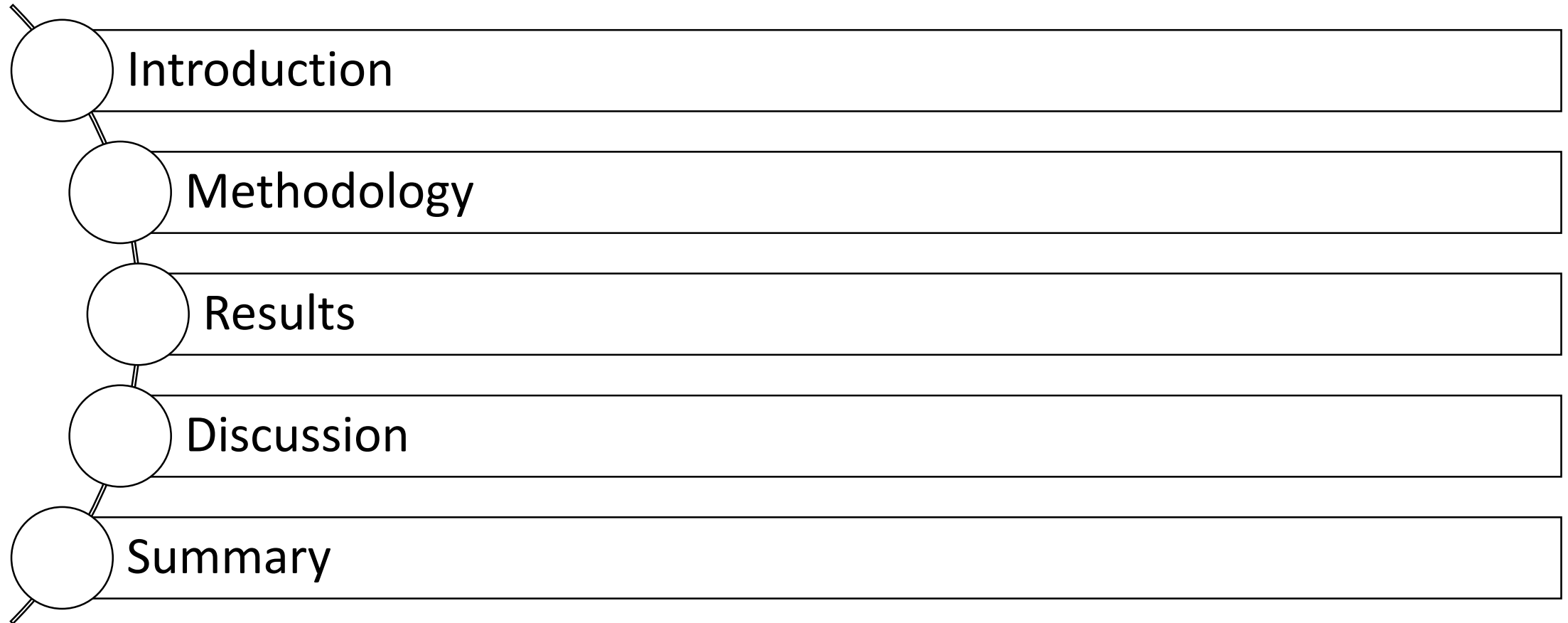


ESTIMATING TOTAL PHARMACEUTICAL EXPENDITURE USING HEALTH ACCOUNTS FRAMEWORK

Malaysia National Health Accounts
Steering Meeting 2024
Planning Division
Ministry of Health

Outline



Introduction

Expenditure on pharmaceutical **20 to 60 percent of total health expenditure in low- and middle-income countries** (WHO 2017)

Generally, reports are limited to those pharmaceuticals purchased **only in retail pharmacies** (OECD 2022)

MNHA's annual health expenditure report based on the **primary intention/function**.
- Pharmaceutical **embedded within curative care** or other **main functions**

Functions of Health Care	2020	2021	2022
Curative Care	41,708	44,775	51,096
Preventive Care	5,360	↑ 11,123	5,555
Pharmaceuticals and Medical Non-Durables	3,974	4,585	5,304

Steep Increase (108%) on 2021 due to COVID-19 Vaccination Programme

1

Pharmaceutical expenditure maintains the similar pattern

2

*Sources: MNHA Database 2011-2023

Objective

To estimate national Total Pharmaceuticals Expenditure (TPE) using System of Health Accounts 2011 (SHA 2011) and MNHA framework.



Methodology



Step 1

Planning & Preparation



Step 2

Identifying data sources and collecting PE data



Step 3

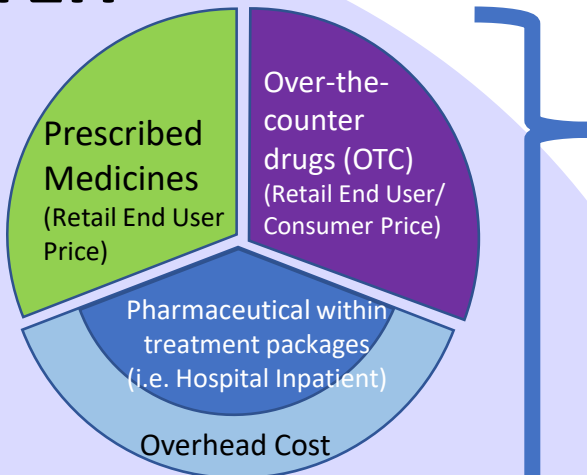
Data Analyses



Step 4

Data Verification & Data Validation

TEH



Components of Total Pharmaceutical Expenditures (OECD 2022)

