

Statement from The President of MMA on GST

The GST that is being implemented will definitely increase the cost of healthcare in this country. Contrary to the statements issued by Dato' Subromaniam A/L Tholasy, the Director of GST from Customs Department, the cost of healthcare will increase and may be as high as 6%.

Even though there will not be any difference in the food and room areas as the tax is just replacing the previous sales tax. It is noted however, that there will be more things that will be taxed including fees by most private specialists. These fees include fees for consultations as well as procedures and reporting of procedures.

The complexity of the Customs Department in its implementation of the GST will create and is creating a lot of confusion. The private specialists depending on how they practise will incur the 6% GST that will be passed onto the patients. This figure may be bloated as it passes through the payment scheme.

There are many different methods of practise in the private sector. This will create different charges by different doctors depending on their various contractual agreements with the private hospitals sometimes creating a difference in the same hospital of practise.

The Malaysian Medical Association (MMA) and the Association of Private Hospitals (APHM) had requested the Customs Department in a meeting with Dato' Subromaniam, not to charge the GST to all fees under the Private Healthcare Facilities and Services Act to the patients. As we see from today's report, this has not be implemented. Nowhere in the meeting was there a discussion to absorb the cost of GST. Customs had requested that the tax not be shown on the billing as it is from the third party provider but to lump it up as an increased fee by the third party providers. This will definitely burden the cost to the Rakyat.

Please note that the health insurance scheme will be affected the most. Any fees paid by a third party i.e. insurer will be subject to a 6% GST. This will be implemented in all areas of healthcare including private general practice services. This will result increase in cost to the insurers. They will then pass the financial burden to the Rakyat by increasing the premiums for all medical or health insurance policies in the near future.

I hope that the Prime Minister and the Ministry of Finance reconsider these charges as it will burden the rakyat and may make the cost of private healthcare out of more of the Rakyat. The resultant impact would be to further burden the ever overcrowding of public health sector facilities that are already having to face services beyond their capacity.