

# How to Build National Health Insurance: Ethical Views from Several Countries

\*Bintang Mukhammad Burhanudin Akbar<sup>1</sup>, Koesmawan<sup>2</sup>

<sup>1</sup>University of Indonesia, Depok West Java Indonesia

<sup>2</sup>Institut Teknologi dan Bisnis Ahmad Dahlan, Jakarta, Indonesia

\*Corresponding author. E-mail: [Bintangmba11@gmail.com](mailto:Bintangmba11@gmail.com)

## ABSTRACT

Health is an important part that plays a significant role in the security and safety of a nation. The basic concept of the National Health Insurance is an effort to guarantee the financing of health services with a specific scheme. One way to get input in formulating strategies is to study models from several countries developing the same product. The approach used in this research is the study of literature from 3 countries from 3 continents, namely Taiwan, England, and America. The factors seen in this research are the source of revenue, pooling mechanism, and purchase mechanism and provide obstacles to supply and demand. In the end, an overview was obtained for learning in developing the health insurance system in Indonesia.

**Keywords:** *National Health Insurance, Pooling Mechanism Purchase Mechanism, Source of Revenue.*

## 1. INTRODUCTION

Health is an essential part of human life. It can be said that health can be said as the right and investment of every citizen to live a better life. The 1945 Constitution of the Republic of Indonesia (UUD 1945) in Article 28H stipulates that every individual's health is a fundamental right, and all citizens are entitled to health services [1]. The implementation is carried out in stages according to the financial capacity of the government and local governments. Referring to Law Number 36 of 2009 concerning Health [2], it is said to be a human right and one of the elements of welfare that must be realized following the ideals of the Indonesian nation as referred to in Pancasila and the 1945 Constitution.

The two mandates of the 1945 Constitution Article 28H [3] and Law Number 36 the Year 2009 concerning health [2] encourage to continue to think about and develop health and its system to achieve the expected targets. Therefore, there is a need for an approach to implement a health system that is equitable, fair, and affordable for all levels of society. This has been based on the 1945 Constitution Article 34 paragraph 2 [4], which mandates to develop of the Social Security System, then strengthened by the issuance of Law Number 40 of 2004 concerning the National Social Security System (SJSN), which is strong evidence that the government and related stakeholders must have a significant commitment to

realizing prosperity social protection for all its people and build social protection to ensure and meet the needs of a decent life.

Implementation to develop a social security system for health began in 2014 through the National Health Insurance program. The concept of health insurance has the exact mechanism of health insurance. The concept of health insurance as a protection mechanism for the insured if he experiences a risk in the future where the insured party will pay a premium to get compensation from the insurer [5]. [6] and [7] explain that insurance as an agreement is intended to transfer risk by paying a premium to the insurer. Both definitions clearly explain that insurance is associated with health insurance.

The purpose of the National Health Insurance, which the Government of Indonesia developed, is to ensure that health insurance covering the entire population of Indonesia obtains the benefits of health care and protection in meeting primary health needs (Article 19 of Law Number 40 of 2004 concerning the National Social Security System) [8]. The National Health Insurance seeks to ensure that all Indonesian citizens have the opportunity to better protect their health by setting aside a small portion of their money or being paid by the government for people with low abilities. The National Health Insurance Program can be extraordinary, but until now, the program running for more than 7 years is still not as expected.

This condition indicates that the program needs to be improved to achieve the expected goals. The explained that national health insurance has several goals: increasing the community's ability to reach health services, improving health status, and reducing health costs [9].

Currently, it is known that there is a model for developing a national health insurance system. This development is based on fulfilling the rights of citizens to obtain good health services so that it can have implications for better health certainty. The impact is that with good health, the activities of its citizens will be much more productive so that the economy advances. This study tries to reveal the model of the health insurance system in three countries on three continents.

The research was conducted to provide another view through a case study approach by looking at several countries implementing national health insurance programs. In addition, as an initiation to provide an initial view related to the health ecosystem through several things such as 1) Health Administration, 2) Health Economics, 3) Health Information System, 4) Health Policy, 5) Healthcare System, 6) Health Service Research. However, this research only focuses on revenue collection, pooling, and purchasing mechanisms. The importance of information on managing national health insurance from several countries needs to be known as a form of learning and comparing the progress of national health insurance management in Indonesia.

