

01/11/2002

The doctor is in (but not cheap)

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FOUR days before the nation celebrated its 45 years of independence, a 15-month old toddler, Sofea Qhairunissa Ali, died. But, this was no simple case of infant mortality.

Her death shocked the whole nation. The reason: the toddler died of liver complications after her father, Ali Abu Hasib, purportedly failed to raise the required sum of RM265,000 for a liver transplant at a private hospital. A public outcry soon followed, as many believed the private hospital in question, Subang Jaya Medical Centre, delayed the transplant operation, resulting in Sofea's premature death. At least, that was how the media portrayed the case.

But that was enough to prompt the Prime Minister, Datuk Seri Dr Mahathir Mohamad, to call on private hospitals to reduce their charges. He said private hospitals had to be reasonable in their charges and that specialist doctors at private hospitals should also opt to forgo their profit or specialist fees if the need arose - especially in cases involving the poor and needy in Malaysia.

But the reasons for Sofea's death seem to differ. 'She died due to liver complications and not because she failed to raise the required sum,' explains Professor Dr Mohd Amin Jalaludin, director of the University Malaya Medical Centre (UMMC).

He states Sofea suffered from a rare condition called biliary atresia where bile produced by the liver cannot be excreted through the bile duct. The eventual accumulation of excessive bile acids results in damage to the liver, he adds. UMMC was the first hospital Sofea's parents approached for treatment when she was seven weeks old.

For Mohd Amin, it was not so much the issue of raising money but rather the complications that developed which prevented the transplant. However, the Prime Minister's concern is justified. Hospitals and doctors both acknowledge cases where both the specialist and the hospital overcharge their patients.

Exorbitant Medical Fees

Take the example of Sofea's liver transplant operation. It came with a price tag of RM265,000. This is a lot of money for the average Malaysian. Thus, it would only be natural that a case like this would go for a public appeal for donations.

In Sofea's case, more than RM200,000 was raised by public funds alone. Yet, many are unaware that these charges reflect the list price of a particular medical procedure. It does not take into the account the discounts for the poor or the fee waiver by the specialists or hospitals.

Also, the Government has requested that all private hospitals set aside a part of their facilities and profits for the poor and needy. This is provided for under law (see box story on page 61).

The question here is why should doctors and hospitals charge the full list price for medical procedures when the poor are crying out for help? Why are doctors and hospitals not willing to take a price cut as their contribution to society? In most cases, they would only make less profit, not incur losses.

The president of the Association of Private Hospitals in Malaysia, Datuk Dr Ridzwan Bakar, concurs with some of these concerns. He cites, 'This is one area that private hospitals have to address immediately.' For Ridzwan, who is also the group chief executive officer of Pantai Holdings Bhd, when

it comes to charity cases, the list or recommended price should not be applicable as both the specialist and the hospital must make provisions for discounts.

Another medical practitioner cannot help but agree with Ridwan's assertion. Datuk Dr Abdul Hamid, the president of the Association of Specialists in Private Medical Practice (ASPMP), argues both the healthcare provider and specialist have to cut their charges when it comes to the poor.

It is not only the poor that are complaining. Even middle-class Malaysians are finding it increasingly difficult to seek private healthcare.

'All it takes is one simple surgery and all your life savings could be used up,' a public medical practitioner at Hospital Besar Kuala Lumpur tells Malaysian Business. And she may just be right.

Supply and Demand

Although most medical practitioners cite that there should be equitable access to healthcare, the Malaysian healthcare delivery system is increasingly dualistic with a clear division between a no-frills public healthcare system and the increasingly luxurious private healthcare system. Interestingly, this has resulted in healthcare being strongly influenced by the pressures of supply and demand.

Since the early 1990s, there has been a surge in the number of private healthcare centres in Malaysia. Corporate giants such as Sime Darby Bhd, Johor Corporation Bhd (Johor Corporation), Lion Group, Faber Group Bhd and Berjaya Group Bhd have all jumped into the healthcare bandwagon. Some have poured in millions of ringgit, expecting to see huge profits.

As of early 2002, there were a total of 351 hospitals in Malaysia. The private sector alone accounts for some two-thirds or a total of 224 hospitals. But surprisingly, the increase in private hospitals is not pushing prices of private healthcare lower. Instead, prices are spiralling upwards.

'It has become a willing-seller, willing-buyer kind of deal,' notes Abdul Hamid. Private specialists are selling their services with the knowledge that there are few options at hand. 'If you require my service, you will have to pay for it,' is the frequent argument of such specialists.

And these specialists have the advantage. Specialists in Malaysia form an oligarchic hierarchy where there may be few alternatives for the patient.

