



Healthcare NKEA Fact Sheet

The healthcare sector is a leading driver of economic growth in Malaysia. Changing demographics, a more affluent society and more health-conscious lifestyles have led to the creation of a robust domestic industry.

While the local industry has been dominated by the public healthcare sector, over the past decade, there has been tremendous growth of private healthcare services. As such, the Government aims to further grow this sector by encouraging more private investments in areas such as manufacturing of pharmaceutical products, medical devices, clinical research, aged-care services and supporting collaborative efforts between public and private healthcare providers.

By 2020, the Healthcare NKEA targets the sector to generate RM35.5 billion in GNI and create 181,000 new jobs.

List of Entry Point Projects (EPPs)

EPP 1: Mandating Private Insurance for Foreign Workers

Malaysia has approximately 3.1 million foreign workers in low-technology, labour intensive jobs. Many were uninsured or under-insured, resulting in RM71 million in unpaid bills in Government hospitals.

Beginning on 1 January, 2011, through the Hospitalisation and Surgical Scheme for Foreign Workers (SPIKPA), private health insurance is now accessible and made mandatory for foreign workers, which will provide better protection for them and relieve the strain on Malaysia's healthcare system. With an annual premium of RM120, foreign workers have access to hospitalisation and medical coverage for all sickness and injuries requiring admission into Ministry of Health hospitals for up to a total coverage of RM10,000 per annum.

SPIKPA has registered 25 insurance companies and two Third Party Claims Administrators as providers.

EPP Champion:

- Ministry of Health

EPP 2: Creating Supportive Ecosystem to Grow Clinical Research

The contract research industry for new drug development grew at an annual rate of 15% to exceed US\$20 billion in 2009, with Asia outgrowing the market at an annual 30% growth rate to reach US\$1.6 billion.

Although lagging behind its peers, Malaysia is taking steps to change this, with at least 1,000 clinical trials targeted by 2020. This EPP therefore focuses on developing a supportive clinical research ecosystem that allows for more efficient and higher quality trials. This is done through setting up of more clinical research centres, developing more clinical practice-certified investigators and improvement of approval timeline by medical research ethics committee.

EPP Champion:

- Clinical Research Malaysia
- Clinical Research Centre, Ministry of Health

EPP 3: Malaysian Pharmaceuticals – Increasing Local Generic Manufacturing for Exports

This EPP seeks to capitalise on the impending expiry of patents on major drugs to increase Malaysia's generic drug manufacturing capacity. In order for the country to reap the benefits from this market, estimated to be worth US\$132 billion, the Malaysian industry must take the following measures:

- Leverage the country's membership in The Organisation of the Islamic Cooperation and the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme to create an export platform
- Drive efforts to localise and upgrade local manufacturing plants
- Develop strong ties between multinational corporations and local manufacturers
- Off-take Agreement with Ministry of Health
- Have a more comprehensive national pharmaceutical data

EPP Champions:

- Hovid Bhd
- Biocon Sdn Bhd
- Ranbaxy Malaysia Sdn Bhd

EPP 4: Reinvigorating Healthcare Travel

With ASEAN member countries contributing US\$3 billion to the US\$75 billion revenue earned by the global health travel sector in 2010, Malaysia is positioning itself to become the region's healthcare destination of choice.

However, aggressive competition from neighbouring countries such as Singapore and Thailand, coupled with the current nascent size of the Malaysian market, requires the country to broaden its patient base. This growth must occur in two phases, comprising:

- Phase 1: Growing patient volume through extensive marketing, cross-border alliances and enhanced customer experience
- Phase 2: Investing in better infrastructure and specialist capacity to shift towards more profitable in-patient care

In view of this, the Malaysia Healthcare Travel Council (MHTC) has been established to develop and promote this sector and to function as a one-stop centre for all matters related to healthcare travel.

EPP Champions:

- 2 hospitals under Sime Darby Healthcare
- 6 hospitals under KPJ Healthcare
- Amanjaya Specialist Centre Green Hospital

EPP 5: Creating a Diagnostic Services Nexus

The establishment of a Diagnostic Services Nexus (DSN) seeks to reduce waiting times for radiologist diagnostic services by coordinating and distributing the workload using a teleradiology system that connects public and private hospitals. This will allow domestic radiology to increase its scale and scope and create opportunities for international growth.

To this end, Diagnostic Services Nexus Sdn Bhd, a private consortium of strategic technology, telecommunications and operations partners including General Electric Healthcare, was established to coordinate and implement the DSN project. In addition to providing DSN technology to hospitals, the consortium will also build capacity and link radiologists throughout the country to grow the talent pool while ensuring the system is sustainable.

