

Potential Informal Workers Participation for Health Insurance in Surabaya City

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Abstract: Informal workers are the largest group of workers in East Java, with the total number of informal workers in East Java being twice the number of formal workers, which is about 12 million people. The Indonesian government itself has handed over the affairs of the workers' security guarantees to *BPJS Ketenagakerjaan* (Employment). Until now, the number of participants in *BPJS Ketenagakerjaan* (Employment) in East Java from the informal sector has only reached about 100,000 people. This study aims to describe the financial capacity of the informal workers to participate in health insurance in Surabaya. The method used is analytical descriptive based on the secondary data of the national employment survey and the Central Bureau of Statistics (BPS). The results of the study show that informal workers have the ability to pay health insurance premiums because the public is able to finance their non-essential needs, and there has been an allocation of funds for health services. The willingness variable is generated because the workers are willing to make payments when there is an adjustment required between the premium with the expenditure of income and the complete health service. There are some actions that still need to be developed; socialisation, motivating the informal workers group to save money and government/cross-sector involvement.

1 INTRODUCTION

Health is a human right which in Indonesia has been regulated in the constitution since 1945 and must ensure the fulfilment of health for the entire population of Indonesia without exception. Based on these basic regulations, health development has become a part of national development as an effort to create better public health.

In order to realise the success of health development, in 2004 the government issued the National Act No. 40 on the National Health Insurance System (SJSN). This regulation stipulates that the entire population is obliged to be a participant of social security, namely the National Health Insurance (JKN) through a Social Security Administration Agency (BPJS). This, in its implementation, uses the principle of social insurance involving compulsory membership, the amount of premium based on the amount of income and all members getting health services the same (Social Security Agency, 2004). Furthermore in 2011, the government issued Law Number 24 that stipulates that the National Health Insurance to be

held by BPJS consists of BPJS Health and Employment (Social Security Agency, 2011).

The emergence of regulations related to social security in the field of health requires a comprehensive reform, even while the conditions of the implementation of the existing regulations are still partial and overlapping. The scope of the program is not comprehensive and the benefits have not been felt by the community (Thabrany, 2005). The constraints result in low public participation in the JKN program, based on the data from the Social Security Administering Agency (BPJS) Health. Until March 17th, 2017, JKN-KIS participants have reached a total of 175 million people from several segments of the membership which is only 70% of the total population of Indonesia. The same condition is shown from the data from BPJS Employment up to June 2017; the number of participants has only reached 23.3 million people. Meanwhile, the total workforce in Indonesia is 130 million people and 50 million are workers in the formal sector. The remaining 80 million workers are in the informal sector. While in Surabaya, based on data from the BPJS Employment branch Surabaya

mentioned informal workers who have not joined for 811,789 people.

The low workers' participation is a problem that needs to be solved immediately. However, the ability and willingness of the informal sector workers in Surabaya to be a participant of the JKN needs to be further investigated as an effort to increase their participation and the success of the JKN program and universal coverage.

2 METHOD

This study aims to describe the ability and willingness of the health insurance financing in relation to the informal workers in Surabaya. The data has been obtained through a literature study and the analysis of the survey data was sourced from the National Labour Force Survey (Sakernas) and the Central Bureau of Statistics (BPS). Literature studies were conducted through the internet with book reference materials, the publication of survey results as well as documents related to the issues discussed. This study is an analysis of the number and percentage of participation of the public health insurance to do with informal workers, their income and expenses and property ownership as a variable that can measure the ability of the workers to pay the premiums/health insurance contributions each month.

The analysis in this study began by describing the number of workers in the informal sector based on the survey data from the Central Statistics Agency (BPS). Based on the type of work that will be conducted, an analysis of the health insurance financing capability based on income and the expenditure of the informal workers will be conducted and the fulfilment of basic needs according to Maslow's theory will also be looked in to. Meanwhile, in order to describe the willingness of the informal workers, an analysis based on the results of the interviews conducted with 3 respondents who were informal workers who have incomes at different levels (namely income workers with one month less than the expenditure in another month, the income of the same month as the spending in one month and workers with an income more than their spending in a month) have been conducted. The sampling technique used is non-probability sampling, so it does not use the principle of probability theory. The basis of the determination is certain considerations of the researcher and the purpose of the study. The descriptive data analysis was based on the interviews in the field to determine

the worker's willingness combined with the results of the literature study to determine the ability of the informal workers in Surabaya to finance their health insurance.