Although there may be a surge in the number of private hospitals, if a patient passes off on a private option, there may be few other private specialists around. The public option may prove too long a wait. Moreover, this is all done when the patient may not be in the best of health to negotiate prices.

But Ridwan argues, 'You have a choice. Since it is your choice to go to a private hospital, you have to pay for it.' He likens private healthcare to toll and toll-free roads. 'If you are willing to go through the hassle, the traffic jam and the long jams, you choose the toll-free road.'

Specialist Charges

That may probably be why specialists are charging exorbitant fees for their services. Besides the hospital charges for medication and the utilisation of medical equipment, the specialists' charges form the biggest portion of a medical bill.

It is reckoned between one-third to half of all medical bills comprise the specialists' charges. And overcharging by specialists is more than common, concedes Abdul Hamid. He estimates about 10 per cent of private specialists in Malaysia overcharge their patients.

Mohd Amin argues, 'Specialist charges can be reduced and should follow

the standard guideline of the Malaysian Medical Association (MMA).' Take the liver transplant case of Sofea. Mohd Amin reckons it only costs between RM20,000 and RM30,000 at UMMC, even after taking into consideration specialist charges, medication, pre and post-treatment and the cost of medical facilities.

It is not only public hospitals that are taking steps to push forward affordable healthcare in Malaysia. The Penang Adventist Hospital (PAH), the oldest private hospital in Malaysia, has set its medical charges at 80 per cent of the MMA fee schedule. But Tedric J Mohr, chief executive officer of PAH, says it is contemplating revising its rates to meet the full MMA fee schedule. He says, 'Discounts should only be given to those who qualify.'

Yet for those who breach the MMA fee schedule, taking action against them can be difficult. The APHM, MMA and ASPMP are almost powerless when it comes to punitive actions against these specialists.

As overcharging is an ethical issue, Abdul Hamid argues the associations can only advocate advice. Action against members can only be taken if they breach disciplinary violations. And even if they do, the private hospitals themselves would find it difficult to take action against specialists as these specialists do not come under the payroll of the hospitals. Instead, most specialists are independent contractors having their individual businesses within the premises of a private hospital.

Yet, Abdul Hamid points out, 'Patients can still complain to the Malaysian Medical Council (MMC).' The council, he says, has the authority to take punitive action against those who breach them. Yet, such complaints to the council are few and far between.

However, another important tool to curb overcharging of patients is the peer pressure system. Abdul Hamid and Ridzwan argue if fellow doctors boycott or refuse referrals to specialists who overcharge their patients, these doctors would be forced to comply and lower their rates.

Increasing Cost of Healthcare

'It's a Catch-22 situation,' argues Mohd Amin. For him, the rising cost of healthcare is not only attributed to the balance of supply and demand, but also to the improvements in medical technology. 'When technology becomes sophisticated and expensive, it becomes harder for private hospitals to regain their capital cost,' he explains.

Ridzwan concurs that healthcare is indeed expensive. 'Even economists are no longer looking towards lowering healthcare costs.' He maintains the only solution is to prevent health from increasing rapidly.

Gleneagles Intan Medical Centre Kuala Lumpur's (Gleneagles) chief executive officer, Stuart J V Pack, also concurs. He attributes the rising cost of technology as a strong contributing factor to the cost increase of healthcare in Malaysia.

Pack cites the example of his own hospital situated in Jalan Ampang. The hospital has 44 separate departments and each department has to be staffed professionally with equally high wages to match. Pack also says the cost of the building and the maintenance of it should also be taken into account for the hospital's financial bottom line.

'The rule of the thumb is that it will take five years before a private hospital sees a change in its financial bottom line.' Thus, continues Pack, it is only natural if private hospitals charge adequate fees to recover their capital expenditure.

Public Hospitals

Unlike private hospitals, public hospitals have a more prominent role in providing affordable healthcare to the public. 'If you do not have the funds, we do not force you to pay,' says a sympathetic Mohd Amin. Last year, UMMC recorded almost RM4.2 million of welfare funds and fee waivers

for its patients. It has almost nine different funds for various causes, ranging from paediatric to geriatric cases.

Perhaps, this comes as no surprising gesture when 70 per cent of all patients at UMMC are either government servants, pensioners or the poor and the needy. Only 30 per cent of UMMC's patients are subjected to full payment.

Mohd Amin hopes private hospitals play a bigger role in delivering medical services in Malaysia. Every patient should have the right to receive medical healthcare. As he puts it simply, 'Healthcare should not only be for those who are able to pay.'

He argues the burden of healthcare should not only rest on the shoulders of public hospitals as their facilities and resources are stretched. Certainly, this is where the role of private healthcare comes into place.

Charity At Private Hospitals

Not all is a lost cause for private hospitals. Some hospitals have played their role for less affluent Malaysians. Take listed KPJ Healthcare Bhd (KPJ) for instance.

