

CHAPTER II LITERATURE REVIEW

A. Conceptual Framework

1. Understanding the purpose of comparative study

a. Definition of comparison discover by expertise

- 1) Comparison in this era is seen as a homogenizing process rooted in the encyclopedia ambitions and evolutionary models of the nineteenth-century thought, it is an approach that distorts the uniqueness of the objects being compared, reduces them to a variants on a common standard, and relies on a downgrading of certain cultures in relation to others.¹
- 2) Albert, comparison is a process in which occur between individuals at a point in time are assumed to apply to a single person comparing himself or herself at various point of time.²
- 3) Social Comparison Theory states that individuals judges their social and personal worth based on how they stack up on against others as they perceive somehow better or worse.³
- 4) Sjachran Basah, sees comparison as a method of research and analysis with comparing two or more objects to excavate more information through it. So, it is the study of two objects whereas before it is neither unclear nor firm.⁴

¹ Rita Felski and Susan Stanford Friedman, *Comparison*, (The Johns Hopkins University Press, 2013)

² Guimond, S. "Social Comparison and Social Psychology", Cambridge University Press (2006)

³ Psychology Today, "Social Comparison Theory", accessed on 28 March, 2019, <https://www.psychologytoday.com/us/basics/social-comparison-theory>

⁴ Bangkit Krisnady, "Perbandingan Sistem Pemerintahan Negara Indonesia dengan Negara Selandia Baru", Universitas Negeri Surabaya (2017): pg.4

5) Suarjati Hartono, sees comparison with no definition in whatever field of study but it is just a method for the researchers and hence it is available for every field of study.⁵

6) Based on the Cambridge Advanced Learner's Dictionary, comparison means when two or more people or objects are considered similar or of equal equality to something else is being compared.⁶

Based on the definitions of comparison above, it can be state that the method of seeing two or more objects in a point of view in a result of better or worse in each of the object. It is also a method used by researchers for analyzing to have a result of the advantages and disadvantages in an object. Besides, the facts discovered in a comparison are also a cause-effect of the object. In this research, the comparison will be comparing the states of Indonesia and Philippines. The table below shows the overview comparison of the Philippines and Indonesia.

	Philippines	Indonesia
Similarities		
Government type	Presidential Republic	Presidential Republic
Legal System	Mixed legal system of civil, common, Islamic, and customary law	Civil law system based on the Roman-Dutch model and influenced by customary law
Difference		
Colonization of Foreign Powers	Spanish Colony	Dutch oversea entity
Judicial decisions	Art 8 of the Civil Code provides that 'judicial decisions applying to or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines'. Only decisions of its Supreme Court establish jurisprudence and are binding on all other courts.	Not a source of law in Indonesia nor compulsory for the law enforcer to implement in their decisions

Image 2.1 Overview Comparison of the Philippines and Indonesia⁷

⁵ Ibid.

⁶ Cambridge, Cambridge Advanced Learner's Dictionary Third Edition (Singapore: Green Giant Press), pg. 280

⁷ Wikipedia, "Indonesia/ Philippines", accessed on April 14, 2019, <https://en.wikipedia.org/wiki/Indonesia/> <https://en.wikipedia.org/wiki/Philippines>

b. Purpose of comparison

Sugiyono stated that basically the research method is a scientific way in order to achieve data for its purpose. Comparison is used mainly to distinguish likening entities. It is used to present different functions, such as identifying the focused entity, illustrating a particular object with the other similar object and distinguish the subtypes of the focused entity. Other than that, the purpose of conducting a comparison is not to state an obvious differentiation but rather to discover the unexpected similarities. As comparison reveals the similarity and differences, it shows the significance of the findings.

c. Types of comparison

As comparison differentiates from one another, it is better to understand each of the types as so which to apply.⁸

1) Direct Comparison

It is a comparison in which barely knowing which of the factors or properties of both objects has the similarities and differences. Neither object is more important. It is commonly found in the class of descriptions, where they distinguish the subtypes of the class.

2) Clarification Comparison

It is to know and sharpen the understanding of a certain concept between two entities. It's done through relating new information to the existing knowledge in order to clarify two entities. Clarification comparison can be use to fulfill two purposes. Firstly, if one is familiar to object *a* then

⁸ Maria Milosavljevic, "Types and Purpose of Comparison", accessed on April 20, 2019, <http://web.science.mq.edu.au/~mariam/papers/um97/html/node4.html>

we can introduce object *b* by comparing with object *a* and understand object *b* more. Secondly, if one is unfamiliar to object *a*, then by comparing both objects we can distinguish object *b* from object *a*, as in to understand object *a* we have to prevent it from confusion toward object *b*.

3) Descriptive Comparison

Comparing in descriptive is an adequate method used in the field. In this comparison, it is available to apply all types of explanation such as earlier occasion, later occasion, and contextual explanation.

If there are similarities between the compared objects, it increases the positivity of the hypothetical explanation.

4) Normative Comparison

The principle of normative comparison is to point out the best among the objects of comparison. However, there are also times where it is compare to improve the similar objects to reach the criteria of the best.

5) Non-hypothetic Comparison

It is a phenomena and standardization comparison research. So, before the research there is a need to set a standard. The standards definitely have to be supported and recommended by a strong theory or law.

6) Hypothetic Comparison

It is actually not far away from the non-hypothetic comparison but what makes it different is the hypothesis itself. In this case, a researcher has come to a conclusion/ hypothesis by self then through all the comparison he/she looks back to the conclusion/

hypothesis made before the research. This is known as the hypothetic comparison.

The comparison of this research is normative comparison where comparing both states and pointing out the better to improve the other.

2. Understanding Social Security

a. Definition of social security

- 1) The Republic of Indonesia National Law Number 11 Year 2009 that was changed from Republic of Indonesia National Law Number 6 Year 1974 states that social security is a whole protection system for the people and it is maintain by the government for the nation's welfare.
- 2) The International Social Security Association (ISSA) defines social security as any of social protection established by legislation of a state providing individuals with a standard of income security when they faces old age, disabilities, unemployment or rearing children. It may also come as a preventive medical care. According to the International Social Security Association (ISSA), social security may include social insurance programs, mutual benefit scheme, national provident funds or any other programs including market-oriented approaches, in accordance with national law or practice.
- 3) The International Labor Organization also has its definition about the social security. It says that social security is a system that gives protection from the people to their surrounding people. It is done through various methods which consist of economy risks that will affect the income of an individual.

4) The World Bank Researcher Observer sees social security in wide as an object of public action to protect the poor and ensure a standard of living.⁹

5) Van Ginneken sees social security as benefits that society provides to individual and households through public and collective measures to guarantee them a minimum standard of living and to protect them against low or declining living standards arising out of a number of risk and needs.¹⁰

6) Spiker, explained that social security is a commitment and as a tool for the state to form a fair nation for its people through the mechanism of income transfer and income redistribution.¹¹

7) Based on the Cambridge Advanced Learner's Dictionary - 3rd Edition, social means relating to activities in which you meet and spend time with other people and that happen during the time when you are not working while security means protection of a person, building, organization or country against threats such as crime or attacks by foreign countries.¹²

Hence, the social security is all about give and take by an individual to another individual, each of the individuals must have done their obligations to balance the give and take for the social to balance.

⁹ Ehtisham Ahmad, "Social Security and the Poor Choices for Developing Country", The World Bank Research Observer, Volume 6, Number 1 (January 1991), pg. 105

¹⁰ Wouter Van Ginneken, "Extending social security: Policies for developing countries", International Labour Review (2003), pg. 279

¹¹ Augustin Rina Herawati, "Alternatif Peningkatan Kesejahteraan Rakyat", Article Social Security System

¹² Cambridge, Cambridge Advanced Learner's Dictionary Third Edition (Singapore: Green Giant Press), pg.1371 and pg. 1289

b. Functions and purpose of social security

As from the definitions above stated, social security mainly aims for the welfare and prosperity for people. Cheyne, O'Brien dan Belgrave explained the two functions of social security, firstly as a system of state financial support that is paid to those persons who are not provided for adequately by the market and secondly as a system of state financial support paid to those persons who are unable to secure adequately. So, in other words a state has an obligation to provide standard living for those who are in need, especially financially.

The World Bank Researcher Observer, states that social security system was made to protect the poor and weak who doesn't make it to the standard of living, so that they would be accepting by the social.¹³ Nowadays, the social security not only made to protect the poor unlike the past, people now sees social security as an investment and protection for themselves and their family.

¹³ Ehtisham Ahmad, "Social Security and the Poor Choices for Developing Country", The World Bank Research Observer, Volume 6, Number 1 (January 1991), pg. 105

c. History of Social Security

Social security was known by people even before 1000 BC. The concept of social security is alike to insurance. Where people agrees to the motto of “a common contribution for the common good.” This actually derives from the history of fishermen whom sacrificed themselves for the others during their catch in the midnight. As the other fishermen felt bad towards the same situation over and over again, they compromise and agreed to contribute together. Aside from the fishermen’s history, the old China’s people also have a similar concept of insurance. They were encouraged to give a small part of their income to the doctors and used it up for the others who are in needs. People who gave their part of income may also use it when they go to the doctors.¹⁴

The very beginning of social security concept was found in the 19th century. During the independence of Venezuela stated in a speech "The most perfect government system is the one who produces the greatest amount of happiness, the greatest amount of social security and greatest amount of political stability."¹⁵ Following, the Roman Empire distributed cash and grains to the poor in the city of Rome. The Jewish tradition also has obligations for their people to do charity instead of benevolence. At the same time, Song Dynasty supported various social assistance programs, such as establishment of retire homes, public clinics and pauper's graveyard.

The concept of social security was implemented early by the Islamic law. They collected money known as

¹⁴ Hasbullah Thabrany, *Dasar-dasar Asuransi Kesehatan* (Jakarta: Perhimpunan Ahli Manajemen Jaminan dan Ahli Asuransi Kesehatan Indonesia, 2015), pg. 2.

¹⁵ Simón José Antonio de la Santísima Trinidad Bolívar Palacios Ponte y Blanco, was a Venezuelan military and political leader who led the secession of what are currently the states of Venezuela

tax now, and use it to provide for the poor and needy ones, including the elderly, orphan, widow and disabilities. It is also recorded that the Islamic government were expected to store food supplies to provide to the people if there was a disaster.

