

# Challenges In The Health Care System in Malaysia and Indonesia

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## Abstract

Health service has always been an important yardstick to measure progress and stability of a country. According to WHO, a competent health care system is a system which is able to deliver quality services to its citizens. The system must have a sound financial mechanism; qualified and well-trained human capital, sources of reliable information as a basis for decision-making and policy formulation as well as good infrastructure and logistics facilities in distributing services throughout the country. However, in practice, there are many challenges facing the health system in both Malaysia and Indonesia. Hence the authors used the social-legal method to understand the challenges faced. Findings suggest that proper mechanism and stringent laws will be able to enhance the healthcare system in both Malaysia and Indonesia.

*Keywords: Challenge, Health Systems, Public Healthcare Laws.*

## 1. Introduction

The arrangement of the basic rights of health in a number of legal instruments can be seen in Article 25 (1) of the Universal Declaration of Human Rights that: "Everyone has the rights to a standard of living adequate for the health of himself and of his family, including food, clothing, housing, medical care and necessary social service ". Rights to health are fundamental to every individual in performing other basic rights, including the achievement of an adequate standard of quality of life [1].

Healthcare in Malaysia is regulated in Item 14, Schedule 9 of the federal List, Federal Constitution of Malaysia 1957. The Ministry of Health (MOH) has been entrusted to ensure the health of all citizens in accordance with the mission and vision set out in the Annual Statement of the Ministry of Health's vision namely to be a country made up of healthy individuals, families and communities through a health system that is fair and equitable, efficient and consumer friendly emphasizing on quality, health promotion and respect for human dignity.

Under the Constitutional scheme of Malaysia, there are a number of agreements in terms of financial provisions between the states and federal government. These are laid down in Article 96 to 112 of the Constitution and they govern the methods by which public funds are to be administered at the federal and state levels. A perusal of the articles would suggest that the central government is vested with great powers and responsibility to obtain and collect all major revenues, which include income tax, customs, duties and fee for licenses of motor vehicles. In turn, the Constitution also provides for all major areas of expenditure to be borne by the federal government such as

education and health. Hence the Federal government is the major player in financing the healthcare system in Malaysia.

Malaysia has prepared a strategic document known as the MOH Strategic Plan 2011-2015, which should be read in conjunction with the Country Health Plan. The document outlines the health sector development and action plan for the country outlined in the report of the National Key Economic Area (NKEA) Health Care under the Economic Transformation Plan (ETP), MOH. Strategic Plan is a reference document in which the MOH will steer the country's health plan into action in all aspects with special attention given to universal coverage of healthcare services at affordable costs, providing quality services, optimising human resources and managing changing patterns of communicable and non-communicable diseases. The Strategic plan becomes more significant in charting the health scenario in the next 5 years especially in strengthening the existing healthcare. This document is also used to monitor the status of each organization under the MOH for the purpose of evaluating, monitoring and upgrading the health system if necessary.

Further, the KRA (Key results Area) 10 Malaysian Plan (10 MP) regarding 'quality health care and a healthy lifestyle', aims to create a 'healthy community which has access to health care and quality recreation facilities,' four 10MP national strategy has been identified by the government, namely:

- Creating a health care system that is comprehensive and quality recreational infrastructure.
- Promote health awareness and healthy lifestyle activities.
- Empowering communities to develop or carry out individual welfare program (responsible for health).

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- d. Transforming the health sector to improve the efficiency and effectiveness of the delivery system to ensure universal access [2].

The Healthcare system in Indonesia is entrusted to the Ministry of Health Indonesia according to the 1945 *Undang-Undang Dasar Negara*. However, in terms of the financial management the Ministry is assisted by the private sector. As such, government officers wholly manage the government hospitals and clinics whereas the financial aspect is set out in Act No. 40 of 2004 on National Social Security System to provide comprehensive social security for all Indonesian people. The road map was prepared by various stakeholders and it was agreed to implement the National Social Security Council (DJSN) according to its mandate under Act No 40 of 2004 on Social Security namely to coordinate the implementation of social security including health coverage to all citizens of Indonesia.

Through the National Social Security System it allows each person to develop himself fully as a dignified human being which is consistent with the purpose of establishing the Indonesian nation that adopts the welfare philosophy. Efforts to achieve health coverage for the entire population (universal coverage) were documented into the road map to provide a systematic, comprehensive and integrated social security system for the country.

PT Askes (Persero), a private health insurance company is assigned to (a) manage the operation of BPJS Health for health coverage program in accordance with the provisions of Article 22 to Article 28 of Law No 40 of 2004 on National Social Security System, and; (b) prepare the transfer of assets and liabilities, rights and obligations of employees and PT Askes (Persero) to BPJS Health. In order to complete the operation, BPJS Health will need to establish mechanisms and coordinate with other healthcare company namely PT Jamsostek (Persero). The MOH, various Ministries / other agencies and local governments.