## **2. RESEARCH METHODS**

Collecting data using literature studies from various credible sources. This is intended to get a complete collection of information to be the basis of knowledge for the development of information. The health insurance system in three countries (Taiwan, England, America) is the object of research. The essential factor seen in this study focuses on the description of revenue collection, pooling mechanism, and purchasing mechanism in Taiwan, England, and America. The analytical method taken in this study uses descriptive analysis. A descriptive approach is essential to provide an overview to compare one data with other data [10], [11] describe a descriptive analysis approach used to rank organized data and information by describing relationships with one another.

## **3. RESULTS AND DISCUSSION**

The basic concept in national health system insurance is universal coverage, which can be defined as the ability to cover the whole of the universe. In universal health coverage, there are two elements: access to fair health services and quality services for each citizen and the ability to protect financial risks for each participant. Bhisma describes universal coverage as providing fair and equitable access to the entire community to obtain

health services, including promotive, preventive, and rehabilitative services as needed and affordable [12].

Trisnantoro has provided views related to the development of national health insurance facing several general issues, namely 1) equity and justice, 2) increasing the cost of health services, 3) effectiveness and efficiency, and 4) accountability and sustainability [13]. The development of Indonesia's national health insurance system is currently facing financing problems grouped into two parts: the problem of lack of funds and increasing health costs [14]. Therefore, to achieve the big goal, improving health financing planning through Revenue Collection, Pooling Mechanism, and Purchasing mechanism is necessary. The elaboration of health financing in the national health insurance system is explained in 3 countries: Taiwan, Britain, and America.

Taiwan has a population of 23.56 million people spread over 36,193. Referring to Taiwan Today, the average life expectancy is 80.9 years, with a picture of men having 77.7 years and women having an average of 84.2 years. The national health insurance system in Taiwan started in 1995[15]. The system built by the government is mandatory, meaning that everyone who has a resident card and the family card is required to take part in the health insurance, and foreign nationals who have a Taiwan resident visa are required to participate in national health insurance. The Taiwanese government raises the fundamental spirit of the developed national insurance, which is one for all. This program is supported by funding sources from three parties: the insured, employers, and government subsidies. In practice, if people have low income or no income, the government will subsidize the cost of health insurance. The payment calculation applies a percentage division by the premium, and participants pay 30%, the government subsidizes companies that employ 60% and 10%.km<sup>2</sup>.

The UK is located on the European continent with a population of 55.98 million in 2018 (World Bank 2018). Life expectancy for British society, in general, has an average of 81.05 years. It is around 79.2 years for men and women 92.9 years [16]. England was the first country to introduce National Health Insurance in 1911, known as National Health Insurance, later changed to the National Health Service. The naming is due to the tax-based system built. It is known that the National Health Service funding is collected by parliament, which is then given to the Ministry of Health.

The services provided by the National Health Service are free of charge for almost all types of health services, such as antenatal care, emergency care, and others. The exceptions, which require only a small fee, are prescription drugs, dental and eye treatments. The NHS England document (2018) explains that changes to the NHS system have undergone many changes, initially experiencing many rejections due to infrastructure and systems that are still not effective and efficient. In 2013 there were significant changes through 1) clinical supervision, 2) increasing the number of participants, 3 )

a renewed focus on the importance of public health, and 4) allowing competition among health care providers to provide the best service for patients.

America is a country that also has and develops a national health insurance system. The American government provides an insurance mandate requiring all citizens to have private, government, or not-for-profit insurance. In 2020 the total that needs to be managed was 329.5 million people with an average life expectancy of 78.9 years for the United States community (Kompas 2021). Talking about financing, it is known that approximately one-third of health financing is directly paid by the patient (out of pocket). The remaining funding sources come from profit-making private insurance organizations, not-for-profit organizations such as Blue Cross and Blue Shield, and Health Maintenance Organizations (HMOs).

HMO is a group practice of pre-paid health services based on capitation, and the health services provided are

comprehensive. In this health financing system, the federal and state governments provide health insurance schemes for the poor (Medicaid) and the elderly, veterans, and chronically ill (Medicare). However, the government's contribution is far from adequate for the average American. As a result, according to the United States Census Bureau, in 2008 there were 46.3 million people in the United States (15.4% of the population) uninsured. To overcome this, there was a health reform in the United States with the passage of "The Patient Protection and Affordable Care Act" proposed by Barack Obama and the Democratic Party.