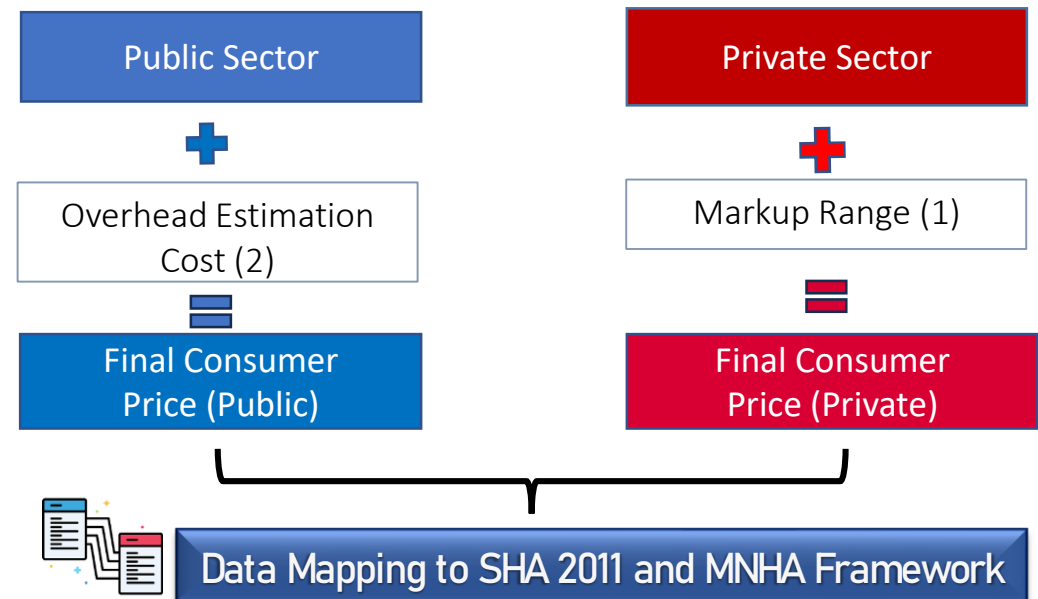
TPE Definition

The sum of final consumption expenditure on pharmaceuticals together with pharmaceutical consumption used in **other episodes of care**, for example an inpatient hospital stay

TPE Boundaries

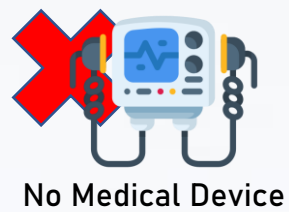
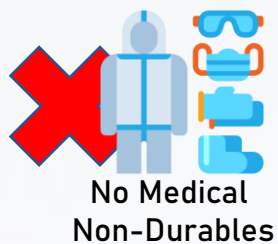
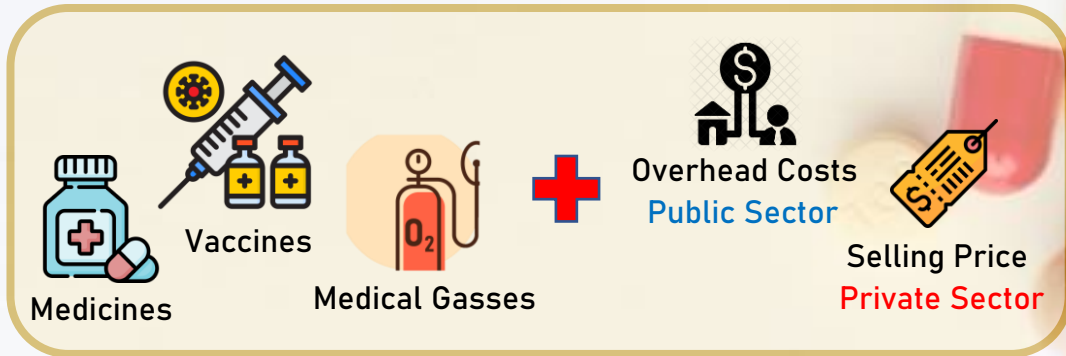
- Medicine
- Vaccine
- Medical Gas
- Overhead Cost (Public Sector)
- Selling Price (Private Sector)

Data Source & Collections

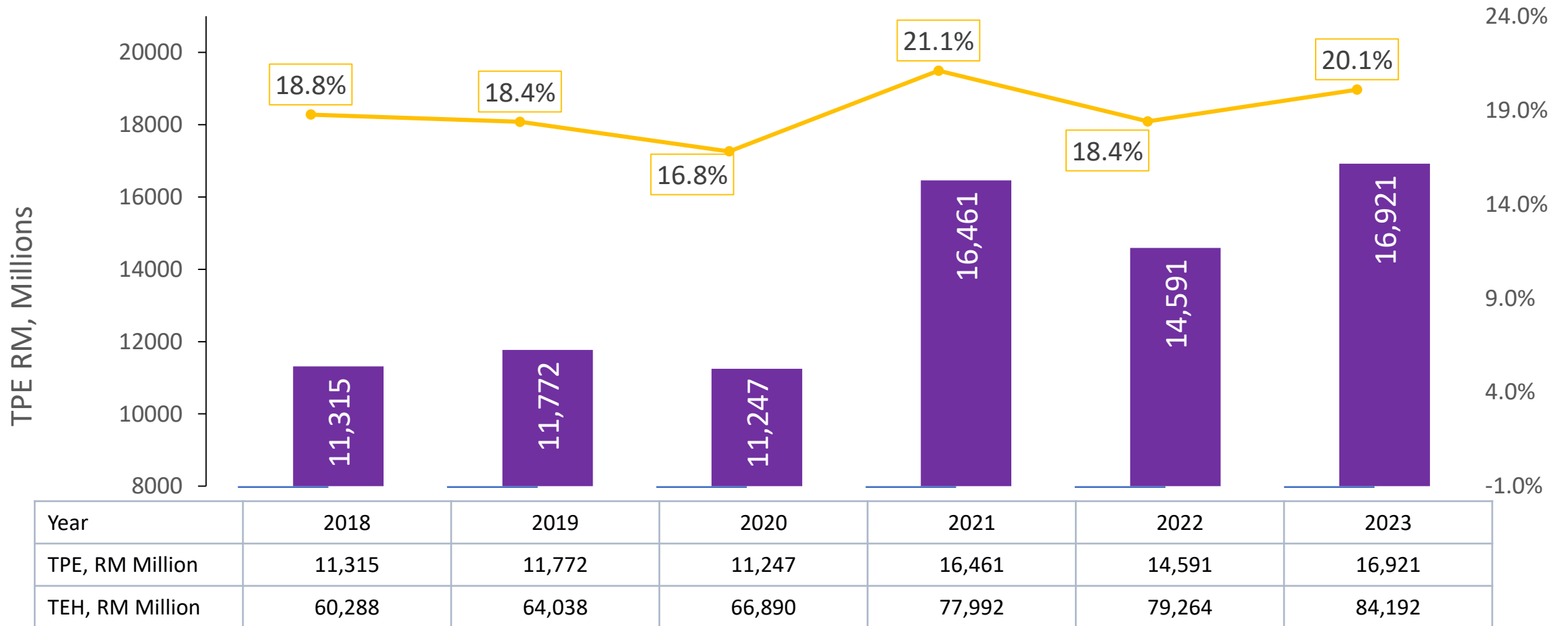


[1] Medicine Price Monitoring Survey, Pharmacy Division MOH (2017, 2020)
 [2] Estimation Overhead, Pharmacy Division MOH

