

[Malaysia]

Impact of Global Financial Crisis to the Health System: International & Malaysian experience

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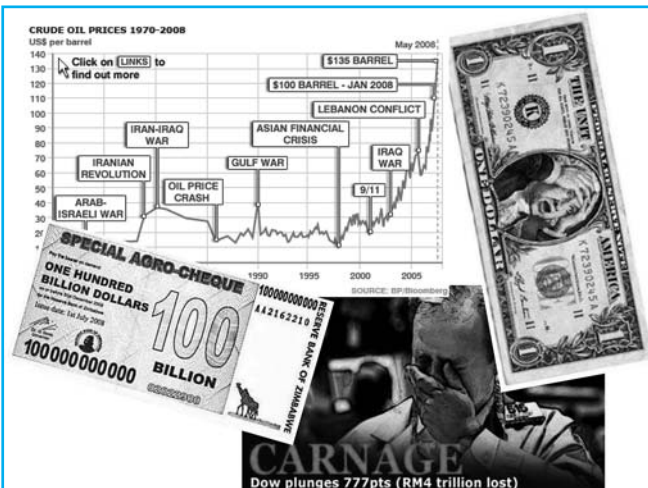


Financial Meltdown Crashes Many Nations' Liquidity

In September 2008, the world experienced one of the worst catastrophic financial meltdowns. Stock markets the world over crashed in unprecedented quanta, one after another, banking systems in countries like Iceland, Ukraine, Hungary and some Baltic states collapsed. Other nations like the USA and UK into deep recession. Many countries' banking systems collapsed. Many panicked citizens grabbed their life's savings, homes, cars, and other measures of wealth. Many banks were out of business, whose stock prices fell to zero and liquidity dried up!

IMF: 4.1 TRILLION DOLLARS WIPED OUT!!!

Andrew Sheng, *Asian view of the Global Financial Crisis*, December 15, 2008
Masahiro Kawai, (Dean, Asian Development Bank Institute) "The Impact of the Global Financial Crisis on Asia and Asia's Responses" *Crisis Developments and Long-Term Global Responses: Insights from Asia and Europe*, AEEF Conference, Kiel, 7 July 2009



Job Losses, Unemployment...

The International Labor Organization (ILO) estimates that for 2009, in the Asia-Pacific region, unemployment could rise to 7 to 23 million workers. The impact would be the largest since the 1930s. The ILO estimates that the impact would be the largest since the 1930s. The ILO estimates that the impact would be the largest since the 1930s.

7 to 23 MILLION WORKERS LAID OFF!!!

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European and American Experience

- This is seen also in the European region. The European health sector (which employs about 10% of the total workforce) seems not to have lost many jobs and in fact appears as a stabilizing sector.
- However, more countries now appear to be facing great economic hardship. Ireland is teetering on the verge of bankruptcy and seeking IMF intervention. Ireland is the first major eurozone country to enter recession and is facing the deepest downturn with 14% cut in output forecast.
- Irish banks are facing billions of Euros of bad debts, and are expected to borrow as much as 12% (up to 160 billion Euros by 2013) of the national output in 2010. Two out of every 3 Euros will be for servicing Ireland's debt! Its health budget alone is expected to be cut by as much as 30-40%!
- *Discussion Paper on Health in times of global economic crisis: Implications for the WHO European Region*
- *Brown JM. Ireland must bring in deep cuts or ask for IMF help, minister warns. Financial Times weekend, Saturday 17 October 2009, pg1.*

Economic Woes affect Health care

- From past experiences we know that in times of crisis and financial hardship,
 - health outcomes and the risk of health-related ailments worsen
 - when diminishing resources lead to lower or dried-up priority for spending on medications or even seeking physician attention.

Asian Experience

Experience with past crises in East Asia and other regions shows that financial turmoil may harm human development in four ways – by

- 1) increasing poverty,
- 2) worsening nutrition,
- 3) reducing the quality and supply of education and health services, and
- 4) wiping out the meager savings and wages of poor people.

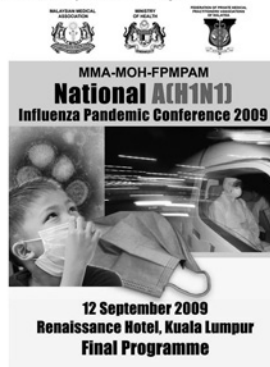
Asian economic crisis in 1997— Lessons learnt...