**2. Methods**

This is a descriptive, qualitative study using the social-legal approach. Secondary data obtained through the study of documents from both countries are examined. Further, public healthcare legislations are scrutinised to evaluate the challenges faced in the healthcare system. Hence the purpose of this study was to analyze the existing health systems of Indonesia and Malaysia as well as the possibility of challenges arising from both systems.

**3. Discussion and Results**

The Malaysian Health System Transformation plan is to provide efficient and effective management to ensure universal access to health care. This strategic thrust has been adopted as a global KRA Ministry of Health. In addition to these strategic thrusts, National Key Economic Area (NKEA) Health Care has also been formulated to

generate wealth through healthcare tourism industry. The relationship between the National Strategy for Health Related 10MP (2011-2015) with KRA MOH can be seen in the following Table 1:

Table 1  
NATIONAL STRATEGY

| NATIONAL STRATEGY 10 <sup>TH</sup> MP ( MALAYSIAN PLAN)   | KRA MOH   |
|---|---|
| i. Creating a comprehensive health care system and recreational infrastructure.   | Transformation of the health sector towards health system efficiently and effectively to ensure universal access to health care |
| ii. Transforming the health sector to improve the efficiency and effectiveness of the delivery system to ensure comprehensive and universal access to healthcare. |   |
| iii. Promote health awareness and healthy lifestyle activities.   | Health awareness and healthy lifestyles.  |
| iv. Empowering communities to develop or carry out individual welfare program   | Empowering individuals and communities to take responsibility for their own health.   |

Source: Ministry of Health Malaysia 2011.

It is noteworthy to mention that Malaysia has a publicly funded healthcare system which is mostly funded through taxation. As such there was free access to healthcare services in all government hospitals at both the primary and secondary level. It was heavily subsidised by the Government, thus making it universally accessible to the people. With the setting up of more government hospitals and clinics in rural areas, people in the remote areas have recourse to an extensive network of government health centers and *klinik desa* with referral backup, while those living in town areas have access to both government as well as private hospitals and clinics [3]. Furthermore, Malaysia is a signatory to the Alma-Ata Declaration of 1978 that requires all governments to formulate national policies, strategies and plans in the promotion and protection of the health of the people. This WHO-UNICEF joint conference was attended by 134 countries, which agreed on principle that there should be an equitable distribution of health care resources and that essential health care should be available to all.

The Indonesia National Health System in principle consists of two major parts namely the delivery of healthcare and the financing system. The role of local government, as stipulated in article 22 of Law 32/2004 is the provision of health services at the primary , secondary and tertiary level to the nation. The MOH and local governments are required to provide health care services in all aspects of health. However in the financing system, the private sector came into play to assist the government especially the MOH Indonesia. Unlike Malaysia where the funding is from the Government, Health financing could result from (1) the direct financing of society (called out of

pocket) paid by individuals / households to health facilities; (2) funding from the Government or local government; (3) payment of compulsory social insurance contributions as set out in the Social Security Law; (4) Financing by a third party, either by the employer or by the insurance participants; and (5) financial assistance from various sources, both inside and outside the country.

The Indonesian Health Security System is one component of the sub health financing system. Sub health financing system is part of the National Health System (NHS). Thus, development of health coverage can not be separated from the health system as the ultimate goal is to achieve a healthy community which will enable the nation to be productive and competitive and at par with the neighboring countries. According to Law No. 40/2004 on Social Security and Law No. 36/2009 on health, individual health care financing will focus on the contribution required to be operated by BPJS Health. Although funding comes from the pockets of individuals/families, employers, either directly or through private health insurance as a source of additional funds (top up) for individual health services. Funding from government is still needed to fund the poor and the needy who cannot afford to pay for the services rendered.

The Medical Practice Act 29/2004 and Law 44/2004 on Hospital regulate individual health services that can be provided by public health facilities (owned by the Government / Government) and private health facilities. In the context of the National Health Insurance for individual health services, Health BPJS will buy health services from public and private health facilities with prices that are negotiated at the regional level. To support the existence of health coverage for the entire population (universal coverage) and the existence of a healthy environment and behavior, the Government and the local government is still obliged to pay for and play a role in public health programs that can be enjoyed by society.

