



**THE DETERMINANTS OF HEALTHCARE EXPENDITURE IN  
MALAYSIA**

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**DECLARATION OF ORIGINAL WORK**



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## **ABSTRACT**

This study is conducted to investigate the determinants of healthcare expenditure in Malaysia by using time series data from 1980 to 2017. The variables that are tested are gross domestic product, aging population and inflation. This study employed Augmented Dickey-Fuller test to examine the unit root, OLS Regression to identify types of relationship between health expenditure and its determinants, Johansen Cointegration to examine the long run cointegration relationship and Granger Causality test for the direction of causal relationship. The results show that only gross domestic product and aging population are significant to be determinant of health expenditure. Gross domestic product and aging population have short run and long run relationship with health expenditure. Unidirectional causality can be found between health expenditure and gross domestic product, and also with health expenditure and aging population. Both indicators are in opposite direction. The policymaker need to review the health expenditure and give more initiatives to improve Malaysian's healthcare as it play significant role in the economic development of Malaysia as healthy population will contribute to increase on economic growth.