were defined in the law as a percentage of a full disability pension to a lone person: 91%, 150%, and 168%. However, the numbers of weekly home-care hours were not defined in the law; so the interpretation of 91%, for instance, as 9.75 weekly hours had come from the NII and the government (see Table 1). Since March 2009, beneficiaries without valid permits for the employment of a foreign caregiver have received 19 or 22 hours instead of 16 or 18 hours, respectively, to encourage the employment of Israeli caregivers (see below). Since June 2016, beneficiaries aged 90 and older have been entitled to one of two benefit levels – 91% or 168%. That is, those beneficiaries previously entitled to the medium benefit level based on their level of dependency (see below) have been upgraded to the highest benefit level.

Table 1. LTCIP benefit levels

Benefit level	Benefit level in terms of percentages of full disability pension for a lone person (until June 2016)	Origin of paid caregiver	Number of weekly hours of home care
Low level of dependency/ benefit reduced due to an income test	45.5%	Foreign	5
Low level of dependency/ benefit reduced due to an income test	45.5%	Israeli	5
Medium level of dependency/ benefit reduced due to an income test	75%	Foreign	8
Medium level of dependency/ benefit reduced due to an income test	88.6%	Israeli	9.5
High level of dependency/ benefit reduced due to an income test	84%	Foreign	9
High level of dependency/ benefit reduced due to an income test	102.1%	Israeli	11
Lowe level of dependency	91%	Foreign	9.75
Low level of dependency	91%	Israeli	9.75
Medium level of dependency	150%	Foreign	16
Medium level of dependency	177.2%	Israeli	19
High level of dependency	168%	Foreign	18
High level of dependency	204.2%	Israeli	22

Starting in July 2016, the scope of LTCIP benefits in terms of weekly home-care hours shown in Table 1 is specified by law: one weekly home-care hour is defined as a "service unit". The meaning of this legal change is that LTCIP benefits are no longer defined – as far as the beneficiaries are concerned – in relation to disability pensions and as being worth certain sums of money (for those receiving in-kind benefits). The old definition allowed the NII and the Ministry of Finance (MOF) to change the scope of the assistance in the face of budget cuts or to handle dramatic increases in services (see below). The new legal definition reflects the desire to secure the value of benefits to the beneficiaries, with no regard for the cost of services.

Since the launch of LTCIP, in the rare cases where home-care service cannot be provided, the benefit has been in cash. The value of cash benefits is 80% of the value of in-kind benefits. Since March 2008, in a few of the 23 NII branches, those receiving one of the two higher benefits and employing a formal caregiver for at least 12 hours per day, six days per week have been able to choose between in-kind and cash benefits. This choice has gradually been extended to the entire country; since mid-2014, the choice has been granted to all beneficiaries in Israel who employ a formal caregiver for at least 12 hours per day, six days per week (including those eligible for the lowest benefit).

Most LTCIP benefits are permanent (the NII can discretionally initiate re-examination of an individual's situation, but this rarely happens). Some benefits are limited to up to six months if improvement is expected.

To be eligible for an LTCIP benefit, a person must be a permanent resident of Israel, be above the retirement age (starting in 2008, 62 for women and 67 for men), live in the community, and pass an income test and a dependency test. A person who receives an equivalent benefit cannot be eligible. Based on income testing the number of service hours received by beneficiaries can be reduced if the individual income is higher than a threshold set in the law. People whose regular income is above a certain threshold are not eligible, even if they are dependent.

The main criterion for eligibility is the dependency test. To qualify for an LTCIP benefit, an individual must be in need of help to perform basic activities of daily living (ADL). Or s/he may need supervision because of cognitive deterioration or physical or mental deficiency. People living alone are privileged in accessing LTCIP through an additional score in the dependency test.

Most dependency tests in the homes of the claimants are run by nurses contracted by the NII. In recent years, due to criticism about the dependency tests and links between the NII and the nurses, new methods to assist those who are dependent or need supervision have been introduced. Since August 2008, claimants aged 90 and older have been allowed to choose between nurses working for the NII and independent geriatricians. In the periods from May 2012 to April 2013 and from October 2013 to July 2014, this choice was extended to claimants aged 80-89 in few NII branches.

Since August 2011, cases of high dependency due to severe medical conditions and based on medical documentation have been granted the highest benefit without the need for a dependency test (so-called "fast track"). In May 2012, similar procedures for short-term lowest benefits were introduced for some individuals discharged from hospital. Starting in April 2016, the "fast track" procedure based on medical documentation was extended to several other medical conditions. Since August 2009, beneficiaries or claimants whose claims are rejected have been entitled to appeal to committees composed of physicians and nurses, who are not employees of the NII.

Although LTCIP is part of the National Insurance Act (1968, 1995), some of its important aspects are not defined in the law. Until July 2016 the services available as part of LTCIP were not specified. More importantly, the dependency test, its features, and the score determining benefits are based entirely on decisions and regulations articulated by the NII Department for Long-Term Care. This grants the NII power over the operation of the programme. However, in recent years, public criticism about the dependency test has led not only to the introduction of new methods of evaluation, as discussed above, but also to changes in the rules of the dependency test run by the nurses working for the NII.