Results

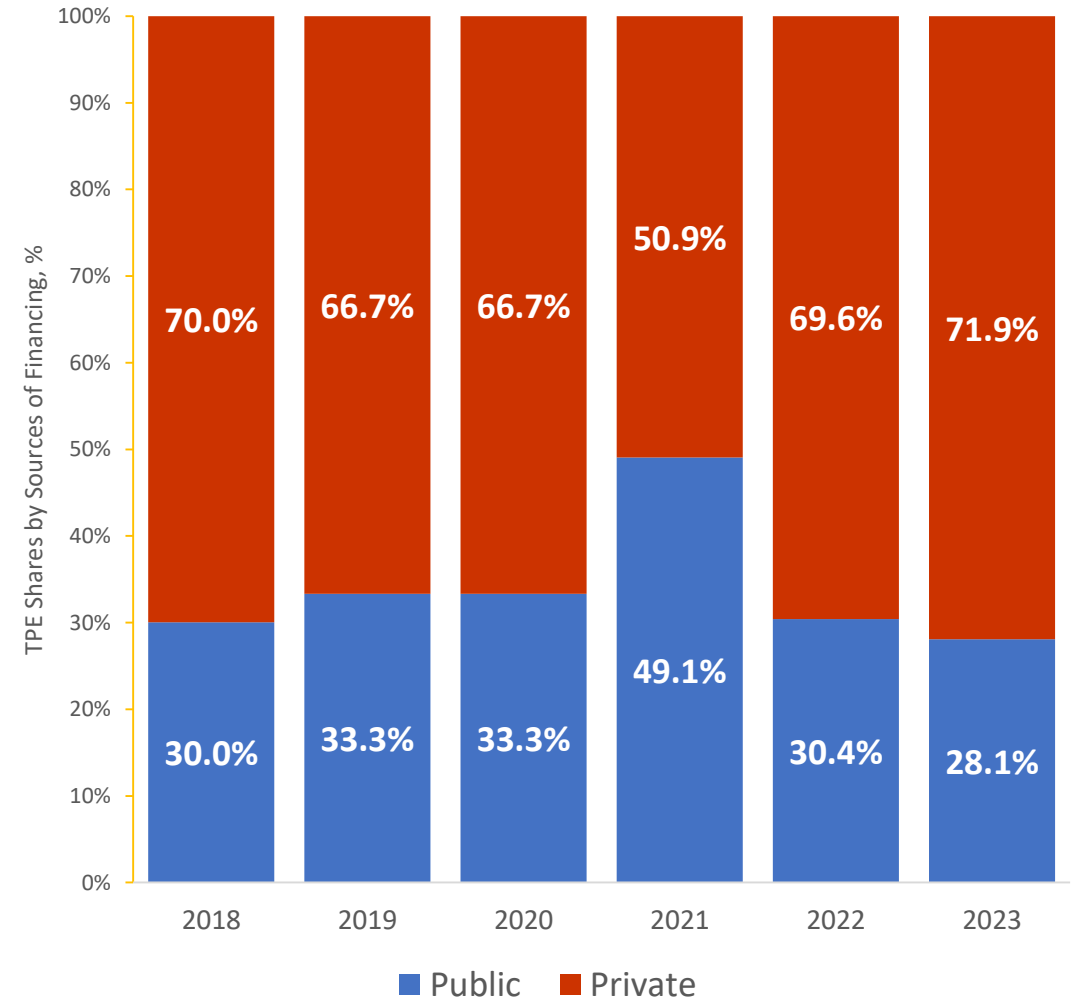
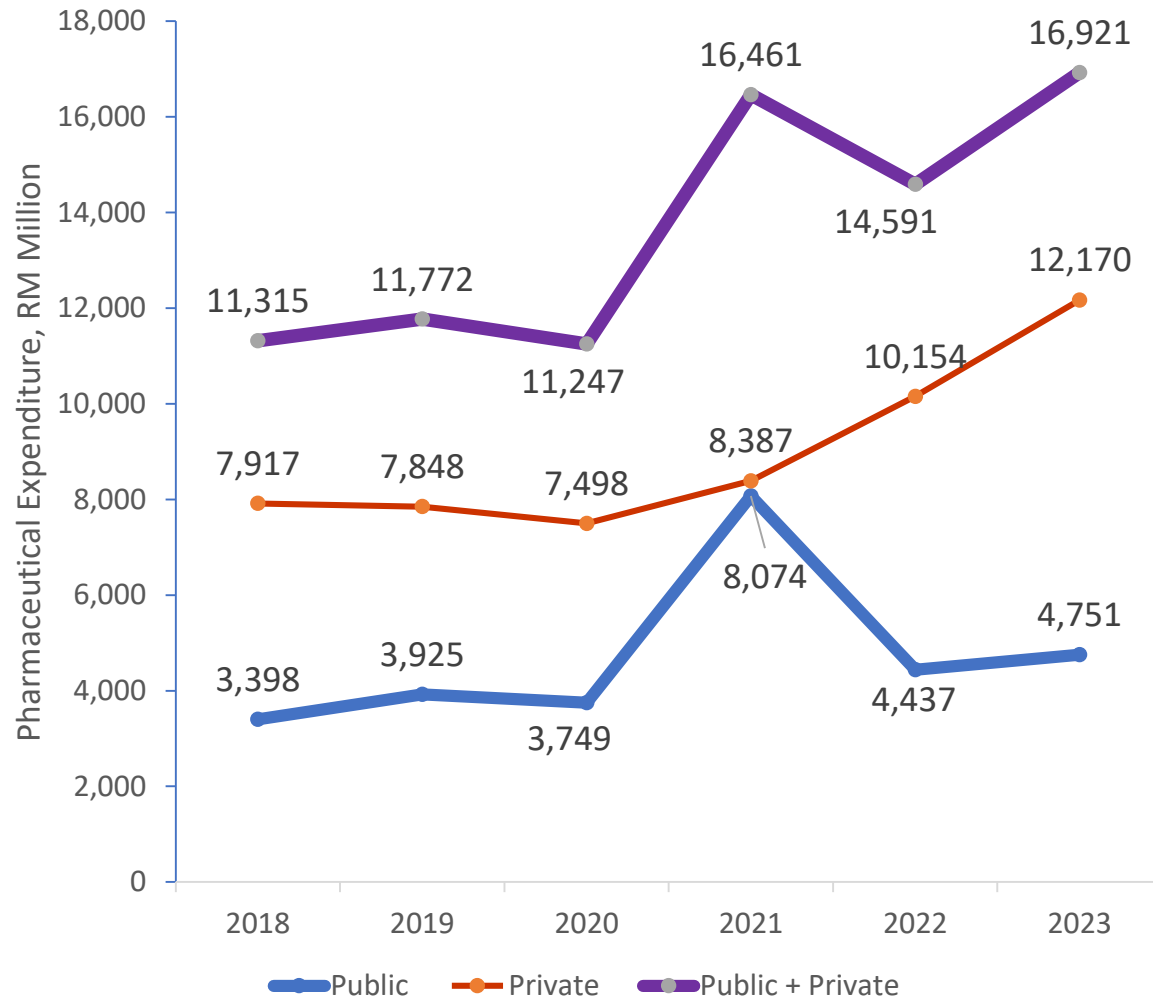


