A Counter Proposal to the 1Care Proposal

The government seems serious about making massive changes to the Malaysian Health Care System. Several Ministry of Health (MOH) and government leaders have stated this. The Government says that it will be remain fair and equitable and result in better care for everyone, including the poor. But they remain silent on the operational details of the new scheme. At this point in time there are 9 Technical Committees studying a host of issues.

Main Outline of the 1Care system.

The government's proposed new scheme isn't very different from what it has been toying with for the past 10 years In essence it has has seven main components. These are

1. A National Health Fund

   - this they keep saying, will not be privatised but run by the government. It will pay for the treatment of all the conditions / illnesses that are specified in the "Essential Health Benefit Package" (3).
   - Payments will be made to both the MOH hospitals and clinics as well as to the private hospitals and GP clinics.

2. Mandatory Monthly Contributions.

   - every wage earner will be required to pay towards this fund. Quantum will be about 10% of wages taken as a whole, but the amounts charged to employers and portion taken up by government not specified as yet. The government will make payments for government staff, pensioners, the poor as well as the handicapped.

3. Essential Health Benefit Packages

   - the package(s) is(are) not defined yet.

4. Restructured MOH Hospitals

   - we were not told how they would be restructured. However one idea that has been floating in the Ministry of Health for more than a decade now is that these institutions should be corporatised so as to improve efficiency. There is some talk of creating an "internal market" such that these corporatized government hospitals will have to compete with the Private Hospitals for funds. Payments to Hospitals will be based on "Diagnosis Related Groups" or DRGs

5. The General Practitioners (GPs)

   - the National Health Fund will also make payments for visits to General Practitioners. The payments will be on a capitation basis where the GP will be paid a fixed amount depending on the number of patients assigned to him or her. The GPs will play a pivotal role in the new scheme as they will become the "gate-keepers". Patients can only access free treatment by going through their designated GP. Anyone by-passing his/her GP will have to bear the costs.
   - There will also be certain provisions (at present unspecified) to curtail excessive referrals by the GPs to hospitals.

6. Private Insurance for Extra Coverage

- Richer families have the option of purchasing additional private insurance. Why this is necessary is not as yet clear.

7. The National Health Financing Authority

  - This is envisaged as a new body set up to oversee the overall administration and evaluation of the new health care system. However the MOH officials were not able to say how this would be constituted.

Background to the People's Proposal

In reviewing the above MOH proposal and coming out with our own counter proposal, it is important for all of us to bear in mind the following:

- The provision of health care in any country is very much conditioned by the dominant economic, political and social environment. Even in our own country, in the 1960s and 1970s, the prevalent view was that the government should play the key role in the provision of health care. the role of the private sector was largely limited to GP services in the main urban areas. From the 1980s, the government has been shifting the burden of financing many essential social services directly to the rakyat due to the neo-liberal ideas that were and are still being advocated by international financial institutions like the IMF and the World Bank. This also coincided with the ideology of the Mahathir government. Thus we have ended up with our current dysfunctional dual system.
- 60% of Malaysian families earn less than RM 3000, while 40% earn less than RM 2400 per month.
- At present about 75% of all admissions in Malaysia are to government hospitals, but only 25 – 30% of Malaysian medical specialists work in Government Hospitals. This mismatch of resources to need leads to poorer quality of care in the public sector for certain conditions such as Ischaemic Heart Disease, Renal Failure and Cancers.
- Experienced government doctors and other para-medical professionals are still leaving for the private sector. The expansion of the private hospital sector is a major cause of the ongoing brain drain.
- Patients in government hospitals already have to pay exorbitantly high collateral payments for the treatment of several conditions such as orthopaedic procedures which require plates and nails, lens for cataracts, clips for surgical procedures, drug-coated stents for angioplasties, certain anti-cancer drugs, etc
- The current policy of charging private rates for all foreign patients coming to government hospitals is not only inhumane but also not sound in terms of public health for it delays the diagnosis and treatment of communicable diseases.
- The Health Ministry has already implementing neo-liberal policies albeit in a piece-meal fashion and these have eroded the resilience of the Public Sector. Examples are
  - private dispensaries in certain government hospitals.
  - private wings in government hospitals
  - promotion of health tourism in several private hospitals
  - allowing government specialists the option of private practice.