LTCIP is inseparable from political processes. It has been shaped by politics and has shaped the political processes surrounding it. In making decisions about the future of LTCIP, the NII and the MOF interact, in a political process pitting "spenders" (NII) against "savers" (MOF). Certain legal amendments would mean increasing spending for LTCIP but they require the approval of the MOF. Given their opposing attitudes, consensus is not a sure thing. Another dimension of the political connotation of LTCIP pits the NII against service providers. For one thing, the NII wants to increase its supervision of the quality of care delivered. In another political battle, service providers have tried to block NII attempts to secure the rights of the paid caregivers employed by service providers. In the past decade, the issue of cash benefits has been a third major bone of contention between the NII and service providers – the latter were able to slow down, but not to block, the introduction of a choice between in-kind and cash benefits, using their relationships and influence with politicians. Simply stated, service providers are involved in the political dimension of LTCIP. Their formal and informal channels to decision makers, politicians, and bureaucrats alike permit them not just to voice their opinions but to affect political decisions.

A third aspect of the political dimension of LTCIP could be called "bureaucratic politics". The involvement of both politicians and bureaucrats in its affairs reflects the relatively high public popularity of LTCIP, at least compared to other welfare state programmes in Israel. The theory of bureaucratic politics argues the following: 1. the political process is dominated by politicians and bureaucrats; 2. politicians and bureaucrats are non-monolithic groups composed of players with a variety of interests; 3. no actor holds enough power to enforce its will on any other, so a coalition is required to advance policy preferences; 4. policies articulated as the outcomes of the political processes are, in most cases, compromises resulting from bargaining between coalitions of players (Rosati, 1981; Welch, 1992; for the application of this concept to the study of welfare state programmes, see: Asiskovitch, 2009, 2010, forthcoming; Laffin, 1997; Marier, 2005).

Compared to such welfare programmes as unemployment insurance, income support, or children allowances, LTCIP is relatively popular. This is not surprising as a majority of the population is likely to be touched by it. Most young people have elderly relatives; in addition, they will become elderly themselves, possibly fragile elderly, and may need to access LTCIP. The high public interest is expressed in two ways. One is the wide criticism about the evaluation tests run by the NII to determine who of the elderly claimants is eligible; interestingly, criticism remains even with changes to the tests.

A second one is the introduction of bills by politicians to amend LTCIP. One example is the decision to change the medium benefit level hitherto offered to beneficiaries aged 90 and older and move them into the highest benefit level. Other important legal amendments that have been passed in the Knesset (Israeli Parliament), such as the extension of choice of cash benefits, and the removal of holocaust survivors' benefits from the income tests,

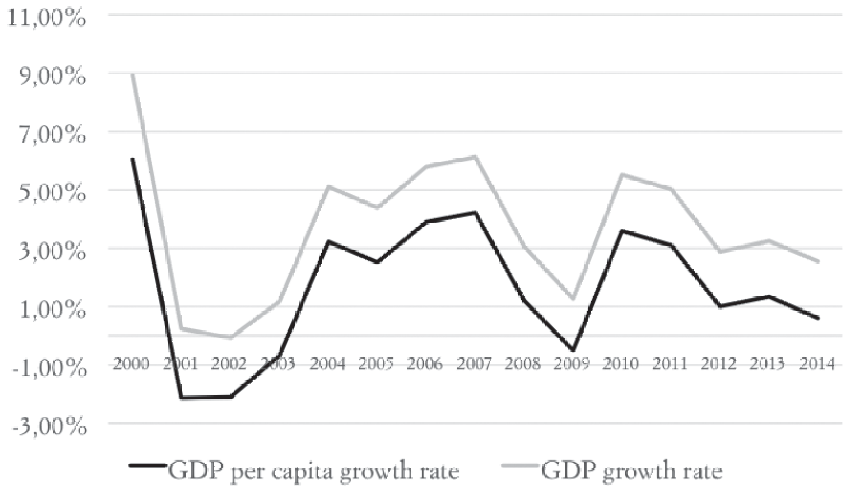
are the outcome of discussions between politicians, the NII, and the MOF. Finally, while not directly linked to the demonstrations organised in the summer of 2011, the shift in the public atmosphere since then might have been in the background, covertly urging politicians to promote proposals to increase spending on LTCIP in favour of the weak segment of society.

4. LTCIP AND THE ECONOMY

Changes in LTCIP are the outcome of political decisions within the economic environment. In other words, the state of the economy has an impact on the availability of resources to finance a welfare programme, especially one in which expenditures have been higher than the sum of the contributory insurance fees. Yet, the nature and scope of the changes are political. Politics mediates the impact of the economy on welfare programmes, and decisions occasionally outlast economic circumstances. For instance, the introduction of income testing into LTCIP was a result of the severe economic austerity in Israel during the first half of the 1980s.