For the Europe, there was very little realization of social security until the industry revolution. In those early times, there was just group or organization that gives privately or charities their belongings to the other. Although they came late into realization of the social security, surprisingly the Europeans were the first to see social security as an important issue and implement it systematically. Through the Poor Law Amendment Act, it firstly introduces the workhouses, the place where people without accommodation and unemployed go. The system earlier was providing accommodation and occupation or jobs for those people. Then it started influence the other states, the Germany first started the welfare system for the employees. On the other hand, the Great Britain first introduced the National Insurance system. Slowly the concept was seen well by the states around before the World takes more serious on this matter and takes action towards it.

It was taken by the International Labor Organization by its convention Number 102 of 1952 regarding Social Security Minimum Standards. In this convention, things worked out in most of the profession since it set up the general basic principles. This goes on quite smoothly in a while until the 1980s. Two main factors that disrupt the social security are the system and management.

Firstly, the system of *pay as you go* was mostly implemented by countries. This system functions for the

retired from current contributions. Instead of the *fully funded* system that is an accumulated fund which an individual has been contribute for himself. The *pay as you go* system was able to operate well as long as the condition of the employed is more than the retired. Unfortunately, a demographic transition happens during the 1970s as more and more retired increase the employed are decreasing. This affects the income of the social security system and caused a deficit.

The second factor is the poor management of social security where the government most likely to intervene.

Hence, symptoms of corruption, collusion and nepotism are most likely to happen. As an effect, the social security funds often experience deficit and couldn't fulfill their obligations as it should be. Therefore, the social security system goes for a reformation that changed its system from *pay as you go* into the *fully funded* system. Government institutions are also restricted from their intervention regarding the social security system. Throughout the history is what we have today, a better social security system worldwide.

d. **Types of social security**

1) Social Security against Unemployment

In general, this is to provide income during periods of involuntary job loss in order to maintain a standard of living for those unemployed. Governments play a big role in this matter. This type of social security are financed through contributions from both employers and employees, it depends on the legislation of the country. It is also possible that an employer contribute less than

employee or otherwise reversely. The contribution is also based on the salary of the employee and this has made an impact to the involuntary unemployed.

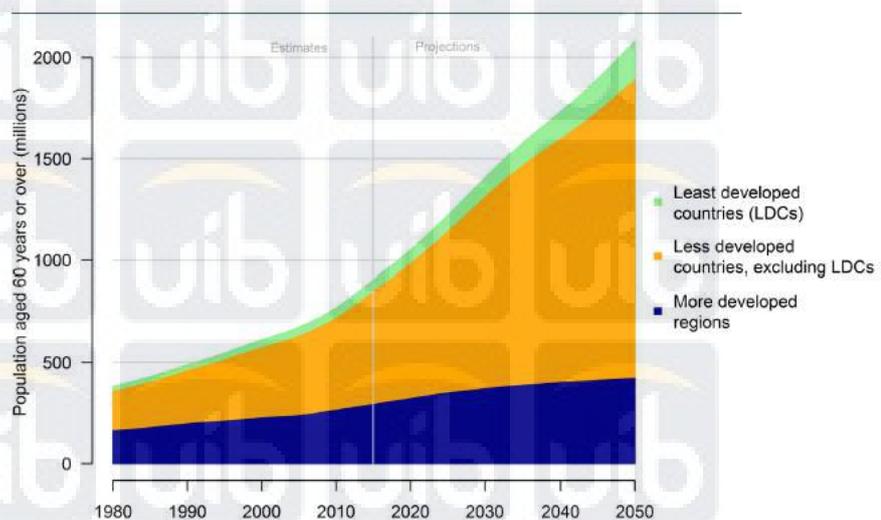
2) Social Security against unorganized sector

The unorganized sector's unemployed workers are assisted through providing opportunities such as seasonal works or projected jobs. Those programs are likely to be implemented by the government to produce a win-win solution, where it can help the government by reducing the budget and also help the unemployed to get jobs.

3) Income Security for Old age

Based on the below graphic, it is clearly known that the old age of people is growing rapidly from year to year.

Number of persons aged 60 years or over by development group,¹ from 1980 to 2050



Data source: United Nations (2017). World Population Prospects: the 2017 Revision.

Image 2.2 Growth of Old Age¹⁶

Over the next 50 years, the least developed countries and less developed countries will experience a significant transformation in increasing

¹⁶ United Nation, "World Population Prospects: The 2017 Revision", accessed on October 20, 2019, <https://www.un.org/development/desa/publications/world-population-prospects-the-2017-revision.html>

the elderly. This shows that the improvement of healthcare by people impacting longevity. However, another negative side of this is that the old age is seen as unproductive and hence they will need the social security to guarantee their livings for the rest of their lives.

4) Selected Programs for workers of the unorganized sector

It is a program organized by states in which different situation of people in needs should be include in the program. Take for an example, China, the decentralized institution provide pensions for the rural workers through a contributory scheme. The similar social security system was found in the Philippines too. While in the Singapore, there is an innovative method discovered and that is providing old age who are not able to maintain themselves have to receive allowance from their children. On the other hand, the government supports by deducting some of their taxes and financial incentives to induce the offspring and maintain their aged parents.

5) Health Security for Workers and Employees

Health care is widely known by the world ever since the early century. Government over the world also implement through providing public hospitals, clinics and other healthcare centers. However, these services provided tend to be worse than those privately since it is always depending on the income of the country and there is a budget to everything. Hence, some of the well-off family choose the private medical center more and often

neglect the health security provided from the government.

3. Understanding the Indonesia Social Security System

a. History of the Social Security System in Indonesia

The social security system in Indonesia was found during the Dutch colonial era, it was known as a health insurance. During that time, the social security system was created for the state officials and their families. After the Dutch left Indonesia, our Minister of Health persisted on holding the system to be managed for the people in Indonesia.

It then all started from the Government Regulation Number 22 Year 1984 regarding Health Maintenance of Civil Employee and Retirement including their Family Members. Through this regulation, the health insurance organization from the Dutch Colonial was changed to the state-owned enterprise named *Perum Husada Bhakti* (PHB).¹⁷ In 1992, the social security system experienced some changes again. The Government Regulation Number 6 Year 1992 stated the official transfer of the social security management state-owned enterprise into a private company.

It started reaching the private company employees in case of providing social security programs. Although there is a huge step of improvement in the national social security system in Indonesia, our government hence still thought of the people's prosperity.

In the annual meeting of the Legislative Institution of Republic of Indonesia Year 2000, President Abdurrahman Wahid stated the importance of the development of our national social security system. Soon

¹⁷ Social Security Organizing Agency, "History of Social Security in Indonesia", accessed on October 29, 2019, <https://www.bpjs-kesehatan.go.id/bpjs/index.php/pages/detail/2013/4>

after that statement was released, the Legislative Institution of Republic of Indonesia drafted the law regarding social security system. The drafter law was revised and revised all over again before it was legalized into the national's law. On October 19th, 2004, Republic of Indonesia Law Number 40 Year 2004 regarding the national social security system was officially established.

However, this has made the people misunderstood towards the government. It was seen as a monopoly by the government. In order to clear out the misunderstanding, the government was pushed to release another law.¹⁸ Before the National social security system was regarded as a complete system, it was misunderstood but now the government had to reorganize a council in order to straighten the misunderstood. It was then established the National Social Security Board through the President's Decision Number 110 Year 2008. The National Social Security Board works out the program through the latest law which is the Republic of Indonesia Law Number 24 Year 2011 regarding the Social Security Organizing Agency. Throughout the year until now, this is the law recognized and obeyed by the government and citizen of the Republic of Indonesia.

b. Introduction of the Social Security System in Indonesia

Social security system is a system that gives protection to its member defending them from any risk possible that could eventually happen. Besides, it also provides medical care, financial guarantee, and retirement plans. The social security system that Indonesia held now is known as the Social Security Organizing Agency (*Badan*

¹⁸ National Social Security Board, "The History of National Social Security Board", accessed on November 4, 2019, <https://djsn.go.id/profil-djsn/sejarah-djsn>

Penyelenggara Jaminan Sosial). In this Social Security Organizing Agency, it is divided into two programs, the Social Security Administering Body for the Health Sector and the National Social Security Administering Body for Employment. There are five different types of social security offered such as the health insurance, accident insurance, life insurance, elder days insurance and retirement insurance.

The Social Security Administering Body for the Health Sector provides health insurance for all citizens who are participated in this program including the unemployed, children and disabilities. The facilities covered in this program includes a variety range depends on the participation of individual and the condition of his/her health. Below are the facilities provided by the Social Security Administering Body for the Health Sector.

1) Primary Health Services

This services health issues that are general and do not need specialists. It covers generally the administration fee, preventive services, medical examination, treatment and consultation, non-specialist medical actions, medications and disposable medical tools, blood transfusion as needed, first level laboratory diagnosis and first level hospitalization.¹⁹

2) Secondary Health Services

In the second grade health services, it provides a more specific and wholesome health service for patients in need. It is divided into two types of patient as following.

¹⁹ Social Security Administering Body for the Health Sector, "The Benefits", accessed on October 31, 2019, <https://www.bpjs-kesehatan.go.id/bpjs/pages/detail/2014/12>

a) Outpatient

Patients who are granted to not stay in the hospital overnight are the outpatients. Some of the outpatients with a more serious condition are classified in the second grade. Facilities that are provided in this includes the administration fee, examination, treatment and consultation by specialist doctors, specialist medical procedures according to medical indications, medications and disposable medical tools, medical implantation services, second level laboratory diagnosis, medical rehabilitation, blood examination, forensic examination and handling of corpse services.²⁰

b) Inpatient

Exactly differ from the outpatients, patients who are in a worse and serious situation had to stay overnight in the hospital to maintain their condition and controlled by the doctors. The inpatients also receive facilities from the Social Security Administering Body for the Health Sector Organizing Agency such as, non-intensive care room, intensive care room and other health services determined by the government.

In case of the different types of participants in this program, it is divided into two types²¹:

²⁰ Ibid.

