

NOTES OF MEETING
PEMUDAH Private Sector Meeting No. 17/2020
4 September 2020

1. OPENING REMARKS

- Chairman YBhg. Dato' Dr. Ir. Andy Seo Kian Haw commenced the **Seventeenth PEMUDAH Private Sector Meeting of 2020** via Microsoft Teams video conferencing at 3.00 p.m. on 4 September 2020. He acknowledged the presence of members and thanked everyone for their attendance.
- Chairman extended heartiest congratulations from the PEMUDAH Private Sector members and himself to YBhg. Tan Sri Mohd Zuki Ali for the conferment on Tan Sri of the award of Panglima Mangku Negara by DYMM Yang di-Pertuan Agong on the occasion of His Majesty's birthday. He also congratulated PEMUDAH Members, Public Services Department Director-General, Tan Sri Mohd Khairul Adib Abd Rahman for being conferred the award of Darjah Panglima Setia Mahkota by DYMM Yang di-Pertuan Agung **and** **...** PEMUDAH private sector members are much encouraged by the conferment of the awards on Tan Sri KSN and fellow PEMUDAH Members.
- The much-anticipated first full PEMUDAH meeting for the year 2020 will be held on 18 September 2020 from 9.30 a.m. as informed to the Secretariat by the senior private secretary to Tan Sri KSN. A vision on PEMUDAH will be presented by Tan Sri KSN and Chairman will present a report on PEMUDAH's activities particularly during the MCO.
- Chairman outlined the theme for the forthcoming PEMUDAH meetings to be on socio-economic recovery.
- YBrs. Encik Zahid Ismail (Deputy Director General MPC) pointed out that PEMUDAH was going through a major shift of emphasis from competitiveness to economic recovery.

2. PAPER 1: REGULATE MANAGED-CARE ORGANISATIONS (MCOs)/THIRD-PARTY ADMINISTRATORS (TPAs) BY YBHG. DATO' DR. JACOB THOMAS, CHAMPION PRIVATE HEALTHCARE PRODUCTIVITY NEXUS (PHPN) & YBRS. DR. ARASU, HONORARY SECRETARY, MALAYSIAN MEDICAL ASSOCIATION (MMA)

A. YBhg. Dato' Dr. Jacob Thomas, Champion PHPN and YBrs. Dr. Arasu, Honorary Secretary MMA presented as follows:

(1) Objective of the Presentation:

To propose a new regulation to regulate the services of MCOs and TPAs in Malaysian private healthcare.

(2) **Introduction:**

- (i) MCOs and Health Maintenance Organisations (HMOs) are any organisation or body with which a private healthcare facility or service has or intends to have a contract or an arrangement to provide specified types or quality or quantity of healthcare within a specified financing system; and
- (ii) It had been estimated that in 2014 about 16.4 million of the population are covered under MCO operations (10% of private-sector employees are under TPAs and personal insurance policyholders numbered about 15 million.)

(3) The types and functions of MCOs/TPAs/HMOs and their functional relationships to primary care providers, inpatient providers, specialists and other providers were explained.

(4) **Problem Statement/Issue:**

- (i) Employers, taxpayers and private hospitals and clinics have no Ministry to report to or obtain recourse from when a MCO/TPA turns insolvent or when handling issues;
- (ii) National healthcare data transacted is not regulated thereby posing a national security issue;
- (iii) In the absence of regulations, TPAs/MCOs may abuse their dominant position against providers as they control the market; and
- (iv) TPAs are mushrooming without any regulations and control.

(5) **Recommendation:**

- (i) The Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) or Bank Negara Malaysia (BNM) should take ownership of the issue as it involves consumers and huge financial transactions; and
- (ii) Regulation can be placed under Sections 82-85, Part XV of the Private Healthcare Facilities and Services Act 2006 concerning ethics in order to protect patients' rights in contractual agreements.

(6) **(Dr. Arasu continued the presentation at this juncture.)** MMA had raised the issue since 1998 and had sought legal opinion which concluded that the Healthcare Act did not provide any regulations to enforce against any irregularities in the services of MCOs/TPAs. MOH viewed the issue as not a healthcare-related matter.

(7) Foreign companies had entered into the market to provide MCO/TPA services after taking advantage of loopholes in the governance. As healthcare compensation claims require medical data for validation, these foreign company service providers are given sensitive national healthcare strategic

data which should not be the case as foreigners will know about the general health profiles of the Malaysian populace.

B. The meeting noted that:

- (1) Chairman said the issue presented was similar to the issue of exporting and importing through Malaysian seaports where international shipping lines were imposing high charges for services rendered at depot gate, terminal handling, etc. A maritime commission was proposed to be established to regulate the levying of these charges.
- (2) Dato' Jacob said the issue was highlighted to BNM and KPDNHEP but both of them did not have the authority to regulate MCOs/TPAs. TPAs are registered with but are not licensed by MOH.