In the period 2001-2003, the Israeli economy suffered a major recession (see Figure 1), which the government considered to be a crisis. As a result, the levels of social security and income support benefits were cut, including for LTCIP. In July 2002, under the Economic Emergency Plan Law, the lower of the two LTCIP benefits was trimmed from 11 to 10.5 hours of home care per week – a reduction of 4%. The higher of the two LTCIP benefits was cut from 16 to 15.5 hours of home care per week – a reduction of 3%. In July 2003, under Israel's Economic Recovery Law, the lower of the two LTCIP benefits was cut from 10.5 to 9.75 hours of home care per week – a reduction of 7%. The lower level set in 2003 is still in effect.

Figure 1. Israel's economy – GDP and GDP per capita

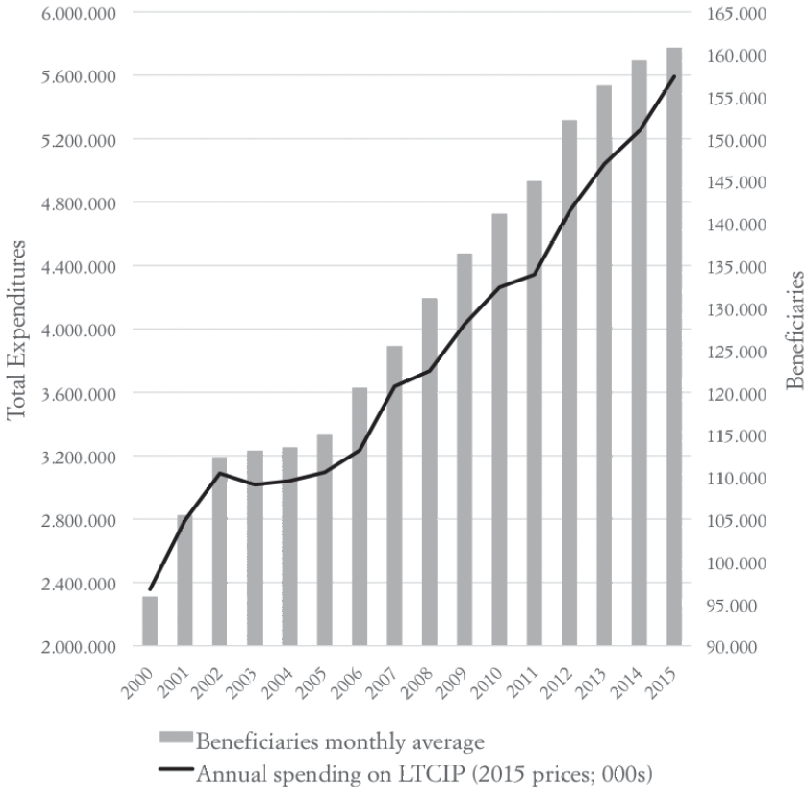


Source: Central Bureau of Statistics, Annual Survey 2015, table 14.2.

In January 2007, a third (higher) benefit was set – 18 hours of home care per week for those scoring nine points or more in the dependency test. The previous highest benefit was restored from 15.5 to 16 hours of home care per week, and its minimal score in the dependency test was lowered from 6.5 to 6 points. This change in LTCIP benefits was introduced in a time of economic growth (2004-2007) (see Figure 1). The perceived needs of the growing population of fragile elderly people were accommodated by a supportive economic environment. That being said, the amendment was a compromise between the NII and the MOF; while the level of the lowest benefit, enjoyed by most beneficiaries, was not restored, the third one, which is the highest, was introduced for a minority of beneficiaries with the greatest needs. In practice, the lack of revision in the lowest benefit level financed the newly introduced third level. Following deliberations in the Knesset, the new benefit level was adopted in 2007 (State of Israel, 2006, 2007).

The introduction in March 2009 of additional home-care hours per week for beneficiaries in the two higher levels who employ Israeli caregivers represented the government's attempt to encourage the employment of Israelis belonging to poorer sections of the Israeli labour market and to stop the increase in the number of non-Israeli workers in the realm of long-term care for the elderly.

Figure 2. LTCIP – benefits and total expenditures



Source: National Insurance Institute, Statistical Monthly.

There are a couple of explanations for this. First, the 2008-2009 global economic crisis had an impact on the Israeli economy, as seen in the GDP statistics (see Figure 1), but Israel's situation was not as bad as that of other nations. Second, a policy aimed at encouraging the employment of Israelis and at reducing the number of guest workers was considered desirable by all segments of the government. The Israeli response to the global economic crisis is discussed in greater detail below.