TPE as percentage of TEH, % 2018 - 2023



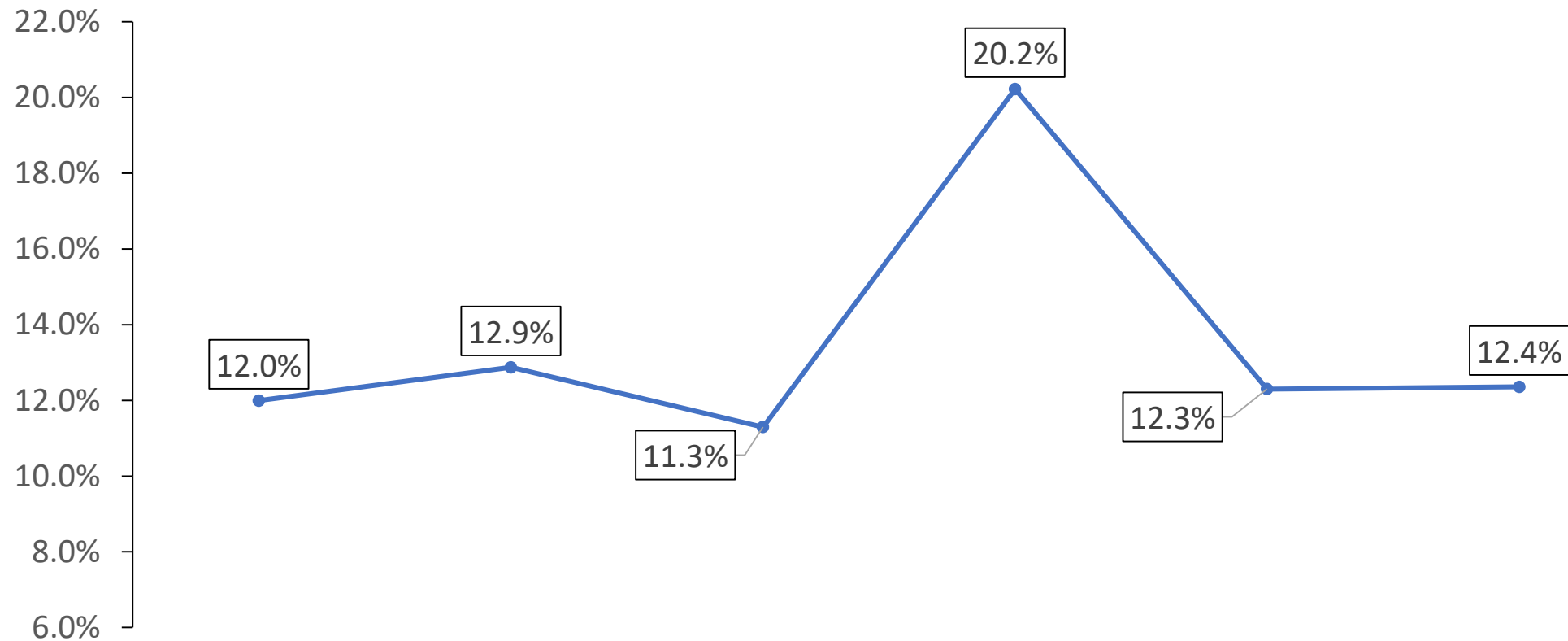
*CAGR TPE 2018-2023: 8.4%

TPE by Sources of Financing, 2018–2023



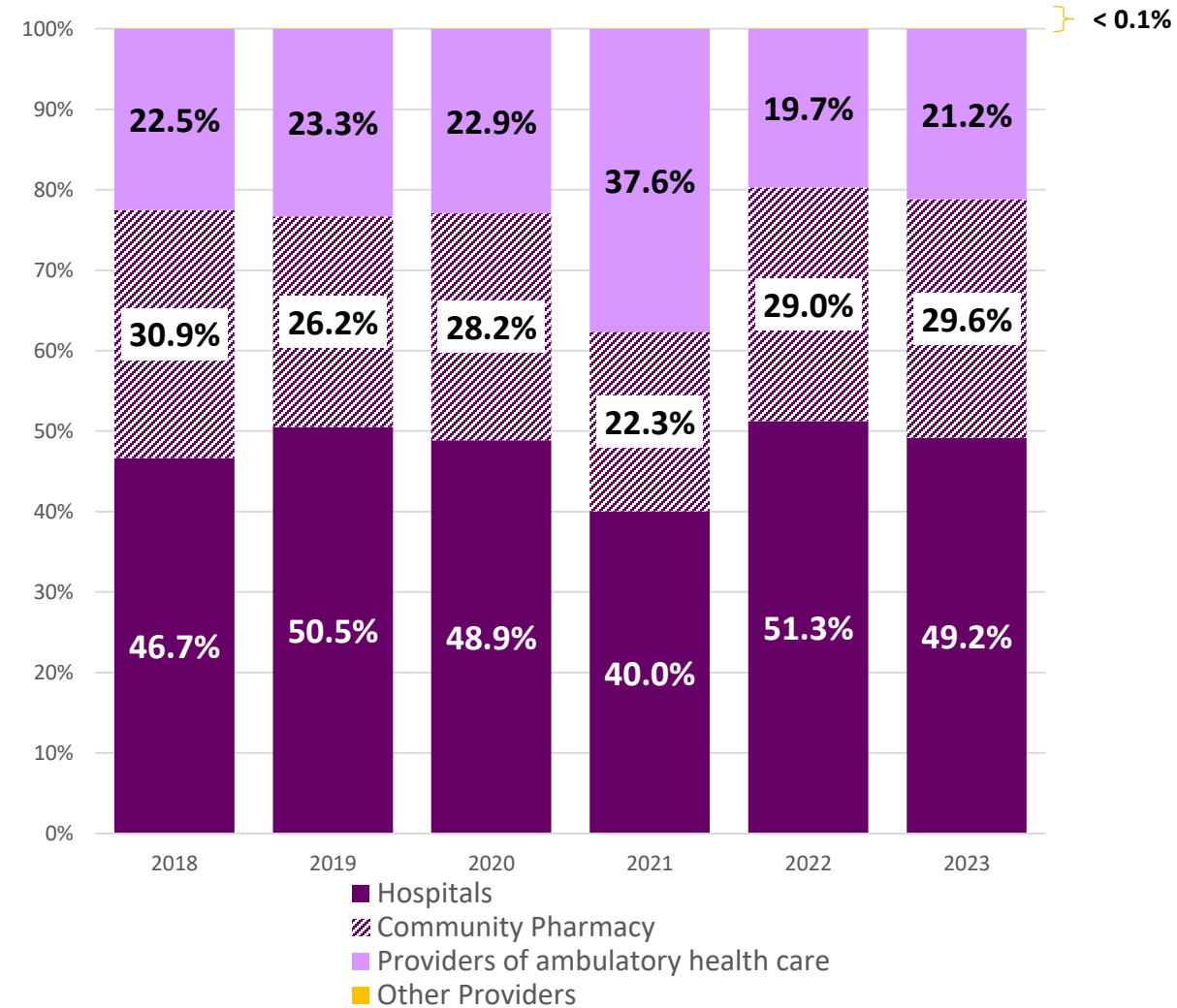
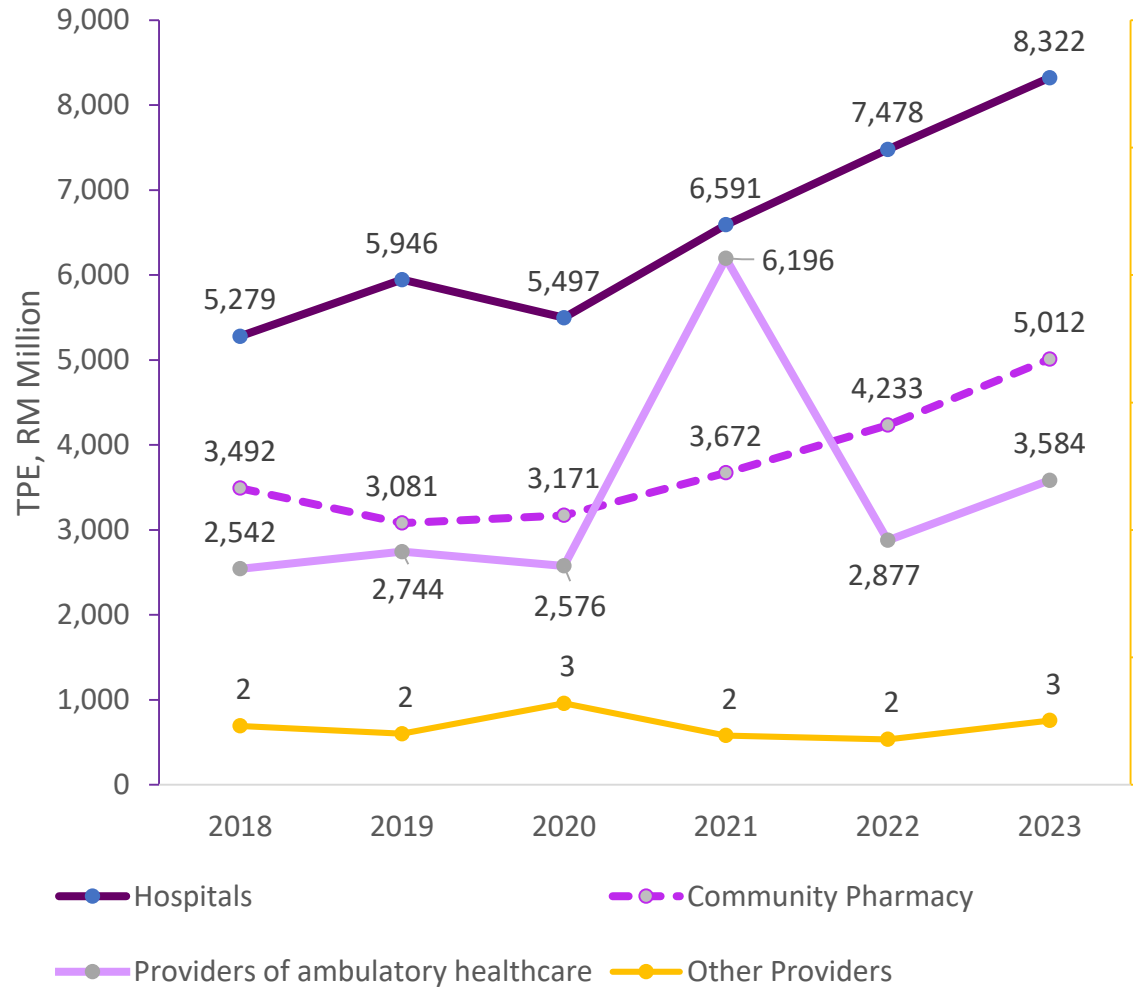
*CAGR Public: 6.9%, Private: 9.0%

