

Private hospitals deny raking in profits

By FOONG PEK YEE **STAR** 11 SEP 2002

KUALA LUMPUR: Private hospitals are not making excessive profits from their patients and, they say, they have to pay more than government hospitals for the service they provide.

Commenting on a call by Prime Minister Datuk Seri Dr Mahathir Mohamad for private hospitals to reduce their fees to benefit the needy, they said the difference was that government hospitals were heavily subsidised.

According to Dr Milton Lum, a practising specialist in the private sector, the doctor's fees usually makes up to 30% of the total charges on patients. The rest include cost for drugs, medical equipment, laboratory, accommodation, operation theatre (for surgery cases) and meals.

Listing out the charges, he said, private hospitals would also have to bear other costs - capital expenditure (such as for land, building and equipment), staff salary, utilities and insurance.

He said the big difference in the cost of providing services by private hospitals and heavily subsidised government hospitals should be made known to avoid any public misperception.

Dr Mahathir had reportedly said private hospitals were either charging too high or were making too much profits.

He had suggested that fees be more reasonable and, maybe, private hospitals should forego fees and profits from operations

for the poor.

The Prime Minister's remarks came in the wake of the Cabinet's decision to encourage the public to use public health facilities for severe health cases instead of depending on public donations and funds.

Health Minister Datuk Chua Jui Meng had, on Monday, said he was confident private hospitals would respond positively to Dr Mahathir's call to reduce fees for the poor.

Association of Private Hospitals Malaysia president Datuk Dr Ridzwan Bakar said there was a misconception that private hospitals were raking in excessive profits.

"In a recent survey of audited accounts of 46 private hospitals, one third were losing money while only 13% were making more than 10% net profit margins," he said.

A spokesman for the pharmaceutical industry said the difference in price of drugs supplied to government and to private hospitals was due to economies of scale.

The Government's orders (for drugs) go by the tender system and with such orders came huge volumes and over a period of years, while private hospital orders were small and on an ad-hoc basis, he explained.

On some private hospitals which pride themselves with providing "five-star hotel accommodation," a health industry officer said: "There should be more 'no-frills' private hospitals to make them more affordable."