²¹ Social Security Administering Body for the Health Sector, *Service Guide*, pg. 2, <https://www.bpjs-kesehatan.go.id/bpjs/post/read/2018/798>

1) The Contribution Assist Receiver – National Health Insurance

This group of participant is all citizens of Indonesia who doesn't include in the other group of participants. It is meant for the poor and those who are unaffordable for the contribution fee. Therefore, participants in this group will receive government's subsidy for a part of the contribution fee.

2) The Non-contribution Assist Receiver – Health insurance, consist of:

a. The employee

They are the ones who work and receive salary each month; it's either the state-own enterprise or the private enterprise.

b. The non-employee

They are the ones who work but don't receive salary each month, in other words they may be working out of their own and not working for a company. For example, an owner of any kind of business, a doctor of an owned clinic, a lawyer who works with a partner by their own, a farmer or a fisherman or even a private driver. For this group of participants, they are burdened to contribute together for their family as well.

c. The non-worker

They are the ones who are not registered in any other group types of participants but are the citizens of Indonesia and the country has an obligation in burdening their contribution fee. For example are the retired state

officials, soldiers, police officers and the pioneer of the Independence.

The aim for differentiating the participants is use to providing different types of hospital room. However, this does affects the contribution fee for the different groups and the party burdened makes an impact either.

1) The Contribution Assist Receiver

It is burdened totally to the government with a total of Rp23.000,00 (twenty three thousand rupiah) each month.

2) The non-employee

The contribution fee for the non-employees is different depending on the types of hospital room they chose. For the first class, it is Rp80.000,00 (eighty thousand), the second class contributes Rp51.000,00 (fifty one thousand rupiah) and the third class burdens Rp25.500,00 (twenty five thousand and five hundred rupiah) each and every month to their whole lifetime. It shall be paid under a name representing the other member of the family.

3) The employee

For the employees, it is assisted by the company in contributing the fee. Whereas for the state-own enterprise, the company contributes 4% and the employee contributes 1%. While for the private enterprise, the company contributes 3% and the employee contributes the other 2%. It is calculated from the salary each month to contributes such percentages.

These contribution fee stated above are according to the President's Rule of Republic of Indonesia Number 82

Year 2018.²² It may be some adjustment throughout the time passes by with factors such as inflation, demand or supply.

By providing the services to the citizens, the Social Security Administering Body for the Health Sector also upholds their vision and mission. Shaping the quality of health without any discrimination is the vision of the Social Security Administering Body for the Health Sector and their mission is giving the best services to participants and citizens, expanding the participation of citizens to this program and maintaining the continuity of the program's financial.²³

Besides the Social Security Administering Body for the Health Sector, another program from the Social Security Organizing Agency is the National Social Security Administering Body for Employment. It is divided into different types of participants which provide different services. The participants mentioned above include the employee, non-employee, construction worker and migrant worker while the services are accident insurance, life insurance, elder days insurance and retirement insurance. Not all participants will receive all the services only the employee tend to benefit most from the National Social Security Administering Body for Employment. The table below shows services that are provided for different types of participants.

²² Social Security Administering Body for the Health Sector, *Service Guide*, pg. 39, <https://www.bpjs-kesehatan.go.id/bpjs/post/read/2018/798>

²³ Social Security Administering Body for the Health Sector, "Vision and Mission", accessed on October 23, 2019, <https://www.bpjs-kesehatan.go.id/bpjs/pages/detail/2010/2>

	Accident Insurance	Life Insurance	Elder Days Insurance	Retirement Insurance
Employee	✓	✓	✓	✓
Non-Employee	✓	✓	✓	-
Construction Worker	✓	✓	-	-
Migrant Worker	✓	✓	✓	-

Table 2.1 National Social Security Administering Body for Employment Services

From the above table, it is stated that different types of participant benefits different types of insurance. Firstly, we have the employee who work and receive salary, wages or any other form of remuneration from an employer. This type of participant can benefit all insurance once they have done their obligation. The next participant is the non-employee; they are the ones who carry out economic activities or businesses independently to obtain income through it. Since they are independent, then logically they don't receive the retirement insurance from the National Social Security Administering Body for Employment. Right after that we have the construction workers; these workers include planning and consultation construction services, on field construction workers and construction supervision services. For this type of participants, it is often that they do not have a permanent or daily job; hence they are more usual to handle projects. Risks of accidents during working times are much higher than the other type of participant. This result in the benefits they receive. Lastly

we have the migrant workers, they are those who will work, are working or have worked by receiving salary beyond the territory of the Republic of Indonesia. Although they literally don't work in the country but they are still the citizen of Indonesia which means they have their right to participate in this program and benefit through it as long as they fulfill their obligation.

Aside from the different types of participants, the table also shows different types of insurance services provided. The first service provided for all types of participant is the accident insurance. This is the basic insurance that almost every social security system provides. The accident insurance is here to give every participant a guaranteed safety. It provides protection against any risk that could actually happen during working hours, including any disease arise from the working situation or environment and also both trips of going and returning from working destination. On regarding the contribution fee to this insurance, it depends on the risk level that is evaluated every two year. Below shows the contribution fee from different working environment risk level for the employee participants.

No.	Working Environment Risk Level	Percentage
1	Very low risk	0,24 % of monthly salary
2	Low risk	0,54 % of monthly salary
3	Average risk	0,89 % of monthly salary
4	High risk	1,27 % of monthly salary
5	Very high risk	1,74 % of monthly salary

Table 2.2 Working Environment Risk Level²⁴

²⁴ BPJS Ketenagakerjaan, "Work Accident Insurance Program", accessed on September 13, 2019, [https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Kecelakaan-Kerja-\(JKK\).html](https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Kecelakaan-Kerja-(JKK).html)

In this state, the contribution fee is totally burdened to the company in case of employee. While for the non-employee, it is required to contribute 1% from their reported income. For the construction workers, it depends on the project value. Its contribution fee starts from 0.21% and will be burdened by the construction company. Lastly for the migrant workers, there is an absolute value of Rp370.000,00 (three hundred and seventy thousand rupiah) required for the participating in this accident insurance. This amount allow migrant workers to be participated in this program for 31 months, in case of extending the period of participation, it is required to contribute a total amount of Rp13.500,00 (thirteen thousand and five hundred rupiah) each month.

Benefits for participants from the accident insurance vary from health services to child education scholarship as below.²⁵

- 1) Health services, including treatment and medications, and more details below.
 - a) Basic and supporting examinations;
 - b) Inpatient hospitalization of first class state hospital room;
 - c) Intensive care unit;
 - d) Diagnostic support;
 - e) Preferably generic medications;
 - f) Special health services;
 - g) Medical tools and implant;
 - h) Doctor or medical services;
 - i) Operations
 - j) Blood transfusion and
 - k) Medical rehabilitation

²⁵ Ibid.

2) Compensation

a) Transportation fee in case of accidents happen during working hours and in need of ambulance or either similar types of emergency transport which includes first aid in accident fee.

b) Compensation for situation of temporary unable to work. It is given to the employer who is still paying the injured worker by compensating up to 18 months of salary.

c) Compensation for disabled worker. It is given after an official statement by the doctor from the state hospital. Different situation of disabled differ the compensation.

d) Compensation for death and funeral expenses

3) Return to work is a companion program dedicate to those in need worker whom experience injury during working hours or work related illness that may result in disability. It includes the moment from hospitalization until they were able to work.

4) Promoting and preventive activity to support realization of health and safety working environment moreover to result in decreasing the number of work accident.

5) Rehabilitation is seen to be a helping tool or exchange tool for injured worker who has lose their body part which cause their disability. In every case it depends on the benchmark value set by the Government General Hospital Rehabilitation Center adding 40% from that value and the medical rehabilitation fee.

6) Child education scholarship for each participant who has passed away or experience full disability permanently. The value given is up to Rp12.000.000,00 (twelve million rupiah) for each participant.

Benefits above are available for all participants except the migrant workers. Some of the exception includes unlimited health services, higher compensation value, sustainable children education scholarship, higher compensation and additional full-scholarship for one of their children if participant passed away during working.

For every accident that occurs during working time should be reported to the National Social Security Administering Body for Employment latest by 48 hours after the incident by the company. Within the limited period of two years, participants are able to claim their fees which are their benefit of being a participant in this program.

Moving on the next insurance service provided the life insurance. This is the insurance that is available for all type of participants either. This insurance's compensation is given to active participants who unfortunately passed away not a result of an accident. Benefits from this insurance are compensation in form of cash with the details below.²⁶

- 1) Main compensation with the total amount of Rp16.200.000,00 (sixteen million and two hundred thousand rupiah).
- 2) Periodic compensation for 24 months with the total amount of Rp4.800.000,00 (four million and eight hundred thousand rupiah) that is given directly.

²⁶ BPJS Ketenagakerjaan, "Life Insurance Program", accessed on September 14, 2019, [https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Kematian-\(JKM\).html](https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Kematian-(JKM).html)

3) Funeral fee for Rp3.000.000,00 (three million rupiah).

4) Scholarship amount of Rp12.000.000,00 (twelve million rupiah) for one of the children with the condition that the participant has participate in this program for more than five years.

A total amount of Rp36.000.000,00 (thirty six million rupiah) is to be accepted through the life insurance. Similar to the accident insurance, life insurance also obligates a contribution fee which varies for different types of participant. For the employees, it is totally burdened by the company for a total amount of 0.3% from the salary reported. The non-employee has to contribute a total amount of Rp6.800,00 (six thousand and eight hundred rupiah) every month. Once again, for the construction worker it depends on the project value they are working for starting from 0.03% from the project value and is burdened by the construction company. Lastly, for the migrant workers their contribution fee for the life insurance is actually combined with the accident insurance, hence they don't have to pay again.

The third insurance service provided is the elder days insurance. This insurance has a similar concept with the bank's depository. It is subject to the employees, non-employees and he migrant workers only. Employees are requested to contribute some of their pay in this insurance. As much as 2% of their pay shall be contribute by the employee himself/herself while the company will contribute as much as 3.7% from the employee's salary for each of the participant registered under the company's name. Non-employees are requested to contribute a total of 2% of their total income to this insurance. While for the

migrant workers, they have the right to choose the amount they would like to contribute each month starting from Rp50.000,00 up to Rp600.000,00 (fifty thousand up to six hundred thousand rupiah). It is highly recommended to pay this insurance contribution fee on time as there will be a fine whenever it is delayed.

