**PRESS STATEMENT – 10 Aug, 2018**

**Health Insurance Proposal, Eroding Social Solidarity – Dr Kumar PSM**

 The PSM is quite perturbed by the Deputy Health Minister’s announcement on 5th August that the Pakatan Harapan Government is thinking of rolling out a new Health Insurance Scheme to help meet the costs of providing Health Care to the Malaysian population. Dr Lee Boon Chye was quoted by MalayMail as saying, “*We are thinking of minimum coverage of between RM10,000 and RM20,000 per family per year.” “For those who feel that the coverage isn’t enough, they can still top up on their own or even buy private health insurance*.” <https://www.malaymail.com/s/1659342/putrajaya-to-implement-health-insurance-gradually-deputy-minister-says>

The PSM feels that this is the wrong way to go in addressing rising health care costs. The requirement to set aside money to buy Health Insurance will be an additional strain on B 40 families who are already struggling to make ends meet. According to comparehero.my and [theedgemarkets.com](http://theedgemarkets.com), 20% of Malaysian families had household incomes of less than RM3000 in October 2016, while another 20% had household incomes of between RM3000 and RM3900 per month. These families would find the additional RM 100 – RM 200 that they would require to put aside each month for Health Insurance a strain on their pocket.

The phrase “*for those who feel that the coverage isn’t enough*” is ominous. What happens to those who cannot afford to pay more than the minimum RM1000 per year? Is their health coverage going to be less intensive than those who opt to pay more? Would it be *– Sorry Sir, for people like you on the minimal insurance plan its only medical treatment for coronary artery disease. Angioplasty is for those on the augmented insurance plan??*

There is already a two tier health care system in place in Malaysia now. For the richest third of the population, they can get almost immediate treatment at well-staffed private hospitals in the country. The rest of the population have to queue at the specialist depleted Government Hospitals and wait for their turn. The richer 1/3 of Malaysians can get an angiogram done within 24 hours of going to a private hospital while the poorer two thirds might have to wait for 3 months just to get to see the Cardiologist in the Public Hospital! That is now, and some of them actually die of their condition before specialist intervention can be arranged. Will this get even worse when the insurance system is put in place?

The Pakatan Harapan Government has to consider other ways of meeting the costs of providing health care to the population. The first would be to review the way in which all forms of supplies are procured. Is the Health Ministry getting it’s dollar’s worth? How many of the contracts to buy equipment, food, furniture etc are unfairly “marked-up” so that certain crony companies can make a quick buck? Please take a good look at this phenomenon that we believe is quite wide-spread. Such contracts should be renegotiated or terminated. We could save quite a sum here.

Then we have the outsourcing of “support” services to 3 huge private companies. Laundry, housekeeping, clinical waste disposal, maintenance of equipment and buildings have all been outsourced since the mid 1990s. The cost of these services went up 3 fold in 1997, the year after they were outsourced! Are the terms of the contracts reasonable or is the Health Dollar being funneled into the bank accounts of politically well-connected companies? Can these contracts be terminated?

Next, the way the government is building new hospitals and clinics has to be critically reviewed. Now they are being contracted out for RM 500 million or more per hospital, and ever so often we hear of leaking roofs, operation theatres which cannot be used, blocked drainage systems, fungus afflictions and other problems arising from shoddy workmanship, and there are interminable delays. Are the people getting their money’s worth? Shouldn’t the Health Ministry set up an in-house engineering department that can build all such structures so that the expertise can be cultivated and the outlay be reduced to the actual construction costs of the projects?

The procurement of medicines is another issue that has to be reviewed. Is Pharmaniaga giving us a fair deal, or are certain categories of medicines being marked up excessively? Would it be better if we were to switch back to the General Medical Store system that was operational till 1993 when the procurement of medicines was privatized (to a subsidiary of Renong)? This needs an impartial and objective review. We need to ascertain that every dollar allocated to the Ministry of Health is being used optimally to provide health services to the public.

The issue of patents for medicines has also got to be looked into. Is Malaysia too acquiescent in this matter? The criteria used by India and South Africa in approving patents for new medicines are much more stringent that what is being practiced in Malaysia. Why are we so lax? Because we want to prove to the American and EU investors that we are business friendly? We need to review our stance on Intellectual Property Rights and the granting of patents for medicines as otherwise several categories of effective treatment will be unaffordable for most Malaysians.

The Minister of Health did say (Star online 25/5/2018) that he would push for the health budget to be increased from its present 2.2% of GDP to 3.5%. The PSM fully supports this initiative for it is one very effective way of sharing the wealth of this country with the poorer half of our population. Malaysia is currently caught in the low wage paradigm. Our intention to increase the minimum wage rate has to be tempered by the fact that the lower wages in several countries in ASEAN might lead to translocation of manufacturing industries to these countries if we push up our minimum wage too fast. But though there might be constraints to our intention of raising minimum wages, we can still share the wealth of the nation with the poorer half of our population by augmenting the “social wage”. A subsidized high quality public health care system is an important component of the “social wage”. It saves people the expense of buying health insurance or of paying for private care.

Government planners must also take into account the fact that expenditure on health has many positive “externalities”. This means that apart from the immediate benefit of treating our sick more efficiently, a well-funded public health care system also brings other benefits to the nation such as an increase in productivity, enhanced social solidarity and a sense of belonging, and a reduction in delinquent behaviour, anti-social tendencies and “street anger”.

On the other hand, making people pay for their own health care by taking health insurance and further increasing the disparity in access to health care will have negative externalities. It will generate insecurity, resentment and result in an erosion of social solidarity. The PSM sincerely hopes that the Pakatan Harapan Government will abstain from moving in such a direction.

  Jeyakumar Devaraj,Central Committee PSM.9/8/2018