

# PEMANDU's Director of the Healthcare National Key Economic Area Malaysia

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Tags:

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*PEMANDU's Director for the Healthcare National Key Economic Area gives a thorough understanding of the various entry point projects that were implemented since 2010 to help Malaysia become a high income nation by 2020 and a reference in terms of healthcare quality worldwide.*

## **How would you describe the healthcare sector in Malaysia?**

Even though healthcare is a small sector compared to oil and gas, financial services, or electronics, healthcare still remains a top priority for the government and this has shown to be a priority for governments around the world. In general, the higher the income, the more people spend on healthcare and this has been the tendency here in Malaysia with rising standards of living.

Under the constitution of Malaysia, medical and health services are under the Federal List and not under State List or Concurrent List. While in most countries, healthcare is delivered by the local government, in Malaysia healthcare is delivered by the federal government. This means the federal government through the Ministry of Health is responsible for health policy and also operates hospitals, clinics and provides public health services.

Malaysia only spends 4.4 percent of GDP on healthcare in 2011, which is much lower than developed countries which spend around 10 percent but our health outcome is comparable with them. One of the main reasons that healthcare was selected to be one of the National Key Economic Areas (NKEAs) is that if we look at the historical growth from 2000 to 2009, the healthcare sector actually represents the highest growth sector in the economy with a high multiplier.

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## **What is the role of PEMANDU and the Ministry of Health (MoH) in leading forward the Healthcare NKEA under the Economic Transformation Programme (ETP) since 2010?**

PEMANDU acts as a catalyst to the growth of the Malaysian healthcare industry. When the healthcare NKEA was implemented, based on the roadmap of the Healthcare NKEA, together with Ministry of Health (MoH) and other relevant agencies, we put together incentives to facilitate the development of the healthcare industry.

Of course, this has been very challenging because the ministry is a regulator and a service provider that fears conflicts of interest. Therefore, the Ministry and PEMANDU have agreed on a set of Key Performance Indicators (KPIs) on the role of government in the development of the healthcare industry.

This goes beyond the normal functions such as disease control or reducing waiting times in hospitals. The idea is to help the government better understand the industry and find solutions to meet the needs of both parties.

IMS new collaboration with MoH to enhance the national pharmaceutical industry data is a key indicator of the government's willingness to cooperate with the industry. . It is important to have accurate data of the local pharmaceutical market for planning and development for the industry and the government.

To further assist the local pharmaceutical producing industry, PEMANDU is currently preparing a thorough study on export opportunities for them in four developing and one developed and regulated market. The idea is to provide local manufacturers with accurate data on regulations, customs and any other type of information necessary to export products to these countries.

## **Manufacturing has been a key asset in Malaysia for many decades. How is the Healthcare NKEA reinforcing the manufacturing capabilities of Malaysia?**

Under EPP 3, pharmaceutical manufacturing was originally designed to target generic drug. However today, it also includes Over-The-Counter drugs, supplements, biologics and vaccines to broaden the offer and boost exports.

Malaysia is implementing the highest manufacturing international standards and is a member of Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PICS).

Exports are a serious priority as the domestic market is small and we must make sure to place Malaysia in a favorable position. We have been on the right track, as pharmaceutical exports grew by 8 percent between 2012 and 2013, with an export value of RM 561 million (USD 187 million). We are an important trading nation and it is in our best interest to remain this way.

One of the things we are currently restructuring and improving is the Patent Act. The patent-cliff has not influenced many business opportunities for the local manufacturers. In fact, we have seen many patents expiring in their home country, but not in Malaysia with sometimes three, four or five years of difference.

One of the main issues lies in the patent office, incapable of registering the patent on time. Therefore since patents were expiring abroad but not in Malaysia, Malaysian companies could not take advantage of the situation.

We are working on changing the mindset and bringing more technical input from the MoH prior to granting new patents. This way the patent office is able to handle pharmaceutical patents more

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efficiently and on a faster pace.

**Clinical trials under Entry Point Project 2 are also a fundamental chess piece of the Healthcare NKEA. What has been done so far in this area to turn Malaysia into a clinical trial hub?**

Clinical Research Malaysia (CRM) is the place for clinical research development in Malaysia. Its first role is to promote Malaysia as a center for clinical trials and secondly to assist companies interested in conducting clinical trials, helping them find investigators and universities to co-develop trials.