As stated before that the elder days insurance is similar to the bank's depository, it also has an interest rate which is higher than the usual bank. It is proven over the few years from the chart below.

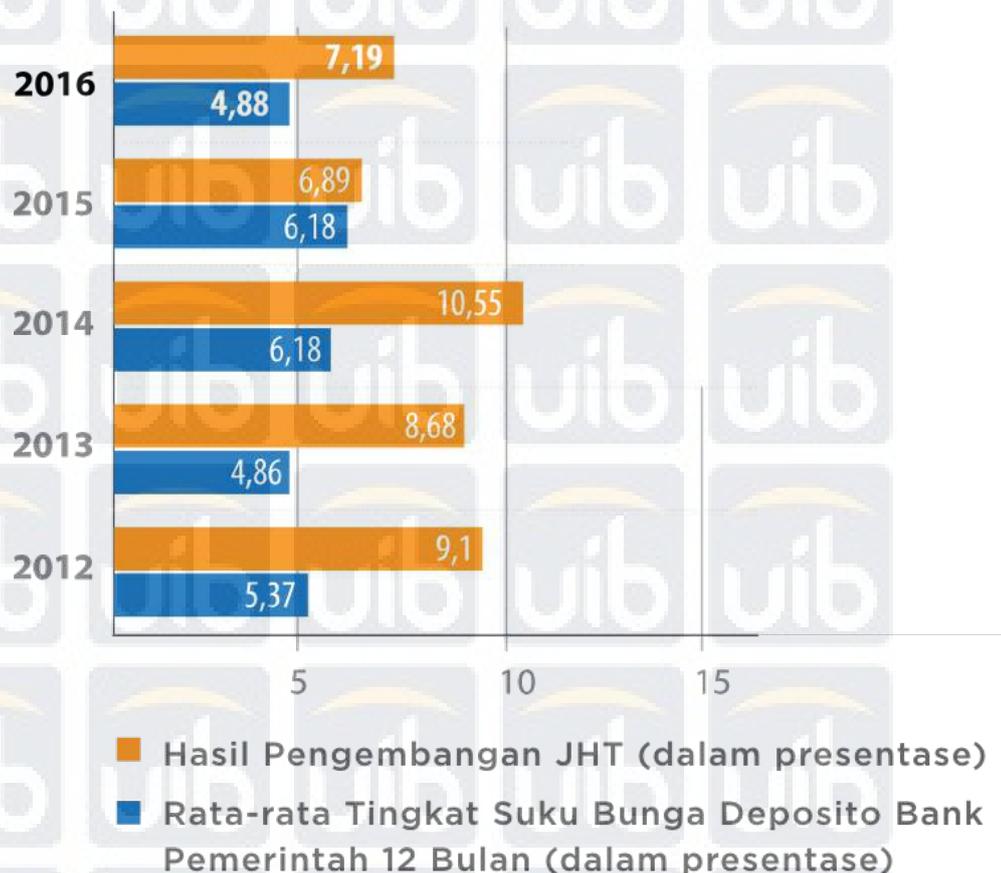


Image 2.3 Interest Rate of the Elder Days Insurance²⁷

Benefits of the elder days insurance is receiving cash on the elder days. The amount is the accumulation of our contribution fee by adding the interest rate depending

²⁷ BPJS Ketenagakerjaan, "Elder Days Insurance Program", accessed on September 14, 2019, <https://www.bpjsketenagakerjaan.go.id/Jaminan-Hari-Tua.html>

on its development. It is particularly given to those participants reaching 56 years old, passed away or permanently being disabled. If a participant who has reached the age of 56 years old but is still actively working and chose to postpone in receiving the benefits, it can be granted and be given after the participant is not working anymore. While for participants who unfortunately passed away, benefit from the elder days insurance will be passed down to his/her heir with the sequence from widower, children, parents and grandchildren, siblings, the in-laws, and lastly the person appointed in the will. If there is none of the heir nor will from the deceased then all contributions will go back to the National Social Security Administering Body for Employment.²⁸

The last insurance service provided from the National Social Security Administering Body for Employment is the retirement insurance. This insurance is only for the employee. None other than employees shall enjoy the benefits of this insurance. Like any other insurance services, there is a contribution fee that contributes together from the employee and the company with the total of 1% from the employee and 2% from the company of the salary.

The aim of the retirement insurance is to make sure participants and/ or their heir maintain a decent life by providing income after participants are retired, experience permanent disability or passed away. Benefits from the retirement insurance are as below.²⁹

²⁸ BPJS Ketenagakerjaan, "Elder Days Insurance Program", accessed on September 14, 2019 [https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Hari-Tua-\(JHT\).html](https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Hari-Tua-(JHT).html)

²⁹ BPJS Ketenagakerjaan, "Retirement Insurance Program", accessed on September 16, 2019, <https://www.bpjsketenagakerjaan.go.id/page/Program-Jaminan-Pensiun.html>

1) Benefit of Old Age Retirement

It is given an amount of money starting from the moment of retirement until the last moment of his/her life with the condition that the participant completed all contributions for at least 15 years or 180 months.

2) Benefit of Disability Retirement

When a participant suffers permanent disability from work accident and hence become unemployment, they will receive an amount of money every month until they are recovered and able to return to work or even until they passed away. This pension is given to participants whom have participated for at least a month in the program.

3) Benefit for widow and widower

A widow or widower is given an amount of money each month if a participant unfortunately passed away. It is given for a whole lifetime or until the widow or widower re-marries another person with the condition of the participant has participated in the program for at least a year or has reach the age of receiving old age retirement.

4) Benefit for Children

This pension is given to children registered under a participant's name as an heir with the maximum of 2 children only. This happens only if the participant has no widow or widower as the heir. It is given to the

children until they reach 23 years old or have been working or have gotten married.

5) Benefit for Parents

Following the sequence of the heir, if a participant is single in the whole lifetime, then the pension is to be given to his/ her parents.

6) Benefit in Lump Sum

In some cases, participants are not able to receive pension each month but they still can receive the pension money in total right away. There are three situations; the first is participant who has reaches the retirement age but has not completed the program for at least 15 years. The second situation is participant who suffers from permanent disability but doesn't fulfill the required condition of being participant for at least a month. Lastly, participant who passed away but participation has been less than a year. Above are the situations whereas their heirs were not able to receive the pension each month for a longer period but still able to receive a lump sum directly.

7) Pension amount are given as indicate below

For the first year, the calculation of pension is as the pension amount formula. While for the following years, amount of pension is calculated through the pension amount accumulation times the indexation factor.

- 8) The calculation formula for the pension is 1% times the contributory period divide 12 months times average year salary.
- 9) The pension will be given for the first time after all documents required has been completed by the participant. While the following month pension will be received every first day of the month and if the first day happen to be on a holiday then it will be received the next working day.
- 10) In the case of a participant who has reached the retirement age while he/ she is still an employee he/she shall choose to receive the pension at the moment or when he/she has stop working. A maximum of three years after the retirement age is the limit for not receiving his/her pension.

The benefits of the retirement program has emphasized for the individuals who have the right to receive the pension are only the participants themselves or their heir.

Aside from the four types of insurance program provided by National Social Security Administering Body for Employment, there are some extra benefits for the participant which is the house crediting and co-marketing promotion and discount privileged for participants only. For the house crediting, it is much easier than the usual procedure. Even the interest rate and down payment are lower than the usual price. However, there is a condition that if both husband and wife are participants then only one of them are able to request this facility. Besides, there is only a one time opportunity for every participant

throughout the program. Below is the procedure in crediting a house.



Image 2.4 Submission Procedure ³⁰

The procedure above states that to request for a credit, it shall be verified and checked by the Bank of Indonesia. After the Bank of Indonesia have verified and checked, they will send a letter of credit and a copy of the participant card to the National Social Security Administering Body for Employment office. It will then be verified by the National Social Security Administering Body for Employment office and send an approval letter to the Bank of Indonesia. From that the Bank of Indonesia will affirm and notify the participant. Once notified, it means the participant will be able to credit a house through the Bank of Indonesia.

As stated before, there are some co-marketing promotion and discount privileged for participants, it can be

³⁰ BPJS Ketenagakerjaan, “Employee Housing Financial Facility”, accessed on September 20, 2019, <https://www.bpjsketenagakerjaan.go.id/perumahan.html>

found through the website of the National Social Security Administering Body for Employment and it can be obtained just by showing our participant card to the merchant appointed.

Overall, the National Social Security Administering Body for Employment visions to become the nation's proud social security agency that is truthful, good in management and excellent in operational and services. They also have their mission to protect and improve the welfare of all workers and their families, increase the productivity and competitiveness of workers and support the development and independence of the national economy.³¹

As time goes on, it is actually proofed that the National Social Security Administering Body for Employment has improved a lot in terms of technology, services and management. It has become more transparent and reachable for the participants. All information related can be found through their website and even reach help and register through the website. Those accomplishments were also recognized by the government through some of their award appreciation.

c. **Implementation of Social Security System in Indonesia**

Upon the latest Republic of Indonesia Law Number 24 Year 2011 regarding Social Security Organizing Agency, it is emphasized by the government to prioritize the needs of the citizens and make things easier for the citizens to understand well so they would easily follow and be organized as well. Through the website and information spread from the Social Security Administering Body for the Health Sector and National Social Security Administering Body for Employment, citizens are able to understand and

³¹ BPJS Ketenagakerjaan, "About Us", accessed on October 26, 2019, <https://www.bpjsketenagakerjaan.go.id/tentang-kami.html>

know well of every procedure and requirement for them to fulfill their needs.

The implementation of the Social Security Administering Body for the Health Sector has been shown by providing health care in the procedure below.

