# PUBLIC AND PRIVATE SHARES IN THE DISTRIBUTION OF DOCTORS IN MALAYSIA

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## ABSTRACT

*There has been increasing focus on human resource in the provision of health care services worldwide, as well as in Malaysia. The delivery of health services effectively depends on the supply of trained health manpower with doctors being a major component. There has been a rapid transformation in the healthcare system in Malaysia particularly in the balance between public and private sectors in healthcare provision. Fast growth in private healthcare providers has intensified the competition for doctors in the 1980s. A combination of lower salaries and bureaucratic managing conditions has driven the movement of trained doctors from public to private healthcare operators. Although the government has tried to solve this problem by approving several medical colleges in the country, commentators have raised concerns over falling quality standards as a consequence of a lack of sufficient professional trainers. This paper seeks to examine the scenario stated above by looking at the changes in the composition of doctors in public and private practices.*

**Key words**: *health care services, Public and Private shares*

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## Introduction

There has been a rapid transformation in the healthcare system in Malaysia particularly in the balance between public and private sectors in healthcare provision. Fast growth in private healthcare providers has intensified the competition for doctors in the 1980s. A combination of lower salaries and bureaucratic managing conditions has driven the movement of trained doctors from public to private healthcare operators. Although the government has tried to solve this problem by approving several medical colleges in the country, commentators have raised concerns over falling quality standards as a consequence of a lack of sufficient professional trainers.

The gravity of the outflow of health personnel from the public sector to the private sector can be seen in the 7th Malaysian Plan (Malaysia, 1996). Between 55-60% of the country's doctors were in the private sector. Numerous highly experienced doctors had left for the greener pastures of private healthcare and even abroad. According to Rasiah, Nik Rosnah

and Makmor (2011) hiring staff without a significant criterion of merit, as well as, the slowing down of wage rise in public hospitals affected staff morale.

Trained doctors began to leave public hospitals to enjoy higher salaries and better working conditions in the private hospitals. This phenomenon had aggravated the internal brain drain from public to private hospitals, growing scarcity of trained doctors to treat the poor. This study seeks to examine the scenario stated above by looking at the changes in the composition doctors in public and private practices.

**Provision of Healthcare in Malaysia**

Rapid economic growth since 1980s expanded the demand for healthcare providers. Recognising the expansion in demand, the government took steps to ensure that the healthcare delivery system is efficient, optimal and equitable through proper coordination between the public and private sectors (Malaysia 1993: 224). The government also started to assertively promote the private provision of healthcare since the 1980s (Malaysia, 1986).

The private healthcare sector in Malaysia received a further boost since the introduction of the Privatisation Master Plan in 1991 (Rosnah, 2005). Many medical services had been corporatized or privatised since 1991 with considerable expansion in hospital and specialised care. As a consequence, the number of private healthcare providers rose from 50 hospitals in 1980 to 233 in 2006, which included hospitals, nursing and maternity homes (Por, 2011).

**Share of Doctors in Public and Private Hospitals**

The movement of public hospital doctors to private hospitals is a worldwide phenomenon. Although it may be more visible in less-developed countries, fast developing countries such as Malaysia are not an exception. It is well known that doctors are the most important element of the health system's input. The concentration of doctors in private practice will clearly deny public hospitals adequate supply of doctors to treat the majority of patients in most countries. The exodus of especially trained doctors to the private sector can raise waiting time and widen of poor quality treatment.

The improvement in income levels, especially over the period of 1987-1997 when Malaysia's GDP grew at over 8% per annum raised demand for more quality and faster services, which, helped support an expansion in the number of private hospitals. A combination of government initiatives and increased domestic demand offered the impetus for a number of doctors to move from public to private hospitals. Civil servant themselves did not necessarily support the privatisation policy. For example, in a speech addressed to the National Healthcare Conference in 1993, the Director General of Health of Malaysia expressed his reservations about commercialised medicine:

