3

Public Hospitals in Crisis: Managerial and Strategic Adaptation

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3.1 Introduction

This chapter reviews the behaviour of Israeli public hospitals as they adopted business and marketing strategies in a competitive market and during the national medical crisis engendered by the COVID-19 pandemic. These hospitals function in a competitive market subject to a changing ecosystem (the macro global environment and the micro Israeli environment). Changes in the ecosystem are a key factor in forcing adaptation, both under normal conditions and in a national medical crisis. The outbreak of the COVID-19 pandemic in Israel in February 2020 created an entirely new situation that highlights the importance of stable and well-functioning healthcare systems and organisations.

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The chapter will first review the external and internal forces that act upon the Israeli healthcare market. It will then analyse the research data by mapping the organisational processes of adaptation and change that Israeli public hospitals have undergone in response to changes and crises in their environment.

3.2 Healthcare's Changing Ecosystem

Health systems worldwide differ from each other, depending on the country's socioeconomic policy, rules, reforms, and other legal frameworks and restrictions. In many cases they also differ in structure and in managerial and financial behaviour because of the variety in types of organisation, their nature, and their ownership (Shuv Ami, 2011). But all health systems must contend with economic, demographic, and technological changes that are constantly driving up per capita health costs, which must be reined in (Schmid et al., 2010). These changes create a turbulent, competitive, challenging, and complex ecosystem with which the health organisations and their leaders must contend in order to survive (Denis & van Gestel, 2015; Ginter, 2018). The complexity of the ecosystems and the pressure to control per capita health costs have driven health organisations to change their organisational structure and their managerial and economic behaviour (Bin-Nun et al., 2006; Boehm, 1998; McKee & Healy, 2002; Naamati Schneider, 2013; Schmid et al., 2010).

This chapter affords an important view of the behaviour and adaptation of public hospitals in Israel as a case study of creative adaptation to an environment that is turbulent in normal times and especially so in times of crisis.

3.3 Healthcare in Israel: Background

Israel has a pluralistic health system, financed and supported by various actors, including the government, non-profit organisations, health maintenance organisations (HMOs), and even private-sector agents (Chinitz

& Israeli, 2011). This complex structure developed on the legal basis of British and Ottoman laws and on the basis of public solidarity (Bin-Nun, 2019). Over the years, however, the status of the public system has declined, partly as a consequence of the growing private system (Achdut & Bin-Nun, 2012; Bin-Nun, 2019; Naamati Schneider, 2020b).

Starting in 1995, under the National Insurance Law, all Israeli residents became entitled to coverage of a standard basket of health services by one of four non-profit HMOs. The HMOs are funded by the government in accordance with the number of members and their gender, age, and geographic location. This accounting method, known as "capitation," combined with an increase in the array of health services available and the Patient's Rights Law, 1996, has increased competition among the HMOs and throughout the healthcare system (Chinitz & Israeli, 2011; Rosen et al., 2015).

The HMOs purchase health and hospitalisation services from hospitals through various payment schemes. Of the public general hospitals, some are owned by the government, some by an HMO, and some by non-profit organisations. All these hospitals function as part of a system that is highly regulated and centralised: The Ministry of Health arranges and regulates the ownership of hospitals and their specialisations, location, number of beds, and main outlays, such as expensive equipment (Bin-Nun & Ofer, 2006; Chinitz & Israeli, 2011). Under this unique arrangement, the Ministry of Health has the problematic dual role of owner and regulator of some of the hospitals (Leon et al., 2004). This dual role highlights, among other factors, the conflicts of interest and the problems inherent in managing and regulating hospitals that are in constant competition with hospitals owned by the Ministry of Health (The Advisory Committee for Strengthening the Public Health System, 2014; Chinitz & Israeli, 2011; Leon et al., 2004; State Comptroller's Report, 2008, 2015).

In 1995, under the National Insurance Law, an attempt was made to convert government hospitals into independent trusts, but difficulties and resistance, mainly by workers' unions, stymied the effort. The attempt did, however, influence the behaviour of hospital management (Chinitz & Israeli, 2011; Chinitz & Rosen, 1993; Feder-Bubis, 2006; Shasha, 1999). Consequently, in recent decades Israel's health system has seen

increased competition among the health and insurance providers, making the market dynamic, more competitive, and less secure for all medical service organisations, including hospitals (Chinitz & Rosen, 1991, 1993; Naamati Schneider, 2013; Rosen, 2003; Naamati Schneider, 2020a).