- Declines in family income as formal sector jobs disappeared and workers took lower wage employment in the informal sector.
- Erosion of real wages through inflation sparked by currency depreciation, with a particular impact on the price of food and medical supplies.
- Declines in government revenue as the tax base – particularly imports and company profits – contracted, severely limiting government capacity to maintain social expenditures.
- The devastating effects of high costs of food and lower family income on early childhood nutrition, including poorer health, lower cognitive abilities, less earning and lower lifetime earnings (as children pulled out of school in times of hardship rarely return to the classroom)
- Another less recognized effect is that on migrant workers who form a large segment of the workforce on the more prosperous countries such as Malaysia, Thailand, Hong Kong, Japan; these migrants are frequently the first to be unemployed, and their livelihood and health are often most severely impacted

Malaysian Experience

Text extracted from speech by YB Dato' Sri Liow Tiong Lai, Minister of Health Malaysia at the 62nd World Health Assembly, 18 May 2009, Geneva – Theme: Impact of economic and financial crisis on global health

- A shift to utilizing the public health sector facilities is also noted in Malaysia, with more patients opting for free or lower-priced services at public sector clinics, during the period following the collapse of the world's financial sector in September 2008.
- More patients appear to be seeking public healthcare facilities for their common ailments. This has resulted in rising overcrowding of already stretched public health sector services.
- During the recent A/H1N1 influenza outbreak, this was particularly noticed, as public sector clinics became overwhelmed by throngs of influenza-like-illness (ILI) patients.



Malaysian Recession and effects...

- A recent UNU-International Institute for Global Health paper by Hashim and AlJunid discusses this aspect.
- Around 30,600 Malaysians have been laid off work since July 2008 and March 2009, and the GDP shrunk by 6.2% in the first quarter of 2009.
- It is expected that our economy will shrink an estimated negative 3.5% for the year 2009. Recession will/could lead to possible health care changes:
 - Decrease in the implementation of all projects, including those in the health sector.
 - Decrease in interest rate and credit crunch
 - Less funds available for investment in health sector projects
 - Decrease in disposable income
 - Reduced demand for health care services
 - Impacts on the fiscal and financial market
 - Spill over effect on health market
- *Jamal Hisham Hashim, PhD, Syed Mohamed Aljunid, MD, PhD. Health Impacts of Global Economic Crisis: Malaysia's Experiences and Responses. http://www.apru.org/awi/workshops/public_health2009/ppt/1-2JamalHashim.pdf*

Malaysian Recession and possible effects...

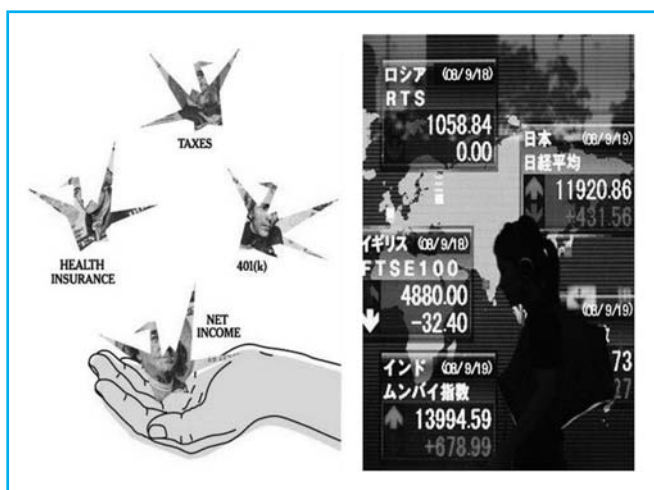
Among the more serious social and health impacts projected are as follows:

- Increase in poverty rate (5.1% among Malays and 3.6% among all ethnic groups in 2007).
- Potential increase in infant and toddler mortality due to malnutrition and poverty.
- Increase in crime rate, especially juvenile delinquency.
- Increased mortality from chronic diseases as a result of delayed treatment due to financial constraints.
- Decreased utilization of public health care facilities.
- Increase in suicide, mental and behavioural disorders.