3 RESULTS

3.1 Number and Distribution of Informal Workers

Based on the official statistics – the data published by the provincial statistics centre of East Java (Badan Pusat Statistik) on May 6th, 2013 - it shows that the main job of the majority of the population of the East Java province is agriculture that is made up of 7.38 million people or 38.25% of the total number of workers. The second position followed by the trade sector amounted to 4.01 million people, or 20.78%, while the industrial sector occupies third place. Surabaya is the capital of the East Java province with the densest population and the highest number of labourers, both indigenous and made up of other urban residents working in Surabaya. In accordance with the statistical data of the National Social and Healthcare for employees (BPJS Ketenagakerjaan), Surabaya shows that the number of workers in Surabaya reached 1.475 million people with the number of informal workers being 811 thousand people. Both of these data sets present that the economic system in Indonesia is dominated by the informal sector.

Table 1: Informal Workers by Occupation

| Job | Frequency | Percentage |
|-----------------|-----------|------------|
| Seller | 51 | 34.0 |
| Pedicab Driver | 38 | 25.3 |
| Other | 22 | 14.7 |
| Driver | 12 | 8.0 |
| Coolie | 10 | 6.7 |
| Construction | 9 | 6.0 |
| Employee/Labour | 4 | 2.7 |
| Small Shop | 4 | 2.7 |
| Total | 150 | 100.0 |

Source: Informal Sector Research Results Surabaya, 2011 at Prioris Law journal, Vol. 3 No. 3, Year 2013

Based on the table above, the seller has the highest proportion making up 34% out of the total 150 respondents of the research. This high number is supported by data published by BPS that is Distribution of the Gross Regional Domestic Product of Surabaya at the Current Market Prices by

Industry of Surabaya Municipalit, 2010-2016 shows that the largest percentage of the contributors come Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles that equal to 27.59% out of the total 100% GRDP Surabaya in 2016

measurements of the average monthly income of informal workers based on the Survey of the Labour Force Situation in East Java in 2016, which showed the following results

Table 2: Informal Workers Monthly Revenue

| Revenue (thousands rupiah) | Frequency | Presentation |
|----------------------------|-----------|--------------|
| <500 | 31 | 20,5 |
| 500 - <1.000 | 56 | 37,1 |
| 1.000 - <1.500 | 33 | 21,9 |
| 1.500 - <2.000 | 7 | 4,6 |
| 2.000 - <2.500 | 10 | 6,3 |
| >2.500 | 14 | 9,3 |
| Total | 151 | 100,0 |

3.2 Income and Expenditure Informal Workers

Based on previous research conducted in 2011, with a total of 151 respondents, the data was obtained and deployed in accordance with the table below.

In the table below, it can be seen that the level of the majority of the revenue obtained is to the amount of IDR 500,000 - <IDR 1,000,000 per month at 37%. 21.9% of the total respondents have an income of between IDR 1,000,000 - <IDR 1,500,000. The above data is supported by the results of the

Table 3: Average of Employee/Labourer and Casual Employee's Net Wage/Salary (Rupiahs) per Month by Main Employment Status, 2012 - 2016 (Urban)

| Main Employment Status | August 2012 | August 2013 | August 2014 | August 2015 | August 2016 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Employee | 1.3807.907 | 1.650.568 | 1.721.697 | 1.859.531 | 2.222.655 |
| Casual Employee in Agriculture | 460.372 | 614.475 | 749.300 | 714.195 | 1.058.372 |
| Casual Employee in Non-Agriculture | 776.029 | 859.065 | 1.124.2333 | 1.320.533 | 1.434.695 |
| Total | 1.243.519 | 1.506.270 | 1.584.979 | 1.717.744 | 2.041.037 |

Based on the above data, it can be seen that the income of informal workers is still below the workers in a company or in the formal sector and is still around > IDR 1,000,000 until 2016, although this has since increased. Net income or the wages earned by workers will certainly be used subsequently for the purposes for themselves and their families. Comparisons between income and expenditure on food and non-food items would

indicate the ability of the informal workers to pay the premiums/health insurance contributions. The National Economic Social Survey 2012-2013 found that the average spending of the people of Surabaya totalled IDR 1,042,088 in 2013 with details of the expenditure on food needs being IDR 429,746 and IDR 612,342 on non-food. Non-food expenditure has been listed in the following table.

Table 4: Type of Non-Food Expenditure

| Type of Non-Food Expenditure | | | | | | | | | | | | | |
|----------------------------------|---------|---|---------|------------------------------|--------|---------------|--------|-----------------|--------|------------------|--------|---------|---------|
| Housing And Household Facilities | | Miscellaneous Goods & Services (including Health and Education) | | Clothes. Footwear & Headgear | | Durable Goods | | Tax & Insurance | | Party & Ceremony | | Total | |
| 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| 252.507 | 261.534 | 200.920 | 230.780 | 15.502 | 31.891 | 57.251 | 45.820 | 37.514 | 23.110 | 28.199 | 19.207 | 591.893 | 612.342 |

Source: Social Survey 2012-2013 National economic

4 DISCUSSION

Health insurance owned by each individual becomes a necessity if the individual feels that there is the need. Some theories put forward state that according to Anderson, there are five factors that influence the demand for health services, namely: 1) perception; 2) the actual demand (hope, the assurance, previous experiences, customs, religion); 3) the ability to pay; 4) the motivation to obtain health services and the 5) environment (availability of health care facilities). The ability to pay on points to three is affected by income and the expenditure of each individual or family (Anderson, 1973).

