

APEC Health Financing Forum

Enhancing Innovative Healthcare Financing in Pursuit of Sustainable Healthcare

Date 6 September 2022 | Hybrid 9 am – 2 pm MYT
Marriott Putrajaya, Malaysia

APEC HEALTH FINANCING FORUM SUMMARY REPORT

Executive Summary

Overview

- The APEC Health Financing Forum on Enhancing Innovative Healthcare Financing in Pursuit of Sustainable Healthcare convened senior leaders from government, the private sector and academia. The forum was co-organized with the Pharmaceutical Association of Malaysia (PhAMA).
- The Ministry of Health of Malaysia under direction from Minister YB. Khairy Jamaluddin is developing a white paper to guide reforms over the next 15 years to “future-proof” the healthcare system regardless of the political party in charge and create a more sustainable and resilient health system for Malaysia.
- The reform paper recognizes the role of innovative health financing and also examines the role of social determinates of health, an aging society, the burden of non-communicable diseases (NCDs), imbalance of service delivery, and underutilization of health data and technology.
- The Minister underscored that the pandemic has exposed gaps in Malaysia’s current health system and the need to refocus priorities by investing more in health and welcomed input from the private sector and other stakeholders.

Recommendations

Listed below are ways to maximize the commitment to Malaysia’s healthcare system by seeking an increase in public health expenditure from the current 2.59% to 5% of GDP.

- Establish a task force or working group comprising the private sector, academics and other stakeholders involved in APEC’s health financing work, which can continue to partner with Malaysia during the 2023 APEC host year to follow-up on areas of mutual interest, provide recommendations and guidance, and develop new partnerships to improve health outcomes and advance Malaysia’s health reform efforts.
- Explore mechanisms to expand the use of private health insurance (e.g. co-payments; use of education and awareness campaigns; tax deductions and other financial incentives; digital technologies and incentives for healthy behavior; “top-up” plans to supplement base-level insurance plans etc).
- Develop pilot projects or new public-private partnerships and leverage solutions identified through [APEC’s health financing initiative](#).
- Utilize the [APEC Checklist of Enablers for Alternative Health Financing](#) or aspects of it to evaluate the enabling environment for alternative health financing mechanisms.

Opening Remarks: Setting the Stage and Intro to APEC

Summary

Minister of Health of Malaysia YB. Khairy Jamaluddin affirmed that the health White Paper is top of mind for Government officials, private and public stakeholders, and thought leaders within Malaysia. He welcomed input for innovative strategies to sustain the Malaysian healthcare financing system, with the aim of ‘future-proofing’ Malaysia holistically within the next 15 years through reform strategies on service delivery, governance, and organization. Dr. Ryan MacFarlane, Director at Crowell & Moring International and Sherpa for the Asia-Pacific Financial Forum initiative on Health Financing, noted the efforts and practical tools APEC has employed to help Malaysia, and other economies, reach their health financing goals.

Speaker Highlights

Minister of Health YB. Khairy Jamaluddin of Malaysia noted that while the government and people of Malaysia exhibited an exemplary response to COVID-19 the pandemic still exposed gaps in Malaysia’s healthcare system and the need to refocus priorities and invest more in health. The Minister noted a need for improved health financing and that adequate, efficient and equitable public financing is key.

In order to ‘future-proof’ the health system, Malaysia is developing a health reform white paper which will incorporate feedback from a range of stakeholders including the private sector and the public at large to improve the health system over the next 15 years. The white paper recognizes the importance of innovative health financing and the Minister noted that Malaysia is committed to taking a whole of government, whole of society approach to healthcare reform.

Additionally, the White Paper goes beyond addressing healthcare financing and also examines the role of social determinants of health, an aging society, the burden of non-communicable diseases (NCDs), imbalance of service delivery, and underutilization of health data and technology. Solutions included in the White Paper are likely to include long-term reform strategies on service delivery, governance, and organization.