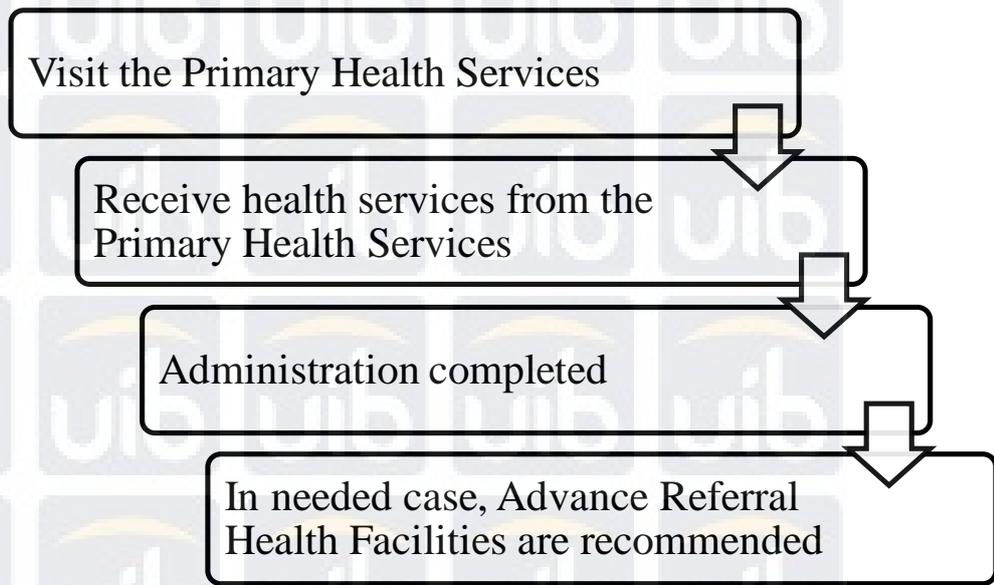


Table 2.3 Procedure in Seeking Healthcare³²

The procedure stated above is available for all types of participants. It is also available for both inpatients and outpatients. Participants in need of health care may visit the Primary Health Services which they have chosen by the time they registered their participation. It is important to be reminded to always bring their participant card and their identity card as they visit those healthcare centers. It should be in an active situation either for both participant card and identity card. In case of deactivation, participants may just pay the lacking contribution fee to activate their participant card. After the recognition of participant, he/ she shall receive treatments as supposed to be. Going on, participant

³² Social Security Administering Body for the Health Sector, *Service Guide*, pg. 46, <https://www.bpjs-kesehatan.go.id/bpjs/post/read/2018/798>

will be given a proof of treatment to be signed and that's all for the procedure in normal case. In some needed case, upon the Primary Health Services, they may be recommended to visit the cooperated Advance Referral Health Service for further treatments.

Other than that, in situations for participants who are not their domicile or other emergency situation, they are able to visit the other Primary Health Services other than those they have chosen during registration. However, it is limited to three times in a month to do so. There are also some special cases for participants who suffer from disease that causes long term medication or relay on medical tools, they are still considered in the Social Security Administering Body for the Health Sector. With some of the services such as, providing medications for a limit of 30 days and providing subsidy for medical tools.

Although the Social Security Administering Body for the Health Sector seems to be a lot helpful to the citizens in providing a variety range of medical care, there are still some limitations to it. Some of the limitations are:

- 1) Medical treatments that are banned by the law.
- 2) Medical treatments that are guaranteed by the accident insurance which the value is burdened according to the grade of the participant's participation group.
- 3) Medical treatments done overseas.
- 4) Medical treatments for esthetics.
- 5) Medical treatments done for preventing pregnancy.
- 6) Oral medical treatment such as teeth ordering or likely.
- 7) Diseases that were caused from being alcoholic or druggie.
- 8) Diseases that come from dangerous hobbies.

- 9) Consumed complementary, alternative or traditional medications that were not proofed scientifically.
- 10) Experience treatment or medication that is considered experiment.

Above are only some of the limitations, other limitations contains the same significance. The reason to these limitations could actually be understand. Since some of the disease and treatments are not seen to be essential therefore it shall be bear by individuals. While the country still face lots and lots of poor and in needs, by giving a hand to the others has become a program provided by the Social Security Administering Body for the Health Sector Organizing Agency. This donation program consists of three types as below.³³

- 1) Individual Donation

It is an initiative action by an individual who is willing to help and assist other in his/ her surroundings by paying their contribution fee. There is no limitation to when the individual would pay for but a minimum of one year is required.

- 2) Business Entity Donation

Company or other business entity that is willing and affordable to burden the contribution fee of some who are in need. Usually it is more in quantity as in more than a family.

- 3) Institution Donation

There is no difference between the other two above; just the party who pays differentiates. For the institution, it is also done initiative by the institution not by any command.

³³ Social Security Administering Body for the Health Sector, *Service Guide*, pg. 62, <https://www.bpjs-kesehatan.go.id/bpjs/post/read/2018/798>

Throughout the donation program, citizens by individuals, business entities or even any other institution are involved to concern for their surroundings. It can be done through the procedure below.

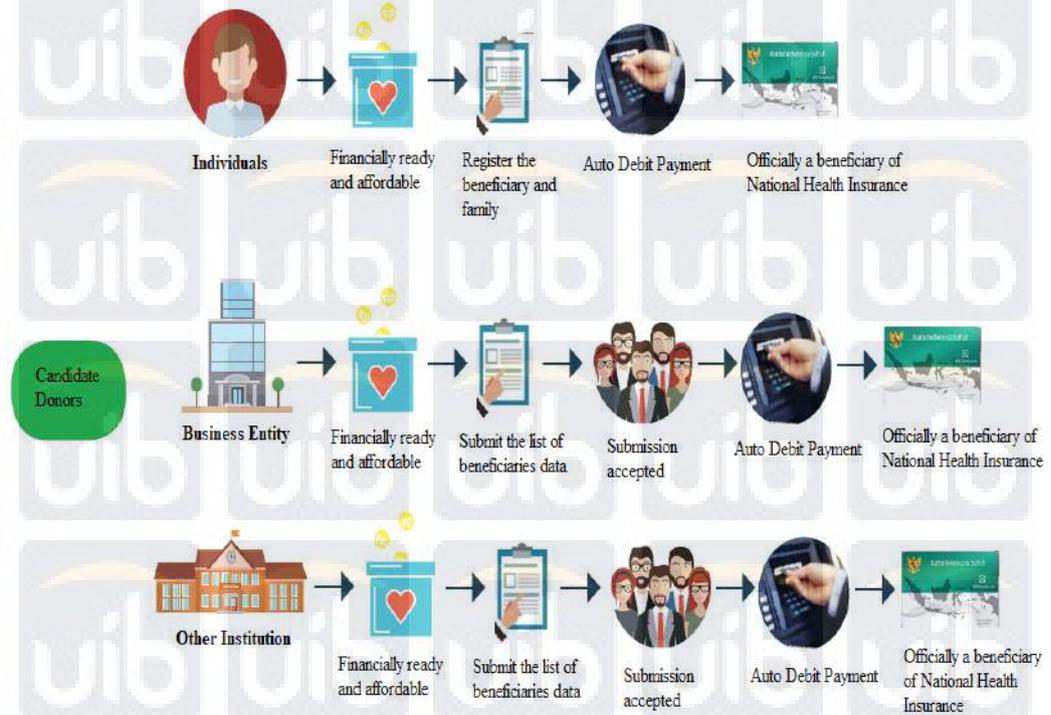


Image 2.5 Procedure of the Donation Program³⁴

The procedure of each donator has almost a similar outline with just slight differentiation. After being ready to become a donator, he/ she shall register the beneficiary and his/her family. For an individual it is requested to donate the contribution fee for at least a year through auto debit. While for business entities and other institution, they are usually donating for a collective group of people and contribution fee are done by auto debit either. After all procedures are done, the beneficiaries are formally

³⁴ Social Security Administering Body for the Health Sector, *Service Guide*, pg. 63, <https://www.bpjs-kesehatan.go.id/bpjs/post/read/2018/798>

registered as Contribution Assist Receiver for the National Health Insurance.

Implementation of health services doesn't seem to be such smooth and easy. It has become a challenge in case of managing and utilizing the capitation fund. Monitoring and evaluating the use of capitation fund is important in order to achieve the aim of the National Health Insurance. The capitation fund is the fund used as a payment for the primary health services. The amount of capitation fund given by the Social Security Administering Body for the Health Sector Organizing Agency will impact both positively and negatively.

The amount of capitation fund depends on how many beneficiaries on each primary health center. It is more specifically on how many of them does pay accordingly and how much do they utilize it. Research found out that each primary health centers received more than four to five times more patients than their health centers would receive according to their beneficiary recorded. However, it is also recorded that each primary health center would experience an increase of 5.5% of participants compared to the previous month³⁵. While the increase of capitation fund that was received by the primary health center reached 6.1% more than the previous month. Although there was such an increase, it is still rated as lacking to pay and provide enough health services for the participants.

The capitation fund management is the procedure of budgeting, implementing, administering, and accountability of capitation funds. The management of capitation fund is closely related to the monthly disbursement of capitation

³⁵ M. Faozi Kurniawan, "Capitation Fund Management and Utilization (Monitoring and Evaluation of the Indonesian National Health Insurance)", Group Penelitian dan Pengembangan BPJS Kesehatan bekerja sama dengan PKMK Fakultas Kedokteran UGM, (2019): pg. 2

fund. Usually, the capitation fund is given on every 15th each month. Management of each primary health center is independent according to their policy.

4. Understanding the Philippines Social Security System

a. History of the Social Security System in Philippines

The Philippines initially get to know about the social security system through their fifth president, Manuel Acuna Roxas. In January 1984, president Manuel Acuna Roxas gave orders to the legislators to form a program that is to give help to people who were facing the effects from the war. However, president Mauel Acuna Roxas soon passed away without passing the bill. Soon, the next president took his place and continues his orders. The sixth president of the Philippines, President Elpidio Rivera Quirino forms the social security study commission and succeeds in drafting the social security act. It was eventually enacted as the Social Security Act of 1954 or known as the Social Security Law during the seventh president's era. However, the implementation was stopped by some of the objections from the business and labor groups. Until 1957, it was finally implemented with the revised Republic Act Number 1792 amending the Social Security Law.