Based on Table 2 and Table 3, the data shows that every year, there is an increase in revenue for informal workers. In 2011, the data showed that the majority of respondents had an income between IDR 500.000 - < IDR. 1,000,000 (Triyono, et al, 2013) while the data of the average income of urban informal workers each month in 2016 reached IDR 1,058,372 for informal workers in the agriculture sector and IDR 1,434,695 for non-agricultural informal workers (Central Bureau of Statistic of East Java, 2016). The increase is an improvement not only for private people but also for the economic conditions in Indonesia.

However, income earned does not necessarily become a reference point because of the other needs that must be met. The survey results indicated that the average public expenditure in Surabaya in 2013 reached IDR 1,042,088, with spending on food needs being IDR 429,746 and IDR 612,342 on non-food. When adjusted for, the average income in 2013 for informal workers amounted to IDR 859,065, so it can be seen that there is a considerable margin between revenue and expenditure (BPS, 2014; BPS. 2014).

The ability to pay the dues is a subjective assessment based on assumptions about how the person pays. Some references say that the amount of expenditures to revenues affects the ability of the individual to pay the health insurance dues, whereas in the survey it was stated that in this type of spending on non-food is a kind of "Miscellaneous goods and services including the health and education" (Noormalasari, et al, 2015) so people are able to allocate its income aside for a month for their health insurance premium. This statement can be supported by their ability to meet the needs of non-food items that aren't essential, as the demand for health services falls in to this category. Exceptions may occur if the individual's income is low or below the minimum wage or with the family expenses

exceeding 75% of the revenue. This group can be helped by the government because of the beneficiaries allied with the health services. Society's ability to pay dues does not necessarily make them decide to follow the health insurance plan, but the willingness to pay does affect it.

In interviews with the three respondents with different incomes, the results concerned some of the factors influencing them such as the level of education. With a low-income, the respondents have not yet been exposed to the information related to both health and employment insurance. For the respondents with medium and high incomes, it was found that they had not received information on the clear benefits that would come from following the health insurance plan.

The high-income respondents chose to follow private health insurance. This statement is consistent with the studies conducted in 2011 that resulted in 54 % of informal sector workers being educated to elementary school (SD) level. The lower education levels of informal sector workers is a potential obstacle in the implementation of social security. This is due to the lack of access to various programs relating to labour, because they are poorly educated and also from poor communities. The condition causes them to lack knowledge and not be able to contribute to the work performed so easily.

The second factor is that the health services guaranteed are incomplete and the administration is convoluted. The demand from all three of the respondents indicated that the respondents wanted the amounts of fees to be in accordance with their respective revenue. A person's motivation to have health insurance can be caused by an adverse health status known as an endogenous factor. Efforts to increase JKN access will be more effective if JKN accommodates consumer preferences (Hidayat, 2008).

Other factors which affect the willingness to pay health insurance contributions is income per month, so big contribution rates should be adjusted by the amount of income per month. In the study conducted in 2010 in Semarang, it was stated that the amount of rupiah to be issued should be in accordance with the services provided, but a barrier occurs when there is a family of more than 4 people because the ability to pay has decreased. There is then the need for assistance and the responsibility of the government to step up in this regard (Djuhaeni, 2010).

5 CONCLUSIONS

In the survey, the results indicated that the average public expenditure in Surabaya in 2013 reached IDR 1,042,088 with spending on food needs being IDR 429,746 and IDR 612,342 on non-food. When adjusted for the average income in 2013 of informal workers amounting to IDR 859,065, it can be seen there is a considerable margin between revenue and expenditure. However, non-food expenditure has covered the need for health care services so then the informal workers should be able to pay the fees for their health insurance. This statement can be supported by their ability to meet the needs of non-food items that aren't essential, while the demand for health services is essential. All of the interview respondents were willing to pay the insurance premiums for the services to be acquired.

From the reviews that have been conducted, it was found that the government should subsidise the cost to society of the informal sector workers considering that their income is not fixed. In addition, the dissemination of information is important so that the informal workers who actually can afford to pay the fee are not reluctant to join the health insurance plan because they understand and know the benefits that come from the insurance. To realise the increase in the participation of informal workers to become active participants requires the involvement of various institutions and sectors such as the labour department and the health department so that it will not only be the formal sector workers who could benefit from health insurance.

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