  - The Malaysian Government is now the largest owner of private hospitals in the country through its GLCs such as Sime Darby, Pantai Holdings, KPJ and Petronas. It should be recognised that pursuing policies that strengthen the "bottom-line" for these

private hospitals often leads to undermining and weakening the public hospitals! This fact has to be borne in mind, and the government must take the position that it is the Public Sector that comes first!

Main Components of the People's Proposal.

1. ***Need for consultation:*** A comprehensive overhaul of the health care system such as that being proposed by the MOH must be undertaken with great care. Nothing should be rushed. Full and prior consultation with the rakyat, unions, consumer groups and health personnel as mentioned above is absolutely fundamental; nothing should be done without that being carried out. This consultation will also mean paying close attention to our proposals and if these are rejected, the MOH needs to explain to the people of Malaysia on what basis it is rejected. Piece-meal poorly thought out schemes that are being announced by the Health Minister from time to time must stop. The plan must be comprehensive and deliberate.

2. ***Need for equitable change:*** We agree that changes are needed in the financing and running of our health care system. Because of past government policies, a two-tier system has been allowed to develop which works in favour of those with money and against those who are poor. It has seen the growth of the private sector at the expense of the (far more used) public sector; and it has also seen the introduction of privatisation into certain health care services. There are issues of inequities, inefficiencies and absence of accountability. These need to be addressed.

3. ***National Health Fund:*** We therefore propose a new funding formula to safeguard the health of all Malaysians. It could be called the National Health Fund, but it should not be financed from the pockets of individual Malaysians. There are plenty of viable and present alternatives, as follows:

Source	Description	Amount per year
The Federal Budget	At present the Federal Govt is only spending 1.8% of the GDP on Health. The WHO has advised that developing countries should spend 5% of their GDP on health. We propose that the Malaysian Government increases allocation to health to 3% of GDP effective next year. GDP = RM 530 bil ; 3% = RM 15.9 bil	RM 15.9 bil
Taxes on Alcohol and Cigarettes	These lead to ill-health and require funds to treat. So the entire collection of taxes on these 2 items should come to health.	
Petroleum Profits.	Petronas made a profit of more than RM 30 bil in 2004. We propose RM 5 billion of petronas profits be ploughed into health so as to benefit the entire population.	RM 5 bil

These resources are not just readily available but will be ample to undertake necessary changes. We ***reject any proposal to make Malaysians pay more.*** This should be rejected because:

- it is unnecessary and will be an extra 'tax' which will penalise those least able to afford it. The Malaysian public is at present reeling from the effects of rising oil and other prices. People are already under considerable financial stress.
- collecting premiums from the public will involve a lot of effort, and distract us from the main aim of the exercise which is to improve the Public Health Sector. The administrative cost of collection of premiums can be substantial in countries like Malaysia where *a large segment of the population is self-employed and not salaried workers*.

4. ***The National Health Authority (NHA)***

- A fund totalling more than RM 40 billion per year can easily be plundered to enrich corporate cronies given the current crony culture in government. We must have an effective mechanism to prevent this from happening. Given the extent and pervasiveness of corruption, and given that it has taken away so much money from the services which could have benefited millions of ordinary Malaysians, any scheme which continues the tradition of unaccountable bodies in charge of massively large funds must be resisted. Accountability and proper representation is an essential element of any proposal, and here it is not good enough for the Government to offer bland reassurances. ***Health is the last big cake that has escaped the grasp of the cronies.***
- The NHA, when it is finally set up, should comprise of representatives from a wide cross-section of Malaysians and needs to be fully accountable to all Malaysians. It cannot be selected by just the Prime Minister or by the Health Minister. An effective mechanism must be decided upon.

  One possible mechanism is to distribute the representation as follows:
  - 50% from political parties based on their share of the total votes in the latest general election;
  - 20% nominated by the government;
  - 10% from unions
  - 10% from consumer groups and health NGOs.
  - 10% from health provider associations.

- The NHA must have bite. It should have the power to review contracts before they are passed. It must have access to information. It should have a budget to employ sufficient staff to monitor the utilisation of the National Health Fund throughout the country.

