

Doctors & the Law/March 1-15/880

THE PRICE OF HEALTHCARE

Ding Jo-Ann summarizes a panel discussion on the rising cost of care involving representatives from the Ministry of Health, the insurance industry, a private hospital and a consumer association. It took place during the Medico-Legal & Medical Ethics Symposium in Kuala Lumpur in November.

It came as no surprise when various panel members confirmed that the cost of public and private healthcare has indeed been rising.

Based on insurance claims, there has been a steady inflationary increase in the cost of private healthcare of about 13 to 15 percent each year. As for the public sector, there has been an increase of about two-and-a-half times in nominal terms of spending since 1997.

What was perhaps surprising to hear was that private sector healthcare expenditure has outstripped that of the public sector – in 2006, 55 percent of healthcare expenditure came from the private sector.

The panel members had various views, however, on the reasons for the increase in the cost of healthcare. It was generally agreed that inflation, the increase in advanced technology, and the rising cost of drugs and consumable and surgical supplies is part of the cause.

What was controversial was the insurer's view that the rising costs in private healthcare could be partly due to "leakages" in the system, such as the provision of often unnecessary admission kits, the involvement of multiple specialists in relatively simple cases and multiple attendances by specialists, all of which increase the overall cost to the patient. This view did not meet with general agreement from other panel members and certain members of the audience, who pointed out that doctors are governed by ethical rules and hospital policies which would not allow unnecessary visits or interventions.

With increased regulation and more demanding consumers, it could also become more difficult for private hospitals to sustain profitability, which is essential for them to continue providing medical services. In the absence of a comprehensive National Healthcare Financing Scheme, it is important for the private sector to remain viable, as both public and private sectors are needed to meet the public's growing demand for quality healthcare.

The government had hoped that the introduction of the fee schedule in the Private Healthcare Facilities and Services Act 1998 (PHFSA), which regulates the fees that private doctors may charge, would slow down the increasing cost of

healthcare. However, after more than 2 years of coming into force, the verdict so far is that the fee schedule has not stemmed the increase in the total amount spent on private healthcare.

One reason for this could be non-compliance on the part of doctors and lack of enforcement by the government. In addition, all items that are charged by the hospital, such as room charges and the cost of medical supplies, which could make up more than half the total bill, are unregulated.

From a doctor's point of view, the fee schedule undermines the free market mechanism and could, in fact, lead to doctors charging higher fees, as they would now have the liberty to charge the maximum fee provided for, even if they had been charging a lower rate previously.

As the fee schedule has now become annexed to the PHFSA, it would be more difficult to amend as compared to before when it was part of the guidelines published by the Malaysian Medical Association, which could be updated every few years to reflect the changing market. Other panelists felt there should have been a minimum as well as a maximum rate in the fee schedule.

The establishment and running of well-funded, quality, highly subsidized centers such as the National Heart Institute (Institut Jantung Negara) was lauded as this could act as a "price-brake" for private hospitals. Should quality healthcare be available in the public sector at an affordable price, this would provide a more viable alternative to private treatment.

The presence of such alternatives could, therefore, serve as a check and balance against escalating prices in the private sector. The building and maintenance of several such high-quality hospitals throughout the country is greatly encouraged by consumers in general.

The government has yet to finalize the proposal for a National Healthcare Financing Scheme. It was emphasized that it is crucial that all stakeholders, including the medical profession and members of the public, be consulted before any such proposal is finalized to ensure that a practical and workable system is put in place.

In the meantime, it is important for all involved that the steady increase in the cost of healthcare be slowed down as much as possible as neither the public nor the private sector will benefit from a continued sharp rise. It was suggested that all stakeholders must firstly see themselves as consumers, as health inflation eventually affects every individual.

Panel members:

1. Mr Sonny Tan Siew Hock, chief executive officer, Pacific Insurance Berhad

2. Datuk Dr. Satiadass, chief executive officer, Perak Community Specialist Hospital
3. Professor Chan Chee Koon, healthcare advocate and health policy advisor for the Federation of Malaysian Consumers Associations (FOMCA), Universiti Sains Malaysia
4. Dr. Rahim Mohamad, director, Planning and Development Division, Ministry of Health

** Article courtesy of Raja, Darryl and Loh*