During 2000-2015 the monthly average number of LTCIP beneficiaries increased by 68%, going from 95,753 to 160,705. At the same time, LTCIP expenditures increased by 137%, jumping from NIS 2.357 billion to NIS 5.591 billion (in 2015 prices) (see Figure 2). The growth in the number of beneficiaries was similar in times of economic prosperity and in times of economic austerity; in 2003 and 2004, the monthly average of beneficiaries increased by less than 1%, while over 2006-2009, it was 4-5%. The growth in the number of beneficiaries had more to do with trends in the elderly population and the professional guidelines of the dependency test than with macroeconomic constraints. Changes in spending were affected by changes in legislation, as seen in 2003, 2007, and 2009, but a more important factor was the population of beneficiaries themselves – more dependent elderly qualified for the highest benefit.

The number of people above the retirement age in Israel has increased. At the end of 2015, there were about 1,016,000 women aged 62 and above and men aged 67 and above compared to 704,000 at the end of 2003 (see Table 2). Similarly, the number of LTCIP beneficiaries increased from 112,000 to 162,000 during this period.

Two trends are apparent. First, the elderly population in Israel is getting older; second, the baby-boomers are entering the ranks of the (younger) elderly. In December 2003, the aged 80 and over made up 23.4% of the elderly population compared to 25.7% in December 2007 and in December 2011. However, in December 2015, their share fell to 25.2%. The ageing of the elderly in Israel (hence, their increasing fragility) meant that more received LTCIP benefits – from 16.0% in December 2003 to 17.4% in December 2011. The recent entrance of a large wave of younger people above retirement age resulted in a drop in the share of elderly eligible for LTCIP benefits – only 15.9% in December 2015.

Table 2. The elderly population in Israel and LTCIP

	December 2003	December 2007	December 2011	December 2015
Total elderly population (N)	703,615	757,292	855,922	1,016,236
Young elderly (aged under 80) as % of total elderly	76.6%	74.7%	74.1%	74.8%
Old elderly (aged 80 or more) as % of total elderly	23.4%	25.7%	25.9%	25.2%
Total elderly population (%)	100.0%	100.0%	100.0%	100.0%
Share of all elderly people who received LTCIP benefits	16.0%	17.0%	17.4%	15.9%
Share of young elderly who received LTCIP benefits	10.0%	9.3%	8.2%	6.8%
Share of old elderly who received LTCIP benefits	35.5%	39.2%	43.8%	43.1%

Note: women aged 62 and beyond and men aged 67 and beyond.
Source: National Insurance Institute's health and long-term care datasets.

The composition of beneficiaries according to levels of LTCIP benefits has changed as well. While in 2000, 76.2% received the lower benefit and 23.8% received the higher (then?) benefit, in 2015 only 51.3% received the lowest benefit and 48.7% received one of the two higher benefits, respectively 25.4% received the medium benefit and 23.3% received the highest one; it is to be noted that the figures for 2000 are slightly influenced by the lower retirement age for both women and men at that time since only few "young elderly" are fragile. The increase in the number and share of those receiving one of the two higher benefits stems from the trend of the ageing of the elderly. Whereas 51.7% of LTCIP beneficiaries in December 2003 were 80 years old and over (58,500 men and women), their share rose to 68.2% in December 2015 (110,300 individuals).

The change in the composition of benefits reflects the number and share of fragile elderly requiring more hours of assistance and/or supervision. In turn, the greater need for more help has an impact on the demography of paid caregivers (see below).

5. The long-term care industry: service providers

The introduction of LTCIP based on bilateral relations between the beneficiaries (and their families), the NII, and service providers led to the establishment of a long-term care "industry" composed of for-profit and not-for-profit service providers and paid Israeli and non-Israeli ("foreign") workers (Asiskovitch, 2013; Schmid, 2009). These disparate actors have various interests but are bound by a common desire to provide care for fragile elderly according to the law.

Before the creation of LTCIP, only one, not-for-profit, organisation delivered home-care services for the elderly. But by 2015, 121 service providers delivered home-care services on behalf of the NII, 70 of which were for-profit and 51 were not-for-profit organisations. In 2015, a monthly average of 8.262 million hours of home care were provided, 73.6% of them by for-profit organisations. The sum of home-care hours is rising as the number of beneficiaries climbs, especially those requiring more care. Along the years, the share of hours delivered by for-profit organisations has increased (in 1989, for-profit organisations delivered only 49% of home-care hours). Since the NII pays a higher tariff for for-profit organisations because of taxation laws, the composition of service providers influences the scope of expenditure. The NII pays the same tariff for all for-profit organisations and a different tariff for all not-for-profit organisations. Thus, service providers compete over beneficiaries who choose by quality of service.

Service providers differ; obviously, some are for-profit organisations while others are not-for-profit entities, but the geographical scope of their operations varies as well. In December 2015, 36 not-for-profit service providers operated in one or two branches of the NII, and 16 for-profit service providers operated in only one or two branches; four not-for-profit service providers operated in 10 or more branches, while 24 for-profit service providers operated in 10 or more branches. In December 2015, 69 for-profit service providers worked in 8.3 NII branches in average, and 47 not-for-profit service providers worked in 3.2 NII branches, on average. Only two service providers delivered more than 10% of the total home-care hours, and the six largest – according to hours of home care provided in 2015 – delivered 47.6% of a total of over 98 million hours; the biggest service provider was a not-for-profit entity and the other five were for-profit organisations. Finally, some service providers employ mainly Israeli workers, while others also hire foreign workers.