Although the social security law was implemented throughout some of the years, there were some obstructions. The services and benefits were still a lot lacking. Hence, in 1979 there was some extended coverage over the social security law. It is accepting citizens who claimed themselves as self-employed, including farmers, fishermen and even household helpers. In order to give better medical services, the Philippines Social Security System transfers

its Medicare program to the Philippine Health Insurance Corporation (PhilHealth). Following on the twelfth president whom signed the Republic Act of the Philippines Number 8282 which amended the Social Security System by providing better benefits, more coverage, opportunity for investments, clear and firm punishments for violators. By 2017, the Philippine Social Security System has served over than 2.2 million citizens.³⁶

b. Introduction of the Social Security System in Philippines

The Philippines Social Security System endeavors a nearly perfect and suitable system for the citizens. It promotes the value of “work, save, invest and prosper”. The benefits of the social security system ensure members receive protection, compensation and helps in regards of disability, or any other financial burden. The Philippines Social Security System applies to almost every level of the citizen, from the employee, employer, self-employed, Overseas Filipino Workers, non-working spouses to private companies.

Every member is allow to receive benefits that comes in certain services or compensation depending on each situation and qualifying conditions as stated below.³⁷

1) Sickness

Members who are unable to work cause of sickness or injury up to four days are able to claim a total amount of 90% of their salary per day from the social security system. This benefit also applies if they have used up

³⁶ Wikipedia, “Social Security System (Philippines)”, accessed on November 12, 2019, [https://en.wikipedia.org/wiki/Social_Security_System_\(Philippines\)](https://en.wikipedia.org/wiki/Social_Security_System_(Philippines))

³⁷ Republic of the Philippines Social Security System, “Summary of SSS Benefits”, accessed on November 25, 2019, https://www.sss.gov.ph/sss/DownloadContent?fileName=SUMMARY_OF_BENEFITS.pdf

all their sick leaves in their company and has done their obligation by paying their contribution. They are given cash as their compensation with a maximum up to 120 days in a year with a condition that they have to notify to their nearest social security system office.

2) Maternity

Female members do experience pregnancy and giving birth even though they are occupational workers. When one who has planned to build a family and have a baby, she shall contribute well to her social security in case of able to receive benefits through it. In this case, three months of contribution are paid as requested from the Philippines social security system. Pre-mothers shall also notify their company or employer and nearest social security office prior to their delivery. By doing those before hand, mothers can enjoy the privilege of cash allowance during her post-pregnancy and an extension of maternity leaves regardless of her frequency of pregnancy.

3) Disability

The Philippines social security system offers help to those unfortunately disability members by giving cash benefit either monthly or a lump sum. For members who have contributed a total of 36 months in their social security account, they will receive a minimal amount of ₱1000 (one thousand peso) and for those who have yet contribute less than 36 months will receive a lump sum of amount.

4) Retirement

Each type of member depends on their age to be qualified as retired. The average of the retirement age for most of the occupation is 60 to 65 years old, with

their obligation done of paying their contribution fee regularly for the past 120 months. While for the surface and underground mineworkers, their retirement age is only 50 to 55 years old. They shall also qualify a five years of working experience in the industry. Another exception occupation is the racehorse jockeys; their retirement age is 55 years old and must have been certified and licensed for at least five years. Retirement members will receive monthly compensation otherwise lump sum of amount after they do not work due to old age.

5) Death

A cash benefit will be granted monthly if a deceased member contribute regularly as long as 36 months. Less than 36 months will be granted a lump sum of amount to their beneficiaries.

6) Funeral

Funeral expenses will also be supported by the social security system. Different types of members will receive different types of amount helped from the social security system. For the employee, it is compulsory for the employer to take coverage on the funeral fee. While for the other types of member, as long as the deceased member has contribute at least one month of the contribution fee, the social security system will afford up to a minimum of ₱20,000 (twenty thousand Peso) until ₱40,000 (forty thousand Peso).

7) Unemployment Benefit

The state of being unemployed shall not be over than the retirement age for each of the profession. It also required that members had contributed at least 36 months of contribution fee. A bunch of reasons are

restricted to members in receiving the benefits are serious misconduct, willful disobedience, neglect of duties, fraud, commission of a crime, and disloyalty conflict of interest. Above are the actions that may effect on involuntary separated from employment. In those cases, there will be no cash benefit granted. For the qualified members, they are granted an amount that is equivalent to twice the half of the member's average monthly salary credit. Member can only have one chance in using this benefit and must notify social security system before a year of involuntary separation.

8) Employees' Compensation (EC) Program

Above are all the benefits for all types of the member, exception for the employees, there is another privilege and that is the employees' compensation. This program gives a higher compensation to the employees that are totally or partially disabled, death and funeral. It is to ensure the prosperity of the citizens.

Upon the benefits provided, member shall give a part of them in terms of balancing the rights and obligation. This is also known as the contribution fee. Similar to Indonesia, the contribution fee of the Philippines Social Security System is also based on monthly salary or income of each member not exceeding ₱16,000 (sixteen thousand Pesos) as the limit. Each month, the members will pay a total of 11% of their salary to the social security system. But it is not burdened totally by the employee, only 3.63% will be taken from the salary and the other 7.37% will be burdened to the employer. For overseas Filipino workers, working spouses, non-working spouses, employers and self-employed have to pay the total amount all by them self. Overseas Filipino workers will just need to contribute with

the fixed minimum salary of ₱5,000 (five thousand pesos) and the non-working spouse's contribution fee will be based on 50% of the last monthly salary obtained with the minimum of ₱1,000 (one thousand Pesos).

The Philippines Social Security System has given every member the benefits that ensure fair and prosperity of every citizen. However, it seems not good enough in providing details services in case of medications. Hence, the government has taken part of the National Health Insurance known as the Philippine Health Insurance Corporation (henceforth referred to PhilHealth) to share burden regarding health care of the citizens. PhilHealth is a financial institution which is nationwide covering all the citizens of the Philippines by reducing their expenses during confinement or any other health services provided. The services and benefits provided by PhilHealth include inpatient, outpatient and health packages.³⁸

1) Inpatient

The benefits for inpatients include almost all the fee needed such as attending physicians, hospital charges and prior to discharge fees. These benefits apply only to those accredited health care institutions that are acknowledged by PhilHealth. Member shall notice their obligation done completely at least 6 months to obtain these benefits.

2) Outpatient

a) Day Surgeries

It is a service that is not an emergency surgery case, either minor or major and patients are sent home for post-surgery care on the same day. This service takes place only on accredited

³⁸ PhilHealth, "Benefits", accessed on November 29, 2019, <https://www.philhealth.gov.ph/benefits/>

health care institution and the fees covered includes the attending physicians, hospital charges and prior to discharge fee.

b) Radiotherapy

PhilHealth provides a total amount of ₱2000 (two thousand Peso) to ₱3000 (three thousand Peso) for every session of radiotherapy needed by the member. However, it is limited to 45 times session each year.

c) Hemodialysis

For Hemodialysis, the case rate is ₱2,600 (two thousand and six hundred Peso) each session, for inpatient, outpatient or emergency dialysis procedure for acute renal failure. There is also a limitation of 90 sessions allowable each year.

d) Outpatient Blood Transfusion

The blood transfusion includes drugs and medicines, x-ray, laboratory and operating room which cover a total of ₱3,640 (three thousand six hundred and forty Pesos). It is limited to 45 days benefit and only to accredited health care institutions.

e) Primary Care Benefit and Expanded Primary Care Benefit

This is the basic service provided for all citizens who seek medical help when needed. It is available for all accredited rural health units, health center and government hospitals. Every citizen and any type of member shall reach to these available institutions for medications needed. Other than the basic general medications, it is also opened for some common

disease such as asthma, mild dehydration, respiratory infection, pneumonia and urinary tract infection. To be more specific, the primary care benefits includes fees for consultation, basic inspection or visual examination, blood pressure and body measurement, health education program, periodic examinations such as breast examinations, health counseling, digital rectal examinations, drugs and medications. If any checkups were shown to have further symptoms occur, doctor in the primary care shall recommend patients for a further diagnostic examination such as blood test, urinalysis, x-ray, lipid profile, etc. Another service provided as stated is the Expanded Primary Care Benefit which allows some of the members such as the employees, lifetime members and senior citizens to have their health screening and some other essential services. This is available to a very limited of accredited institutions and disease conditions. Besides, it is also limited to drugs and medications that are listed.

3) Health packages

PhilHealth has provided some sustainable development goals health packages for their members and their beneficiaries such as the outpatient malaria package, HIV-AIDS package, anti-tuberculosis package, voluntary surgical contraception procedures and animal bite treatment package. The sustainable development goals health packages are recommended by the international organizations which support and promote

healthy life by reducing premature deaths caused by common diseases.

The Philippines Social Security System through PhilHealth has provided an almost complete Social Security Administering Body for the Health Sector for the citizens. Therefore, citizens should also do their part to balance the obligations and rights. By paying their part of contribution fee each month regularly would be great as well. By 2019, PhilHealth has set a new contribution fee which is approved by the Republic Act Number 11223 regarding appropriating funds therefor as shown below.

Year	Monthly Basic Salary	Premium Rate	Monthly Premium
2019	P10,000.00	2.75%	P275.00
	P10,000.01 to P49,999.99		P275.00 to P1,375.00
	P50,000.00		P1,375.00
2020	P10,000.00	3.00%	P300.00
	P10,000.01 to P59,999.99		P300.00 to P1,800.00
	P60,000.00		P1,800.00
2021	P10,000.00	3.50%	P350.00
	P10,000.01 to P69,999.99		P350.00 to P2,450.00
	P70,000.00		P2,450.00
2022	P10,000.00	4.00%	P400.00
	P10,000.01 to P79,999.99		P400.00 to P3,200.00
	P80,000.00		P3,200.00
2023	P10,000.00	4.50%	P450.00
	P10,000.01 to P89,999.99		P450.00 to P4,050.00
	P90,000.00		P4,050.00
2024 to 2025	P10,000.00	5.00%	P500.00
	P10,000.01 to P99,999.99		P500.00 to P5,000.00
	P100,000.00		P5,000.00

Image 2.6 New Contribution Fee for PhilHealth³⁹

The contribution fee has increase a total of 0.25% of their monthly salary for the year of 2020 to a 3% and will continue to increase 0.5% each year until 5% in year 2025 according to the Universal Health Care Law of 2019.⁴⁰ The increase in contribution fee applies to all type of member

³⁹ PhilHealth, “PhilHealth sets new contribution schedule; assures immediate eligibility to benefits”, accessed on December 2, 2019, https://www.philhealth.gov.ph/news/2019/new_contri.php

⁴⁰ Ibid.

except for the house keeper and overseas Filipino workers. For the house keeper also known as the Kasahambay, their contribution fees are burdened to their employer while the overseas Filipino worker will pay in whole. On the other hand, member who is late in paying or lacking in the contribution fee will be facing a penalty of at least 3% of a month's fee. The increase of contribution fee is believe to ensure the sustainability of the National Health Insurance Fund and guarantees the citizens with the availability of outpatient benefit packages.

c. Implementation of the Social Security System in Philippines

Through the latest Republic Act of the Philippines Number 8282 regarding social security law, the Philippines Social Security System has implemented their program with upgraded benefits and coverage. It has also increased their flexibility concerning investments and stricter punishment for violators. The latest law has also established a provident fund voluntarily for some specific members.