As part of the review of the Israeli ecosystem in which the public hospitals operate, as presented in Fig. 3.1, it is worth mentioning the field of Israeli start-ups and high-tech in medicine and biotech. These companies are increasingly defining the ecosystem in which the hospitals function. In recent years, global economic and technological trends have benefited the high-tech industry in Israel: The global growth rate is rising, new technological markets are opening up, and capital on a huge scale is continuing to fuel the accelerated growth of innovative companies (Israel's Life Sciences Industry IATI Report, 2019). Comparative data show that Israel excels in the development of innovative technologies (Zaks, 2020). The high-tech industry has close research and development ties with the

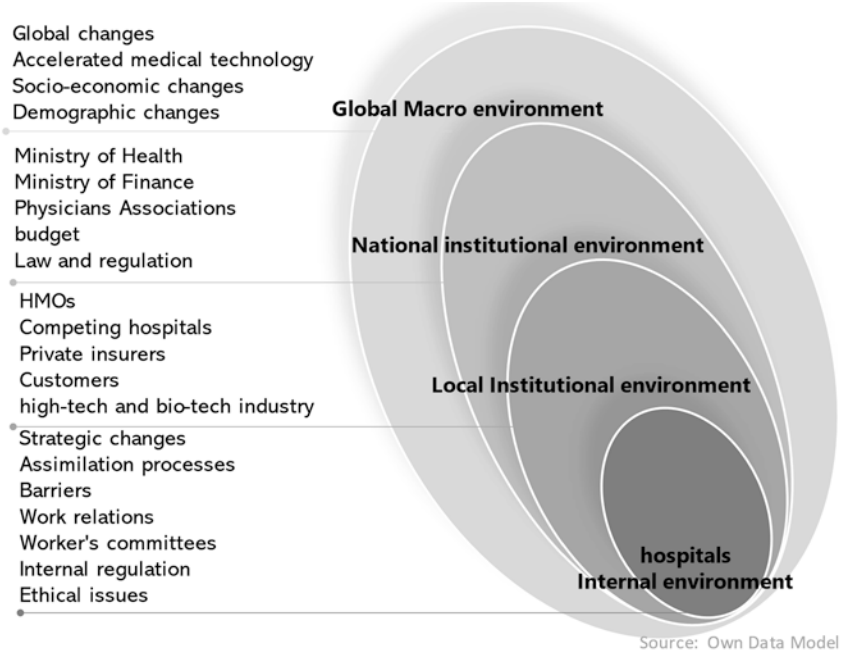

Fig. 3.1 Environmental impact on hospitals

military and extensive connections with academia, the health system, and hospitals in the fields of biotech, artificial intelligence (AI), and big data (Zaks, 2020). The digital health sector is one of the most promising areas in terms of global growth, as it is expected to grow significantly in the coming decade. (The Foreign Investments and Industrial Cooperation Authority, 2020). The healthcare landscape is currently shifting towards a more integrated ecosystem that includes biopharma, MedTech, and digital health and healthcare in a single bioconvergent industry (Israel's Life Sciences Industry IATI Report, 2019).

Israel's highly competitive healthcare market now offers a wide range of advanced technological and digital solutions. This revolution affects the organisation as a whole, redefining its strategies, entrepreneurial processes, and governance mechanisms or structures. (Kokuytseva & Ovchinnikova, 2020).

But far-reaching changes in this complex ecosystem, combined with chronic under-funding of the health system and a lack of staff and job slots, make it difficult for the public hospitals to achieve medical superiority through their economic conduct. They face an unstable and stressful local and global ecosystem that is forcing management at all levels, doctors, and the entire medical staff to adapt to changes in order to survive. Implementing structural and organisational changes is a complex process that has a great impact on the organisation and beyond. For the process to improve, it must be regulated and controlled, because it involves all levels of employees, from medical staff to managers (Ginter, 2018; Naamati Schneider, 2020a; Vrontis et al., 2018)

3.4 Theoretical Background: Organisations, Crisis, and Adaptive Changes

Organisations' relationship with their global macro and micro environment and their ability to adapt and survive in a changing environment are significant elements in the analysis of organisations' mechanisms of existence and survival and have long been important issues in organisational research (Samuel, 2012).