The Minister noted that the pandemic has put immense pressures on APEC economies but it is time that we demand the necessary resources to build resilient health systems. He welcomed continued engagement with APEC and noted Malaysia’s leadership more broadly on the international stage. He then recognized the importance of ongoing conversations within Malaysia on behavioral insights to encourage citizens to make informed decisions on their health. Pointing to public-private partnerships such as PROTECT Health International and the collaborations with the private sector on strategic purchasing. The Minister reiterated the importance of uplifting these partnerships so that health is viewed ‘as an investment and not simply a line item expense’.

Dr. Ryan MacFarlane, Director at Crowell & Moring International, noted the important work APEC has already done with Health Financing, and highlighted ongoing work that utilizes tools like the Health Financing Webinar series and APEC Checklist of Enablers for Alternative Health Financing; this latter tool will help economies assess the policy and regulatory environment for alternative health financing mechanisms. He also noted the APEC Healthcare Financing Roadmap, designed to help economies through a three-phase program: 1. information sharing and exchanges; 2. engagement and pilot development; 3. plan implementation. He welcomed further stakeholder engagement with the APEC website which hosts a variety of Health Financing Tools ([Healthcare Financing \(apec.org\)](https://www.apec.org/Healthcare-Financing)).

Introduction to Malaysia's Current Healthcare System

Summary

Panelists brought diverse perspectives on the current Malaysia Health System (MHS), but all agreed that more can be done to strengthen the MHS. Speakers noted the importance of gradual health system changes that are unique to the MHS, and the need for flexibility when delivering various levels of patient care. One major theme highlighted was the need for good governance in order to implement good public health. As Dr. Khor (SK) stated, "public health is not a study of science, but rather a political discipline". This was echoed throughout the forum.

Speaker Highlights

Prof. Dato' Dr. Syed Mohamed Aljunid, professor of Health Policy and Management and Faculty of Public Health at Kuwait University, welcomed participants to the panel by evaluating the current status of the MHS and its future challenges. He provided background, then evaluated what has gone right in the MHS including: prioritizing primary health care, block funding from the government, the role of government within health, and the development of local specialists training. Conversely, he noted its shortcomings: governance, health infrastructure, financing, research and development, and health human resources. He concluded that the gradual changes undergone by the MHS, including the prioritization of primary healthcare and rural development, has positively impacted the MHS, but that reform through good governance and decentralization will be paramount for improving equity and innovation.

Dr. Khor (SK) Swee Kheng, Assistant Professor at Saw Swee Hock School of Public Health at the National University of Singapore, and Chief Executive Officer at Angsana Health remarked that the MHS is overachieving, bursting at the seams and no longer fit for purpose, and as a result it is important to set reform priorities. He then noted building blocks to encourage improvement: 1. Health financing, 2. Human capital, 3. Organization of service delivery, 4. Leadership and governance.

Dr Murallitharan M., Medical Director at the National Cancer Society of Malaysia welcomed participants by highlighting the differences in opinion for how to understand and evaluate the MHS. Noting the variances in primary, secondary, and tertiary care, he highlighted multiple ways to understand healthcare service delivery. He welcomes small interventions, as opposed to a big overarching reform for the MHS. He also noted the need to evaluate smaller aspects of the MHS for financing nuances, as they are all unique in delivery and care.

Opportunities for Private Insurance

Summary

Healthcare literacy and education, an understanding of financial risk sharing, and continued efforts to support private-public partnerships are critical for combatting increasing healthcare costs and NCDs threatening to overwhelm the MHS. By implementing innovative private health insurance models supported by welcoming policy environments and private-public partnership, small steps can move the MHS to a more sustainable health financing system.

Speaker Highlights

Mr. Mark O'Dell, Chief Executive Officer of the Life Insurance Association Malaysia, welcomed participants to the second panel by opening with data on the private health insurance landscape in

Malaysia. He noted the rise in premiums posing a challenge for Malaysian citizens, and specifically for Malaysian seniors. He then looked ahead by noting the importance of policyholder co-payments, price transparency, innovative and cost-saving technology, and continued public-private partnerships.

