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## **FOR IMMEDIATE RELEASE**

### **2024 BUDGET: RM900 MILLION POTENTIAL COST SAVING THROUGH EFFECTIVE PUBLIC-PRIVATE PARTNERSHIP IN MALAYSIA'S HEALTHCARE**

17 October 2023, Petaling Jaya – Public-Private Partnership (PPP) through Diagnosis Related Group (DRG) and public contracting initiatives will support the government's plan to outsource the patients from public to private hospitals, as announced in Budget 2024 by YAB Prime Minister.

With this aspiration, the productivity performance of the private healthcare subsector in Malaysia is also anticipated to double in the next five years with this effective implementation of public-private resource sharing to support the national healthcare ecosystem in Malaysia.

Zahid Ismail, Director General of Malaysia Productivity Corporation, said, "In 2022, the productivity level of the private healthcare subsector was significantly below the national average, and this trend has been taking place for the past several years".

"As such, all relevant stakeholders from public and private sectors must embrace radical measures such as adopting DRG not only to boost the productivity of this subsector but also for the benefit of the *rakyat*", Zahid Ismail added.

DRG is a patient categorisation system that regulates prospective hospital payments encompassing all charges related to an inpatient stay from admission to discharge. This system has been utilised widely by numerous countries in Europe and Asia regions.

The effective adoption of DRG will enable better price transparency in a hospital, facilitating a more robust Public-Private Partnership. Furthermore, it will potentially save RM200-900 million on government spending for treating patients in public hospitals with greater utilisation of service and medical equipment in private hospitals, based on a study conducted by the Private Healthcare Productivity Nexus (PHPN).

Dato' Dr. Jacob Thomas, Champion of PHPN, said, "PPP poses the greatest potential for productivity growth. In 2021, the productivity growth of this subsector spiked tremendously to 8.8 percent, mainly due to the acceleration of the public-private partnership in administering National COVID-19 Immunisation Programme".

"We must sustain this PPP initiative where we can continuously transfer patients from public to private hospitals by adopting the DRG and public contracting mechanism. With the future

establishment of national insurance scheme, the pathway of PPP will become clearer", said Dato' Dr. Jacob Thomas in his recent presentation to Australian counterparts during Benchmarking Mission to Sydney, Australia.

PHPN conducted benchmarking mission to Sydney, Australia, on innovative public-private partnerships solutions towards more remarkable productivity growth of private healthcare in Malaysia. Among areas involved in this benchmarking mission are diagnosis-related groups, public-private resource sharing, aged-care facilities, and mental health.

**End.**

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**About Malaysia Productivity Corporation (MPC)**

*MPC is a statutory body under the Ministry of Investment, Trade and Industry (MITI). It drives national productivity holistically at the national, sectoral, and enterprise levels through five main thrusts: developing future talent, driving digitization and innovation, ensuring industry accountability for productivity, building a robust ecosystem, and fostering productive mindset. It collaborates strategically with the private and public sectors by emphasising productivity as a key agenda to boost productivity growth and national competitiveness, ultimately leading to shared well-being and prosperity.*