The success in these 3 countries was identified as the result of 3 factors: the source of revenue, the pooling mechanism, and the purchase mechanism. Comparisons were made on 3 countries and 3 factors, while the information is as follows:

**Table 1.** Comparison of 3 Important Factors in the Development of NHI

<b>Country</b>	<b>Source of revenue</b>	<b>Pooling mechanism</b>	<b>Purchase mechanism</b>
Taiwan	<ul style="list-style-type: none"> <li>a. Single-payer system</li> <li>b. Contract with all hospitals</li> <li>c. Fines for payment of arrears premiums, contributions to welfare contributions, and additional health costs from cigarettes</li> </ul>	<ul style="list-style-type: none"> <li>a. Premium collection comes from payroll taxes and government funds</li> <li>b. NHI is designed to finance self-sufficiently and responsibly in the event of a recent</li> <li>c. are not allowed to make a profit and must maintain a reserve fund of at least one month's medical expenses.</li> <li>d. using the Unitary Risk Pool approach</li> </ul>	<ul style="list-style-type: none"> <li>a. Distribution of 3 health services: District Hospital, Regional Hospital, and Medical Center Hospital</li> <li>b. service payment system based on a global budget system</li> <li>c. Determination of the size of the budget per hospital based on several indicators</li> <li>d. Improving the quality of health services is based on the Pay for Performance payment system for certain types of diseases</li> <li>e. Preventive financing services are sourced from the health promotion budget from the Health Promotion Bureau (DOH).</li> <li>f. CoPayment System</li> </ul>
English	<ul style="list-style-type: none"> <li>a. Taxes and the rest finance 85% of needs through other sources</li> <li>b. Focus on efficiency</li> </ul>	<ul style="list-style-type: none"> <li>a. Withdraw general taxation</li> <li>b. Funding that is centralized with equity principles</li> <li>c. Service is decentralized "doctor becomes the gatekeeper."</li> <li>d. The total funds allocated 47% for emergency and acute, 10% allocated for general practitioners, 10% for mental health services, and the rest for others</li> </ul>	<ul style="list-style-type: none"> <li>a. Prospective payment system "payments made before receiving health services.</li> <li>b. Adopt a single-payer system but still provide the freedom for multiple payments.</li> <li>c. Create two types of healthcare careers (General Practitioner and Consultant)</li> </ul>
America	<ul style="list-style-type: none"> <li>a. Patients fund 1/3, and the rest is financed by not profit insurance.</li> </ul>	<ul style="list-style-type: none"> <li>a. All citizens are required to take health insurance</li> <li>b. Implementation of a risk pool system that utilizes a health insurance organization as a fund management agency will then be given to health care providers.</li> </ul>	<ul style="list-style-type: none"> <li>a. Payment with pre-payment system</li> <li>b. Health Maintenance Organization is implemented with the principle of managed care</li> </ul>

Referring to the table, it is known that there are things that need to be considered to develop a better national health insurance system. This can be done by ensuring the exact demand and supply processes. In this

case, the problems that occurred in the 3 countries have been identified, which can be a valuable lesson in developing the health insurance system.

