

Chapter: 5

Health care in Malaysia – Role of Public Sector

Governments' responsibility for the health care originates in the realization that individual, non-governmental organization or voluntary organizations and private sector are unable to meet all health care needs through their own effort alone. That is why since 1957 till today the bulk of the health services in the country have been distributed by the government health care system. The ministry of Health (MOH) is the major government agency that is responsible for the provision of these services.

Ministry of health provides its services through the General and the district hospitals, and through the rural health centers. Beside the Ministry of Health the government provide the health care services through other ministries and the departments, like ministry of defence and ministry of education, but ministry of health remain the primary provider, planner and organizer of the health care services for the entire population of the country.

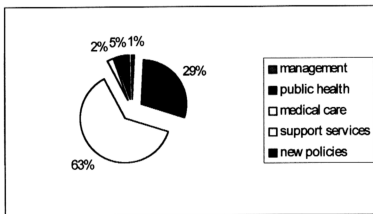
As the ministry of health is the major provider of health care services in the country, and the government financed all its funding through the Ministry of Health Annual budget, therefore it is important to analyze the budget allocated to the ministry of health for its functioning.

In the year 1997 the Ministry of Health budget amounts to RM 3,814,585,600.00. This allocation was reduced to RM 3,786,834,900.00 as a result of 1997 financial crisis. This is about 6.31 % of the national budget for the year 1997. Out of this total amount of RM 3,786,834,900.00, RM 3,236,047,600.00 was for the operative purposes, and the rest of 578,538,000.00 were for the development purposes. That shows that more than 3/4th. Of the government health budget goes to the operational activities, and only 15 % of the

total budget is allocated to the developmental activities. (Ministry of health, Annual Report 1997)

If we further analyze the operational budget, we can appreciate that the bulk of this budget is used for the curative medical activities and comparatively a lesser amount is being used for the preventive (public health) activities.

Graph 5.1:



(Source: Ministry of Health Annual report 1997)

That shows that even at this point government is using most of its resources for the curative services as clearly evident from the allocation of 63 % of the operational budget for hospital medical care. This is a well established fact that the curative medicine is costly and less effective as compare to the preventive medicine, that is cost effective as well as the effects are longer lasting.

Coincidentally, the private health care sector is also principally involved in the curative health care. May be, it is the realization of this fact that the government has decided to decrease its role in the curative medicine and get itself involved more in the preventive medicine or public health.

Public health or preventive medicine, though not as charismatic as the curative medicine, plays a much more important role in improving the general health status of population. On the other hand the private sector find the curative medicine more lucrative as the results are quick to notice and more profitable in the financial term.

In Malaysia, government health care services are almost 'free' in sense that user charges are nominal. But do not forget what is free is paid by the government. At the same time one should also not over looked the fact that the government expenditure comes ultimately from the taxation, in this case, from the general revenue of the country. The tax-based revenue largely funds this health care expenditure.

In Malaysia the public health care is easily assessable. Every citizen in Malaysia lives within five (5) kilometer or one (1) hour drive from a government health care facility.

The government pays the 58 % of the Malaysian total health care bills. The government subsidizes a comprehensive range of health services. The government funds about 95 % of the public hospital cost, with remaining 5 % collected through the patient's charges. So that mean that the government is subsidizing 95 % in government hospitals.

In government hospitals, the fees charged for attending patient (Malaysian citizen) is RM 1.00 only. The fees for using the government hospitals are doubled for the non-malaysians. There is no direct data available to support that 95 % subsidization by the government, but the only available indication is a study conducted by the government to assess the cost of attending a patient in the government hospital. That study, the Penang General Hospital (the actual report was never publicize, but the results are commonly quoted by the ministry of health officials), as it is famously known as, reveals that the average cost of attending a patient in the out patient department was RM 24.00. The government at presents charging RM 1.00 only from the patients in its general hospitals.

As discussed earlier, the government financed the health care through the taxation. This is the preferred mode of financing in most of the developing

countries, and the same is true for the Malaysia as well. But the most successful taxation based health care financing is being practised in United Kingdom. For more detail about the health care financing in UK see appendix :1 D

Though in Malaysia, the scenario is changing now-a-days and private sector is playing an ever-increasing role in the health care sector, but there is no concrete statistic available to show its actual contribution.

In developing countries the provision of health care is a very sensitive topic, reasons being many. Firstly the government has provided it to its citizens free of charge for many years, reason being the poor health status in general in developing countries and at the same time low income that do not permit the citizens to go for private health care. Second, poor infra structure that do not permit the private health facilities profitably. Thirdly, the public in general regards this as their basic right.

If the health care is financed by the public funds, it does have many advantages as well. As the funds are drawn from the general taxation pool, they are distributed evenly through out the country and population. That plays an important role in providing an equitable health service to entire population. That may be the very reason for the excellent basic health cares infra structure that the Malaysia has today.

But in this type of health care financing, the services are subsidized heavily. So these services are available to the consumers at a very low cost. That means the consumers tend to over use these services as practically every one can afford it all the time. So there is no incentive for the patients to use these services intelligently. That has led to the abuse of these government health care facilities that will not only effect the efficiency but the overall effectiveness of the health care system.

At the same time, on the supply side, the financial and other resources are restricted, so unlimited services can not be provided. That means the patients have to bear with the available set of services. If the patient desire to have a better service he has to go to a private health care facility and have to pay on his own.

On the demand side, this financing model does not have any incentive or restriction on the consumers for not over-using or abusing the system, as the consumers are not paying at the time of receiving the service, they feel it free of charge and tend to over use it. The providers (doctors) also know that the patients are not paying directly so they tend to over prescribe the medications and the laboratory tests, and have a tendency to keep the patients in the hospital more than he required.

Administratively, it is both good and bad at the same time. Good because it centralize the whole function, that will make the planning and budgeting more easy. Bad because government facilities and their functions are almost always associated with the inefficiencies and delays.

Beside all these shortcoming, health care financing through government (taxation based financing) remain the most favored of all the financing mechanism in third developing countries. Very rightly so because no other agency, beside government have the resources to provide the equitable health care services to the masses in these countries.