TPE MOH as Percentage of Total MOH, 2018–2023



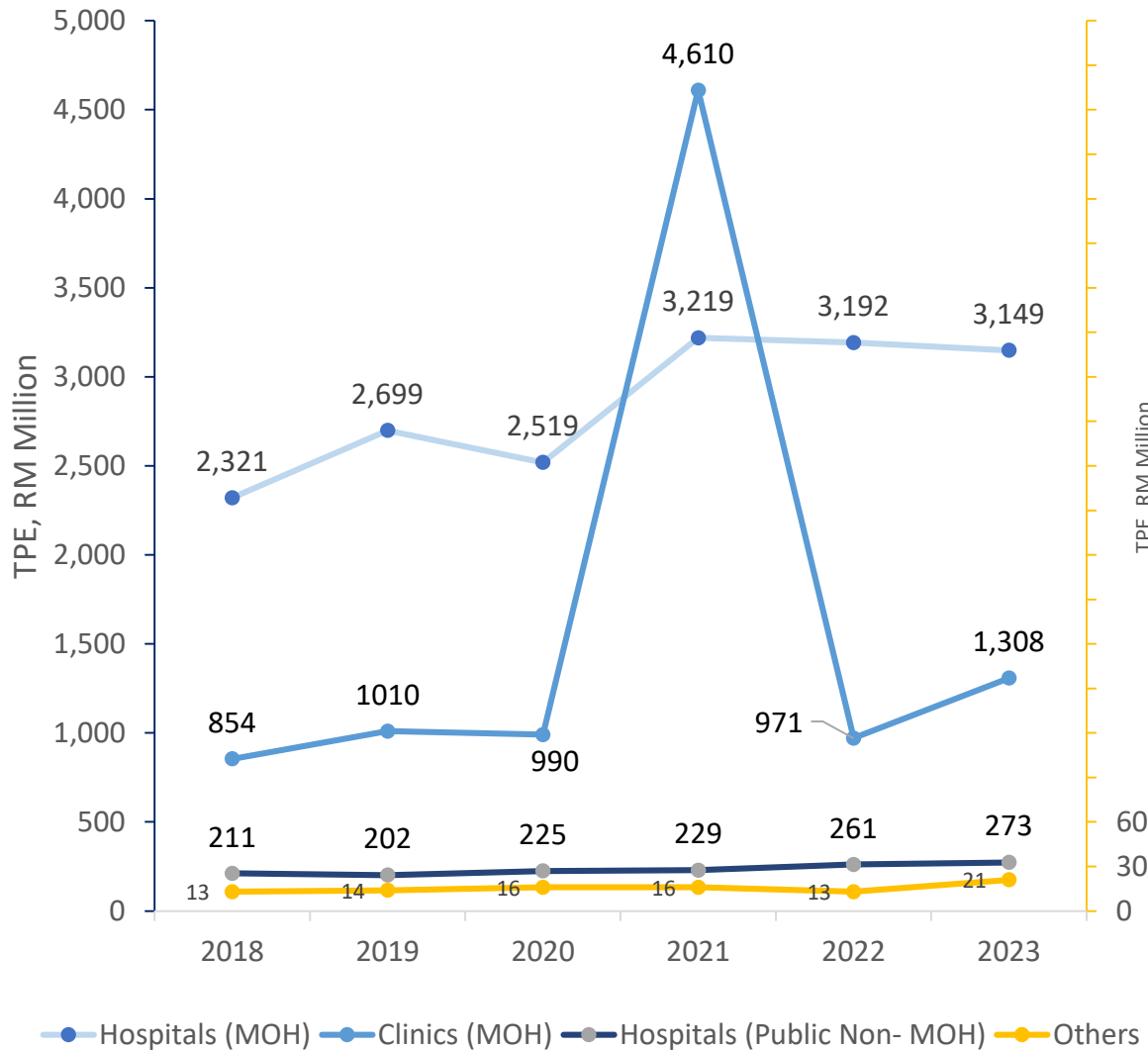
	2018	2019	2020	2021	2022	2023
TPE MOH, RM Million	3,181	3,715	3,515	7,839	4,170	4,470
Total MOH, RM Million	26,522	28,860	31,124	38,767	33,905	36,181

