

## Fintech For Health: Case Study

### Peduli Sihat in Selangor: An Innovative Approach for Widening Access to Healthcare

#### Introduction

The [continuous rise of healthcare cost](#) has led to many innovative solutions. One of the promising solutions currently practiced in the Western world is [allocating funding for preventive and primary care](#). This is seen as [an important strategy to minimize patients ending up in hospitals for much more expensive treatments](#).

Malaysia with its universal healthcare system has managed to provide primary, secondary, and tertiary care for its citizens. However, just like in most countries, its healthcare system often targets acute care, leading to the rise of healthcare expenditures. Hence, various innovative scheme has been introduced in Malaysia to shift this tradition.

Peduli Sihat (PS) scheme is an example of this initiative. It is developed by the state of Selangor which is the most populous state in Malaysia. The scheme was introduced in [January of 2017](#) and was intended to help citizens of Selangor with [household income less than RM2000 per month to access free primary care up to the allocated yearly benefit decided by the government](#). Once eligible citizens of the state of Selangor have registered with this initiative, they would receive a physical card with their name, Malaysian identity card number and the maximum amount of healthcare benefits for the whole year and for the day. The [maximum amount per family per year](#) as in 2021 under this PS scheme is RM500 and for individual members, the maximum amount per year is RM200.

More than [1529 panel clinics](#) in both Selangor and the Federal Territory of Kuala Lumpur qualified to provide care under this scheme. It was estimated that this scheme provides coverage for [85,000 families in Selangor](#). While PS started as a scheme to help the bottom 40% of household earners (B40) in Selangor to access healthcare, it is now slowly expanding its coverage to mimic the insurance cards possess by middle-class and upper-class citizens of Selangor. As in [April of 2020](#), PS benefits have been also extended to include funeral cost, life insurance, critical care cost and accident protection. In short, the PS scheme is evolving to be a government funded insurance card for the B40 household members while serving its original impetus to widen access and increase affordability for primary and preventive care among B40 citizens in Selangor.

The PS benefits are hoped to encourage its cardholders to visit primary care and seek preventive card outside of public hospitals as the financial burden has been removed. The access to RM500 per family could prevent B40 family to wait until it is too late before seeking healthcare. It can

also encourage them to proactively seek preventive healthcare services as those services are covered and funded by this scheme.

### Investing in Primary and Preventive Care

So far, there is no study currently looking at the impacts of PS on the patient outcomes; however, there are studies in many other countries that proved the benefits of investing in primary and preventive care. [A study conducted in 29 states in the US](#) found that states which invested in primary care saw a decrease in hospitalization and emergency department visits. Similarly in Australia, it is estimated that expanding access to primary care could lead to benefits up to [\\$1 billion per year and increment of 98,000 quality adjusted life years \(QALYs\)](#). Additionally, primary care access is also seen as providing and expanding care to the vulnerable populations as it [“facilitates entry to the rest of the health system”](#) (p. 474). So much so, the World Health Organization (WHO) has estimated that increasing access to primary care could lead to saving [60 million lives and increasing life expectancy by 3.7 years by 2030](#).

### Peduli Sihat and Its Challenges

Despite its intentions, PS does face some challenges. [Awareness of this scheme is still lacking](#). This could be overcome by digitalizing PS and merging PS with other fintech platforms such as e-wallet platforms. As this scheme is available for all qualified B40 in Selangor, allowing PS access via current fintech products could increase the number of B40 household members benefiting from this scheme. Hence, fintech platform could serve as a platform to spread awareness about this scheme.

Additionally, PS could also work with fintech platform to provide marketplace for qualified PS members to purchase their preferred life insurance or medical insurance cards for additional coverage. This could lead to the empowerment of PS members as they are now responsible in making the best health decisions for themselves. This is similar to the finding that PS members agreed that [their lifestyle has been transformed for the better by having access to primary care via PS](#).

While the application for PS could be made online, the PS benefits are still accessed with physical cards. Without a digital card, the operations of PS could be both expensive and time consuming. Paperwork needs to be filled up and data need to be reviewed manually. This adds to the operation cost that could be used better to fund this scheme. Digitalizing the card would allow for data tracking and data analysis for evidence-based decision making.

Overall, PS is an innovative solution that could be expanded to all states and federal territories in Malaysia. However, the success of PS could be further refined by bringing fintech partners to the current PS ecosystem. Digitalizing PS might be seen as creating additional barriers for some members who lack digital skills; however, the benefits of digitalizing PS might also be lost due to this unchecked fear.

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