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More incentives for healthcare tourism industry

By: (Mon, 21 Dec 2009)

KUALA LUMPUR (Dec 21, 2009) : The government has outlined five incentives to further boost the growth of the country's healthcare travel industry and make private hospitals more export-driven, Prime Minister Datuk Seri Najib Tun Razak said today.

He said to encourage private hospitals to expand their capacity, the government would provide tax exemption equivalent to 100% of qualifying capital expenditure incurred for a period of five years for the construction of new hospitals or for expansion, modernisation or refurbishment of existing hospitals.

"This tax incentive is for applications received from Jan 1, 2010 until Dec 31, 2014. Setting up of the International Patients Unit in these hospitals also qualify for this incentive.

"To be eligible for this incentive, these hospitals must be registered with the Ministry of Health (MOH) for the promotion of healthcare travel," he said in his address at the launch of the Malaysia Healthcare Travel Council here.

Also present were Health Minister, Datuk Seri Liow Tiong Lai and Minister in Prime Minister's Department, Tan Sri Nor Mohamed Yakcop.

Besides that, Najib said the ministry, the Malaysian Media Council and the Association of Private Hospitals Malaysia would review existing advertising regulations and guidelines in meeting the changing role of private hospitals in promoting healthcare travel or medical tourism.

In encouraging private hospitals to attain high quality of healthcare services, Najib said expenses incurred by them to obtain domestic or internationally recognised accreditation, such as those recognised by the International Society for Quality in Health, were eligible for double deduction incentive under the Income Tax Act 1967.

He said in order to also encourage more Malaysians or non-Malaysian medical specialists to return or come from abroad to serve in local hospitals, their non-Malaysian spouse, who qualify as a professional as per the Malaysian Classification of Occupation (MASCO), would automatically be offered an employment/professional pass, subject to registration with the relevant professional bodies where appropriate.

Finally, in facilitating smooth arrival, stay and departure of medical tourists, Najib said the Commercial Vehicle Licensing Board would issue relevant permits to hospitals or medical facilities registered under the health ministry for the promotion of healthcare travel.

The permits would allow hospital vehicles to ferry patients and accompanying persons from and to the airport as well as hotel of stay.

Foreign patients entering Malaysia for medical treatment on emergency via 'Visa on Arrival' would be allowed to convert their status to social visit pass upon recommendation of private hospitals registered under the health ministry for promotion of healthcare travel.

He added that approval of extension of stay for medical tourists at the state level would also be expedited.

The Prime Minister said the establishment of the Malaysia Healthcare Travel Council (MHTC) was also vital to bring together the synergistic efforts of significant players in the Malaysian healthcare travel industry, both in government and private sector, to galvanise our collective efforts to drive growth of this industry to a higher level.

Najib said MHTC was tasked with the responsibility to formulate strategic plans for promotion of healthcare travel services and to spearhead the promotional activities for the Malaysian healthcare travel industry.

"MHTC will also provide a focal point for industry players to collaborate and resolve issues that may hamper the development of the industry as well as be the focal point for enquiries on healthcare travel," he said.

Najib also announced that an Advisory Committee had been appointed to assist the government to steer and set direction for the healthcare travel industry, where Liow and Nor Mohamed would co-chair the committee.

He said the members of the Advisory Committee comprised representatives from the government and private sector organisations and individuals were selected on the basis of their capabilities in contributing to the growth of the industry.

"I believe that our ability to develop a world-class healthcare industry in the country will also contribute to reversing the serious brain drain of Malaysian medical professionals. I realise that, being professionals, the opportunity for professional development can be stronger than monetary incentives.

"I call on the industry to collaborate not only amongst yourselves but actively seek collaboration with renowned healthcare institution abroad to achieve this goal. This will not only help us to have access to greater skills and knowledge but also help us gain a presence in the evolving global healthcare networks," he said.

The Prime Minister said the participation of well known foreign healthcare providers or companies could help Malaysia to develop and promote highly specialised medical services as part of our ambition to become the gateway for the Asia Pacific healthcare market for foreign healthcare players.

He said while healthcare might be deemed a sensitive sector in some countries, partial opening and carefully crafted liberalisation policy would benefit the healthcare industry in terms of quality and availability of wider range of services and this would require extensive research by health policy makers.

"We must also ensure that increased arrivals of foreign patients do not compromise the services rendered to local patients. While the government is investing more in expanding our public healthcare system, the private sector should undertake corporate social responsibility initiatives to provide services for the needy in the country," he added.

Meanwhile, Liow in his speech, said his ministry had identified a group of 35 reputable hospitals in promoting healthcare travel or health tourism.

Among the criteria for the selection of hospitals in this group, he said the hospital must be a member of the Association of Private Hospitals of Malaysia and have Malaysian Society for Quality in Health, ISO or other international accreditation.

Besides that, the hospital offered specialities or some sub-specialities, provided for a minimum of 50 beds and must have its own webpage, he said.

In 2008, Liow said about 375,000 healthcare travelers visited Malaysia's promoted hospitals, bringing in a revenue of RM299 million from this activity.

"This year, the economic slowdown has somewhat affected our performance. During the first half this year, the promoted hospitals recorded 165,095 foreign patients, with revenue of RM142.3 million.

"Compared to the first half of 2008, there is a reduction of 13% in foreign patients and a two percent reduction in revenue. But in terms of revenue per patient, we see a growth of 12 percent from RM769 to RM862 per patient.

"The challenge from here on is for us to return to positive growth as the global economy improves and to further increase the revenue per patient figure. This can be achieved by our private hospitals becoming reputable providers of high quality healthcare," he said. --

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