> "*The issue of health care as a business is a complex one, and the perception held by the business community, doctors and the community may differ greatly. In corporate terms, health care may be viewed as products to be marketed that will result in good returns on investment that will please the stakeholders. Patients and members of the public may hold completely different perspectives and consider health as service to be made available to as many as possible, and may view the profit motive in a negative manner. Doctors will have to decide and choose between being Samaritans and businessmen. In my own naïve view, healthcare is a social service and it would be preferable for doctors who consider medicine as a business to become businessmen rather than to practice medicine."*
>
> *Tan Sri Dr. Abu Bakar Suleiman*

The delivery of efficient and effective healthcare services depends on the supply of trained health personnel. The mushrooming of private hospitals created a big demand for trained doctors. Shortage of trained doctors in public hospitals will affect the delivery and scope of health services. With income five to ten times higher in the private hospital, it encourages for internal brain drain from public to private hospitals.

Table 1 provides the data of doctors in public and private practice and the population -doctor ratio. The number of doctors in both public and private hospitals combined increased from 5,794 in 1987 to 15,619 in 2000 and 32,979 in 2010. The number of doctors in the private health practice tripled over the period 1987 to 2010. The population-doctor ratio improved from 1:2,852 to 1:905 in 2010, though, it is still below the standard ratio set by the World Health Organisation of 1:600. The share of doctors in the private sector is projected to rise further as doctors desert the low paying public sector to pursue more lucrative private opportunities.

The rise in doctors hired by the public sector began to grow strongly from 1992 following government policy during the Sixth Malaysian Plan to expand the number. In order to overcome the shortage of doctors, the government recruited foreign doctors on contract basis. The government also increased the intake of medical students in local universities and utilised the services of retired health personnel.

Between 1990 to 2001, nearly 4,000 doctors resigned from the public sector and most of them went to work in private practices (Malaysian Medical Association, 2006). However, in the year 2006 onwards the share of public doctors started to increase following an expansion of doctors gradually supplied from new medical colleges established in the country.

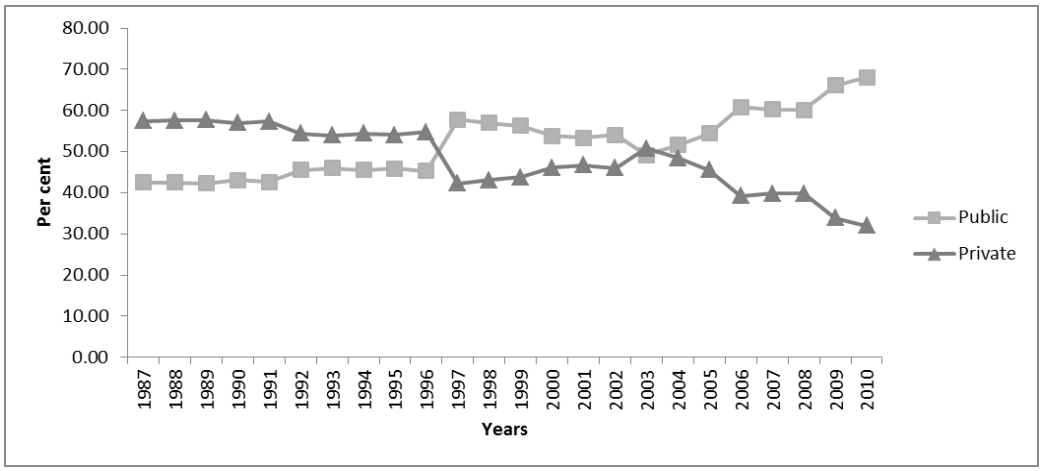
**Table 1: Number of Doctors in Public and Private Hospitals, Malaysia, 1987-2010.**