C. The meeting agreed that:

(1)

3. PAPER 2: WOMEN ECONOMIC EMPOWERMENT BY WOMEN ENTREPRENEUR NETWORK

A. Cik Nuraizah Shamsul Baharin, Women Entrepreneur Network (WENA) presented as follows:

(1) Objective of the Presentation:

- (i) Help women-owned businesses get opportunities to supply products and services to the Government and GLCs; and
- (ii) Encourage informal-sector businesses to register by simplifying the process and remove the disadvantages of doing so.

(2) Introduction:

- (i) Women-owned businesses are important for the economic growth of Malaysia but have a smaller networking and access to government agencies and GLCs.
- (ii) A fear of LHDNM is a major reason why women-owned businesses do not register themselves with the authorities.

(3) **Problem Statement:**

- (i) Women-owned businesses form 20.6% of the total number of micro-enterprises in Malaysia and a significant number of enterprises in the informal sector;
- (ii) Women-owned businesses find it harder to access into the government sector and to GLCs due to smaller networking; and
- (iii) Informal-sector women businesses do not register themselves because being registered will disqualify them from BRIM and Prihatin assistance and they will be liable to pay taxes to LHDNM.

(4) **Recommendations:**

- (i) Allocate 10% of the Government's and GLCs' budgets for purchases from women-owned businesses;
- (ii) Encourage women-owned businesses to register thereby removing any obstacles to emergency or relief funds;
- (iii) Allow a simpler method of reporting for sole-proprietors which should just be the recording of revenues; and
- (iv) Provide a tax-free status of three years for women-owned businesses with revenues of less than RM500,000/- a year.

B. The meeting noted that:

- (1) WENA as an NGO has a membership of about 400 members consisting of companies, sole-proprietors and professionals who headed their own firms.
- (2) Mr. Jaya Singam (MITI) enquired whether WENA could approach the Ministry of Women, Family and Community Development to help address the issue as presented.
- (3) Chairman viewed the issue as basically involving women entrepreneurs' need to maintain eligibility to obtain Prihatin grant assistance and the question of whether to incorporate informal enterprises into companies which have to file tax returns and be liable to pay taxes. Cik Nuraizah enquired whether enterprises would still be eligible to obtain Prihatin grants if they registered as companies. Chairman replied that the relevant authorities would have to decide on this matter. He advised that informal enterprises should register themselves with the Registrar of Businesses (ROB) as legitimate entities in order to grow their businesses and be able to seize opportunities.
- (4) Chairman suggested that WENA should have more engagements with government agencies to know more about government assistance for enterprises, invite tax consultants to give talks to its members and could discuss with the Productivity Nexuses promoted by MPC to explore avenues of cooperation. Chairman added that women entrepreneurs should look for

opportunities from the TEKUN programme and in the Government's e-procurement policy which required at least 30% of procurements to be sourced from SMEs.

4. OTHER MATTERS

The following matters were noted by the meeting:

(1) Facilitating Business during RMCO

Chairman encouraged members to surface issues to be addressed even, if necessary, up to the level of the full PEMUDAH meetings that will be chaired by YBhg. Tan Sri KSN as PEMUDAH should go all-out to assist in business recovery during the RMCO period. He expressed concern that certain businesses might not be able to sustain any much longer and might decide to close down their operations if issues affecting them were not resolved including businesses that could not comply with new regulations.

(2) MyMudah Programme Virtual Engagement Sessions with Associations

YBrs. Encik Zahid Ismail (Deputy Director General MPC) informed that MPC would launch a series of virtual engagements with associations under the MyMudah Programme to reach out to industries to obtain their issues, feedback and suggestions for business recovery and to facilitate solutions. MPC will compile and analyse the issues identified and then present recommendations to MITI. Encik Zahid said an invitation would be extended to Chairman to participate in the engagement sessions. Chairman thanked Encik Zahid for the invitation and noted that the first session would be held with the Malaysia National Shippers' Council. He encouraged members to highlight to the associations that they were representing about the engagement sessions and have the associations participate in the sessions to put up their issues.

5. ADJOURNMENT OF MEETING

Chairman adjourned the meeting at 4.00 p.m. with a word of thanks to the members and the presenters for their presence and contributions to the meeting.

The date and time of the next meeting have been tentatively scheduled for 10 September 2020 to commence from 11 a.m.

SECRETARIAT

PEMUDAH - THE SPECIAL TASK FORCE TO FACILITATE BUSINESS

6 SEPTEMBER 2020