PUBLIC AND PRIVATE HEALTHCARE EXPENDITURE IN MALAYSIA: ABSOLUTE AND RELATIVE CHANGES

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ABSTRACT

In the last five decades, Malaysia has experienced extensive improvement in the healthcare system especially in the balance of private and public healthcare sectors as well as in the financing matters. Malaysian healthcare system has transformed into a resilient dual-tiered parallel system, with a sizable and booming private sector. Malaysia is one of the countries which has improved so much in the healthcare system among the ASEAN countries (Ramesh & Asher, 2000). The swift changes that took place over the course of five decades are reflected in the infant mortality rate that dropped from 75.5% per 1,000 in 1957 to 6.3% per 1,000 in 2007 and life expectancies which increased from 56 years (male) and 59 years (female) in 1957 to 72 years (male) and 76 years (female) in 2009 (World Bank 2010). World Health Organisation in 2010 reported that Malaysians enjoy a fairly high standard of health. According to the Human Development Report 2006, Malaysia was ranked 61/177 based on the human development index which takes into account factors involving life expectancy, literacy and standard of living. Malaysia is often seen as having a successful healthcare system. The growth of private healthcare has complemented Government’s healthcare system. It is important to note that the growth in private healthcare sector has relieved some of the pressures on the health services, allowing the Government to concentrate on providing more to the poor people. According to Tan (2004), healthcare in Malaysia is being operated with heavy involvement from the public sector particularly in the provision of health services. However, recent literatures suggest that the share of public healthcare expenditure towards the total healthcare expenditure is reducing. It has been noted that private healthcare system has extolled to rise due to the shortfall from public spending. In most of developed countries, the share of health expenditure from the government tends to be higher than the private sector but for many developing countries, they can be divergent. Most likely this made the debate on public and private healthcare in Malaysia became more vital. This paper attempts to examine whether the support from the Government for the public healthcare is increasing or reducing. The paper will also analyse the public and private share of the healthcare expenditure from the year 1980 to 2009 and changes in the relative share against the upper middle income countries in the world over the period 1995-2009. This paper employs the annual data of public healthcare expenditure, private healthcare expenditure, total healthcare expenditure, out of pocket expenditure, % of public and private healthcare expenditure of GDP/GNP. The data are extracted from various sources namely Annual Report of Ministry of Health from various years, Department of Statistics, Report from OECD, World Bank and World Health Organisation. To evaluate the relative share of the public healthcare system in the upper middle income countries, 34 countries were selected based on the standard used by the World Bank. The data is obtained from the World Bank websites. This paper mainly uses secondary data. The discussion and analysis for this paper is basically using interpretative approach based on official and trusted information. The healthcare expenditure in Malaysia is increasingly driven by increased privatisation within the healthcare service provision and upgrading of existing healthcare infrastructure within the public sector. The current trend
shows that the private healthcare expenditure has overtaken public healthcare expenditure. The Government started to focus on health policies and let the private sector complement the public healthcare services. By comparing Malaysia with other middle income countries, the public healthcare expenditure over the percentage of GDP in Malaysia are quite low compared to other countries, although the percentages is increasing gradually. Even though the population in Malaysia is increasing remarkably over the years, the public health expenditure percentage of GDP is increasing only in a very small percentage. Looking at the overall trend, the result shows that the public support toward the healthcare system is reducing.

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