| Year | Public | Private | Total | Ratio Medical Doctors: Population |
|---|---|---|---|---|
| 1987 | 2,463 | 3,331 | 5,794 | 1:2852 |
| 1988 | 2,666 | 3,608 | 6,274 | 1:2700 |
| 1989 | 2,781 | 3,796 | 6,577 | 1:2638 |
| 1990 | 3,021 | 3,991 | 7,012 | 1:2,533 |
| 1991 | 3,069 | 4,129 | 7,198 | 1:2,441 |
| 1992 | 3,516 | 4,203 | 7,719 | 1:2411 |
| 1993 | 3,810 | 4,469 | 8,279 | 1:2301 |
| 1994 | 4,023 | 4,808 | 8,831 | 1:2207 |
| 1995 | 4,412 | 5,196 | 9,608 | 1:2,077 |
| 1996 | 4,614 | 5,582 | 8,831 | 1:2076 |
| 1997 | 8,235 | 6,013 | 14,248 | 1:1521 |
| 1998 | 7,637 | 6,461 | 14,098 | 1:1477 |
| 1999 | 8,723 | 6780 | 15,503 | 1:1465 |
| 2000 | 8,410 | 7,209 | 15,619 | 1:1490 |
| 2001 | 8,615 | 7,531 | 16,146 | 1:1474 |
| 2002 | 9,424 | 8,018 | 17,442 | 1:1406 |
| 2003 | 8,946 | 9,245 | 18,191 | 1:1377 |
| 2004 | 9,410 | 8,836 | 18,246 | 1:1,402 |
| 2005 | 10,943 | 9,162 | 20,105 | 1:1,300 |
| 2006 | 13,335 | 8,602 | 21,937 | 1:1,214 |
| 2007 | 14,298 | 9,440 | 23,738 | 1:1,214 |
| 2008 | 15,096 | 10,006 | 25,102 | 1:1,105 |
| 2009 | 20,192 | 10,344 | 30,536 | 1:940 |
| 2010 | 22,429 | 10,550 | 32,979 | 1:905 |

(Source: Ministry of Health, various years)

Furthermore, the government had created some improvements in the terms and conditions of doctors' services in the public sector. The government undertook to improve and increase in-service training of doctors who were deployed in the various hospitals in the country. Other incentives were also provided, such as free institutional quarters for doctors performing under on call-duty, higher specialist allowances and greater post-graduate training opportunities for doctors in the various professional fields (Malaysia, 1996:350).

**Figure 1: Share of Doctors in Public and Private Practices.**

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The massive growth in the number of doctors in 1997 and also the event of the Asian Financial Crisis undermined the demand for private healthcare (see figure 1). The crisis also caused many local patients of private hospitals to switch to public hospitals. Many of the businesses effected by the crises either closed, downsized or cutback on the range of benefits for employees, which also saw a return of a number of doctors to the public hospitals (Chee & Barraclough, 2007).

The lag effect of the financial market trauma of 1997 drove deceleration in hiring in the private sector, which hit its trough with a negative growth rate in 2000. However, the hirings in the private healthcare sector began to grow strongly again since 2004.

The number of doctors started to decrease in 2007-2008 before increasing again in the 2009-2010. The MOH revealed in 2008 that Malaysia faced a shortage of 9,000 doctors, which accounted for 40% of the vacancies in government hospitals and private healthcare centres (Ministry of Health, 2008). Among the government announcement to solve this problems was to woo Malaysian doctors and graduating medical students to come back to serve the country.

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While a number of works have addressed problems with the supply of doctors, what has not received much attention is the lack of trained doctors and specialists, especially in public hospitals. The discussion on specialists in private healthcare cannot be examined systematically

because the country has yet to have a mandatory specialist registration body. It is, however, implicit in the rise of private hospitals, because each private hospital has a panel of specialists doctors. Approximately 60% of the medical specialists were practising in the private sector in 1995 (Malaysia, 1996).