Malaysian Health Minister stated that:

Text by YB Datu' Sri Liow Tiong Lai, Minister of Health Malaysia at the 62nd World Health Assembly, 18 May 2009, Geneva – Impact of economic and financial crisis on global health

- Malaysia is concerned that as the economic situation worsens, there may be moves by some countries to cut down on investments in healthcare.
- Health matters may no longer be a priority, and thus may jeopardize the health of the people; whatever previous health benefits and gains may become nullified.
- Malaysia is fully committed to ensuring that all Malaysians continue to enjoy good health, one that is accessible, affordable and equitable. The government is the major health care provider in Malaysia (45% of total national healthcare expenditure). Therefore, despite the financial crisis, which is also affecting Malaysia, the government is still firmly committed to providing adequate funding for health.
- In view of the adverse economic situation, more Malaysians are seeking treatment at public health facilities and this includes those who could previously afford to visit private healthcare facilities. We are already seeing a 30% increase in patient visits to our public health care facilities.
- The government's budget for health in Malaysia will continue to increase to meet this expected demand and the needs of the population. More importantly, we will continue to provide a safety net for the underprivileged and the poor, something that we have always been doing since our Independence, more than 50 years ago.



Malaysian Budget 2010: 23 October 2009

- However, the recently announced 2010 Budget saw some constraints and changes, although during budgetary consultation processes, these have not been forewarned.
- National operating expenditure has been trimmed by 11.2% to reduce the national deficit from 7.4% to 5.6%.
- Public health expenditure has been reduced slightly by 4.8% down to RM11.2 billion, while developmental health spending is increased to RM3.6 billion (a 7.0% increase).
- The private sector is expected to take up the small slack, but not many mechanisms have been specified.
- *Economic Report 2009/2010 Malaysia (Budget 2010) 24 October, 2009. http://202.71.104.18/index_bi.html*



'1Malaysia Clinics' manned by paramedical medical assistants & Task Shifting

Urban folk to benefit but private doctors worry



Health & Social Consequences of Financial Crisis

Domestic health spending

- Private expenditure on health almost always falls as disposable household incomes fall.
- Government expenditure on health often but not always falls, partly because government revenues fall or the health budget is disproportionately cut. Rarely, some governments, have in the past increased health and social sector spending during a recession.
- Capital investments (infrastructure, equipment) are often by necessity postponed; funds are either saved or switched to other more pressing expenditure categories.
- When the local currency is devalued, imported goods (e.g. medicines and consumables) become more expensive in local currency and thus less affordable.

Health & Social Consequences of Financial Crisis

Health service utilization

- Utilization at health facilities that charge for service, falls – this is a consistent finding across countries.
- There is a switch to utilization of government and subsidized or not for profit facilities.
- There is a greater mismatch between demand for health services in public settings and rationing of supply, and lower quality of care as a result of budgetary and other resource constraints.

Health & Social Consequences of Financial Crisis

Mortality and Morbidity

- Negative impacts on health are frequently reported.
- In low income third world countries, increase in infant and child mortality, and malnutrition: micronutrient deficiency and anaemia in women frequently results.
- In higher income countries, mental illness and higher suicide rates may lead to more adult male mortality.
- A heavier burden of illness afflicts the poor and vulnerable, more.
- In countries with a functioning social protection and better assistance scheme in place, there is a modest or no negative impact on health, depending on how severe, long and entrenched the crisis is.

What to do: WHO Recommendations

- The WHO Regional Office for Europe in cooperation with the Norwegian Ministry of Health and Care Services and the Norwegian Directorate for Health, held a meeting in Oslo on 1 and 2 April 2009 to consider the question of health in times of economic crisis, and more particularly to examine the implications of the current crisis for countries in the WHO European region.
- This followed a high level consultation on the financial crisis and global health, held in Geneva on 19 January 2009, in connection the 124th session of WHO's Executive Board. A number of key recommendations were formulated to overcome the health consequences of the crisis.
- *The Financial Crisis and Global Health: Report of a High-Level Consultation, World Health Organization, Geneva 19 January 2009.*
http://www.who.int/entity/mediacentre/events/meetings/2009_financial_crisis_report_en.pdf
- Meeting report, Health in times of global economic crisis: implications for the WHO European Region, Oslo, Norway, 1-2 April 2009

WPRO Recommendations...