The NII regulates the operations of service providers under LTCIP (Asiskovitch, 2013; State Comptroller, 2011). One part of the regulations is financial, and the NII uses the services of external accounting firms. Another part concerns the quality of services. Quality is assessed using regulations published by the NII, compiling complaints of beneficiaries, and making regular visits to the homes of beneficiaries (the number of yearly visits is small compared to the number of beneficiaries). The large number of service providers limits the capability of the NII to reliably and effectively supervise operations (High Court of Justice, 1997; State Comptroller, 2011).

As LTCIP is a main source of income for most service providers (High Court of Justice, 1997; Jerusalem District Court, 2009), they naturally have an interest in maximising their revenues (4% of the tariff, for both for-profit and not-for-profit organisations, is formally considered as "profit") and in expanding their autonomy vis-à-vis the NII. An example is their opposition to introducing tenders for service providers. They were able to postpone applications by the NII for a number of years (High Court of Justice, 1997; Jerusalem District Court, 2009). But in 2008-2009, a tender for a nation-wide pool of home-care service providers was finally set in place (Asiskovitch, 2013). Service providers claimed the NII was not permitted by law to decide which service provider was entitled to deliver services, was not allowed to set a limit on the number of service providers contracting with it, and could not regulate a minimum wage for paid caregivers (their employees). The NII was able, however, to set a minimum wage for paid caregivers, defined as part of the tariff (High Court of Justice, 1997; Jerusalem District Court, 2009).

As the above example suggests, service providers influence the LTCIP policy making. They are on the NII council (composed of the delegates from the government, the employees' federation of trade unions, and the employers' associations) and the council's LTCIP committee, which is essential to the promotion of legal amendments and other policies. Informally, they work with the NII and have links to politicians in senior positions. Their ability to wield power is evident in the process of the adoption of cash benefits (Brodsky *et al.*, 2013; Gharrah, 2010). They were initially able to postpone the introduction of cash benefits; then, once the policy was in place, they managed to limit the implementation to a few branches of the NII. The reform was gradually expanded to more branches, however, and in 2014 beneficiaries nationwide were allowed to choose between in-kind and cash benefits (see above). The power of service providers proved to be important, yet limited.

6. The long-term care industry: the paid labour force

According to a 2007 government report, the number of documented foreign workers in the sector of long-term care for the elderly and others rose from 8,200 in 1996 to 45,300 in 2006; half of those employed in the long-term care sector were non-Israelis (Eckstein Committee, 2007). In 2007, many considered the employment of foreigners in long-term care positions to be essential, as it cost much more to hire Israelis (Eckstein Committee, 2007). Thus, unlike other sectors of the economy, no maximum quota for documented foreign workers was set.

In December 2015, 111,670 formal caregivers were employed by service providers: 79,188 were Israelis and 32,366 were non-Israelis. A total of 39,632 people held a valid permit to employ a foreign caregiver – 24.5% of all beneficiaries. Obtaining a permit to hire non-Israeli caregivers depends on the level of dependency as a proxy for the need for

care, and on the economic status of the beneficiary (and his/her family) as an indication of the economic resources available to finance care. Among those receiving full benefits (i.e. lower incomes) in December 2015, 2.9%, 35.8%, and 54.3% of those eligible for the lower, medium, and higher benefit levels, respectively, had a permit to hire a non-Israeli; at the same time, among those receiving half the benefits (i.e. higher incomes), 12.3%, 56.4%, and 69.1% of those eligible for the lower, medium, and higher benefit levels, respectively, had a permit (see Table 3).

Table 3. Beneficiaries – benefit levels and status regarding permit for foreign caregivers, December 2015