Ms. Sejal Mistry, Regional Director of Southeast Asia for ACCESS Health International, identified three fundamental health policy challenges that are necessary to sustain Universal Health Coverage (UHC): 1. Achieving UHC requires a balanced approach across the three dimensions; 2. Countries are facing strained UHC budgets with significant deficits; 3. The growing tide of noncommunicable diseases threaten to overwhelm health systems. Noting both the policy environment and digital innovation as important enablers to strengthen UHC, she highlighted three innovative models: 1. Sustaining UHC; 2. Addressing the NCD burden, and 3. Reinforcing prevention. She further highlighted the importance of a multi-stakeholder approach anchored around insurers to sustain UHC in Malaysia. She explained why Malaysian citizens may be hesitant to purchase private health insurance, and what can be done to mitigate those hesitations. Finally, she recommended three points to make private health insurance work for UHC:

1. **Private Health Insurance Innovation Models:** Economies should explore, adapt, and adopt innovative models of insurance that provide health financial protection for the masses
2. **Enabling Policy Environment:** APEC governments can function as stewards and enablers for the uptake of effective commercial health insurance.
3. **Partnerships:** Private insurance ecosystem actors can develop, test, and iterate existing and new insurance models.

Opportunities for Private Insurance: Health Financing – What are the Options?

Summary

Professor Sundaram notes that social health insurance may not be the best measure when consider innovative health financing systems; however, he welcomes revenue-based financing as a measure which would support both private and public collaboration in the future. Continuing, private hospitals may receive negative reviews for patient experience, as many are pushed to private hospitals because of failures in public hospital wait times, or because of the for-profit nature. However, Dr. Singh notes, these private hospitals are important, and more needs to be done to support the patients who are stuck between waiting for public care yet unable to afford private care. Similarly, the economics of increasing public health spending – even by .3%, must be carefully considered. One must question, who is actually paying for this healthcare in the end?

Speaker Highlights

Professor Jomo Kwame Sundaram, Khazanah Research Institute senior adviser, noted revenue-based government health financing has provided far more cost-effective and efficient universal healthcare internationally. Although social health insurance (SHI) may raise additional funding, it remains associated with poorer, but costlier health outcomes. Recent decades have seen SHI declining in favour of tax-financing which pools risk better, is less costly and more sustainable. Health systems should provide more equitable access to quality care for all, regardless of means. Other reforms are needed, e.g., a capitation system can incentivize health maintenance rather than more, even unnecessary services.

Dr. Kuljit Singh the President for the Association of Private Hospitals Malaysia, noted that private hospitals cover many Malaysian citizens, and the private sector cannot be expected to fill the gaps that public coverage cannot. Dr. Singh shared the private sector perspective arguing that since private hospitals are beholden to shareholders and profitability, it is not feasible for the private sector to expand coverage to the entirety of the uninsured population. Public sector must take the lead in expanding coverage to those who cannot afford private coverage; he feels this must be highlighted in the White Paper moving forward.

Dr. Chua Hong Teck, a Public Policy & Government Affairs Advisor, concluded the panel by reviewing health financing options through the lens of health economics. He noted the importance of remaining realistic when evaluating health expenditures, and health expenditure future goals (5%, up from 4.7%). He urged citizens to consider who is actually responsible for payments, and highlighted future options for healthcare financing, and reinforced the importance of time, diverse opinions and both sides politically to implement effective changes.

Concluding Remarks: Summary and Next Steps

Mr. Omair Azam, an APEC Health Financing Network member and Associate Director at CMI thanked participants for their insightful remarks. He highlighted the complexity related to discussions around health financing. He expressed excitement for measures to come, including a Tobacco tax to instill behavior change (which had been mentioned by the Minister at an APEC bilateral meeting in Bangkok earlier in August). Program design with appropriate program uptake was also highlighted, requiring real behavior change implemented broadly and over time. Ongoing engagement through collaboration, idea sharing and open dialogue will continue to be important through this process.

