

Media Statement by Dr Lim Chee Han, Senior Researcher at the Penang Institute in Kuala Lumpur on the 2nd of November, 2016¹

Slashes made to public health and medical care expenditure contradicts the government’s “enhanced healthcare” provision promise and may further jeopardize effective delivery of public health services

“Health is everything. As such, concerted efforts will be implemented to enhance the health levels of the rakyat and quality of the healthcare in the country.” So said Prime Minister Najib Razak, during the tabling of Budget 2017.

The ability of the government to deliver on this promise may be jeopardized by the serious reductions in ‘services and supplies’ category of public health and medical care operational expenditure (opex), both of which come under the Ministry of Health. This year, medical care services, which cover hospital supplies, blood transfusion medication and pharmaceutical supplies, suffered a RM589 million allocations cut, dropping by 12.9% from RM4.576 billion in 2016 to RM3.987 billion in 2017. Meanwhile, public health allocations fared even worse, falling from RM1.483 billion in 2016 to RM1.245 billion in 2017, percentagewise amounting to a 16.0% reduction.

Figure 1: Reduction in Services and Supplies Allocation for Public Health and Medical Care by line items (2016 to 2017)

Code	Departments/ Divisions	2016 Estimate	2017 Estimate	Difference (RM): 2016-17	Difference (%): 2016-17
	PUBLIC HEALTH	1,483,242,600	1,245,331,200	-237,911,400	-16.0%
020100	Pengurusan Kesihatan Awam Ibu Pejabat/Negeri	77,766,700	65,119,800	-12,646,900	-16.3%
020200	Pembangunan Kesihatan Keluarga	288,069,000	236,598,300	-51,470,700	-17.9%
020300	Kawalan Penyakit	234,806,700	181,677,900	-53,128,800	-22.6%
020400	Pendidikan Kesihatan	55,798,200	35,523,400	-20,274,800	-36.3%
020500	Pemakanan	23,061,500	18,711,700	-4,349,800	-18.9%
020600	Farmasi dan Bekalan Kesihatan Awam	803,740,500	707,700,100	-96,040,400	-11.9%
	MEDICAL CARE	4,576,379,700	3,987,278,600	-589,101,100	-12.9%
030100	Pengurusan Perubatan Ibu Pejabat/Negeri	273,870,700	303,431,000	29,560,300	10.8%
030200	Pengurusan Hospital	705,784,300	656,109,700	-49,674,600	-7.0%
030300	Kecemasan dan Pesakit Luar	27,735,400	23,928,200	-3,807,200	-13.7%
030400	Rawatan Pesakit Dalam	12,615,000	8,772,100	-3,842,900	-30.5%

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030500	Perubatan Am	357,744,600	322,922,500	-34,822,100	-9.7%
030600	Pembedahan Am	54,465,100	52,280,800	-2,184,300	-4.0%
030700	Obstetrik dan Ginekologi	56,886,500	49,376,600	-7,509,900	-13.2%
030800	Pediatrik	99,741,900	55,643,300	-44,098,600	-44.2%
030900	Ortopedik	42,577,000	41,281,400	-1,295,600	-3.0%
031000	Anaesthesiologi dan Rawatan Rapi	81,390,400	80,123,700	-1,266,700	-1.6%
031100	Oftalmologi	20,075,000	18,697,200	-1,377,800	-6.9%
031200	Otorinolaringologi (ENT)	17,995,400	13,254,900	-4,740,500	-26.3%
031300	Dermatologi	13,540,400	12,975,900	-564,500	-4.2%
031400	Neurologi	9,955,500	9,784,200	-171,300	-1.7%
031500	Nefrologi	249,258,800	144,928,700	-104,330,100	-41.9%
031600	Pembedahan Neuro	7,664,400	7,399,000	-265,400	-3.5%
031700	Urologi	11,557,000	11,365,900	-191,100	-1.7%
031800	Pembedahan Plastik	4,092,900	2,314,000	-1,778,900	-43.5%
031900	Radioterapi dan Onkologi	172,862,200	151,773,400	-21,088,800	-12.2%
032000	Pengimejan Diagnostik	41,133,600	37,341,400	-3,792,200	-9.2%
032100	Patologi	216,921,200	214,471,200	-2,450,000	-1.1%
032200	Farmasi dan Bekalan	1,595,601,600	1,292,761,700	-302,839,900	-19.0%
032300	Dietetik dan Sajian	108,316,400	105,194,100	-3,122,300	-2.9%
032400	Kardiorasik	112,446,600	130,878,400	18,431,800	16.4%
032500	Perubatan Nuklear	16,267,900	10,488,900	-5,779,000	-35.5%
032600	Perubatan Respiratori	5,254,900	5,110,900	-144,000	-2.7%
032700	Psikiatri dan Kesihatan Mental	82,768,200	79,698,700	-3,069,500	-3.7%
032800	Perubatan Rehabilitasi dan Perubatan Tradisional dan Komplimentori (TCM)	38,105,900	30,645,600	-7,460,300	-19.6%
032900	Perubatan Transfusi Darah	135,246,300	112,374,700	-22,871,600	-16.9%
033000	Perubatan Forensik	4,504,600	1,950,500	-2,554,100	-56.7%