**Table 2: Number of Specialists in Public Hospitals, Malaysia, 1980-2005**

| Year | Number of Posts (A) | Number of Posts Filled (B) | Percentage (B/A x 100)% |
|---|---|---|---|
| 1980 | 264 | 121 | 45.83 |
| 1981 | 304 | 129 | 42.43 |
| 1982 | 321 | 138 | 42.99 |
| 1983 | 324 | 144 | 44.44 |
| 1984 | 324 | 140 | 43.21 |
| 1985 | 321 | 229 | 71.34 |
| 1986 | 321 | 229 | 71.34 |
| 1987 | 325 | 208 | 64.00 |
| 1988 | 326 | 160 | 49.08 |
| 1989 | 327 | 151 | 46.18 |
| 1990 | 419 | 190 | 45.35 |
| 1991 | 434 | 193 | 44.47 |
| 1992 | 480 | 179 | 37.29 |
| 1993 | 498 | - | - |
| 1994 | 541 | 377 | 69.69 |
| 1995 | 680 | 339 | 49.85 |
| 1996 | 649 | 432 | 66.56 |
| 1997 | 724 | 522 | 72.10 |
| 1998 | 763 | 646 | 84.67 |
| 1999 | 924 | 587 | 63.53 |
| 2000 | 1,240 | 638 | 51.45 |
| 2001 | 1,710 | 864 | 50.53 |
| 2002 | 1,708 | 909 | 53.22 |
| 2003 | 2,164 | 1,256 | 58.04 |
| 2004 | 2,386 | 1,346 | 56.41 |
| 2005 | 3,310 | 1,321 | 39.91 |

(Source: Ministry of Health, various years)

The share of specialists in the total posts advertised at public hospitals was low over the period 1980-1984, less than 50%. During these years, profit oriented private hospitals began to mushroom. In this period, 162 specialists resigned or retired (see Table 2). However, between 1985 and 1987 there was an improvement in share of actual specialists in specialist demanded by public hospitals.

The formalisation of privatisation and corporatisation quickened the proliferation of profit-based hospitals from the 1990s (Rasiah, et al., 2009), which, opened opportunities for the public specialists to join private practices. However there was an abnormal growth in the number of specialists in public hospitals in 1997-1998 due to the economic crisis that undermined the private healthcare businesses with many closing down. Specialists in the private hospitals joined back the public hospitals during these years.

Between 2000 and 2005, specialist posts in public hospitals increased 3 fold while the share of the filling remained at 50%. The shortage in specialists in public hospitals hit a record of 60%

of the posts announced. Inter alia, shortage in number of specialists has driven the government to approve more medical colleges in Malaysia.

Experienced specialists were disproportionately concentrated in the private sector where their skills may be under-utilised because of a limited patient pool who were occasionally presented with minor conditions, not requiring the attention of specialist expertise (Chan, 1996). This problem arose because of a laissez faire system where patients can directly access specialist services in the private sector, unlike the system of referral practiced in the public healthcare system. Specialists in the private sector made up 55 % of the total national specialist pool but only served 25% of major cases (Hamid, 1997).

A recent study by the MOH done in collaboration with the Academy of Medicine of Malaysia demonstrated this problem (Abu, et al., 1993:247). In the study it was stated that

> *About 70 per cent of the patients managed by public sector specialists and about 25 per cent of those managed by private sector specialists were complex cases that required the expertise of specialist. This difference in the utilisation of specialist expertise is not unexpected. This is because in the present system, private specialists manage mainly unscreened, walk in-patients whereas the public specialists manage mainly referred patients.*

In order to overcome the shortage of trained doctors and specialist in public hospitals, the government has hired more foreign doctors and asked Malaysian doctors who migrated overseas to return. The on-going shortage of public hospitals trained doctors and specialists could lead to erosion of patients' safety. Those in the category of well-to-do will seek the treatment in private hospitals and those who are under the category of poor have no choice but to seek treatment in public hospitals. The shortages of specialist in public hospitals and the long waiting time will give a negative impact to the poor. This situation might force the poor to seek treatment in private hospitals and they have to bear with higher debt.

**Summary**

The consequences of privatisation initially aggravated the shortfalls doctors (including trained/specialists) in public hospitals at an alarming rate until the financial crisis of 1997-1998 reduced demand for private doctors. The subsequent resumption of the movement of doctors including specialists until the early year in the millennium was overcome by government policy to expand the number of hospitals through the approval of several new hospitals and medical colleges.

While the expansion in the number of hospitals and medical colleges has helped lower the population-doctor especially since 2009, it will take a long time for the quality of services rendered by public hospitals to reach acceptable standards as the experience doctors that have moved to the private sector requires time to replace.

In light of the negative consequences that privatised healthcare presented, it is important that the government take measures to handle the transition carefully taking into account the need to maintain quality care in public hospitals at all times.

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