TPE by Providers of Health Care, 2018–2023

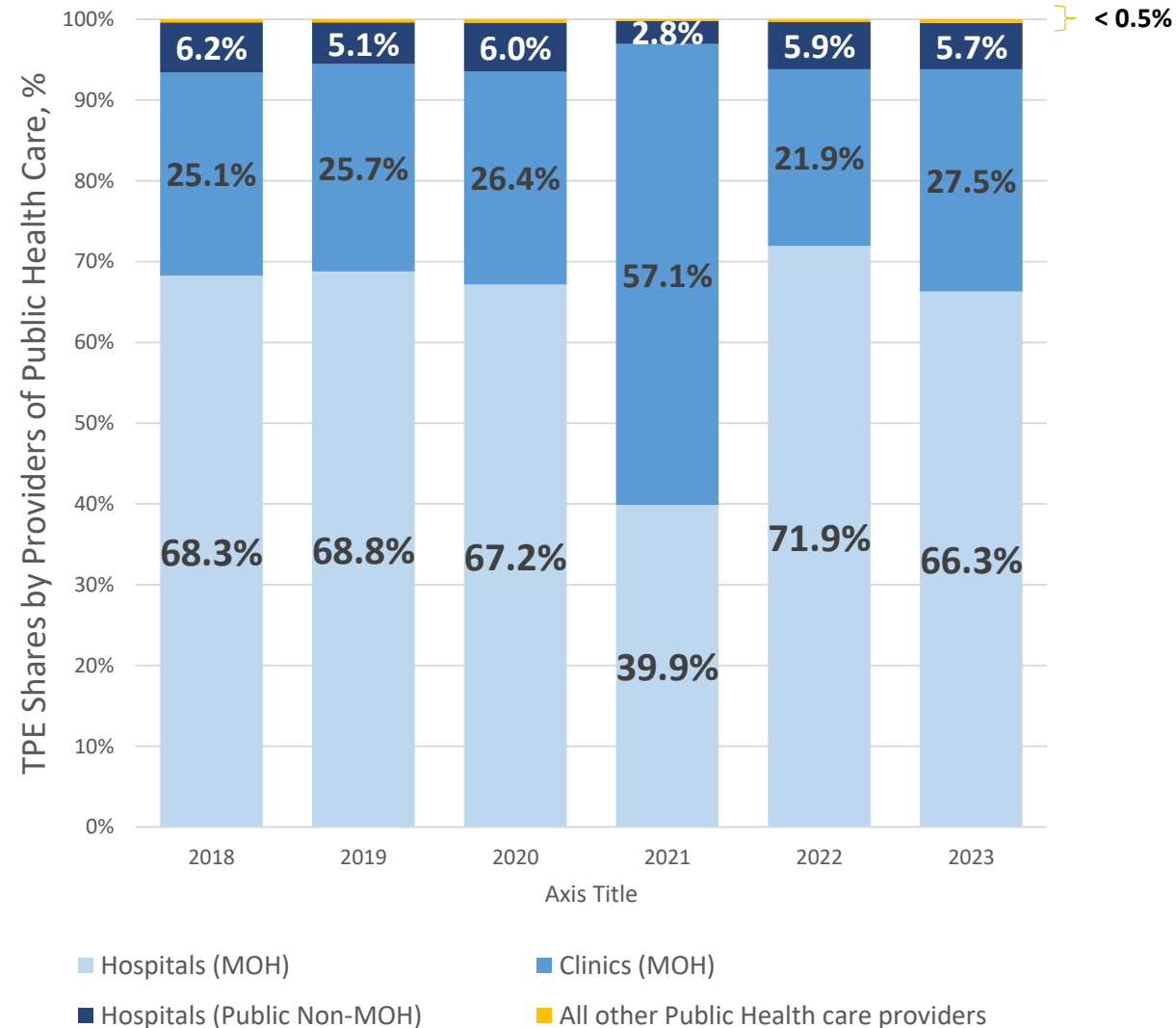


*CAGR Hospital: 9.5%, Community Pharmacy: 7.5%, Ambulatory Providers: 7.1%