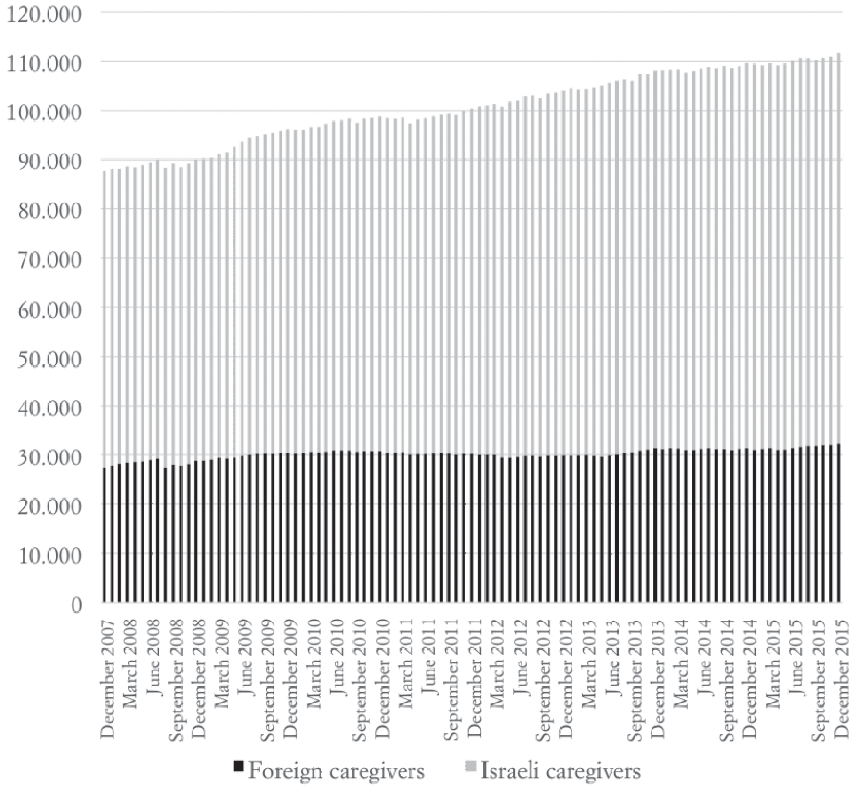
Benefit level	Do not hold permit	Hold permit	Total	Do not have permit (%)	Have permit (%)	Total
45.5%	4,110	575	4,685	87.7%	12.3%	100.0%
75%	1,256	1,622	2,878	43.6%	56.4%	100.0%
84%	898	2,012	2,910	30.9%	69.1%	100.0%
91%	74,973	2,273	77,246	97.1%	2.9%	100.0%
150%	24,620	13,739	38,359	64.2%	35.8%	100.0%
168%	16,348	19,451	35,799	45.7%	54.3%	100.0%
Total	122,205	39,672	161,877	75.5%	24.5%	100.0%

Source: National Insurance Institute's long-term care dataset.

Not all LTCIP beneficiaries can obtain a permit to employ a non-Israeli caregiver. A minimal total score of 4.5 points in the dependency test is required (or four points if the person's age is 90 or beyond), and the Population and Immigration Authority at the Ministry of the Interior (MOI) is responsible for issuing the permits. Not all those receiving 4.5 points or more apply for a permit. Some do not need long-term care assistance that requires the attendance of a foreign caregiver; foreign caregivers are generally considered a solution for those in need of greater help for more hours during the day, as Israeli caregivers are much more expensive. However, some beneficiaries and family members oppose assistance from non-Israeli caregivers if the caregivers must live with the fragile elderly. Nor is the availability of foreign caregivers equal across Israel. They are more available in the central part of the country, especially in Tel Aviv and its neighbouring cities, and less available in the northern and southern peripheries. Finally, in mid-2010 a policy regulating any increase in the number of foreign caregivers was implemented by the MOI, making the situation even more difficult.

The majority of paid caregivers in LTCIP are Israelis (see Figure 3). The number of Israelis employed by service providers under LTCIP rose from 60,047 in December 2007 to 79,188 in December 2015 – a rise of 31.9%. Over the same period, the total number of LTCIP beneficiaries rose by 25.8% (from 128,693 to 161,877), and the number of beneficiaries with permit to hire a non-Israeli caregiver rose by 18.1% (from 27,407 to 32,366).

Figure 3. Paid caregivers



Note: Israeli paid caregivers employed by service providers and non-Israeli paid caregivers employed by beneficiaries who received in-kind benefits.
Source: National Insurance Institute, Statistical Monthly.

The 2008 global economic crisis gave the MOF (and the NII) an opportunity to introduce a new policy encouraging the employment of Israeli caregivers over foreign ones while not abandoning the longstanding policy which considered foreign caregivers necessary at both micro and macro levels, the former to contain the cost to the fragile elderly person and his/her family and the latter to contain public spending on long-term care. At the same time, having growing numbers of foreign non-Jewish people was considered socially undesirable (Eckstein Committee, 2007). The way to overcome the contradiction between economic and social interests was to encourage the employment of Israelis by LTCIP beneficiaries by offering more generous benefits in terms of weekly home-care hours. Yet, the government estimated that this new policy would add only 2,000 Israeli caregivers (at a time when 28,000-29,000 LTCIP beneficiaries had permits to employ a foreign caregiver) (State of Israel, 2009a).

The main short-term goal of the programme was, thus, not to replace the entire non-Israeli workforce in the area of long-term care for the elderly, but to use this economic activity to ease the growing unemployment. It was part of a wider "Acceleration Plan" to

overcome the economic crisis through government support of the private and third sectors and greater public investments (Bank of Israel, 2009b; State of Israel, 2009b; Shwartz and Tzadik, 2009). It also marked a change in the perspective of the MOF about the role of the government in an economic crisis. More specifically, this time, the government did not cut entitlements, as in the earlier economic crisis; rather, it offered beneficiaries increased public assistance. At first, the change was set as an agreement between the MOF and the NII for a fixed time. Both agencies saw the need to make changes during an economic crisis (exacerbated by an upcoming elections). They promised the Knesset that after the elections, the agreement would be replaced by legislation.