As at May 2013, four hospitals have participated as pilot sites for the DSN comprising Hospital Kuala Lumpur, Hospital Selayang, Hospital Tengku Ampuan Rahimah and Hospital Sultanah Aminah.

EPP Champions:

- GE Healthcare

EPP 6: Developing a Health Metropolis: A World-Class Campus for Healthcare and Bioscience

Under this EPP, UM Holdings Sdn Bhd will develop and position the University of Malaya Health Metropolis (UMHM) as Malaysia's premier medical hub. Together with urban renewal efforts, the metropolis, which will combine the capabilities of the UMMC Faculty of Medicine and the UM Specialist Centre, will offer medical education, research and clinical care.

When operational in 2017, the metropolis will house a 320-bed hospital, a 338-healthcare hotel, a medical research centre, convention and exhibition facilities and other supporting facilities.

EPP Champion:

- UM Holdings Sdn Bhd

Medical Devices Entry Point Projects (EPP 7-EPP 13)

The medical devices EPPs were formulated to drive the growth of Malaysia's medical devices industry, which has reached a critical juncture due to its burgeoning size. These EPPs will leverage the country's cost advantage, capabilities in the large electronics and electrical industry, strong intellectual property (IP) protection framework and accessibility throughout Asia to develop the medical devices industry further.

The Medical Device Authority (MDA) was established in August 2012 as the statutory body responsible for enforcing and implementing the Medical Device Act 2012 (Act 737). The MDA has drafted the Medical Device Regulation 2012 to support the implementation of Act 737. Compulsory registration of Class A, B, C, and D medical devices will start on 1 October, 2013.

As these EPPs are new, some EPP champions have yet to be announced.

EPP 7: Upscale Malaysia's In-Vitro Diagnostic (IVD) Industry

Medical Innovation Ventures Sdn Bhd (Mediven), a medical diagnostics firm, will spearhead this EPP through its IVD project. The project will provide the foundation for the upscaling of Malaysia's IVD industry and help to raise the country's IVD profile globally, starting with developing countries.

EPP Champion:

- Medical Innovation Ventures (MEDIVEN) Sdn Bhd

EPP 8: Build Malaysian Showcase on Next Generation of Core Single Use Device (SUD) Products

Vigilenz Medical Devices Sdn Bhd has been identified to lead local medical device manufacturers in positioning Malaysia as the preferred supplier of high-quality contract manufacturing for SUDs.

EPP Champions:

- Vigilenz Medical Devices Sdn Bhd (VIGILENZ)

EPP 9: Become the Hub for High-Value Medical Devices Contract Manufacturing

Two local firms, Medical Devices Corporation Sdn Bhd (MDC) and Straits Orthopaedics (Mfg) Sdn Bhd, are leading developments in this field by expanding their manufacturing activities to spur greater participation from Malaysian entrepreneurs.

EPP Champion:

- Medical Devices Corporation Sdn Bhd

- Straits Orthopaedics (Mfg) Sdn Bhd

EPP 10: Malaysian Clinical Device Champions

In its initial stage, this EPP is focused on preparing three potential project owners to launch projects related to the orthopaedic implant manufacturing industry.

EPP 11: Medical Equipment Supply Chain Orchestration

Manufacturer UWC Holdings, which caters to the medical and healthcare industry among others, leads this EPP through its investment in the construction of a medical equipment manufacturing facility in Bukit Minyak, Penang. The 80,000 square feet facility will manufacture equipment including hospital beds, trolleys, stretchers, immobilisers and pre-filled humidifiers.

EPP Champion:

- UWC Holdings Sdn Bhd

EPP 12: Medical Refurbishment Hub

This EPP seeks to lower purchasing and maintenance costs for quality medical equipment, with the Medical Device Authority (MDA) to taking the lead in the establishment of a local medical equipment refurbishment hub.

The MDA will also endeavour to launch an awareness programme on refurbished systems and introduce regulations for this sector in a bid to spur investor interest.

EPP 13: Build Medical Hardware and Furniture Cluster

This EPP is spearheaded by LKL Advance Metaltech Sdn Bhd, a medical furniture manufacturer specialising equipment including hospital beds, patient transport trolleys, birth-care tables, medical treatment carts, peripheral support equipment and the fabrication of steel and wooden products.

EPP Champion:

- LKL Advance Metaltech Sdn Bhd

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