5. ***Focus on public sector health system first:*** We propose that the purpose of this fund should be to improve health care for the Malaysian rakyat initially by rehabilitating and strengthening the government health sector. In other words, the first task of this Fund is to upgrade the facilities, terms and conditions in the Government Hospitals and Clinics because:

- The majority (at least 75%) of our population still rely on government clinics and hospitals for treatment;
- Government health facilities are much more equitably distributed throughout the country compared to the private sector facilities which are largely concentrated in the major urban centres.
- The doctors and other health personnel in the government sector are salaried, and not paid on a fee-for service basis. This will ensure that costs are curtailed. The fee-for-service private sector has the potential to quickly suck the NHF dry unless there is a strong and competent government sector to act as a counter-weight.
- At present, only the government hospitals are playing the role of providing clinical experience for medical school students and for doctors who are training to be specialists. This very important function cannot be carried out effectively if we do not have sufficient senior medical and surgical consultants and sufficient facilities in our public sector hospitals; if we fail here, we may get more cases of newly qualified doctors who know the theory but do not know how to apply it as was highlighted in the press recently.

Among other things the following have to be looked into:

- ***Government Hospitals must not be 'corporatised',*** which has always been preparation to privatisation, but be should remain as fully government owned and operated.
- There should be a comprehensive review of all the medical supplies that now have to be paid for by the patients in government hospital, and these should be provided for by the National Health Fund. These include lens for cataract patients, plates and screws for orthopaedic patients, stents for heart cases and staples for surgical cases etc. The quantum of collateral payments should be reduced as far as is possible.

- ***The retention of experienced health care personnel*** in the public sector.
  - This should be a crucial aspect of the new scheme**.** ***Pay and working conditions*** for all health personnel including nurses, para-medical staff, doctors, specialists etc. must be improved.
  - ***Other perks*** *such* as funding for undertaking research and attending courses, seminars etc to upgrade their skills should be made available to professional staff.
  - If the provision of pension is a major pull factor, perhaps this should remain a feature of the terms of service for government health personnel.

- ***Further expansion of private hospitals should be frozen*** for the time being. This will help immensely in the rehabilitation of the public sector.

- Promotion of ***Health Tourism should be drastically scaled down***. The health needs of our population should be adequately dealt with before we proceed to try and earn foreign exchange!

We are unequivocally against any two tier system based on the ability to pay. It is **immoral** to speak of two standards of care based on ability to pay. The professions of Medicine are ethically committed to care equally for all. Evidence-based quality and patient involvement are the same for all citizens. Doctors must be paid the same whoever they treat, rich or poor.

Conclusion

Implementing the National Health Fund and the National Health Authority in the manner and with the task as outlined above will be a major step forward to protect the health care of all Malaysians. We reiterate that Malaysians are very worried about any proposals that

- talk about Malaysians paying extra money into an unaccountable fund;
- talk about a new Body that is similarly unaccountable, full of government-appointees and a recipe for cronyism and corruption;
- talk about efficiency, if it is equated with privatisation; rather, it is a fact that the scandal of privatisation has led to extra costs for our public sector health care system which has been exposed; we should take steps taken to rectify this;
- talk about a basic package without clarification of what is covered
- lack any proactive plan to ensure that much needed investment into our public system actually happens; the huge worry is that the public sector will be allowed to deteriorate further and the private sector flourish, at the expense of ordinary Malaysians and their health. It is important for us to ask ourselves whether we can have a society where access to health care has become inequitable due to the rise of the two-tier system? *Is it morally*

okay for the wealthy to get better health care than the poor? What do our religious faiths say about these?

- When the National Health Service was introduced in the United Kingdom after the Second World War, the then health minister, Bevan said "**no country can call itself civilised if an ill person is denied care because of lack of means.**" If the Malaysian government is still hoping to achieve developed nation status by 2020, it is worth remembering these words!

If we can actually implement the 5 aspects of the People's Proposal as sketched above properly, we would be in a much better position to plan for the ensuing phases which will involve integrating the private sector health care system into the NHF and NHA. It would be extremely premature for us to talk about these in any detail at present.