It is an obligation for every worker to register themselves to the Philippines Social Security System; however most of the occupations in the Philippines are in the informal sector which is harder to reach them. A registration can be done through online or offline to the nearest Social Security System branch office. In order for each and every citizen to be able to participate in this program, the government has made it easy with the requirement of just a birth certificate or any other identification documents.

A contribution fee is collected prior to the registration of becoming a member of the social security system which has been explained as above. Mostly for the benefits provided from the social security system is compensated with value of currency or cash directly. Each benefit has its own calculation formula while the most common is the retirement benefit which most of the member will receive it sooner or later. Hence, most of the member does not understand the calculation. Different circumstances of the members will lead to a difference of compensation received. Below is the calculation for the retirement benefit that will be cash benefit monthly to the members who has completed the requirements.

$$(AMSC) 20\% + (AMSC) 2\%* + \text{P}300$$

$$(AMSC) 40\%$$

₱1, 200, if the CYS is at least 10 but less than 20;
or ₱2,400, if the CYS is 20 or more

** For year of service in excess of 10 years
AMSC – Average Monthly Salary Credit
CYS – Credited Year of Service*

Image 2.7 Retirement Benefit Calculation⁴¹

Above calculation will be computed for members compatible to each situation. For each formula, member should have contributed at least 120 months or 10 years otherwise they are only given a lump sum of amount in total. All calculations will be done and members will receive the highest compensation throughout the calculation.

⁴¹ iMoney Philippines Learning Centre, “The Basics of Social Security System (SSS) That you Need to Know”, accessed on December 3, 2019, <https://www.imoney.ph/articles/social-security-system-basics/>

The successful of the Philippines Social Security System can be seen through the quantity of increasing in both contribution amount and the participation member which is reported through their 2018 annual report. Based on the report, it is stated that the contribution amount has increase a total of 13.9% than the previous year which amount is ₱181.917.000 (one hundred eighty one million and nine hundred seventeen thousand Pesos). By that amount it is also proofed that a number of member has increased which is recorded that a total of 1.65 million new covered members are registered in the program.

Besides, the Philippines Social Security System has also put in a lot of effort to enhance their quality. By 2018, they have a total of 305 local offices and 27 foreign offices to bring information and services to members in need. Aside from that, they have also conduct a total of 10 conferences merely in 2018 with more than 500 participants from each type of members and occupations attending it. The social security commission does not only help members with their benefit but also took part in helping disasters victim. In 2018, the social security system has provided a new program to give out loans for educational and business and even for emergency use. In order to promote cooperative and sustainable humanitarian effort, the agreement of the social security system and the Philippine Red Cross has signed a Memorandum of Agreement in September 2018. The Philippines Social Security System would really like to cover every citizen of the Philippines and therefore they have formed a multi-sector forum which is attended by more than 60 officers and representatives from institutions, financial institution,

local government units and even religious organizations with the aim to increase the self-employed membership.

Until now, the Philippines Social Security System was seen to be almost perfect in the eyes of other countries which made countries all over the world come and study how their system has worked out well. On November 2018, the Korea Government Pension Services has their representatives to visit the Philippines and learn from their pension management. Following on, the Republic of Bangladesh and Republic of Indonesia has also made their trip to the Philippines for study visits. In the end of 2018, the Philippines Social Security System has also cooperate with the Philippine National Police to aim for the public awareness of the nearest police station and social security branch offices for help.

5. Understanding the International Social Security Association (ISSA)

a. History of the International Social Security Association⁴²

The first to say regarding social benefits and sick insurance fund was brought up during the tenth International Labor Conference. It was brought up with the main reason of the sufferings of those post-war victims. Due to the seriousness of this matter, the delegates from International Labor Organization formed an association to develop and enhance the social benefits and sick insurance. This association was then officially established in October 1927. The main objective of the association was to give assurance to the old, invalidity and survivors of the First World War.

⁴² International Social Security Association, "History", accessed on December 24, 2019, <https://ww1.issa.int/history>

The developing of the association has attracted the United States. In 1935, President Franklin D. Roosevelt agrees to sign the Social Security Act which involves economy security and social insurance. The United States has tried to reach the association for an agreement but it was delayed by the World War II. At the same time, the United Kingdom has agreed to advance labor standards in case of economy assurance and social security. This has made the United Kingdom unified their social security system. Besides, the government in France has agreed to extend its social security to the entire citizen of France. It was implemented by setting up the National Social Security System in 1946.

The International Labor Organization once again steps in to discuss regarding social security. As in result, the Declaration of Philadelphia was borne. The Declaration of Philadelphia urges the expansion of social security measure and promotes social security in the international and national region. It also encourage a systematic and cooperation between social security institutions. It is strongly believed that with only social justice can bring the world lasting peace.

In 1947, the association changed its name into the International Social Security Association. It was then opened to welcome new members. What makes the International Social Security Association unique is the structure where government departments from all over the world have combined into one as an organization. Under the guidance of the ninth president of the International Social Security Association, President Renato Morelli from Italy, it was clearly seen a high increase of membership from 21 countries to 104 countries.

Throughout the years, the International Social Security Association has developed into an association with high standard and productivity in research as well as publications. Soon, the association was able to share its data through the latest technology during 1970s, and it's the electronic data. Towards the new century, it was the beginning of the negative view where the economic cost of the social security plays a big part in it. The delegates were eager to participate in more international events where social security matters were related. During that time, President of the International Social Security Association, President Johan Verstraeten schemes with the motto "Strengthening the security in social security". Just like that, the membership of the association increases again to 148 countries with the important milestone during this development from the People's Republic of China.

As the development of time, the association has adapted the use of technology in communication and information by establishing the first International Social Security Association official website. Beginning of the 21st century has been really hard for the global as the majority of the countries were affected by the financial crisis. With the help of the International Labor Organization, seminars were held to interact with the delegates to give advices on the impact of the crisis. At the same time, the International Social Security Association also made some changes with the objective to become knowledge-based service organization. Soon after that, the first Guidelines on good governance in social security administration were published. More and more guidelines were continuously published right after that providing practical knowledge and solutions. By 2019, the International Social Security

Association has more than 330 member organizations in 158 countries.

b. Introduction of the International Social Security Association's Guidelines

It is an official international organization that brings national social security agencies together in order to increase the cooperation between nations and develop dynamic social security system and policy throughout the world. The International Social Security Association provides professional guidelines, expert's knowledge, and services with updated information for members regarding social security all around the world.

Hitting off with good results in the beginning of the century, International Social Security Association has established the very first guidelines on good governance which is believe to become an important objective as well as a key principle in social security. The common acknowledgement towards good governance is delivering of what has mandated and reassures of what has delivered is compatible to the need of the society. The guidelines provide exactly what was needed with guided principles and practical guidelines on good governance. Aside from the first guidelines provided from the International Social Security Association, there are 12 more guidelines provided to support members. The other 12 guidelines that are subsequently developed were more technical but as important as the first guidelines on good governance. It includes guidelines on service quality, contribution collection and compliance, information and communication technology, investment of social security funds, promotion of sustainable employment, communication by social

security administrations, actuarial work for social security, administrative solutions for coverage extension, return to work and reintegration, prevention of occupational risks, workplace health promotion and error, evasion and fraud in social security systems. In present, the guidelines provided are focused mostly on the internal of an institution handling social security matters.

The International Social Security Association defines good governance as an attitude towards the given authority to achieve the institution's objective which implies the principle of accountability, transparent, predictable, participative and dynamic. The authority indicates the power to plan, apply and innovation the institution's policies, rules and regulations by involving the stakeholders. Speaking of the principle in the International Social Security Association, there seems to be a disparity between members. Some may regard it as four principles and sees the last principle as reinforce and an observance for the other principle.⁴³

The first principle that was held upright by the International Social Security Association is accountability. It means the capability of withholding the institution upright as in legally straight. The necessity of forming norms and rules to review achievements and system is important to protect any misuse of authority. An accountable leader and administrator give reliability for beneficiaries to trust their social security benefits. An accountability institution is able to manage the institution prudently, effectively and fair. Following on the second principle, transparency refers to the accessibility of the accurate information. It does not only refer to the past

⁴³ International Social Security Association Guidelines on Good Governance, pg. 2

information but also the current state information of the institution. In the process of any decision making, it is strongly encourage being as transparent as possible which shows honesty and integrity towards the management of social security program. Another way of being transparent to the beneficiaries is creating simple and clear procedures to avoid misunderstanding and discrepancy.

Predictability is the next principle upholds by the International Social Security Association. This principle refers to the consistency and unwavering of rules and regulations including the policy and procedures. Besides, definition of term shall be done to assure the right of every party. Changes that were made in a sudden may seriously result in the credibility of the program. A good management of an institution may be not as complete without the participation of the delegates, stakeholders and beneficiaries. Hence, participation may seem to be little but it does make an impact. Barely participating by attending but not absorbing information and implementing it does not count as participation. Therefore, an active involvement of the stakeholders and beneficiaries will enrich the social security institution.

Lastly, the principle of dynamism, it refers to the change of the social security program and institution. Above principles may be applied in the context of sustaining a status quo, dynamism points to improving the status quo itself. It is a need where times are changing and the evolving of the world continuously goes on. Dynamism also emphasize of changing to be more efficient and effective.

The International Social Security Association guideline on good governance upholds these principles and

was continuously implemented into the other guidelines. It is to remind all management parties and administrators about the importance of these principles in whatever part they take part in the program and give out their best in providing the best social security service.

c. Implementation of International Social Security Association's Guidelines in Indonesia and Philippines

The Republic of Indonesia and Republic of Philippines is both country member of the International Social Security Association. The Indonesia has its representation from the Social Security Organizing Agency with consists of both Social Security Administering Body for the Health Sector and National Social Security Administering Body for Employment. On the other hand, the Philippines have the Philippines Social Security System and PhilHealth as their representation.