For the Asia Pacific region, WHO Regional Committee has proposed for consideration, the following actions:

Member States:

- (1) To advocate at the highest political decision-making levels for sustained investment in health and development during the economic crisis.
- (2) To review health care financing policies and ensure financial protection for the poor and vulnerable in accessing health during the economic crisis.
- (3) To implement pro-health and pro-poor policies based on primary health care principles.
- (4) To continue monitoring the possible health impact of the economic crisis, including health outcomes, availability of resources for Health, utilization of services, health care costs for households and consumption and prices of key inputs like medicines.

Global financial crisis and health impacts in Asia and the Pacific. Regional office for the Western Pacific, WHO (WPRO) Sixtieth Session Hong Kong (China) 21-25 September 2009

WPRO Recommendations...

- WHO:
- (1) To provide support to countries in conducting analysis and strengthening policies for protection of the poor and vulnerable.
- (2) To develop an advocacy paper to increase awareness of the potential health impact in particular for the poor and vulnerable and to invest in Health to avert negative impact from the economic crisis.
- (3) To provide country comparison and build evidence on the impact of the economic crisis on health, using appropriate real-time data indicators and analytical studies.

Global financial crisis and health impacts in Asia and the Pacific. Regional office for the Western Pacific, WHO (WPRO) Sixtieth Session Hong Kong (China) 21-25 September 2009

What can (NMAs) National Medical Associations Do?

Important & Crucial to Engage and Influence Governments and the Health Authorities for Making Positive Changes which impact our Patients

Thursday, July 9, 2009

Have Doctors Been Complicit in Driving Healthcare Cost?

THE NEW YORKER

ARTS & CULTURE HEALTH POLITICS & IDEAS THE FACE OF THE YEAR MAGAZINE ONLINE

THE COST CONUNDRUM

What if Texas never came back to where health care is?

By **And Gewanter**

JUNE 1, 2009

IT IS SPRING IN McAllen, Texas. The morning sun is warm. The streets are lined with palm trees and pickup trucks. McAllen is in Hidalgo County, which has the lowest household income in the country, but it's a border town, and a thriving foreign-trade zone has kept the unemployment rate below ten per cent. McAllen is just off the Square Dance Capital of the World. "Limestone Desert" was not around then.

McAllen has another distinction: it is one of the most expensive health-care markets in the country. Only Miami—which has much higher labor and living costs—spends more per person on health care. In 2006, Medicare spent \$18,000

Condition care is often worse care.

Photo: Frank O. Gehring/istockphoto.com

"Doctors have been complicit in driving up health care costs. They need to become part of the solution." – Editorial: Doctors & the Cost of Care, New York Times, 13 June, 2009

"The greatest threat to America's fiscal health is not Social Security. It's not the investments that we've made to rescue our economy during this crisis. By a wide margin, the biggest threat to our nation's balance sheet is the skyrocketing cost of health care. It's not even close." – President Barack Obama, in a March 2009 speech at the White House.

"Medicine has become a pig trough here. We took a wrong turn when doctors stopped being doctors and became businessmen." – Dr Lester Dyke, Cardiac Surgeon, McAllen, Texas

Action Points & Conclusions...

- Distribute wealth based on solidarity and equity
- Increase official development assistance (ODA) in order to protect the most vulnerable
- Invest in health to improve wealth; protect health budgets
- "Every Minister is a Health Minister"
- Protect cost effective public health and primary health care services
 - If spending on health is reduced :
 - Protect spending on public health programmes
 - Protect spending on primary health care
 - Reduce spending on the least cost effective services. These will normally be found among the most high technology, high cost services in hospitals.
 - Delay investment plans for high cost facilities and promote the use of generic drugs.
- Ensure "more money for health and more health for the money"
- Strengthen universal access to social protection programmes

Action Points & Conclusions...

- Ensure universal access to health services
- Ensure universal, compulsory and redistributive forms of revenue collection
- Consider introducing or raising taxes on tobacco, alcohol, sugar and salt
- Step up education of health professionals and ensure ethical recruitment
 - During crisis, recognize current shortages in health workforce and the need for increasing health workforce in the future.
 - Step up education and training of health professionals and local health workers.
 - Use crisis as an opportunity to attract new health workers.
 - Continue developing ethical recruitment across sectors and borders.
- Encourage active public participation in the development of measures to mitigate the effects of the economic crisis on health
 - Health authorities call for more active public consultation and participation in defining, implementing and monitoring the execution of decisions regarding the crisis.
 - Public participation may be direct (public debates, consultations) or indirect, through representative organizations, associations and unions.

