

# **Chapter: 1**

## **Introduction and Objective**

### **1.1 : Background of the study:**

As the time passes the health care provision is getting more and more expensive. Traditionally the health care provision has been the duty of the governments, but because of increase in the cost of health care and fluctuation in the cost of health care, it is getting more difficult for the governments to maintain their role as health care provider. The governments want to become the regulators of health care services, rather than health care provider. The same is true for Malaysian government as well.

This change of role is not that easy. Government has to consider many factors, the foremost of which is, who will assume the role of health care provider? And secondly what will be the mechanism of financing of that health care system?

In order to look for the most appropriate system the Malaysian Government has put up a lot of effort. Since 1983, the Economic Planning Unit has been involved in assessing and studying various ways of health care financing. The government has, in 1984 / 85, avails the services of the Westinghouse health system; a US based consultant firm to formulate a report about the option it has for the health care financing. Since the first Westinghouse study, the government has commissioned at least six (6) other studies on national health insurance and finance. These includes Birch and Davies study on the feasibility of introducing and establishing a health security fund, and subsequently in 1990 an assessment of health care delivery and financing by professor Malcom Taylor from Canada.

None of the report has been made public. Till now government has taken no decision, so options are still open, and so is the discussion in the masses for the possible solution for the health care financing in Malaysia.

There are many options available, and each and every option has its merits and demerits. In this study I will try to analyze these option available to the Malaysian government, and latter try to answer the critical questions mentioned above.

### **1.2 : Problem of the study**

As mentioned above, this change of role on the governments' part is not very easy and is associate with many potential problems. Some of these problems include;

- Is the government responsible for the health care provision?
- Is it possible or feasible for the government to change its role from health care provider to health care regulator?
- Who will assume the role of health care provider?
- If government decide that the private sector will take care of this function, what will be the implication for a common person?
- What about the existing infrastructure of health care system that is owned by the government?
- Who will take care of the health of the people who depends solely upon the government for their health care needs, for e.g. very old, very young, hard core poor, and handicapped?
- What will be the financing mechanism for such a health care system, if the government decides to withdraw from the curative care?
- How will this new financing system effect the demand and supply of the health care services?
- How will it effect the equity of the health care system?
- What will be the cost implication for a common patient?

The list goes on and on, but principally these will be the problems we will be concentrating during this dissertation.

### **1.3: Objectives of the study**

The main objective of this study is

- To analyze the role of government in health care provision.
- The opportunity cost of poor health status of a nation.
- To analyze the existing health care system in Malaysia.
- Look into the role Malaysian government has played since Merdeka for maintaining the health status of an average Malaysian.
- Analyze the changing environment of the health care sector in Malaysia and the problems encountered by the Malaysian government in providing a universal health cover to all its citizens.
- To analyze the options available to the Malaysian government for health care provision to its citizens.
- To assess the effect of each of these option on an average citizen.
- And finally to suggest the most appropriate solution to all the problems discussed in the section 1.1, that not only acceptable to all the parties concerned but also minimally effect the average citizen

### **1.4 Chapter Organization.**

In **chapter 2**, I will discuss the importance of health care in a country, and its contribution to the economic development; latter I will discuss the opportunity cost of the health. In the last I will try to describe the necessary feature of an ideal health care system.

In **chapter 3**, I will discuss the different model of health care financing available in different part of the world and their salient features. I will also discuss the economic criteria for selecting a health care financing model for a country.

In **chapter 4**, I will discuss the health care system in Malaysia in general, and the financing models used in the financing of this health care system.

In **chapter 5**, I will discuss the public health care system in Malaysia, the role of Malaysian government in financing it and analyze the budget of Ministry of Health, Malaysia. I will also discuss the shortcoming of this system in this chapter.

In **chapter 6**, I will discuss the ever increasing role of private sector in health care provision, and its contribution to the Malaysian health status. I will also briefly discuss the option of Managed Care Organizations (MCO) and the private insurance available to the Malaysian Public.

In **chapter 7**, I will have a detail discussion about the health care insurance in general and in Malaysia particular. I will analyze this option of health care financing in Malaysian context.

In **chapter 8**, I will discuss about the second option of private health care financing, that is to say Managed care organizations, MCOs as they are famously known as.

In **Chapter 9**, I will discuss the social health care insurance, or community-based compulsory insurance, discuss the salients feature of that type of health care financing and how these can be applied to Malaysian system.

**Chapter 10** is the conclusion, in which I will try to summarize the different type of health care system, and try to compare their pros and cons in the Malaysian context. In the last I will try to put up my suggestion for best health care financing system for the Malaysia.