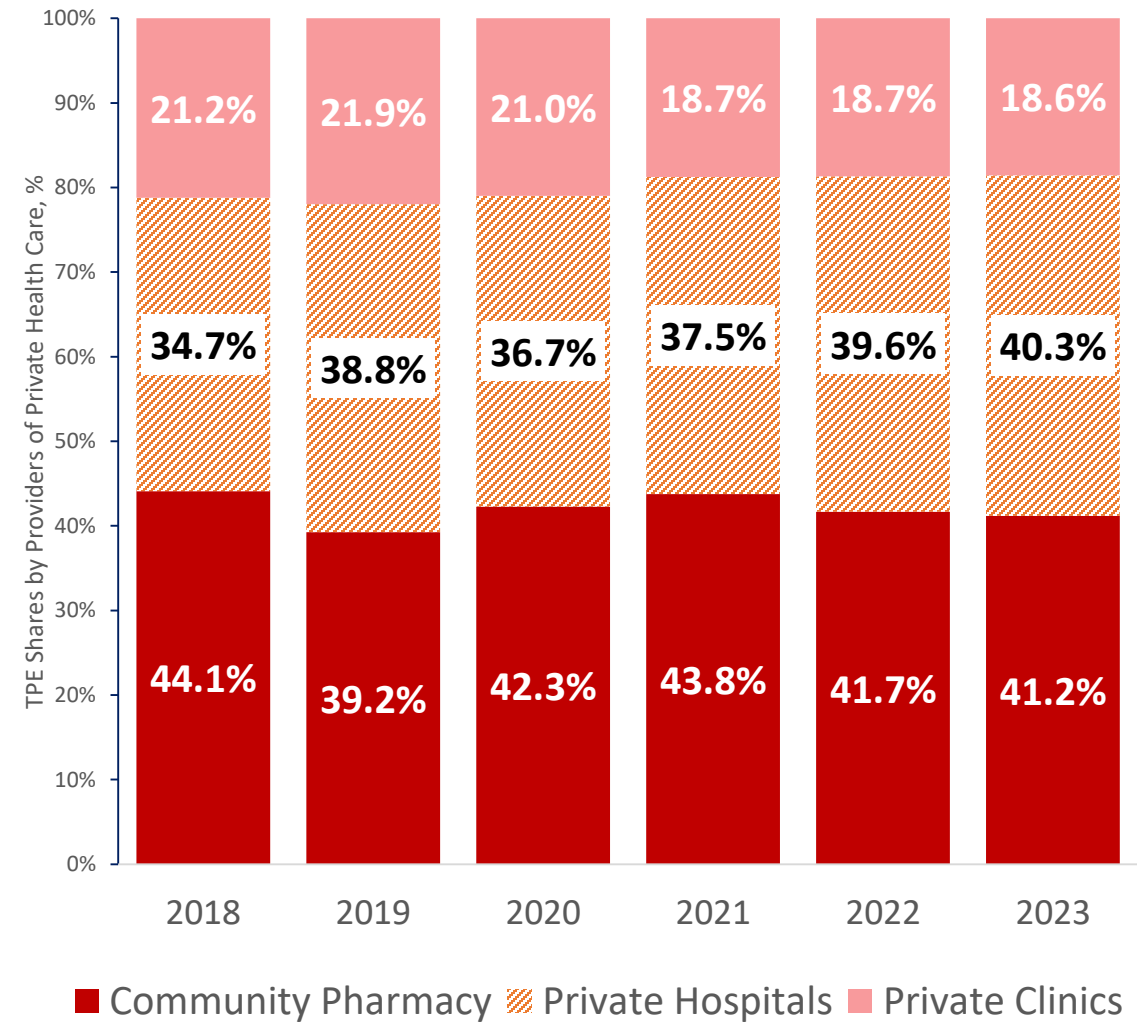
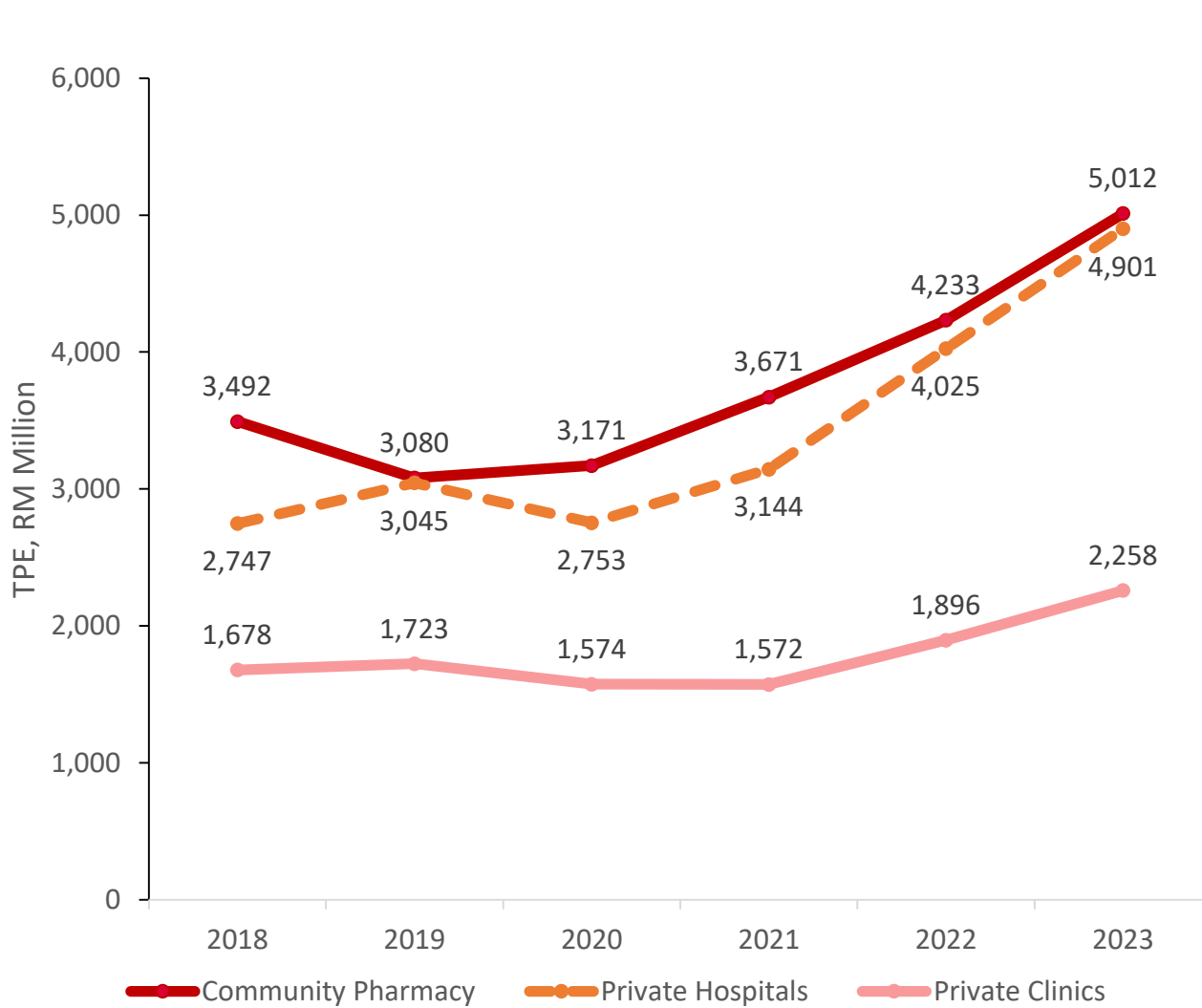
TPE by Providers of Public Health Care Sector, 2018-2023