Source: *Expenditure Estimates, Budget 2017 and own calculation*

As the table above shows, budget cuts have been made to almost all items listed under Public Health and Medical Care. Apart from cardiothoracic treatment, expenditure cuts have been made in significant areas such as 'Pharmacies and Supplies for Public Health', where opex fell by 11.9%; 'Family Health Development' (17.9%), and Forensic Science, which saw the biggest decrease (56.7%).

The anecdotal evidence which has emerged recently, including cases of laboratory tests being suspended and the shortage of medicines², already points to the funding challenges faced by the Ministry of Health. It would not be surprising if further budget cuts in these key areas would lead to more of such cases occurring in 2017.

One division that has experienced worrying cuts in resources is Disease Control, where allocations were reduced by 22.6%. Based on the current budget, the division now will receive RM53.1 million less,

² <http://today.mims.com/topic/lack-of-funds-leads-to-suspension-of-clinical-laboratory-tests-in-malaysian-hospitals>

compared to the previous year. Such cuts will jeopardize the government’s ability to effectively combat the dengue virus which is already at record levels in the urban areas as well as the lurking threat of Zika.

The Health Ministry is already buckling under the weight of rising medicine costs and anticipated increases in patient load. Imposing cutbacks on services and supplies only cripples its ability to handle these challenges, much less rise to meet new ones.

These concerns aside, there have been some positive measures made to the Health Ministry’s budget.

In certain areas, allocations have actually increased from 2016 to 2017. One example would be the introduction of an additional grade 56 in between grade 54 and JUSA C, which will give timely and well deserved promotions to medical and dental specialists and encourage them to remain in public service.

According to budget estimates, this will result in an additional RM1.1 billion spent on emoluments (Items 2 and 3 under *Dasar Baru*), accounting for 83.2% of the total increase for emoluments in 2017.

The estimates further show that MOH intends to retain a large majority of the current workforce (generally reflected in *Bil. Jawatan*), while maintaining 20.3% budget cut on management cost, which suggests a desire for ‘lean management’ practice.

Eighth: To address the issues of specialist doctors leaving the public service and delays in promotion, the Government will introduce a grade 56 between grade 54 and JUSA C for medical and dental specialists;

Source: *Budget 2017 speech, pg. 12*

120000	DASAR BARU	...	...	0	1,355,108,900
		10000		0	1,355,108,900
120100	Pemantapan Program Pengurusan	...	...	0	9,701,700
		10000		0	9,701,700
120200	Keperluan Emolumen Tambahan Tahun 2017	...	...	0	884,081,500
		10000		0	884,081,500
120300	Pewujudan Jawatan Baharu/Tambahan Tahun 2017	...	...	0	242,816,600
		10000		0	242,816,600
120400	Kenaikan Pangkat/ <i>Time Based</i>	...	...	0	218,509,100
		10000		0	218,509,100

Source: *Budget 2017, Expenditure Estimates, pg. 487*

While increasing allocations for emoluments is a step in the right direction, other increases in operating expenditure are somewhat harder to justify.

For example, in the budget estimates, a whopping RM2.015 billion was specially allocated for a program (‘Program Khusus’) covering the ‘privatisation of hospital support services’.

In his parliamentary reply, Health Minister Dr Subramaniam clarified that this special allocation would be given to five outsourced companies, tasked with providing various hospital support services such as facility maintenance engineering, biomedical services, biochemical waste management, laundry and cleaning services. All in all, 148 public hospitals would be served.³

However, awarding such a large sum towards the privatisation of hospital support services seems excessive, especially given the large funding slashes made to public health and medical care sectors, where resource allocations can make a difference to a wider swathe of society.

Moreover, certain background details surrounding the relationship between the companies and MOH raise more questions than answers. Three out of five had been awarded 15-year concession contracts for similar services from the period 1997 to 2011, and then, in 2015, again received a 10-year contract renewal. Could the cost of these concessions have been lowered if they were subject to greater competition and transparency?

In summary, though the overall Health budget for 2017 has increased, (from RM23.03 billion to RM24.8 billion, representing a 7.7% increase), a further breakdown of allocations shows significant cutbacks made to public health and medical care, both areas that directly impact public access to healthcare service and treatment.

In other areas, greater resources have been awarded for the sake of retaining professionals in public service and privatizing hospital support services. The justification of spending more in these areas must be weighed against cutting down in other, arguably more critical, areas of healthcare.

³ <https://www.youtube.com/watch?v=RkRqHn7qaUA>