

Chapter: 10

Malaysian Health Care financing – Conclusion

As discussed earlier the government is the one who will determine the vision of health for the nation. In case of Malaysia it is formulated and published by the ministry of health. Then government forms the policy, which in case of Malaysia, is in the form of seventh Malaysia plan. Then the strategies are to drawn in order to achieve that vision and objective. Again, in case of Malaysia, that is the duty of the ministry of health in collaboration with the economic planning unit of the Prime Minister secretariat.

Now, if we look at the vision of health ministry it states that;

"Malaysia is to be a nation of healthy individuals, families and communities, through a health system that is equitable, affordable, efficient, technologically appropriate, environmentally adoptable and consumer friendly, with emphasis on quality, innovation and health promotion and respect for the human dignity, and which promotes individual responsibility and community participation towards an enhanced quality of life."

(Annual Report, Ministry of Health, 1997)

Now if we look at the Seventh Malaysia Plan, it says;

To increase the efficiency of services and to retain qualified and experienced manpower (in the public sector), the corporatization and privatization of hospitals as well as medical services will be undertaken during the plan period. The government will gradually reduce its role in the provision of the health services and increase its regulatory and enforcement functions. A health-financing scheme to meet health care cost will also be implemented.

However, for low-income group, access to the health services will be assured through assistance from the government.

(Seventh Malaysia Plan, EPU)

If we compare the two government stands mentioned above, we can appreciate that the government is committed to an equitable provision of health care services to the entire population. At the same time government gradually want to reduce its role in the provision of health care services.

Earlier the government (the public sector) used to be the chief provider of the health care services, but considering the data available now, the private sector is contributing more and more. May be it is the appreciation of this fact that the government has decided to gradually decrease its role in the provision of health care services and assume a role of health care service regulator.

The problem is that the two health care systems (private and public health care system) are parallel health care systems. That means that they are providing the same kind of health care services (mostly curative health care services). The problem remains that the resources used by the two sectors are neither integrated nor co-ordinated at present. That has led to the redundancy of the services provided by the two sectors. And that has resulted in gross inefficiency in health care system.

How to overcome that inefficiency? The most appropriate and easy way is to integrate the two sectors so that their resources can be pooled and shared by the consumers. But the greatest difficulty is in the philosophy of the two systems. Public health care sector is a social system that works on a not-for-profit philosophy, whereas the private health care entities are pure business entities that work for-profit.

The only way to integrate these two is to come up with an integrated health care financing system, that provide a universal health coverage for basic services and charge extra for any additional services or hotel like facilities if the patients desires so. Presently Malaysia do not have such a comprehensive health care financing system, that can assure the equitable and smooth running

of the health care services if the two health care systems (private and public) are integrated.

But designing such a comprehensive health care financing system is not as simple as it looks like. It has certain pre-requisite conditions to satisfy before it can be implemented. It has to be compatible with the government policies on the one hand and should satisfy the public needs and demands on the other hand and at the same time should be acceptable to the private health care providers. Then we have to look into whether it is practical and feasible to implement such a system. This system should have some in built mechanism to counter abuses.

If the system we want to have is to be based of equitable provision of health services to all the population at an affordable cost then it is necessary to establish a central mechanism to finance that system. That will not only assure the equity but also at the same time decrease the operational cost and increase the efficiency of the system in general.

In the previous chapters we have looked into different models of financing health care system being used by the different countries. These countries have selected these financing models according to the government's policies and administrative feasibilities as well as public demands and expectations. Even the similar models have been customized accordingly. That means that there is no universal financing model that can be applied to all the countries. So all these model provides a guide lines that can be customized according to the local needs.

So Malaysia also can not expect to buy a shelf product (financing model) and apply it with a success. We have to come up with a health care financing model that will satisfy all the local demands; therefore we have to customize it according to local needs.

But the question is "which health care financing model to select?" the answer is the one that not only follow the government policy but also fulfill the public needs and demands, and at the same time, is acceptable to all the parties concerned.

The government's criteria for the health care system (as mentioned in the vision statement of the Ministry of Health) contains following features

- Equitable
- Affordable
- Efficient
- Technologically appropriate
- Environmentally adoptable and
- Consumer friendly
- Emphasis on quality, innovation and health promotion and respect for the human dignity, and
- Promotes individual responsibility and community participation towards an enhanced quality of life.

To me this is a very, very tough criterion and to come up with an alternative health care financing system that fulfill all these requirements is very difficult if not impossible. On the one hand it says equitable, that means available to all the population and on the other hand it say affordable mean each and every person can use it without any financial problem. At the same time it is not only efficient but also technologically appropriate.

