Editorial

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Healthcare Cost and Financing

There are two types of healthcare systems in Malaysia, the public and the private. Each contributes differently depending on the assessment criteria. In 2009 for example, there were 3 admissions in the public healthcare institutions for a single hospital admission in the private sector. The comparison for outpatient clinic appointments is even more dramatic, the ratio of 6 to 1, overwhelmingly in favour of public healthcare institutions. Translating these figures to costs reflects somewhat altered proportions to the service ratios that we have seen. In 2008, the total healthcare expenditures for both public and private sectors was around RM35 billion, RM18.8 billion from the public and RM 16.2 billion privately, or approximately 53.8% to 46.2% respectively, an almost parity1. These figures are derived from nearly twice the number of doctors in the public sector compared to the private side. In terms of the actual services, the public healthcare sector offers more with proportionately less money spent and treats far more patients than those in the private healthcare whose expenditure comes largely from the household out-of-pocket spending.

Health expenditure as a proportion of GDP

In both public and private sectors, Malaysia spent only 4.8% of its GDP on health in 2008 and the proportion from the government is only 2.2%. In real terms, this figure is rather low if we compare with our immediate neighbors, even more significantly dwarfed by the figures in the developed countries which we are aspiring to be in a decade. In fact, in 2010 budget, we saw a cut in the government's spending on healthcare to just above RM13 billion, in line with the reduction in expenditures in all other government agencies. If we are not spending that much, is it fair then to expect a developed nation standards in terms of quality and services offered by our public healthcare institutions? In addition to that, the healthcare cost in the private sector in Malaysia is relatively one of the lowest in the region, and perhaps the argument would be if we could be the magnet for health tourism to boost our country's balance of payment?

The public healthcare

The government is paying almost all of the expenditures in public healthcare. It is only about 2-3% that is collected back from the public in the form of charges such as RM1 for outpatient clinics or RM5 for specialist clinics appointments. It is easy to see why status quo may not be sustainable in the future. In fact, the awareness of the need for a redress in public healthcare expenditure has been around for nearly 3 decades. It was in the 80s when the DG of Health then commissioned a study to look into this matter including an alternative scheme of funding, practically looking at the same issues as we are now and recently, the Minister of Health announced the National Health Financing System (NHFS) as an alternative funding but details were scanty despite the time that has elapsed from the first look into the matter.

The private healthcare

In many aspects this sector grew from the perceptions and experience of the public healthcare. Over the years, it is seeing a steady rise and in fact, now accounts for nearly half of the total money spent on healthcare for the population. What is spent privately here is said to be less than our counterparts in the region but is still rather costly for some as we constantly see patients flocking back to the public hospitals when the healthcare cost escalates in the private sector. The growth of health tourism taking advantage of the healthy private sector is also much overrated as a source of government revenue as it is only representing a small percentage of the nation's GDP.

The myriad of reasons for private healthcare include the comfort of no significant waiting but nowadays this is no really guaranteed, or simply such service is not available in the public hospital. The more persuasive reason perhaps lies in the fact that you are attended to by a specialist at the first the point of contact, which is not assured in public healthcare institutions, but this is not always necessary or equated with good care as doctors work in a team headed by a consultant in a public institution where accountability and communication goes directly to the most senior clinician.

Much of the cost in the private sector is the comfort and ambience, but unfortunately patient could not just ask for the healthcare without these necessary added fringes, as they form what the private healthcare is all about.

Who should pay for health?

We know that in Malaysia, there is an imbued public aversion to paying for their health. Perhaps this is because of the ingrained mentality from years of subsidy, that it is expected the government of the day to pay for the healthcare. With escalating health cost from new drugs or treatments and new advanced diagnostic modalities, this may not be feasible. The Health Minister has recently announced the plan to introduce National Health Financing Scheme (NHFS) under an authority but the details of the system and its implementation are sketchy despite the discussion that began some decades ago.2 Could this be due to the presumed unpalatable nature of the subject to the population or perhaps genuine consultation is still ongoing.

There should be many stages to its implementation but very importantly, the flaws in the current system must first be corrected and remedied, wastages and inefficiencies must be addressed as this may inevita-

bly lead to more funding for public healthcare and translated into increased tax levied on every person in the land. The universal taxation through NHFS is said to entitle every Malaysia to a system of healthcare at both primary and secondary level. This is much anticipated and it is hoped that lessons from countries that have implemented similar national schemes are taken on board.

The level of taxation must be linked to the income level and perhaps also to lifestyle habits, such as smoking or excessive drinking that make a person more susceptible to a disease, and this may be tricky in practice but it has the added boost of education and reinforcement. It can be introduced at the point of contact with healthcare service, at least the impact in terms of education and cost reduction are optimum. Foremost is the safety net to ensure that access to healthcare really is the right of all citizens, and the able must help the genuinely less able member of the community, and this is the true spirit of one Malaysia.

Towards a more efficient healthcare in the future

The public health care serves significantly greater number of patients and for the amount of money spent, this is by far the most important sector for health. The greatest strength in the private healthcare appears to be the number of specialists and the expertise that they can offer, perhaps this is one area to alleviate the waiting list in the public institutions.

Some kind of partnership must be established between the two healthcare sectors and this is likely to be easier achieved in the primary healthcare delivery but is not impossible in the secondary care. In this context, inputs from relevant stakeholders are paramount, namely the private healthcare institutions, health insurers, advocacy groups and many other more obvious ones.

Another pertinent issue is the existence of a cross sectional, independent statutory watchdog to oversee safety and quality of healthcare services delivered to the public, both in public and private. Despite the typical weaknesses of such a body, its presence may boost accountability to a higher level and as we move into a developed nation status, Malaysians deserve to have a say especially in a crucial service such as healthcare that they pay for.

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