Various models address the adaptation and survival processes of organisations in a competitive business environment. This chapter combines the open systems approach (Katz & Kahn, 1978) and the new institutional theory approach (Scott, 1987) to understand how Israeli public hospitals and their administrations have adapted to environmental pressures and changes.

Both approaches investigate the organisation as a whole while examining the connections between its parts and the external environment. Whereas the open systems approach considers the global environment, the new institutional theory approach also specifically addresses changes and demands of the institutional environment (Samuel, 2012). As part of the definition of the environment, we must also consider dynamic environmental conditions. Consequently, we must examine the ever-changing organisational environment as a factor that generates pressure and a chronic crisis (Kutter, 2017).

A crisis is an unusual, unplanned event that may have a negative impact on the organisation. It can be limited to a specific time or it can be an ongoing process, that is, a chronic crisis (Samuel, 2012). To survive chronic crises, organisations must re-evaluate threats and risks, maintain business continuity, prepare for other crises, and overcome them with minimal damage. Preparation for crises is crucial for success and prosperity in an era of disruptive technological innovation.

The global macro and micro changes in the health system's ecosystem described above (as presented in Fig. 3.1), coupled with the economic starvation and under-staffing of hospitals, constitute a chronic crisis for the hospital administrators and even the medical staff. To survive, hospitals must develop new services and adopt the values, organisational culture, and creative solutions of the business sector (Kash et al., 2014).

The new institutional theory approach posits that organisations tend to institutionalise patterns and social arrangements that are common to their organisational field because of their tendency to act in harmony with the field's norms and cultural construction (Samuel, 2012; Suchman, 1995; Zimmerman & Zeitz, 2002). Nevertheless, it is evident that hospitals are adopting managerial strategies that are not common to their field. Adopting business-oriented strategies is not easy for Israel's public hospitals because they are non-profit organisations functioning in a

highly regulated and centralised environment. Such behaviour is relatively foreign to the realm of health services and is not necessarily suited to the ethical, cultural-organisational, and managerial systems of health service organisations (Naamati Schneider, 2013, 2020a). Consequently, their legitimacy is questioned, and they lack support both within and outside the hospital (Suchman, 1995; Zimmerman & Zeitz, 2002).

3.5 Methodology

Because of the complexity of the hospitals' situation, a qualitative approach, which allows participants to respond in their own words, seemed best suited to comprehending fully how the hospitals are coping. In choosing this form of data collection and research, we took into account that the strategic changes in the hospitals were made in a complex situation and were subject to many environmental factors. However, as we have noted in the description of the theoretical approaches, the impact of external factors is mediated by internal factors—that is, the staff—whose character and worldview are crucial in bringing about change (Samuel, 2012).

The study was based on 60 open-ended in-depth interviews in Israel with managers and doctors within the health system and key figures in the Ministry of Health, HMOs, and public hospitals. The data collected underwent a thematic analysis using the grounded theory approach (Shkedi, 2011; Shleski & Alpert, 2007; Tsabar Ben Yehoshua, 2016).

Included in the data were two sets of interviews, the first set in 2006 in a pilot study that compared strategic changes in two hospitals in Israel and the second set in 2012 in a study conducted in six public hospitals. These data were combined with interviews conducted in 2019 and also in 2020, in the midst of the first wave of the COVID-19 pandemic in Israel.

The hospitals were selected on the basis of three criteria: ownership, location, and size. In each hospital, we interviewed top management and the heads of departments: cardiac surgery, gynaecology and obstetrics, and paediatrics, as well as doctors and managers in the HMOs, the Ministry of Health, and the Ministry of Finance. Interviewees who responded to a call for participants in this study signed a consent form

before the interview began. The interviews were recorded and transcribed with their permission in accordance with transcription rules.

The analysis of the interviews conducted over time affords a broad view that makes visible the processes of change that the health market and the public hospitals are undergoing.

The data also included several interviews that appeared in the media between 2012 and 2020. In addition, as background for the interviews and their analysis, a variety of hospital documents were used: newsletters, marketing newsletters, and reports in the hospitals' official media and websites. The next section describes the main findings.

