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Budget 2015: MMA wants GST removal on medical indemnity insurance

PETALING JAYA: The Malaysian Medical Association (MMA) has expressed concern that doctors may have to pay more in premiums for their medical indemnity insurance once the Goods and Services Tax (GST) comes into effect.

Its president Dr H Krishna Kumar said the association called on the Government to remove the GST imposed on medical indemnity insurance, both in premiums and payouts.

“Doctors will be burdened by the increased cost of medical indemnity insurance as a result of it being subjected to GST,” he said.

Dr Krishna said while insurance would be subjected to GST, doctors could not pass it down to patients as healthcare had been exempted from it.

Doctors, he said, would have to bear the burden as doctors’ fees were fixed and governed by the Private Healthcare Facilities and Services Act 1998.



Citing an example, he said, the premium cost for obstetrics and gynaecology could be as high as RM80,000 per annum and the additional RM4,800 for GST would increase the cost of healthcare.

“Doctors will then start charging for other services that are currently not charged and, eventually, patients will end up paying for it, increasing the cost of healthcare,” he said.

Meanwhile, Association of Malaysian Medical Industries chairman Hitendra Joshi urged the Government to put medical devices in the same GST zero-rated category as pharmaceutical drugs.

He said medical devices should be categorised “zero-rated” on the GST because they save, improve and prolong lives.

“If a medical device is zero-rated, retailer or hospital will claim back GST (as output tax) and will not charge it to the consumer,” he said.

On the other hand, “GST exempted” would mean retailer or hospital would have to “absorb” the GST and while there was no GST in the final bill to consumer, there could be a possibility that businesses might increase the price to cover the GST they paid, he said.