Indonesia has implemented the International Social Security Association guidelines that can be founded on the Republic of Indonesia Law Number 24 Year 2011 concerning about Social Security Organizing Agency. It can be seen that the Indonesia's law has been applying and following the principles of the guidelines. It is shown through the articles in the law such as article 13 point f, article 21 verses 2, article 24 verses 1 and verse 3 point e, article 29 verses 3 and article 37 verses 5.

On article 13 point f and article 24 verses 1 are shown the principle of accountability. As stated in article 13 point f as in "The Social Security Organizing Agency has the obligation to give information to the participants regarding all the procedures of their rights and obligations" and in article 24 verse 1, it is stated as "The management

director functions to carry out the operational activities which guarantees the participants to receive benefits according to their rights”. Both articles show the responsibility of the delegates toward the institution and participants. Besides, through article 13 point f, participants are able to know their benefits and outcome of their contribution. Hence, it also plays a part of the predictable principle.

Aside from that, article 29 verses 3 and article 37 verses 5 are also the implementation of the principle of being transparency. As stated on article 29 verses 3 “Upon the announcement of the Board of Supervisors and Board of Directors candidate’s name to the citizens for the sake of receiving comments and feedbacks shall be done within five days after the registration for candidates are closed”. Meanwhile, in article 37 verses 5 states “The management and annual finance report of the Social Security Organizing Agency must be published in conclusion through the electronic telecommunication media and at least two printed media”. Therefore, by releasing and exposing the reports to the public and get to know by the citizens is the best way of showing honesty and integrity.

By implementing the principle of participation, the national law has included different types of people in the Board of Supervisors. Based on article 21 verses 2, “The Board of Supervisors consists of two governmental civilians, two employees, two employers and one public figure”. This allows different types of layers of society were included in the operation of the social security program which provides different point of view and throughout bringing an improvement and dynamism to the institution.

Lastly, the Indonesia's National Law about Social Security Organizing Agency is serious on upholding the principles found in the guidelines of International Social Security Association which can be proved by the article 24 verses 3 point e. It is stated that the board of directors has the authority to set the provisions and procedures of procurement of goods and services in carrying out the tasks of institution while heeding the principles of transparency, accountability, efficiency and effectiveness. The implementation of the guidelines does not only show on the written law but also the opened access website. Through the website, it is clearly stated all procedures, benefits, structure of institution and yearly report which can be access to every citizen. In conclusion, by providing all accurate information to the participants is equal to completing all the principles.

As one of the member of the International Social Security Association, the Philippines has also done their part by implementing the guideline into their Social Security Law which is the Republic Act of Philippines Number 8282. Similar to Indonesia, the Philippines' Law has included all the principles of the International Social Security Association's guidelines on good governance. It is shown by vary section of the law such as section 3, section 11, section 12-B point b, section 21 and section 27.

The first principle of accountability is shown on section 21 of Republic Act of Philippines Number 8282 which stated the promise of the government by assuring the benefits of the social security system will be totally a responsible of the government. In additional, the government is ready to be burdened for the solvency of the social security system. By this written law, it gives a sense

of security to the beneficiaries and citizens to trust the delegates and stakeholders of the social security system. Next on section 27 regarding records and reports. In this section, it is mainly about the obligations of publishing the yearly report of statistical data, finance status and benefits administered. Before publishing, the president of the social security system has to give a report to the nation's president regarding all the operational and management particularly regarding the use of the fund and disbursement. After that, the published report shall be done in synopsis through the newspaper so the citizens and beneficiaries are able to know on whatever is going on with the social security institution. It is opened up to every citizen and hence it has fulfilled the requirement of transparency.

Following on the next principle of predictability, it is shown on section 11 that mainly stated about the effect of separation from employment. The obligation of paying contribution fee lies on the employee after separation from his/ her employer. This section tells that what will happen in the future which is also predictable. Mostly, the rules and regulation regarding the benefits show the predictability of what will happen to participants. Another section showing predictability is section 12-B point b which declares the retirement benefit. It is stated that members who are sixty (60) years old at retirement but do not reach the requirement of receiving monthly pension are entitled to a lump sum of amount.

Lastly, in section 3 has shown the participation from different types of people to be participated in managing the social security system. It is required to have people from the workers, employers and general public people to form

the social security commission. Similar to Indonesia, besides the written law the social security system of the Philippines has also its official website which shows all the news and information from then to now. It also serves as the website for public to access data and information regarding the progress of the social security system.

B. Legal Framework

In this research, the writer is going to use the national law and the international conventions as stated below:

1. Rules and Regulations of Indonesia

a. Constitution of the Republic of Indonesia 1945

1) Article 28H

This article stated that every person has the right to live a prosperous life; with a standard accommodation and good surroundings moreover has the right to receive appropriate health services and medical care.

2) Article 34 paragraph 2 and paragraph 3

Paragraph 2 stated with the development of social security system to all the people of this nation and empowers the weak and needs that is according to human dignity.

b. National law of Republic of Indonesia Number 40 Year 2004 regarding National Social Insurance System

1) Article 2

The National Social Security System is set based on humanity, beneficial and justice for the whole citizen of the Republic of Indonesia.

2) Article 16

Every participant has the right to receive benefits and information about the program they are taking part of.

c. National law of Republic of Indonesia Number 11 Year 2009 regarding Social Welfare

1) Article 4

The country has the responsibility to enforce the social welfare.

2) Article 9 Paragraph 2

Social security shall be given in the form of insurance and direct assistance.

3) Article 10 Paragraph 1

The insurance enforced is to ensure the incapable citizens of paying their contribution are still able to maintain their social status.

d. National law of Republic of Indonesia Number 24 Year 2011 concerning about Social Security Organizing Agency

1) Article 3

The aim of Social Security Organizing Agency is the realization of assuring decent life and providing basic needs for each and every member including their family.

2) Article 13

The Social Security Organizing Agency has the obligation to provide information through printed and electronic media regarding the accomplishment, financial situation as well as the asset along with its development.

3) Article 19

Stated that an employee is compulsory to collect fund from their employer's salary and make payment to the National Social Security Account.

The articles of the rules and regulations of Indonesia mentioned above were translated by the writer according to the understanding of the original article.

2. Rules and Regulations of Philippines

a. Republic Act of the Philippines Number 7875

1) Section 6

This section explains about the coverage of social security held by the government shall include all Filipinos.

2) Section 14

The Philippine Health Insurance Corporation (PhilHealth) is hereby created. This corporation is a part of the social security system of Philippines which give health services.

b. Republic Act of the Philippines Number 8282

1) Section 9

The coverage of the social security system oblige every employees not over than 60 (sixty) years old to participate in the program. An exception for spouses and employees working for foreign companies are not compulsory but voluntary basis to participate in the program.

2) Section 12

The pension calculation is explained in this section and the highest amount will be the pension amount received.

3) Section 14

Members who are qualified with the requirements have the right to receive health care and compensation.

c. Republic Act of the Philippines Number 11199

1) Section 2

The policy of establishment the social security system is to develop, promote and viable tax-exempt for the institution. It also has to meet the needs of the people and ensure meaningful social security protection against

the hazards of disability, sickness, maternity, old age, death and any other financial burden.

2) Section 4

In this section, a clear list out of all authority and obligations of the commission as well as the social security system as an institution.

3. The International Social Security Association Guidelines on Good Governance

The guidelines strongly promote and support the principles of the good governance which is; accountability, transparency, predictability, participation and dynamism. There are two parts which consists of guidelines for the board and management and guidelines for specific areas in social security administration.

a. Guideline 4

“The selection process ensures the suitability and competence of the members of the board.”

b. Guideline 6

“The board ensures that the institution is performing its mandate efficiently. It establishes a set of standards and benchmarks to evaluate the management’s administration and implementation of the social security programs.”

c. Guideline 12

“The board establishes a policy on disclosure of information that clearly defines the grounds on which board may choose to exercise discretion in providing information to stakeholders.”

d. Guideline 15

“Members are informed about the benefits due to them under the social security programs.”

e. Guideline 18

“Decisions of the board are applied constantly.”

f. Guideline 19

“Legislation, policy or decree provides for the balanced representation of the different stakeholders on the board of the institution.”

g. Guideline 20

“There is enough flexibility within the legal framework to allow the institution to introduce innovations and improvements in the administration and implementation of the social security program, without having to amend the legislation, policy or decree establishing it.”

C. Theoretical Framework

In this research, the author has used the Responsive Law Theory as an instrument to relate and analyze the objective. Responsive Law Theory was founded by Philippe Nonet and Philip Selznick who developed the theory by proposing different types of legal order. There are three types of legal order; repressive law, autonomous law and responsive law.⁴⁴ Repressive law applies to the primitive need of law for those with power and authority. Autonomous law focuses on its own institution with the capability to hold down repressive power and protect its integrity. Responsive law pays attention towards the need and aspirations of the social and play as an instrument to receive various responds and achieve those goals.

Among the three legal orders, Nonet and Selznick argue that only the responsive law can guarantee a stable and lasting structured institution.⁴⁵ The responsive law theory views law as a

⁴⁴ Malcolm M. Feeley, “Law, Legitimacy, and Symbols: An Expanded View of Law and Society in Transition”, *Michigan Law Review*, Volume 77, No. 3 (1979): pg. 899

⁴⁵ Henry Arianto, “Hukum Responsif dan Penegakan Hukum di Indonesia”, *Lex Jurnalica* Volume 7 Nomor 2 (2010): pg. 119

way to reach an aim. Characteristics of responsive can be interpreted as serving the needs of the social that are experienced by the citizens and not the officials. Responsive law also implies a commitment which is “law in the consumer’s perspective”. The two features that show the concept of responsive law are shifting of rules to principles and emphasizing the importance of democracy.

Responsive law reflects a concern with substance. It is usually opened for arguments, alteration and adjustments. The main point of it is the principles within the law. Principles within the law shall not show detailed guides but pointing to goals and directions. In conclusion, responsive law believes that law with good principles and fulfills the needs of the citizen is regarded as a good law.