Table 4. Israeli paid caregivers

		December 2007	December 2008	December 2009	December 2010	December 2011	December 2012	December 2013	December 2014	December 2015
Total (N)		60,047	61,139	65,497	67,608	70,088	73,999	76,641	78,159	79,188
Total (%)		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sex	Female	92.7%	93.0%	92.9%	92.9%	92.8%	92.6%	92.3%	92.0%	91.5%
	Male	7.3%	7.0%	7.1%	7.1%	7.2%	7.4%	7.7%	8.0%	8.5%
Age	≤ 29	12.8%	12.6%	13.3%	13.3%	13.6%	13.9%	13.8%	13.8%	13.8%
	30-39	14.3%	13.7%	14.0%	14.0%	13.7%	13.6%	13.7%	13.2%	12.7%
	40-49	21.0%	20.6%	20.4%	20.2%	19.6%	19.4%	19.0%	18.7%	18.5%
	50-59	29.2%	28.8%	28.3%	28.0%	27.7%	27.0%	26.3%	25.3%	24.4%
	60+	22.6%	24.3%	24.0%	24.5%	25.4%	26.1%	27.1%	29.0%	30.6%
Migration	Veterans	51.8%	52.7%	53.8%	55.2%	56.1%	57.5%	58.2%	58.8%	59.2%
	Olim, 1990-9	39.5%	38.3%	36.8%	35.2%	33.9%	32.3%	31.3%	30.4%	29.5%
	Olim, 2000-9	8.7%	9.0%	9.4%	9.4%	9.3%	8.8%	8.7%	8.5%	8.2%
	Olim, 2010+	0.0%	0.0%	0.0%	0.3%	0.7%	1.3%	1.8%	2.3%	3.1%
Average age		48.61	48.95	48.56	48.52	48.64	48.68	48.92	49.38	49.80
Median Age		50.67	51.17	50.83	50.92	51.25	51.33	51.58	51.92	52.33
Average monthly hours of work		70.98	74.82	78.98	78.08	76.27	79.66	82.75	82.03	81.65
Median monthly hours of work		62.00	66.50	72.00	71.50	70.00	74.25	76.00	75.25	74.50
Average number of beneficiaries cared for		1.91	1.94	1.95	1.98	1.98	1.98	1.99	1.98	1.96

Source: National Insurance Institute's long-term care dataset.

The additional three or four hours were an outcome of the willingness of the MOF to increase public spending on LTCIP by NIS 200 million. However, the new benefit levels were only slightly higher than the original benefit levels. Thus, the addition only temporarily prevented a shift from Israeli to foreign caregivers.

Most of the Israeli formal caregivers are women, although their share has slightly fallen in recent years – from 93.0% in December 2008 to 91.5% in December 2015 (see Table 4). Many paid caregivers are migrants ("olim" in the Israeli terminology); in December 2015, 40.8% had migrated to Israel since 1990 (the year marks the vast migration from the Former Soviet Union) (see Table 4). Of the migrant paid caregivers, almost three quarters migrated during 1990-1999. Over 2007-2015, the share of migrants among paid caregivers has fallen from 48.2% to 40.8% (see Table 4); yet their share in this population is much higher than their share among the general population.

The population of paid caregivers delivering services under LTCIP via service provider organisations is ageing. From December 2015 to December 2007, the share of caregivers aged 50 and older rose from 51.8% to 54.9%; those aged 60 and older increased from 22.6% of the total population of paid caregivers to 30.6% (see Table 4). In the same period, the share of paid caregivers younger than 50 fell from 48.2% to 45.1%. The average age of paid caregivers rose from 48.61 in December 2007 to 49.80 in December 2015 (see Table 4). These trends are of great concern: caregiving for the elderly is a physical job, and the population of beneficiaries is getting older and requiring more care.

During 2007-2015, the average number of beneficiaries with Israeli paid caregivers has changed little, ranging between 1.91 and 1.99 (see Table 4). However, the average monthly hours worked by an Israeli paid caregiver increased from 70.98 in December 2007 to 81.65 in December 2015 (see Table 4). The number of Israeli paid caregivers has grown, but the burden laid on them has grown as well. Moreover, as the NII tariff on service providers includes an hourly salary at the level of the minimum wage plus 4%, most paid caregivers belong to the weak strata of the Israeli labour market characterised by low incomes, part-time jobs, poor employment conditions, and little or no security.