3.6 Findings

Among all the interviewees there is a consensus that the health market and the hospitals are constantly making far-reaching changes in their strategic, business, and marketing behaviours in order to adapt to the chronic crisis they face. This trend is manifested in the adoption of business patterns and the transformation of hospitals into customer-oriented and competitive organisations. A timeline of the changes reveals that they are escalating in response to reforms and increased competition in Israel and worldwide.

These perceptions exist across various levels of management and across roles in the hospitals. The organisational and behavioural changes are reflected in a number of organisational processes within hospitals.

Development and Implementation of Strategies

Building broad strategies for the organisation is a managerial process that involves developing the goals, competencies, and resources of the organisation while maintaining a reasonable match between them and changing market opportunities. The goals of strategic planning are to redesign the organisation and its products in a way that will fulfil its profit and growth goals (Kottler & Hornik, 2000). Previous studies have found that

strategic management of non-profit organisations contributes to their survivability and improves their performance (Noy, 1988; Shuv Ami, 2011). In most cases, the adjustment and correction in accordance with the uniqueness of the non-profit and the industry in which it operates cause the strategic planning and implementation to benefit the public sector (Noy, 1988; Shuv Ami, 2011).

Strategic planning development processes have been inculcated in Israeli hospitals over the past decade. Because the hospitals are keenly aware of the need to adopt business and marketing strategies throughout the organisation, they are implementing various organisational changes and business and marketing strategies. The extent and scope of the processes and the degree of cooperation within the organisation differ from one hospital to another in accordance with internal forces, organisational structure, and hospital ownership (Chinitz & Israeli, 2011; Feder-Bubis, 2006; Harrison & Shalom, 2006; Naamati Schneider, 2013, 2020a).

Customer-oriented Organisation

The growing awareness of consumers' rights, the increase in consumers' power, the hospitals' view of patients as active consumers rather than as passive users, and the increased competitiveness of the health market have made organisational change in this area vital (Daniel & Darby, 1997).

The health organisations' new focus is customer orientation: meeting customers' interests, needs, and expectations, and delivering appropriate and personalised services (Bruno et al., 2017). In hospitals and healthcare organisations patients are treated as customers, and this includes patients' ability to make services conform to their expectations (Bruno et al., 2017; Daniel & Darby, 1997).

Customer orientation and a high level of service are not natural parts of the medical organisational world. This change in focus reflects the dramatic change that the system, the managers, and the doctors have undergone in their new perception of patients as customers (Harrison & Shalom, 2006; Naamati Schneider, 2013).

Marketing Strategies

In the past, marketing strategies, their transformation into action, and advertising plans were not part of the hospital world. With the advent of competition and changing environmental conditions they have become an integral part of hospital management—along with business development, management processes, and marketing opportunity analysis—and dedicated departments have been established. The extent to which such departments function as part of the organisation's determination of business strategies and behaviours differs from one hospital to another and is also influenced by factors within the organisation. Marketing strategies are clearly having a significant effect on the healthcare market and its organisation; all hospitals declare they engage in some type of marketing in order to survive.

Several main issues arose in connection with the hospitals' marketing activities.

Target customers and market segmentation. Selecting target customers is a concept alien to the medical field and fundamentally contrary to the principle of egalitarian public medicine. Yet hospitals agree on who their preferred customers are. To overcome this ethical difficulty, target customers are chosen in two main ways:

- Expanding the hospital's catchment area—within the country

Hospitals are expanding their activities to all parts of the country by opening centres and clinics in remote areas and advertising outside their official catchment areas, thus making their services accessible to all, including distant customers. These changes require a fast response from hospitals in these areas, and this sets off a chain reaction that increases the problematic nature of uncontrolled competition in the healthcare market. The changes are also increasing competition among the HMOs and expanding their customers' ability to choose service providers, including hospitals.

- Seeking customers from outside the country—medical tourism

Whereas selecting customers in Israel may be considered neither legitimate nor ethical, seeking customers from outside the country, who can pay several times what an Israeli is charged, is perceived by doctors and hospitals as both legitimate and desirable. Medical tourism is often presented as financing unprofitable and loss-producing procedures, and it solves a large part of hospitals' budgetary problems. Medical tourism, undertaken by all hospitals in collaboration with private companies and other organisations, is a huge market, in terms of both the number of operations and the reported earnings. However, the market's continued growth creates a serious conflict of interest for the system (Even, 2010; Linder-Gantz, 2011). Therefore, in recent years there has been extensive regulation and a reduction of scope in order to maintain priority for Israeli patients. Nevertheless, hospitals are still investing great effort in marketing medical and related services for medical tourism, one of the most profitable ways for hospitals to survive.

