



# Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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## Press Statement

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### **Prioritise improving public hospitals and not medical tourism**

The Consumers Association of Penang (CAP) had received an increasing number of complaints by consumers about their skyrocketing health insurance premiums over the recent years. On investigation, it appears to be due to escalating medical fees charged by private hospitals. The Malaysian Health Ministry (MoH) should investigate and take appropriate action.

According to Bank Negara (BNM) Annual Report 2019, the medical health insurance (MHI) claims grew by 11.6 per cent a year between 2016 and 2019. It stated that the “rising claims have continued to outstrip the increase in premiums” which grew by an average of 9.5 per cent a year.

Private healthcare cost is one major reason for the health insurance premium increases. According to a global survey on medical trends in 2019, Malaysia ranked among the highest in Southeast Asia in terms of medical costs. It would come to a point when people could no longer afford to pay health insurance and the existing policyholders may let their policies lapse.

It was reported in the media that 80 per cent of people are seeking treatment at public medical facilities while the number of patients going to private hospitals dropped by 70 to 80 per cent last year.

Such a scenario does not benefit the nation as private hospitals will see a decline in the number of patients as people can no longer afford treatment there while public healthcare facilities will be overwhelmed. The National Health and Morbidity Survey (NHMS) 2019 showed that only 22% of the population are covered by Personal Health Insurance. The vast majority depend on public hospitals for medical treatment.

The NHMS 2019 revealed that 81.4% of households used the current income to pay for health services, and only 8.1% used insurance reimbursement. Money had to be borrowed from family and friends to pay for the health services for 10.9% of households.

The *Medical Procedures and Services Nomenclature (MPSN) and Relative Values* serve as private medical practitioners’ guidelines on their professional fees. However, hospital supplies and services comprising items such as laboratory tests and imaging, medicine, nursing and medical equipment (e.g. medical ventilator, dialysis machine and eye microscope) are not within the scope of this guideline.

BNM Annual Report 2019 stated that “insurance claims data analysed over 2013 to 2018 show that hospital supplies and services form the largest component of claims costs and are one of the main factors driving the increase in hospital charges” and these constituted on an average more than 50 per cent of a medical bill. We urge the Malaysian Health Ministry (MoH) to address this issue because it has been a common complaint among consumers who sought treatment at a private medical facility. In October 2019, the government allocated RM25 million for the Malaysian Healthcare Travel Council (MHTC) in conjunction with Malaysia Year of Healthcare Travel (MYHT) 2020.

We believe that the soaring cost of treatment in private hospitals is due to promoting medical tourism. Priority should be given to improving our public healthcare system and not helping private hospitals maximise their profits through treating foreign medical tourists. Providing good healthcare services is incumbent upon the government in fulfilling our people's fundamental right to life.

The way to bring down health costs in the long term is for us to prevent serious diseases.

NHMS 2019 identified hypertension, diabetes, and high cholesterol as the leading three non-communicable diseases (NCD) are among the factors – hypertension, diabetes, cancers, and raised total cholesterol – that people went to clinics or hospitals for treatment. About 6.4 million adults in Malaysia have hypertension; 3.9 million, with, diabetes; and 8 million with raised total cholesterol.

By exercising, maintaining a balanced diet, stopping smoking, avoiding sugary food and drinks, and abstaining from alcohol, the risks of NCDs can be drastically reduced, whereby the person can enjoy better health.

The government should use the 'sin tax' from our sugary drinks, tobacco, alcohol, and gambling to promote a healthy lifestyle and upgrade the public hospitals.

We call on people to adopt a healthy lifestyle to avoid developing the risks of NCDs. In the meantime, those who are contemplating acquiring health insurance should realise that it is a long-term commitment. A health insurance holder may have to pay more in tandem with his age at regular intervals. As such he has to pay significantly more at a time when he has retired and with limited savings.

We call on the government to set up a high-powered committee – with representations from the medical profession, MOH, and non-governmental organisations – to study and make recommendations for the introduction of a universal healthcare system in Malaysia.

**Mohideen Abdul Kader**  
**President**  
**Consumers Association of Penang**