One of the KPIs we have set is the number and ratio of clinical trials. Today, around 20 percent of trials are done in public hospitals and our objective is to reach at least 30 percent this year and in the near future 50 to 60 percent. This implies that doctors have a dedicated amount of time to pursue trials and truly, this is a challenge.

There are many positive signs like for instance the number of forecasted trials has been exceeded. Our aim is to conduct 1,000 clinical trials a year by 2020. And now for the first time in Malaysia, they are performing trials on medical devices. Clinical trials represent a national priority and we are proud to be the catalyzer of this goal.

**What has been done to turn Malaysia into the most attractive place for healthcare travelers?**

Malaysia Health Travel Council (MHTC) is a corporatized agency under the Ministry of Health (MoH) that is dedicated to promoting medical tourism in Malaysia. The target at hand is to reach one and half million healthcare travelers by 2020, but this means we also need ten thousand more beds from the private sector. The revenue generated from medical tourism is RM 690 million (USD 230 million) in 2013 with 770,000 travelers and this is about 15 percent growth from previous years.

A number of private hospital groups like KPJ and SIME DARBY Healthcare have been investing and are still investing in many new state of the art hospitals to prepare for this rising healthcare demand. We are also seeing a new trend with green hospitals, more eco-friendly like the Amanjaya a specialist center in Kedah. This hospital was partially financed by the Federal Government's Green Technology Financing Scheme and we hope many more will come.

In many cases, healthcare travelers require medical implants and devices and this is also an area of great development with a new regulation framework. This means that Malaysia will be one of the few South East Asian countries with a regulated medical devices industry.

**While Malaysia has a very young population, seniors are also living longer given the overall quality of healthcare. What has been implemented so far for senior citizens?**

Under EPP 15-17, the priority has been placed on age care services (mobile home care, retirement village and institutional care). A new Private Aged Care Facilities and Services Act will soon come in place, regulated by the MoH to deal with regulations for facilities and services for aged care. Soon we shall see high quality aged care facilities with properly trained staff looking after the aged population and retirement villages here in Malaysia which will cater for Malaysians and foreign residents who want to retire here.

**What are some of the aspects where Malaysia still needs to improve?**

Market access is definitely a challenge, however for all the companies under the healthcare EPP3, we are aiming at two months registration for their new manufactured products. However, this measure so far is mostly dedicated to local manufacturers as most foreign companies are only

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trading and not manufacturing.

Another great challenge at hand is EPP 6, targeting diagnostics. Teleradiology, a technology that has not taken off as desired. There are many challenges that need to be overcome before it can be successfully implemented.

### **How do you think more foreign companies will want to invest in Malaysia? How will PEMANDU contribute to the long term success of Malaysia as an attractive pharma nation?**

One way to attract foreign pharmaceutical companies to Malaysia is with the Off-Take Agreement. This new agreement states that if you want to manufacture in Malaysia a specific new product that has not been manufactured in the country and if the MoH requires, the MoH will guarantee to buy this product for a period of three years. In case the company proves this specific product can be registered and sold in another country, the company will benefit from a two year extension.

Given the conditions, many pharma companies are interested, but so far they have only engaged in contract manufacturing, because having their own plants is costly. This is the most realistic and cost efficient option at the moment and we welcome these joint ventures between MNCs and local companies.

Since we are a member of PIC/S Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme, Malaysia could be used as a platform for exports. We also boast from available and qualified workforce, good infrastructure and a wide range of very interesting tax incentives. Biocon, the Indian pharmaceutical manufacturer is one great example of a company which decided to come to Malaysia, manufacture and take advantage of many incentives. Now, we just need to convince others.

Healthcare is an exciting industry and a promising land of opportunities for anyone trying to enter it. The way we are organizing this industry is truly unique and given our results and KPIs we can be certain of its attractiveness.

With our focus on high quality services and our aim to always bring more affordable pharmaceuticals and medical devices, the Malaysian pharma market is bound to increase in the next years. The Economic Transformation Programme has been successful and other countries are demanding our services.

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