MMA urges caution over proposed diagnosis-related payment system

FMT Reporters

31 Dec 2024, 11:46 AM

The Malaysian Medical Association highlights some pitfalls of implementing the payment mechanism, for patients and private healthcare providers alike.

MMA president Dr Kalwinder Singh Khaira said private healthcare facilities vary widely in their resources and capabilities, and a one-size-fits all DRG may not be the best solution.

PETALING JAYA: The Malaysian Medical Association (MMA) has called for caution as the health ministry considers implementing a diagnosis-related groups (DRG) payment system to deal with rising medical costs in the private sector.

MMA president Dr Kalwinder Singh Khaira said while further details of the proposed DRG system had yet to be released, the possible impact of its implementation was a cause for concern.

He said that DRG systems, originally developed in the US, had been implemented globally to address rising healthcare costs.

“While these systems offer potential benefits, other countries have experienced challenges, including inadequate compensation models for high-risk cases and the avoidance of complex patients.

“These unintended consequences must be carefully considered in developing a Malaysian-specific DRG to avoid similar pitfalls,” he said in a statement.

Earlier this month, health minister Dzulkefly Ahmad said the government was mulling the implementation of a DRG pricing system by the second quarter of next year.

The DRG system requires hospitals to charge a fixed amount based on the complexity of a case, rather than itemising each charge. This means hospitals would receive a predetermined sum for a patient’s treatment and must manage resources within that budget.

Private hospitals currently use a fee-for-service system, where patients are charged separately for each service or procedure, causing bills to increase based on the number and type of treatments received.

Kalwinder said there was a concern that specialists might avoid taking on complex or high-risk cases if the DRG framework did not adequately account for the resources and expertise required.

“This could lead to a shift of such (private) patients to public healthcare facilities, straining an already overburdened system,” he said.

As for healthcare providers, he said, the current professional fee schedule posed a tough challenge in fixing rates. The fee schedule in the Private Healthcare Facilities and Services Act 1998 does not account for many modern procedures.

“Without adjustments and additions to this schedule, DRG implementation may be a challenge.”

Kalwinder added that private healthcare facilities varied widely in their resources and capabilities, saying a one-size-fits all DRG might not be the best solution.

“The DRG system must include provisions for managing unexpected complications and the treatment of patients with underlying conditions, which often require additional resources,” he said.

He called for comprehensive engagement with all stakeholders, including healthcare providers, regulators, and representatives from the public and private sectors, before implementing the DRG system.

“A collaborative approach is essential to developing a context-specific framework that is fair, incentivises quality care, and addresses the realities of modern medical practice. This process should not be rushed and all views should be considered,” he said.