7. Concluding discussion: the growth in the number of beneficiaries and spending

The introduction of LTCIP for the elderly in April 1988 marked the latest programme added to the national insurance system in Israel. Since its inception, LTCIP has been the main way to provide public assistance to the fragile elderly living in the community. It is also a realisation of the common social preference in Israel for the fragile elderly to remain in the community as long as possible before moving to an institution. The creators of the programme expected no more than 10,000 people to access it, expectations that were quickly shattered. In December 2015, there were close to 162,000 beneficiaries, or almost 16% of the elderly.

Several factors help explain the expansion in the number of elderly receiving LTCIP benefits. The main one is the number of elderly people needing assistance. Since the introduction of LTCIP, the growth in the number of beneficiaries has outpaced that of the entire elderly population. Between 1990 and 2014, the monthly average of beneficiaries increased by 5.73 times, while the elderly population increased by 2.09 (Central Bureau of Statistics, various years; National Insurance Institute, various years). The pace has slowed; from December 2003 to December 2011, the number of elderly women and men in Israel

increased by 21.6% and the number of beneficiaries increased by 32.5%; from December 2003 to December 2015 (data based on the NII's health and long-term care datasets).

The increase in the number of recipients can be explained by other factors, some of which are linked to the programme itself. Since the 1990s, Israeli society has experienced economic, social, and legal liberalisation (Ram, 2007; Shafir and Peled, 2002). One of the main expressions of this is the growing awareness of legal rights (Ajzenstadt and Mundlak, 2008; Gal and Ajzenstadt, 2009). The legal recognition of public support for long-term care led to demands from elderly individuals and their families. Another factor is the liberalisation of information linked to technological developments, especially through the internet. There are more sources of information, and more people are looking for information (Asiskovitch, 2013). Some organisations wish to advance and protect the rights and entitlements of the elderly. Meanwhile, service providers promote their services and encourage potential elderly clients to claim benefits and ask for their services if the claims are accepted.

Another factor is change in the NII policies themselves. Some important parts of LTCIP such as the dependency test and score do not appear in law (Asiskovitch, 2013; National Insurance Institute, 2011). Responding to public criticism but guided by its own rules, the NII has been able to change the way the test is implemented (Ben-Yehuda Committee, 2013), and this affects the number of beneficiaries. It should be emphasised, however, that the evaluators for the NII should be autonomous when conducting evaluations, but they have to follow the guidelines (Dinur et al., 2015). Last, the introduction of new channels of evaluation, including examinations by geriatricians, has contributed to the increase in beneficiaries (Asiskovitch, 2015a, 2015b).

The rising number of beneficiaries is the main force behind the growing spending on LTCIP. Other factors are legal changes, as in the introduction of the third benefit level in 2007, or the increased benefit levels for those employing Israeli caregivers, introduced in 2009. Since 2006, the benefit levels have been updated to mirror changes in the cost of living; the tariffs paid to the for-profit and not-for-profit service providers have been adapted to reflect changes in the cost of the components of the tariffs, mainly the minimum wage. Recently, a gap has opened between the formal benefit levels as a percentage of a full disability pension (prior to the legal change introduced in July 2016; see above) and the average tariff paid to service providers. In December 2015, the total spending on LTCIP reached NIS 5.6 billion.

The economy is important if we want to understand changes in LTCIP. The economic environment determines the availability of resources and influences the preferences and power of central actors, in this case, the NII and the MOF. The state of the economy has no influence on the number of beneficiaries, but it does affect how resources are allocated. In economic crises, benefit levels are cut, and in times of prosperity they rise, at least for some groups of people. It should be noted, when compared to programmes in other countries, two characteristics of LTCIP are lower benefit levels, at least for the more dependent, and a high share of eligibility among the elderly.

The establishment of LTCIP has entailed actors and a political dimension unique to this programme, but with features found in other welfare programmes in Israel and elsewhere. LTCIP brought with it a large number of for-profit and not-for-profit service providers. Despite a common goal of meeting the needs of the fragile elderly, the NII and the various service providers had their own, sometimes conflicting interests. Even though the interest of the elderly should guide the NII's decisions, this organisation knows that the success of

the programme depends on the cooperation of service providers. Thus, when amending the law or creating new regulations, the NII realises that the service providers are crucial to successful implementation, and this affects the direction and magnitude of change.

At the same time, the NII needs to enforce its regulatory powers over service providers to ensure the quality of service and the proper financial conduct of entities that receive public money to achieve a social goal. In fact, service providers are dependent on the NII as LTCIP is their main source of revenue. They face possible sanctions if they do not abide by the regulations. Yet, they wish to increase their profits, and to do so, they compete for clients and vary the quality of services they are willing to offer.

Service providers want to keep as much autonomy as possible. Their large numbers help them avoid close supervision, especially in the realm of care quality. They initially refused the interference of the NII in the field of employment relationships with the caregivers they employ, but after a long struggle, they eventually had to accept it.

The establishment of LTCIP has led the Israeli public, especially the elderly and their family members, to expect the State to help the fragile elderly. This expectation leads to criticism about the NII if help is not forthcoming. Despite criticism, LTCIP remains popular. Even though it is not perfect, it has become essential.

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