Strengthening ties with the community. As part of their marketing strategy, hospitals maintain close contact with the community. Their aim is to strengthen their ties with customers, retain existing ones, and attract new ones. Many hospitals send their doctors to work in community clinics so as to create a good relationship with the community and thus bring patients to the hospital. Hospitals also cultivate close contacts with opinion makers (mainly rabbis) in the community. This connection has been strengthened in recent years, and it appears that hospital managers and even department heads are becoming increasingly aware of its importance.

Developing non-medical services. One of the changes observed in hospitals as part of their marketing activity is the adoption of business operations and strategies that are not directly related to profits from medical services. In recent decades, there seems to have been a steady increase in ancillary services offered both to patients and to healthy individuals. The main change, in the perception of hospital managers, is in the understanding that it is worthwhile to leverage the reputation of a public medical centre to provide added value while addressing the purchasing power of the "captive" customers who receive medical services from the hospital. This involves establishing profit centres, including cosmetic and other medical units within the hospital area, shops and malls in the commercial areas, parking lots, maternity hotels, rehabilitation hotels, aesthetic medical services, and alternative medical services.

The prevailing perception is that beyond being profitable, these services and amenities make the medical experience more service-oriented and contribute to a better overall atmosphere, indirectly leading to better service and greater customer attraction.

Social media, internet, and advertising. Hospitals are embracing marketing elements and social media, combined with advertising that is allowed by the relevant law. They engage in widespread social and advertising media activity; use public relations services; produce scientific publications, ads, and commercials; and even engage in lobbying. They declare extensive activity of this sort. It appears that it is becoming more and more accepted as vital to the hospitals' survival, and opposition is declining. Hospitals now operate active websites, including personal areas for patients that contain relevant and up-to-date information, enable easy browsing, and afford associative navigation to relevant information. Some have active forums run by professionals, allow online appointments, send greetings to patients through the site, and provide other services as part of their embrace of digital health service.

As part of their internal marketing activity, hospitals are trying to enhance their attractiveness to the medical staff and medical organisations who work with and within the hospital.

Attracting and Retaining Medical Staff—Inside the Hospital

Senior medical staff members constitute an important marketing tool and make a very significant contribution. Hospitals invest heavily in incentives and rewards for senior medical staff, over and above monetary rewards. Examples include research opportunities, professorships, academic and scientific advancement, and mentoring of interns.

Attracting and Retaining Factors Outside the Hospital

Activities aimed at outside entities include marketing to HMOs, differentiating the hospital and making it more attractive, marketing that includes tour days aimed at private insurance companies, and efforts to

create working relationships. These actions often go beyond what is allowed by the rules, for example, giving such items as food vouchers or other small gifts to paramedics and ambulance staff so they will bring more patients to the hospital. Here, too, it seems that the lack of supervision and regulation leads to improper conduct.

Developing Business Entrepreneurship Related to the Hospitals

In addition to developing business and marketing strategies, hospitals have made extensive efforts in recent years to use hospital research funds as frameworks for the establishment and management of medical technology companies. Hospitals try to utilise human resources—researchers and doctors within hospitals and academic centres—while trying to break out of the hospital's boundaries and thereby enhance both the hospital's reputation and profits. Examples of this can be seen in the development of Hadasit Bio-Holdings Ltd. at Hadassah Hospital in Jerusalem and the Centre for Digital Innovation (ARC – Accelerate, Redesign, Collaborate) at Sheba Medical Centre in Ramat Gan.

