

Health Insurance Policies For Informal Workers: A Review For National Health Insurance

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Abstract

Moral hazard in health insurance is a significant institutional issue that concerns the efficiency, sustainability, and equity of health funding systems. This study intends to comprehensively assess the different types of moral hazard, discern the root causes that contribute to it, and examine the regulatory strategies implemented at both national and international levels. This study employed a methodology characterized by a descriptive literature review, which involved a comprehensive analysis of 25 meticulously chosen peer-reviewed articles. The articles in question were published between the years 2014 and 2025, and they were obtained from reputable databases such as Scopus, PubMed, and Google Scholar. The results indicate that moral hazard presents itself in two main forms. Initially, this phenomenon arises among beneficiaries who may engage in excessive consumption and use of healthcare services lacking adequate medical justification. Secondly, it is apparent that healthcare providers may participate in administrative and clinical manipulation, which includes practices such as upcoding, unnecessary hospitalizations, and fraudulent claims. Several contributing factors to moral hazard can be identified, including deficiencies in the design of the INA-CBGs payment system, a lack of health insurance literacy among participants, and insufficient oversight and auditing mechanisms. The findings presented have considerable implications for policymakers, outlining the necessity to improve the national health insurance system. Structural reforms and the implementation of sustainable, multidisciplinary approaches.

Keywords: Control strategies; health insurance; moral hazard; payment system and universal health coverage.

I. INTRODUCTION

In various developing countries, workers in the informal sector are an important pillar of the country's economy[1]. More than 60% of the global workforce consists of informal workers, reaching 89% in Sub-Saharan African countries and 88% in South Asian countries[2]. Meanwhile, in Indonesia itself, workers in the informal sector reach 59.1% when viewed from the total workforce, which means that informal workers occupy the highest level of all workers in Indonesia[3]. Based on the current facts, workers in the informal sector, who do not receive fixed wages, are not recorded in population and employment in general, and even almost often do not have access to health services[4]. Not only that, because they do not have a fixed income, there are often arrears in BPJS Health contribution payments, and only around 52% of independent participants are obedient in paying contributions, so the target set by BPJS Health for informal workers to register is still very far from the target[5].

The low number of participants who register from the informal worker sector or the low target is not only due to economic factors or unstable income but also due to participants' lack of understanding of the meaning of the principle of cooperation or sharing risks, lack of knowledge about public health services, based on experience and due to social factors[6]. Not only that, but the low achievement of informal workers also becoming JKN participants is due to the lack of conceptual promotion, non-inclusive policies, and the incompatibility of premium contributions with informal workers' income[7]. This not only happens in Indonesia, but also becomes a global problem, especially in Tanzania and Kenya, so this problem must be followed up widely because it is a cross-country problem, the handling of which must be evidence-based[8]. Therefore, this study aims to review existing and current literature to obtain recommendations or suggestions that can be applied not only in Indonesia, but also in various other countries by discussing what challenges and strategic policies can be implemented to increase National Health Insurance participation for workers, especially in the informal sector[9].

II. METHODS

This study is a qualitative study with a descriptive approach that aims to describe the factors that influence the development of insurance in Indonesia based on legal principles, insurance coverage, and risk classification in modern insurance practices in Indonesia. The method used is a literature review, with secondary data collection sourced from government regulations, the official website of the Indonesian Ministry of Health, scientific journals, books, and online publications through open access platforms[10].

This study reviews journals published in the period 2019 to 2024 using a descriptive qualitative approach with a literature review method. The search for literature journals was carried out through PubMed, Google Scholar, Scopus, ScienceDirect platforms with the keywords “health insurance integration”, “formal and informal health coverage”, “universal health coverage in developing countries”, “community-based health insurance”, “health system fragmentation”. From all the search results, about 20 journals were obtained that matched the title and discussion. Additional data was obtained through in-depth interviews with experts to confirm the completeness of policies and related data[11].