General thoughts are that this White Paper will work to ‘future-proof’ sustainable health financing due to a strong political will from those involved. COVID-19 has highlighted the need for significant health financing reform. This reform must happen through small, carefully planned steps in order to maintain political support. Finally, all speakers and panelists recognized that reform is an ongoing process, and so continued open discussion and collaboration will underpin an effective implementation of the recommendations from the White Paper.

Annex A - Agenda



APEC Health Financing Forum

Enhancing Innovative Healthcare Financing in Pursuit of Sustainable Healthcare

Date 6 September 2022 | Hybrid 9 am – 2 pm MYT Marriott Putrajaya, Malaysia

AGENDA	
08:00 – 08.55	<u>Registration and arrival</u> (coffee, tea, breakfast to be provided)
1. Setting the stage and Introduction to APEC	
9:00 am – 9:05 am	Introduction by Master of Ceremony: Ms Tee Shiao Eek
9:05 am - 9: 25 am	Opening Address by Guest of Honour YB. Khairy Jamaluddin, Minister of Health Malaysia
9.25 am – 9.35 am	In 2015 APEC Leaders called for work to address the fiscal and economic impacts of ill-health. Since then, APEC has developed multiple studies and policy tools examining the magnitude of the issue as well as possible solutions. This session will highlight some of the challenges in terms of the burden of disease and the impact on productivity as well as opportunities for additional collaborations and partnerships that have been identified through the health financing work in APEC including blended finance, digital and insurtech solutions, together with other solutions. Speaker: Ryan MacFarlane , Asia-Pacific Financial Forum initiative on Health Financing
2. Introduction to Malaysia's current healthcare system	

9.35 am – 10.35 am	<p>This session will provide a brief introduction to Malaysia’s current healthcare system</p> <p>Moderator: Dr June Choon, Health Economics & Outcomes Research (HEoR)</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Prof. Dato’ Dr. Syed Mohamed Aljunid, Professor, Health Policy and Management, Faculty of Public Health, Kuwait University
	<ul style="list-style-type: none"> • Dr Khor Swee Kheng, Assistant Professor, Saw Swee Hock School of Public Health, National University of Singapore & Chief Executive Officer, Angsana Health • Dr Murallitharan M., Medical Director, National Cancer Society of Malaysia
10.35 – 10.50 am	Break
3. Opportunities for Private Insurance	
10.50 am – 11.30 am	<p>This session will provide a brief overview of some of the new and innovative models of private health insurance that are being used to support Universal Health Coverage as well as perspectives from those in the financial services industry for how such models can be promoted.</p> <p>Moderator: Azrul Khalid, Galen Centre for Health and Social Policy</p> <ul style="list-style-type: none"> • Ms. Sejal Mistry, Regional Director, Southeast Asia, ACCESS Health International • Mr. Mark O’Dell, Chief Executive Officer, Life Insurance Association Malaysia
11.30 – 12.30 pm	<p>Health Financing – What are the options?</p> <ul style="list-style-type: none"> • Professor Jomo Kwame Sundaram, Research Advisor, Khazanah Research Institute • Dr Kuljit Singh, President, Association of Private Hospitals Malaysia • Dr Chua Hong Teck, Public Policy & Government Affairs Advisor
4: Summary and Next Steps	
12.30 – 1.00pm	<p>This session will summarize the major discussion topics and issues raised and present plans for future engagement.</p> <p>Moderator: Tee Shiao Eek</p> <p>Speaker: Mr. Omair Azam, APEC Health Financing Network</p>
1.00 pm – 2.00 pm	Lunch

Annex B - Attendance

171 Registrants, 144 Attendees (84% attendance rate)

72 Attendees in Person (42%), 99 Attendees Virtual (58%)

Sector Breakdown:

Private Sector (71%)

Government (22%)

Academia/Other (7%)

