

**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF HEALTH EXPENDITURE IN  
MALAYSIA**

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of the requirements for the degree of  
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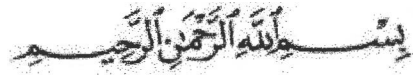
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## ABSTRACT

The expenditure on health care continues to increase throughout most of the developed world. To solve the concern, it is essential to know the main factors that underlie the increases growth in health care expenditure. This will help in supporting Malaysia to find the best policies to manage health care costs. Therefore, the purpose of this study is to study the determinants of health expenditure in Malaysia for the period 1987 to 2016. This study employs statistical test which is, Descriptive Analysis, Augmented Dickey Fully (ADF) Unit Root Test, Philips-Perron (PP) Unit Root Test, Normality Test, and Regression Analysis to test the relationship between it. This research used three independent variables that affect the health expenditures which are income, ageing population and inflation rate. The variable used is current health expenditure per capita. The primary objective of this study is to justify which factor give more impact toward the health expenditure and as well as the factor that gives the least impact on the health expenditure. The result showed that health expenditure and its determinants are cointegrated. Our study findings revealed that there is a strong significant relationship between income, inflation and health expenditure. However, the ageing population show an insignificant relationship with health expenditures. The result of this study indicated that the increases in health expenditure in Malaysia that income (GDP) is the most critical determining factor of health expenditure. Better health is essential to raise economic growth and increased productivity. Therefore, Malaysia should be implemented the policies of health taken to achieve sustainable economic growth and development.

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