

## **Chapter: 6**

### **Private Health Care in Malaysia**

The public health care sector is an integrated system providing equitable services to masses, whereas the private health care sector in Malaysia is still a fragmented sector that provide services to only those who can afford to pay. These two sectors co-exist with the same aim, and are not in any competition with each other.

No one disagrees that the Malaysia has one of the best health care system, principally managed by the government. But now a day in the private sector, the health care is regarded as one of the most profitable growth industry in which big businesses and entrepreneur are rushing into. Why? To me the reasons are varied and can be summarized as follows;

- Community is getting more affluent with greater purchase power
- Government facilities are getting old and worn off
- Government facilities are getting more and more congested; due to
  - Government work force leaving for the private sector
  - Waiting time in the government facilities is on rise and the public is getting impatient
  - That is effecting the quality of services offered by the government facilities

All these and many other reasons like these proved to be a fertile ground for the private health care sector, and have given rise to a new booming private health care industry with a very good prospect for the growth. Health care service development in the private sector has changed remarkably from the general

practice and small sized hospitals to bigger centers. Entering into the health care sector are the entities, such as;

- Corporatised entities
- New mode or alternative to health care such as;
  - Ambulatory care
  - Alternative care
- Investor owned organizations

Definitely the entry of such alternatives in the health care system is a challenge in itself to the conventional health care system. At the same time these new organization are redefining the rules of the game as well. With the entry of the corporate entities and the investors, the private health care sector has become a very lucrative sector that has attracted many-experienced doctor from the public sector. That has resulted in an efflux of experienced and senior clinical staff from the government hospitals. This ultimately has effected not only the quantity as well as the quality of the services provided by the public health care sector.

There is no concrete data available on the extent or contribution of private health care sector to the economy, except for the data given by the WHO 2000 report that state private sector contribution at the 42.4 % of the total health expenditure. In dollar term it comes to RM 2,787,528,600 (as the ministry of health budget for the year 1997 is 3,786,834,900, source Ministry of health Annual report 1997)

At present private hospital are not obliged to submit their financial or other data to the Ministry of Health. A Private Health facilities and Services act has been passed by the parliament and has also received the royal consent but yet to be gazetted. After this law is effected all the private health care facilities will be required to submit their data to the ministry of health, and that will help the ministry to better plan the health care services.

Another way to asses the strength of the private sector, though not very accurate, is indirectly comparing the doctors and nurses employed by the private

sector or with the number of beds available in the private hospitals (but there is no data available on the bed occupancy in the private hospitals) or by the number of patients attended by these hospitals.

**Table : 6.1 A comparison of Number of patients attended by the different hospitals in Malaysia in the Year 1997**

Hospitals	No. of Hospitals	No. of admission	% age of Total	No. of OPD attendance	% age of
MOH Hospitals	117	1,559,280	74.90%	25,859,847	84.50%
Non-MOH govt. Hospitals	6	79,691	3.80%	743,920	2.40%
Private hospitals, nursing/maternity homes	219	436,505	21.00%	3,754,966	12.30%
Estate & Mines Hospitals	34	5685	0.30%	242,685	0.80%
Total	376	2,081,161	100.00%	30,601,418	100.00%

(Source: Annual Report 1997, Ministry of Health, Malaysia)

It will be very interesting to have a look at the manpower available in the two sectors and then compare their workload.

**Table : 6.2 Number of Doctors and the Nurses available in the two sectors for the year 1997**

Hospital Type	No. of beds	Doctors	Nurses
MOH	33,918	4,412	13,647
Private hospitals, nursing	8,963	1,762	3,105
Other Govt. Facilities	----	3,823	----
Non-MOH govt. Hospitals	2,136	336	1690
General practice	----	3,915	----

(Source data from the Annual Report, MOH, 1997 Indicator for monitoring and evaluation of strategy for health for 2000 MOH, 1999)

The above two tables show that a substantial number of health care professionals are employed by the private sector. 22.75 % of total nurses are employed by the private hospitals, whereas 39.93 % of the doctors are working in the private sector. Now if we look at the work load, that is the number of patients attended by the doctors in the two sectors, we can appreciate that 84.40 % of the total out patient were attended by the government sector whereas 12.30 % of the out patients were attended by the private sector. That shows a gross disproportion in doctors' patient ratio. In government sector it turn out to be 1:5861, whereas in the private sector it was 1:2131(a difference of almost three times).

**Table : 6.3 showing a comparison of human resources for patient in two sectors in the year 1997**

Hospitals	No. of patient/ doctor in hospital	No. of patient / doctor in OPD	No. of patient / nurse	No. of doctor / bed	No. of patient /bed / year
MOH	328	5861	106	6.54	50 pat. /bed / year
Private Hospitals	247	2131	140	5	48 pat./bed/year

(Source data from Annual Report MOH, 1997)

The tables above clearly shows that the health care facilities in the private sector are under utilized as compare to the government sector. The main reason for their under utilization may be because these are very expensive, and beyond the mean and reach of an average person. This under utilization may amount for wastage of resources.

Secondly these resources (private health care facilities) are mainly concentrated in the urban areas, and are not redially available to a large part of population in the rural areas, so that decrease the targets market for these health care facilities. The main reason for concentration of these facilities in the urban areas can be the concentration of big corporation in the urban areas, who are their main client.

Thirdly the problem with the private health care sector is that it is predominantly involved in the provision of curative health care services. Undoubtedly so, because it shows the most rapid result (clinically) and in the mean time generate the maximum revenue.

So now, when the private sector is flourishing on its unlimited corporate resources and an influx of senior and experienced specialist from the public sector, they have all the means to attract the patients looking for quick result. The senior specialist, when comes from the public sector, bring along with him, a lot of reputation and good will that will increase the market value of that doctor, for which a patient is ready to pay a premium price.

The private health care financing in Malaysia is mainly derived from the out-of-pocket expenditure of the individuals or from employers. It may be in the form of fee for service by the individual himself (that may or may not be reimbursed by the employer) or by two main form of third party payment. One way of the third party payment is by managed care organizations, and another way is by getting a private health care insurance. The employers for their work force employ mostly these two methods of financing, and the main aim is to contain costs.

In the following two chapters I will try to discuss each of these two methods in greater detail with special emphasis on Malaysian perspective.