



# THE PRIVATE MEDICAL PRACTITIONERS' ASSOCIATION OF SELANGOR AND KUALA LUMPUR

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## Third-Party Administrators' Interference Threatens Community Clinic Operations and Patient Health

As contractual issues between community clinics and unregulated Third-Party Administrators (TPAs) worsen, clinic operations are facing immense challenges, and patients' health rights are under threat. Community clinics and general practitioners (GPs), as the backbone of Malaysia's primary healthcare system, bear the crucial responsibility of safeguarding Rakyat's health. However, in recent years, due to the interference of TPAs, clinic operations and healthcare quality have been hit with unprecedented disruptions.

As of now, 58 Managed Care Organizations (MCOs) have been registered with the Ministry of Health Malaysia. Although these organizations are ostensibly regulated, TPAs, which act as intermediaries, remain outside any regulatory oversight and are not monitored by Bank Negara, the Ministry of Health, or the Ministry of International Trade and Industry. These platforms have gradually taken control of patient treatment processes and data, establishing medical guidelines that severely interfere with clinics' autonomy and medical decision-making.

A survey conducted by the Selangor and Kuala Lumpur Private Practitioners' Society (PMPASKL) from October 21 to November 3, 2024, supported by the Federation of Private Medical Practitioners Associations, Malaysia (FPMPAM), and Pertubuhan Doktor-Doktor Islam Malaysia (PERDIM) revealed that TPAs have had a significant impact on clinic operations, financial stability, and patient care quality. The survey found that 48.5% of doctors depend on TPAs to maintain operations. This also means that without intermediaries, clinics struggle to survive. Furthermore, 33.3% of doctors believe that reducing TPA intervention would allow them to effectively grow their practice and provide better services.

In addition, 83.1% of doctors expressed dissatisfaction with the administrative burden added by TPAs, while 79.7% reported that they have not received full or timely payments. 68% criticized the complex claims process, and 74% voiced frustration with the dispute resolution mechanisms, particularly with delayed payments, further worsening the financial challenges clinics face.

Healthcare quality has also been visibly affected. 87.4% of surveyed doctors pointed out that TPA involvement complicates patient care; 86.6% stated that TPAs have threatened existing treatment processes. Moreover, 80.5% of doctors noted that TPAs have not improved healthcare decision-making but have instead introduced unnecessary complexity.

Faced with both financial and operational pressures, 81.4% of doctors have called for a shift to a direct payment model to ensure the long-term viability of their clinics and maintain healthcare quality. Only 13% of doctors expressed willingness to continue supporting the TPA's cashless payment systems. Doctors suggest that patients or employees should directly seek reimbursement from TPAs for medical expenses rather than having clinics bear the financial burden upfront, which would alleviate financial strain on clinics.

This issue has garnered widespread attention early in September 2023, a petition calling for government regulation of MCOs to protect patient safety gained nearly 2,900 signatures from doctors within a month.



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We urge the government to initiate discussions as soon as possible to review existing policies, regulate the operation of TPAs, and ensure the sustainability of clinic operations while safeguarding patients' healthcare rights. Without substantial reform, the excessive interference of TPAs in community clinics will continue to undermine the autonomy of private clinics, erode public trust in the healthcare system, and threaten the overall quality of medical services in the country.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Leong', with a horizontal line extending to the right.

Dr Pearl Leong Yuet Mae  
President, PMPASKL