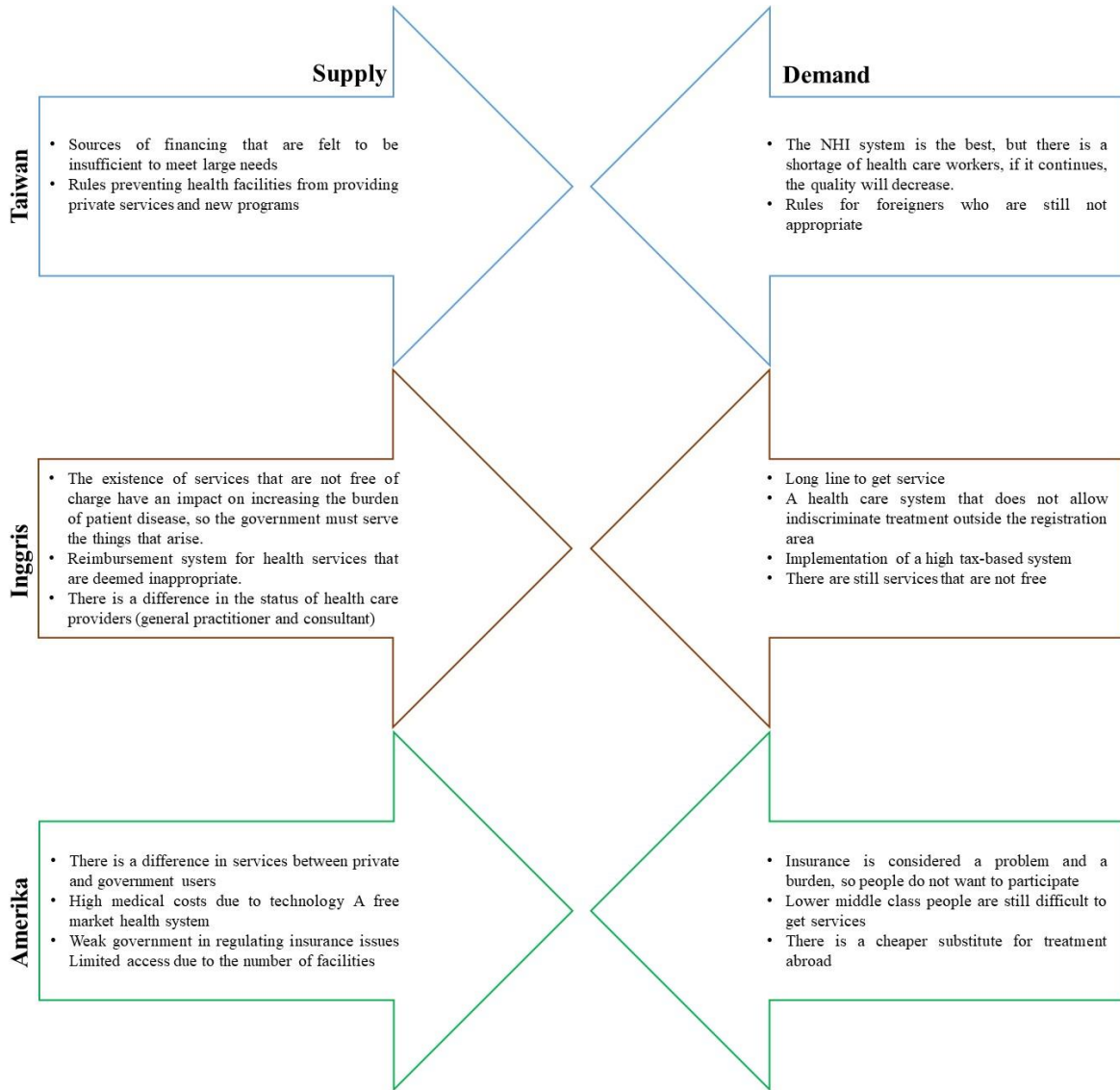


Figure 1. Description of Supply and Demand Barriers to NHI in 3 Countries

Based on Figure 1, in building national health insurance, one must always pay attention to conditions, supply and demands. This is very important considering that it is an initial problem that can significantly impact the program's success. From Figure 1, we get a knowledge that provides a perspective in understanding the similarities of the issues. The same conditions can provide learning to prepare for a better decision and guard against a greater probability of risk. Developing a built national health insurance does not require time and seriousness from each manager and regulations that support the process. The view that developing the National Health Insurance takes a long time, Germany and Belgium built more than 100 years to find a good

system, but Japan and South Korea built the system in less than 40 years [23], [24]. This makes it even more substantial that acceleration can be carried out if we study and make a formula from the successful steps of several previous countries.

#### 4. CONCLUSION

In the end, the National Health Insurance is an extensive program that requires a suitable formulation, through initial information on 3 countries (Taiwan, England, and America) can be a step to determine the condition of the source of revenue factor, pooling mechanism, and purchase mechanism that have a role

significant in success. In addition, through information on the condition of supply and demand constraints, it can be a concern to obtain information on conditions that may occur from a decision. The development of the National Health Insurance must always keep in mind the program concept "The form of government effort in carrying out the mandate of the 1945 Constitution to provide certainty for all people to get social protection and welfare guarantees", remain obedient to the principle of the program "comprehensive protection, mandatory loyalty and the principle of gotong royong." It is hoped that in the future, there will be studies to analyze 1) Health Administration, 2) Health Economics, 3) Health System, 4) Health Information System, 5) Health Policy, and 6) Health Service Research.