All these creations can not be fulfilled until and unless the government itself is a partner in the proposed health care financing system. Because most, if not all the aim mentioned in the health vision is of social nature, and it is the duty of the government to safeguard these. So whatever health care financing scheme suggested the government has to play a role more than that of a regulator.

But at the same time we have to bear in mind that government itself wants to relieve it from provision of the health care services, otherwise the taxation based system for health care financing (the presently existing system) would have been the best choice.

The other best alternative, in my opinion, is the social health care insurance, that is not only very similar to the taxation based financing system but

also fulfills all the creations set forward by the government in its vision for the health of the nation. The detail discussion of the system is done in the chapter number 9, "Social Health care Insurance", so here I will try to put up a practical model that I feel is appropriate for the Malaysian setup.

The social health care financing is done on the community basis, so no person is excluded from the coverage and all the population is equally covered. So that will satisfy the all-important concept and requirement of equity in the health care system. While all the other models, except the taxation-based system, contain exclusion criteria for the chronic ill and old age patients.

Now if every one is covered every one must pay for the services as well. The payment criteria suggested is not according to the need to utilize the services, or the condition of the illness, but according the ability to pay. That means it is like the income tax model. The more you earn the more you pay, the payment rate are not suppose to be as high as the income tax. That means that social insurance works on the principle of risk sharing and risk-pooling.

The share size of this system is so huge that I do not feel any private organization in the private sector can manage this proposed system on its own. Therefore government has to come in not only to regulate the system but at the same time run the system as well.

That will leave us with two important questions, first how much should each one contribute? If it is to vary according to the earning what should be the rate? And secondly who should be the one who collects all this contribution?

I would like to address the second question first. To me there are many organization at present who are capable of collecting and disposing the health care financing contribution from the entire population. The foremost in the running is the department of internal revenue. This department is in existence for long and it has proved to be a very efficient department. It has got all the resources and expertise to conduct any such operation without any difficulty.

The other two departments that can be entrusted with that collection include Employment Provident Fund (KWSP), and the other one is SOCSO. Each of these departments has got all the necessary facilities to run a successful

health care financing scheme. More better will be an arrangement in which IRB can collaborate with either KWSP or SOCISO, and run this operation together. That will ensure that the funds are collected efficiently and are used appropriately.

Better still another organization can be created to take this task of collecting the contribution and supervising the distribution of these funds. If such an authority is created, then it should be autonomous and its working must be very transparent.

As for the rate of collection is concerned I will suggest a kind of flexible scheme. That means that, every year before the annual budget, health budget is forecasted, so as to ascertain the health care expenditure during that particular year. That health care expenditure will determine the premium to be paid by the individual during that year. Though cumbersome in the earlier part that can prove to be an excellent method to collect the health care contribution, in which every contributor will feels that he has been charged appropriately.

As for the allocation of these funds, it is suppose to be very transparent and at the same time it should be very equitable among the different sectors in the health care system. That is to say that there should be equitable distribution of funds so that no one will suffer due to its geographical location, or his / her ethnic or social status. At the same time proper emphasis be made on the allocation of resources to the primary health care sector, that will improve the overall efficiency of the health care system in future.

As the premium or payments are to done according to ability to pay that mean it will put unnecessary burden on the one who can not afford to pay. That means that the services to be provided will be uniform for every one in the population. If some one want to have some extra facilities for e.g. like single private room and other axillary facilities he has to pay extra from his pocket or have to take extra private insurance to cover that cost.

Though the contribution from an individual can be very small but if the entire population is taken into consideration the amount collect can be very big, and can run the system on its own. If the need arise the government can chip in

the additional amount needed, or additional funds can be generated by the provision of additional services.

As far as the reliability is concerned, it can prove to be a very reliable system, because it provides a similar basic health care package to entire population. This package for the basic health care facilities should be pre-determined and should be followed strictly. That will help governing body to better plan and budget the services, as it is providing a specific package. The public also knows beforehand about the services they are entitled to, and they can have these services at any health care facility.

When we analyze the supply side, it is very simple we are providing a similar package to entire population. It is not only easy (as compare to earlier time, when we are supplying a very large range of services) to plan but very convenient to implement. As the range of the services provided are pre-determined, altering the supply of these services according to the fluctuation in demand is very easy.

This system will also discourage the over usage of the health care facilities because of the pre-determined packages available. This will counter the abuse by the consumer as well as providers. This will improve the overall efficiency, and will decrease the overall cost of the health care provision.

If we look on to the demand side, the entire population knows about their entitlement. That will not only decrease the fluctuation in the demand but also counter the abuse of the system.

So we can conclude that the Social Health Care Insurance is one of the alternative that not only satisfy the government's guidelines for the health vision but has the ability to fulfill the public need and demands. At the same time it is administratively feasible and on its own can generate enough funds so as to survive on its own.