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Health systems in South-East Asia vary considerably as countries are at different stages of development and have different political systems, but all are engaged in reforming the ways in which their health system is financed and organized (Phua, 2002; Chongsuivavatwong et al, 2011.(

Public sector health services in Malaysia are centrally administered by the Ministry of Health through its central, state and district offices.

Other government departments also provide health services to specific populations. The Ministry of Higher Education runs the university teaching hospitals, the Ministry of Defence has several military hospitals and medical centres and the Department of Aboriginal (Orang Asli) Affairs provides health services to the indigenous population in collaboration with the Ministry of Health. The Department of Social Welfare provides nursing homes for the elderly, the Ministry of Home Affairs manages the drug rehabilitation centres and the Ministry of Housing and Local Government provides environmental health services and limited health services, such as in the Kuala Lumpur Federal Territory.

Malaysia has an active civil society with many nongovernment organizations. For example, the Red Crescent Society and St. John's Ambulance provide mainly emergency ambulatory and relief services; the Lion's Club contributes to rehabilitative services; and the Family Planning Association provides reproductive health services. Other nongovernment organizations cater to people with special needs, such as Down's syndrome, cancer, autism, thalassaemia and intellectual disabilities among others. Nongovernment organizations also provide cancer and hospice care and run community-based psychosocial and rehabilitation centres, as well as halfway homes.

The private health sector provides mainly curative and diagnostic health services in urban areas. In fact, most primary care in urban areas is currently provided by private practitioners, and there are large numbers ١٩ of private dental clinics and retail pharmacies, as well as a growing number of private hospitals. Since independence, the government and the Ministry of Health has emphasized reaching rural areas with services, including primary care and dental services.

Decentralization and centralization

Malaysia has not administratively decentralized its public sector health care system as some countries have done in the region, such as Indonesia and the Philippines. Policies and programmes are centrally formulated, funded and administered, with the Ministry of Health state offices directing service delivery by their district offices, hospitals and centres. Local managers have limited policy and fiscal freedom, including over the hiring and firing of staff. A health facility receives a fixed annual budget, organized under standard budget lines and linked to performance indicators and

targets. The Ministry of Health rationale is that standard programmes facilitate similar and equitable practices across the country and thus, help achieve national goals.

The Mahathir administration embarked on active privatization of the economy, dubbed 'Malaysia Incorporated', particularly under the 7th Malaysia Plan (1996–2000). Although the government announced its intention to corporatize public hospitals, due to opposition, this plan was shelved in 1999, except in the case of a few hospitals. Despite the government's stated intentions, the privatization of health care mostly has been limited to nonmedical support services (with contracts awarded mainly to state-associated enterprises), while constraints on public sector health expenditure during the 1990s allowed the private sector to expand to meet demand from the better-off (Ramesh, 2007). The MOH has some contracts with the private sector for clinical services, mainly to reduce waiting times in the public system and to provide services not available in MOH facilities, such as diagnostic imaging. The main areas of privatization are as follows:

- The General Medical Store that procures medicines for the MOH was privatized in 1993;
- Five support services (laundry, engineering, housekeeping, clinical waste disposal and equipment maintenance) were privatized to three corporate interests in 1997;
- Mandatory health screening of foreign workers was awarded to a company (Fomema;(
- The building of new clinics and hospitals was contracted out to private interests ;
- The National Heart Institute was made a corporate entity in order to offer services to both public and private patients.

While the National Heart Institute and the University hospitals are the main corporate exception, the government now allows some public hospitals to establish private wards where doctors can retain most of their professional fees for treating private patients. One policy aim is to retain doctors in the public sector and the other policy aim is to promote medical tourism (see section 2.4.1.(

Malaysia is subject to strong global pressure to liberalize its economy.

As a signatory to the World Trade Organization (WTO) and the ASEAN Framework Agreement on Services (AFAS), Malaysia must open its domestic market to international competition. Medical goods and services were given some protection, however, in a special provision of the General Agreement on Tariffs and Trade (GATT). Globalization has brought an international approach in several areas of the health sector: the management of emerging infectious and new diseases, the movement of medical practitioners, the travel of patients to different countries for medical treatment and foreign investment. As a result, Malaysia is reviewing the following acts: the Telemedicine Act in relation to cross border supply; Private Health Care Facilities and Services Act in relation to health tourism; and the Medical Act and other relevant acts in relation to the movement of professionals.