

Background on the financial situation of Augusta Victoria Hospital, East Jerusalem

July 2021

The Augusta Victoria Hospital is owned and operated by the Lutheran World Federation (LWF), located on the Mount of Olives in Jerusalem. It is a center of medical excellence in East Jerusalem, serving the five million Palestinians in the West Bank and Gaza. As one of the six hospitals in the East Jerusalem Hospitals Network (EJHN), AVH offers specialized care not available in other hospitals in the West Bank and Gaza, including radiation therapy for cancer patients and pediatric hemodialysis.

AVH receives patients from the West Bank and Gaza referred by the Palestinian Ministry of Health. Approximately 40% of the cancer patients treated at AVH are from Gaza. AVH is accredited by the Joint Commission International for its outstanding quality. AVH is fully licensed by the Israeli Ministry of Health.

The Palestinian Authority (PA) is responsible for providing health care for its citizens. To this end, it refers patients in need of health care to AVH and other hospitals in East Jerusalem. AVH and the other hospitals in East Jerusalem have been facing a chronic financial crisis for over a decade, due to the extensive delays in payments of bills for patients referred to the hospitals by the Palestinian Ministry of Health. Today, the total debts owed by the Palestinian Authority to all six hospitals are estimated at US\$ 90 million. As a result of the continued failure of the Palestinian Authority to pay the bills for the patients it referred to AVH during the past period, AVH is facing an acute liquidity crisis.

At the beginning of June 2021, the total amount of PA receivables towards AVH amounted to approximately New Israeli Shekels (NIS) 220 Mio, equivalent to approximately USD 68 Mio for the treatment of patients referred to AVH by the PA. To manage the liquidity crisis, expensive chemotherapy medication will have to be curtailed. While AVH cannot and will not interrupt or stop lifesaving treatment to its patients, there are cases referred to AVH from the Palestinian Ministry of Health that come just to get expensive chemotherapy medication from our pharmacy that have neither been diagnosed nor treated by AVH previously. Chemotherapeutic drugs are among the most expensive drugs when it comes to expenses in medication. Unfortunately, AVH is not in a financial situation to cover the costs of external patients just to dispense medication which are available at other clinics as well.

There are many factors that lead to the PA's lack of payments to the East Jerusalem hospitals. In this regard, the cuts in the annual US allocation for the East Jerusalem hospitals, which have reached US\$125 million for FY 2017, FY 2018, FY 2019, FY 2020, including, so far, FY 2021, are negatively affecting the very sustainability of hospitals in East Jerusalem. Historically humanitarian and development assistance for the East Jerusalem hospital have received bipartisan congressional support. The US Government financial support towards EJHN is paramount. Considering the precarious financial hardship the Palestinian Authority finds itself in, it is vital to restore US funding for the safe and effective operations of the Augusta Victoria Hospital and for the East Jerusalem hospitals and to provide additional grants of US\$ 50 Mio annually to these hospitals in the years to come so that patients – including children, who are particularly at risk – will be able to receive the treatment and care they need.