*CAGR Hospital MOH: 6.3%, Clinic: 8.9%.



TPE by Providers of Private Health Care, 2018-2023



*CAGR Community Pharmacy: 7.5%, **Private Hospitals: 12.3%**, Clinic: 6.1%.

Findings

- Malaysia spends **18 to 20%** or **one fifth** of Total Expenditure of Health (TEH) for pharmaceuticals.
- **Private sector pharmaceutical spending surpasses public by 2 to 3 folds** in comparison to public sector.
- MOH spends **11% to 13%** of **total MOH expenditure** for pharmaceuticals except in 2021 (**20%**) where resources are utilized for COVID-19 vaccinations procurement.
- **MOH Hospital** remains the **largest providers** for pharmaceutical for **public sector** and **community pharmacy** are the largest providers for pharmaceutical for **private sector**.
- **Higher TPE** seen in **post pandemic years contributed mostly by** private sector pharmaceutical spendings.

Discussion

Key Growth of TPE

- **Private Sector Price Variations**

Private sector's open market resulted in varying cost across different healthcare providers¹

- **Increasing Drug Price**

Medicines Consumer Price Index² (CPI) inflation rate from 2018 to 2023 are 4.3%

- **Increasing Drug Utilization**

Increase demand and utilizations³ of symptomatic drugs by public post pandemic

Recommendations

- **To strengthen cost containment efforts, and enforced price transparency**, especially in private sector.
- **To focus on strategic procurement** may help address ongoing pharmaceutical expenditure concerns effectively.

(1) Medicine Price Monitoring Survey (2017, 2020), Pharmacy

(2) Medicine Statistic On Medicine 2018-2022, Pharmacy Division

(3) OpenDOSM, Consumer Price Index (CPI)

✓ SUMMARY 2023

TOTAL PHARMACEUTICALS EXPENDITURES (TPE) ESTIMATION

TPE

RM 16,921 m

TPE as % of TEH

Total Pharmaceutical Expenditure as Percentage of Total Expenditure of Health

20.1 %

TPE MOH as % MOH

Total Pharmaceutical Expenditure of Ministry of Health as Percentage of Ministry of Health Expenditure

12.4 %

TPE consist of costs of



Medicines



Vaccines



Medical Gasses



Overhead Costs
Public Sector



Selling Price
Private Sector

Who paid for it?

SOURCE

Public
28.1%
RM4,751million

Private
71.9%
RM12,170million

Where was it spent?

PROVIDER

Hospital
49.2%
RM8,322 million

Retail Pharmacy
29.6% RM5,012 million

Ambulatory Provider **21.2%** RM3,584 million



Thank you

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