III. RESULT AND DISCUSSION

The results of this study indicate that in Indonesia for informal workers:

Low coverage and coverage

Health insurance participation for workers in the informal sector is still relatively low or does not reach the target or coverage is still low[12]. In fact, it only reached 27% of the achievement achieved by Kenya, while in Indonesia itself, there is a fairly high achievement for participants in the informal sector who are included in independent participants who do not pay their contributions or are in arrears[13]. Health insurance premiums are something that is very difficult for workers in the informal sector to reach[14]. Premiums that are even only around \$150 per household of workers in the informal sector in Tanzania are considered unrealistic and even unable to pay them, even for only \$4, informal workers cannot afford the premiums[15]. Meanwhile, the premiums paid in Indonesia are only IDR 50,190 for class 3 (three) participants, still very far when compared to the premiums paid by BPJS class 1 participants[16].

Socio-demographic and social factors

In relation to increasing JKN participation, gender, education, health status, and income, which are sociodemographic factors, are determining factors for the high and low achievement of JKN participation[17]. Female gender, family support, and basic education are even the basis for increasing JKN participation[18]. In addition, the importance of social capital is also a major factor that has an important influence. Group solidarity and collective involvement are emphases that are considered important which can increase enrollment, especially in women's work groups, so that this can increase group-based awareness and participation[19].

Limited Perception and Literacy of Insurance

The concept of health insurance is often not understood by workers in the informal sector. Only about 1.6% of 853 respondents in Uganda had good knowledge about health insurance[20]. While in Indonesia, negative perceptions and low knowledge of health insurance resulted in non-compliance of participants in paying contributions, resulting in high contribution arrears[21]. Therefore, community-based or group-based health promotion or insurance education is considered important, but still considering culture, local culture and demographic factors, as suggested[22].

Trust in the system is a critical factor

Public interest in participating in JKN membership is inseparable from the quality and capacity of the health system[23]. The occurrence of public trust in private insurance compared to public trust in the public health system is very significantly correlated with enrollment[24]. In Uganda itself, although most respondents believed that the NHIS system would be beneficial, many also believed that the system would not run smoothly[25]. Therefore, to increase public participation, transparency, accountability and improvement in the quality of public services are needed[26].

Policy and Strategy

There are several strategies recommended in several literatures that are effective, including: A general tax subsidy-based approach, which researchers consider very effective for informal sector workers as a

whole[27]. Community promotion involving local figures, word of mouth can be strengthened by involving informal households and important community figures[28]. Implementation of collective schemes or informal working groups, which emphasize social solidarity. Regulation of informal providers, in supporting a safe and effective integrated national system, it is necessary to emphasize the governance and mapping of informal social health service providers[29]. Despite this effective strategy, there are still challenges related to regional variability, inequality of access and low accurate data on informal sector workers and informal service providers[30]. By therefore, there is a need for comprehensive research and contextual and flexible policies.

IV. CONCLUSION

Structural, economic and social factors are challenges for workers in the informal sector in terms of their participation in health insurance membership are the results discussed in this literature review. Limited purchasing power of the community, low insurance literacy, a health system that does not gain public trust, especially in terms of public services, causes low health insurance coverage in the informal worker sector. The influence of sociodemographic factors such as gender, education level, income level and the influence of family, community and group are things that can influence people in buying or participating in health insurance membership, as well as the influence of worker group solidarity in the informal sector is also evident in encouraging participation of worker groups in the informal sector.

Likewise, the higher interest of the community in private health insurance than the public sector as happened in Uganda and Zambia, so that it is directly related to the desire or interest of the community in insurance membership. And policies regarding mutual cooperation and risk sharing are obstacles to long-term understanding of the benefits of health insurance. The use of full subsidies for general taxes, promotion and involvement of important community figures is a fairly promising strategy. However, it still requires high governance management and quality improvement for informal health service providers. Thus, health insurance policies for informal workers must be designed contextually, evidence-based, and sensitive to local socio-economic conditions. A multi-sectoral approach, increased public education and communication, and institutional reform are needed to encourage the achievement of truly inclusive universal health coverage (UHC).

V. ACKNOWLEDGMENTS

The author would like to express his deepest gratitude to all researchers who have contributed to the process of writing this journal, without their dedication and hard work, this journal might not have been completed properly. In addition, the author is also very grateful to the University and the team who have provided valuable input, suggestions, and reviews. These inputs really help improve the quality of the author's writing and ensure that the contents of this journal are increasingly mature and of high quality. Hopefully all the assistance and support provided can be a motivation to continue working and producing useful works in the future.

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