The processes described are, as stated, alien to public medical organisations and therefore their implementation has encountered many difficulties. The initial difficulty is regulatory; some of the actions described are prohibited by rules or must be closely monitored by the Ministry of Health. Consequently, the hospitals and their managements have had to find creative solutions that can function within a legal framework that allows more room for manoeuvring than the regulatory framework does. The scope of these actions is growing, both in terms of their number and the finances involved. This is evident also in previous studies and even in the State Comptroller's Report over the years (Chinitz & Israeli, 2011; Naamati Schneider, 2013; Rosen et al., 2015; State Comptroller's Report, 2008, 2015). Health corporation funds are one of these solutions. They were established initially to enable and initiate medical research and receive donations. The funds made it possible to conduct activity with minimal supervision of the Ministry of Health. Over the years, the scope of the funds' activity has increased, and business financial goals have been added to their definition. In 2002, following the hospital association's

attempt to incorporate, the hospital research funds became health corporations (Chinitz & Israeli, 2011; Tabibian, 2013). These corporations—legal entities that are separate from the public hospitals—engage, outside normal business hours, in research, employment, medical tourism, and related medical services that generate additional profits for the hospitals (Bin-Nun et al., 2006; Chinitz & Israeli, 2011).

Today, about one-third of all hospitals' business activities are carried out through health corporations that bypass regulation and supervision and enjoy broader freedom of action than do the hospitals. They contribute significantly to shortening queues for hospitalisation and surgery, employing senior doctors, and conducting medical tourism. They also contribute greatly to positioning hospitals, establishing their reputation, and building added value in a competitive market. Thus, the corporations are major contributors to the attractiveness and economic stability of the hospitals in which they operate.

Additional creative solutions are possible in some hospitals (publicly owned by non-profit organisations) where private medicine is allowed within a public hospital (an activity known by the Hebrew acronym *Sharap*).

These solutions create hybrid organisations (Naamati Schneider, 2020b) that rely heavily on a combination of private medicine, private services, and public medicine. Thus, they constitute specific solutions for the ongoing crisis of hospitals, but they exact a price from the entire health system in terms of equity (Naamati Schneider, 2020b).

Another problem that hospital managements encounter in implementing business changes emerges from the combination of money and medicine. According to the new institutional theory approach, an organisation operates in accordance with its cultural field. But this combination of business and economic considerations is alien to the world of medicine and hence lacks legitimacy to a certain extent. This was observed in varying degrees by managers and employees. Whereas hospital managers have fully embraced the business marketing agenda, physicians have found it difficult to identify with these principles and actions despite recognising their importance. As a result, there is a managerial-organisational problem in enlisting all levels of the organisation in the changes. This allows only a partial adoption of strategies and thus impairs their effectiveness (Ginter, 2018; Naamati Schneider, 2020a).

The Outbreak of COVID-19

The outbreak of COVID-19 in Israel has exacerbated the hospitals' distress in many ways. The pressure on the internal medicine departments, which are constantly on the verge of collapse, has become front-page news because it is a marker of the health system's ability to absorb patients and function in a state of patient overload. Another problem in the wake of the pandemic is the reduction in the number of elective surgeries (Argenziano et al., 2020) and other medical activity, severely damaging the hospitals' economic stability, lengthening the queues for treatment, leading to staff cuts, and damaging hospitals' reputations (Ron & Weiss, 2020).

These changes, combined with the difficulties of treating patients with a disease that is unfamiliar and carries a high risk of infection, have forced the hospitals to produce immediate and creative solutions, both medical and financial. The COVID-19 crisis, which has fuelled the digital transformation and made it a significant growth engine in various fields, has also affected medical services. These technological changes have accelerated changes within the hospitals, at the level of medical treatment and service and at the organisational and managerial level, and thus have enabled public hospitals to create a variety of solutions to deal with the damage caused by the crisis (Bar, 2020).

The hospitals' economic distress, their need to produce profitable activities, and their technological adaptations have accelerated collaborations with start-up and high-tech companies, some of which have been repurposed to meet changing needs. The first and most immediate consequence is the provision of remote medical care, telemedicine, and digital services, accompanied by messages in the media regarding services obtainable digitally and the safety of hospital treatment. Collaboration with technology companies has enabled the provision of immediate solutions for implementing digital medicine, remote data analysis, and other services.

Other areas of innovation are remote patient monitoring capabilities and non-contact care for infectious-disease departments with cases of COVID-19, for example, which require remote care, along with

innovative technologies and equipment such as robotics and innovative respirators (Confortes, 2020a). Thus, the current crisis has intensified the digital transformation and business activity of the public hospitals, which may lead to a partial solution of their economic and organisational crisis (Confortes, 2020b).