#### 4. Challenges In The Health Care System

##### 4.1 Increasing health care expenditure

In year 2014, the total population of Malaysia was recorded at 30.4 million [4]. From independence till today, the Malaysian National Health Service has been heavily financed by taxation from the general revenue of the country and that this health care system is relatively accessible to all sectors of the population. Nonetheless with the rapid expansion of the population there is a need to review the healthcare expenditure in the country. Further new expensive medications are needed to treat complicated diseases resulting in higher healthcare costs. In year 2010, a proposal had been presented to have a National Financing Insurance Scheme for the whole population similar to what has been practiced in Indonesia. However it was shelved until today. The merit of the proposal was that, it would ease the burden of the federal government due to heavily

subsidized services and overdependence on public hospitals [5].

The Indonesian Government has roll out its plan to have a universal health coverage to replace the existing national health Insurance scheme on Jan 2014. The National coverage will ensure that every Indonesian is covered by health insurance by 2019 under a new scheme called JaminanKesehatanNasional (JKN), with nearly 20 trillion rupiah (US\$1.6 billion) allocated to cover premiums for the poor. Previously complaints have been made since the government had delayed payment for more than a year, causing hospitals to refuse patients unless they made partial payment. Hence the real challenge here is to ensure that adequate funding is given so as not to compromise on the quality of care [6].

##### 4.2 Inadequate distribution of health care personnel

According to REFSA, a non-governmental organization, in Malaysia the number of private hospitals increases by 62.7 % compared to 37.3 % in the public sector [7]. This has resulted in heavier workload for the staff especially doctors in the public sector. Further, overdependence of public hospitals by the population has made it worse, with longer waiting time at outpatient department, and scarcity of healthcare facilities. Patients from middle-class group also seek treatment in public hospitals and health facilities because they are cheaper than in private hospitals and medical centers. At present the doctor-patient ratio is 1: 800, nonetheless there is inadequate distribution of healthcare personnel because many doctors tend to live in the city areas rather than in interior or remote areas of Sabah, Sarawak or Kelantan. Further, many doctors are leaving the public sector because of attractive salary and better working conditions in the private hospital. This brain-drain has resulted in a loss for the public hospitals and increasing problems for the government because inadequate staff would result in overcrowding in the public hospitals. Likewise other healthcare personnel, such as nurses and paramedics are moving away from the public hospitals.

Similarly in Indonesia the healthcare system is facing the same problems as in Malaysia. However, due to the large population, inefficient management, under-funding and decentralization, this has resulted in a worse scenario where even basic primary healthcare needs cannot be distributed to the poor. The population of Indonesia now stands at 259 million [8]. Half of its population is concentrated in Jawa Island, making it difficult to dispense comprehensive healthcare needs to the people because of insufficient hospitals, inadequate funds and healthcare personnel who prefers to live in the city rather than in the interior parts of Jawa. According to Law No.36/2009, the government must allocate 5% of its Gross National Product (GNP) for health, however in reality, it fails to do so resulting in underfunding to hospitals, compromising quality and services rendered to the public.

## 5. Conclusion

We have outlined only two challenges facing both Malaysia and Indonesia. Although the health systems are different, since Malaysia is publicly funded by the government and Indonesia has a mix-public private component (National health Insurance) the challenges are almost similar in terms of rising medical cost, increasing population, inadequate distribution of resources, lack of qualified healthcare personnel, underfunding and so forth. As such, there is a need to review the existing healthcare system in both countries.

In Malaysia, there is a need to restructure the healthcare delivery system so as to reduce the brain drain of health personnel from the public sector to the private sector by providing better incentives and better working environment. Proper mechanism must be in place to reduce the workload of doctors and staffs especially in overcrowded hospitals. Furthermore, laws must be stringent enough to disallow medical personnel from leaving the public sector or transferring themselves to city areas. The National Health Financing Mechanism needs to be reconsidered because looking at the dire prospects in Malaysia, it will be difficult to cope with rising expenditure if funding is dependent only on general tax revenue. The Government needs to look into other possible avenues to raise money for healthcare needs.

In Indonesia with the chosen Social Security System as an option to create a welfare state, citizens should be properly safeguarded in the implementation, because the main objective is to ensure that there is comprehensive, universal coverage for all citizens especially the poor and the needy. There is a need to have proper quality control and proper monitoring so that public funds are channelled to the disadvantaged groups and did not create a monopoly for companies handling the scheme. It should be the social responsibility of a government to ensure healthcare needs to its citizens. At the federal level, as the manager of the fund and the treasury, the total expenditure on health services provided from the state budget must be increased from only 7 percent now to 10 percent. Increasing the percentage of the budget, should also consider providing financial resources for this. The main step is to address the factors that contribute to the leakage of public funds (Global Financial Integrity has reported over Rs 1 trillion) such as corruption and waste in government spending.

As concluding remarks, although times have changed in both Malaysia and Indonesia, healthcare systems must continue to be treated as a social and primary responsibility for both governments.

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