Its chief executive officer, Datin Paduka Siti Sa'diah Sheikh Bakir, says, 'Although we have our responsibility to our shareholders, we have always placed equal importance on the public.'

According to her, KPJ, through its 13 hospitals, initiated the Mutiara Prihatin Caring programme in 1995. The programme offers financial assistance for the underprivileged seeking specialist treatment. KPJ's parent company, Johor Corporation, offers a yearly budget of RM1 million for this programme. In 2000, the programme benefited 200 people at the cost of RM2 million. However, the programme is currently under review due to the economic downturn.

In Gleneagles case, Pack budgets a certain amount of his hospital's turnover for charity cases. This year alone, Gleneagles identified 42 charity cases costing RM700,000. For Pack, his philosophy is clear. 'Every patient who comes in the accident and emergency unit has to be given immediate care, at least to resuscitate and to stabilise the patient's condition,' he asserts.

Only then, should the question of affordability be asked. Gleneagles has since worked with The New Straits Times and Sin Chew Jit Poh newspapers as well as voluntary non-governmental organisations such as the Lions Club and Rotary Club to raise funds for charity cases.

They are some who have a different view. A chief executive officer of a private hospital in Penang, who declines to be named, argues that private hospital would be doing a disservice to itself if it continues to offer charitable programmes. He argues, 'If we are forced to give discounts and waive our fees, who is going to subsidise our losses?' He adds that ultimately it is the other patients who have to subsidise these poorer patients.

Even for KPJ and Gleneagles, it comes down to making business sense. It is only through a strong flow of patients that they are able to sustain charity cases. And that may be what the Penang-based CEO fears most - price differentiation or price discrimination for those who can and cannot afford private medical healthcare.

Community Hospitals

Besides private hospitals, community or non-profit hospitals also play an important role in contributing to the poor and needy in Malaysia. These hospitals include Lam Wah Ee Hospital, Assunta Hospital, Tung Shin Medical Centre and PAH. Many of these hospitals trace their origins to early Christian missionaries and to the generous donation of Chinese tycoons in Malaysia.

These hospitals form only 20 per cent of all private hospitals in

Malaysia. But taking out the element of profit need not necessarily translate into providing cheaper healthcare. A public medical practitioner highlights the similarity of charges between a profit and non-profit hospital.

For instance, room rates at Assunta Hospital are comparable with room rates at profit-making hospitals such as Pantai Medical Centre. Here, Mohr argues that non-profit hospitals may treat the full paying patient and charge the same as in profit hospitals and use the excess cash to provide charity care for others. He stressed that is exactly how PAH has sustained its charity care for 77 years. The hospital has a Sabbath Charity where all monies collected during church worship goes to pay for charity patients.

However, an interesting point made here is that there is another avenue for funds at non-profit hospital - donations. Many companies will only donate to internationally recognised hospitals that hold a not-for-profit status. Donation for PAH comes in kind or cash from not only from Malaysians but also Singaporeans, Indonesians, the Adventist Churches and Rotary Clubs. Public donations may actually keep costs down, especially for marginalised groups seeking healthcare.

For example, the biggest donor to Lam Wah Ee Hospital in Penang was Penang philanthropist and tycoon, the late Tan Sri Loh Boon Siew. He donated in excess of RM7 million. Many Penang tycoons and Penang-based Buddhist associations are also large donors to the community hospital.

Solutions For The Future

Although it may be too late for Sofea, all is not lost. The public outrage over exorbitant fees charged by private hospitals has prompted the Government to exercise greater control over private healthcare.

The Ministry of Health's parliamentary secretary, S Sothinathan, was quoted in Parliament as saying that all private hospitals would be brought under the direct control of the Government with legislative amendments expected to be in place by early next year. This comes in addition to the present Private Health Care Facilities Act 1998. Sothinathan is also seeking a schedule of fees to cap charges by private hospitals.

But that will not be enough for some. Both Abdul Hamid and Siti Sa'adiah advocate a national healthcare financing scheme to supplement healthcare management in Malaysia. They suggest insurance coverage for patients at public and private hospitals.

On the other hand, Mohr suggest that there should be a common database to enable a clearer picture of health trends, healthcare costs and identifying the latent and prevalent diseases in Malaysia. He believes such information should be made available to enable better planning on providing quality healthcare to Malaysians.

There is no doubt that private hospitals are business entities. But that does not mean medical ethics should be compromised at the altar of profits. Private hospitals cannot simply turn away needy patients but should, at the very least, provide emergency medical treatment.

Simply put, Pack states, 'We have to run a business, but our business philosophy should not overwrite our professional medical service and certainly never for the sake of profits.'

If only more private hospitals share Pack's view.