3.7 Discussion and Conclusions

The chronic crisis in Israel's healthcare system caused by changes in the global and local environment and ongoing under-funding has forced hospitals to make structural and cultural changes (as presented in Fig. 3.2, based on the findings of this study). The changes in public hospitals are reflected in the adoption of competitive business patterns and the hospitals' transformation into customer-oriented organisations with a managerial and marketing business orientation. These changes have accelerated in recent decades.

The need for healthcare, though the system has been starved by declining public funding, and the need to survive economically in a

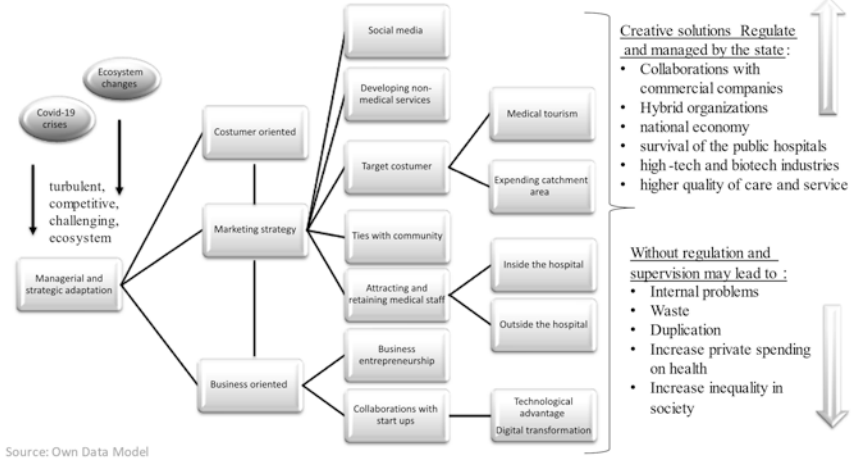

Fig. 3.2 Adaptation and change processes and their implications for the state and the health market

competitive market have led to creative solutions that combine private and public and the creation of hybrid organisations that provide public medicine but rely on profits from private services. This may lead to waste and duplication, increase private spending on health, and consequently also increase inequality in society (Bin-Nun, 2019; Naamati Schneider, 2013, 2020b). Also, it is not free of internal organisational problems, because the hospitals are forced to function outside their natural field. Thus, their actions are viewed as lacking legitimacy by their employees, the environment, and their competitors. And consequently, hospitals must contend with internal problems, such as a lack of cooperation and difficulty in implementing the required changes (Naamati Schneider, 2013, 2020a).

The outbreak of COVID-19 in Israel in February 2020 exacerbated the chronic crisis threatening the survival of public hospitals and the entire health system. In many ways, the current exacerbation, coupled with the changing ecosystem and the creation of collaborations as part of the system's survival and adaptation mechanisms, may provide an exceptional opportunity for the creation of synergies based on similar interests between private companies and public hospitals, with the aim of contending with the pandemic and thus finding an ethical justification for such public-private activity.

The solution must be managed by the state and must be backed up with increased budgets and bureaucratic solutions. Such solutions will facilitate public hospital collaborations with commercial companies and will encourage the flow of resources for dealing with changing market conditions and sudden and ongoing crisis situations. These solutions will reflect a national interest that serves all parties: They will contribute to the survival of the public hospitals and will benefit patients with a higher quality of care and service. At the same time, they will contribute to the national economy and the GNP and will benefit the development of the high-tech and biotech industries, while providing means for contending with emergency situations.

Clearly, a strong and stable health system is needed, and processes of change must be enabled in an organised manner through training and the provision of strategic management tools. Solutions to the healthcare system's chronic crisis must be part of an overall strategy and national

plan that will benefit organisations while safeguarding the interests of the state and the entire population.

This chapter, which presents a status report of hospitals, their adaptation to a changing health market, and their coping with chronic and acute crisis situations, is relevant not only to Israel. It can also serve as a case study for examining and understanding the processes, challenges, and difficulties of organisations in similar health frameworks worldwide, thus enabling key processes of planning and evaluation. This will make it possible to find creative solutions that combine private systems with public ones for the good of the nation and its residents. Such solutions will aim to strengthen and stabilize the health system so that it can function rapidly in times of crisis and great uncertainty, like the COVID-19 crisis with which we are now contending.

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