## REFERENCES

- [1] Andi FA. 2015. Analysis of National Health Insurance Towards A Universal Health Insurance. *Kajian Ekonomi dan Keuangan*. 19(1): 63-78.
- [2] Bhisma M. 2000. *Dasar-dasar Asuransi Kesehatan*. Yogyakarta (ID): Kanisius.
- [3] Bhisma M. 2010. Strategi untuk Mencapai Cakupan Universal Pelayanan Kesehatan di Indonesia. *Bagian Ilmu Kesehatan Masyarakat. Temu Ilmiah*. Surakarta (ID): Fakultas Kedokteran UNS.
- [4] Djuhaeni H. 2007. *Asuransi Kesehatan dan Managed Care*. Modul Belajar Mengajar. Program Pasca Sarjana Magister Ilmu Kesehatan Masyarakat. Bandung (ID): Universitas Padjadjaran.
- [5] Darmawan ES. 2009. Obama's Health Reform. Available from: <http://staff.ui.ac.id/system/files/users/edesurya/material/obamashealthreform.pdf>.
- [6] Huebner M, Vach W, le Cessie S. 2016. A systematic approach to initial data analysis is good research practice. *The Journal of Thoracic and Cardiovascular Surgery*. 151(1) : 25-27
- [7] Joynt MKE, Bauchner H, Fontanarosa PB. 2019. US Health Policy—2020 and Beyond. *JAMA*.
- [8] Kaur P, Stoltzfus J, Yellapu V. 2018. Descriptive statistics. *Biostatistics*. 4(1): 60-63.
- [9] Kompas. 2021. Link: <https://www.kompas.com/global/read/2021/06/25/123109070/angka-harapan-hidup-as-alami-penurunan-terbesar-sejak-perang-dunia-ii?page=all>.
- [10] Latumaerissa JR. 2011. *Bank dan Lembaga Keuangan Lain*. Jakarta (ID): Salemba Empat.
- [11] Nurmansyah MI, Kilic B. 2017. Impact of National Health Insurance Policy on the Implementation of Health Promotion Program at Public Health Centers in Indonesia. *Kumasi: National public health journal*. 11(3): 103-110.
- [12] Peraturan Presiden Nomor 12 Tahun 2013 Tentang Jaminan Kesehatan.
- [13] Pradiptyo RA, Winotomo Y H, Permana K, Ash Shidiqi RM, Hilman TH, Partohap. 2014. *Laporan Penelitian Menuju Jaminan Kesehatan Semesta Indonesia 2019*. Makalah dalam Focused Group Discussion Manuju Jaminan Kesehatan Semesta. Jakarta (ID): Badan Kebijakan Fiskal.
- [14] Putri RN. 2019. Perbandingan Sistem Kesehatan di Negara Berkembang dan Negara Maju. *Jurnal ilmiah universitas Batanghari Jambi*. 19(1): 139-146.
- [15] Rianto MN. 2012. *Dasar-Dasar Pemasaran Bank Syariah*. Bandung (ID): Alfabeta.
- [16] Silvanita K. 2009. *Bank dan Lembaga Keuangan Lain*. Jakarta (ID): Erlangga.
- [17] Taiwan Today. 2020. Link: <https://id.taiwantoday.tw/news.php?unit=465&post=182830>.
- [18] Tempo. 2018. Link : <https://dunia.tempo.co/read/1130242/usia-harapan-hidup-warga-inggris-kian-pendek-faktor-kesehatan/full&view=ok>.
- [19] The Henry J Kaiser Family Foundation. 2009. *National Health Insurance—A Brief History of Reform Efforts in the U.S. Focus on health reform*. 1-8.
- [20] Trisnantoro L. 2014. *Trend Pembiayaan Kesehatan di Berbagai Negara*. Modul Magister Manajemen RS UGM. Yogyakarta (ID) : Universitas Gadjah Mada
- [21] *Undang-Undang Dasar Negara Republik Indonesia Tahun 1945*.
- [22] *Undang-Undang Nomor 36 Tahun 2009 Tentang Kesehatan*.
- [23] *Undang-Undang Nomor 40 Tahun 2004 Tentang Sistem Jaminan Sosial Nasional*.
- [24] Vladeck B. 2003. *Universal Health Insurance in the United States: Reflections on the Past, the Present, and the Future*. *American Journal of Public Health*. 93(1): 16–19.