

Transformation Recognition Award:

Social Security Reform for All Workers (BPJS Ketenagakerjaan – Indonesia)

1. Name of Project : Social Security Reform for All Workers

Summary :

The reform mandates coverage expansion to all workers under mandatory scheme with 4 (four) programs, Provident Fund, Employment Injury Insurance, Death Benefit and, the newly launched, Pension under Defined Benefit Scheme. The reform requires a processes reengineering in BPJS Ketenagakerjaan.

One of the most dramatic change is the identity number. Social Security Administrator, as mandated in the Law, must provide single identity number to its members. As part of the social security reform processes in Indonesia, BPJS Ketenagakerjaan initiated to integrate its whole administration system with National ID administered by the Home Affairs Ministry (which was recently reformed in the agenda of national public administration).

Previously, since its first implementation in 1977, BPJS Ketenagakerjaan (used to be Jamsostek) had no single identity member for its members. This practice impacted into inefficiency, data inaccuracy and fraud.

Started in 2014, BPJS Ketenagakerjaan was the first public institution in Indonesia which integrate its whole administration system with the National ID and uses it as single social security number in Indonesia. Its ultimate objective is ensure the data accuracy, dramatically simplify business processes and improve service quality to all workers in Indonesia.

2. Objective and nature of Project

2.1. Objective

The objectives of the National ID integration initiative are fourfold: improve data accuracy, simplify process to improve efficiency, expand access (services and information) and improve quality of services (effectiveness).

It is expected that all the aforementioned objectives be a sound basis towards the protection for all workers through the new philosophical landscape of operation and service for the members: Anytime, Anyhow, Anywhere and Zero Fraud.

- 1) The use of National ID as the basis to validate the existing data and improve data accuracy of the members to re-engineer the business model.
- 2) Access expansion, for the purpose of members acquisition and service delivery, for 110 million workers throughout the nation
- 3) Collaboration with public service institutions and other industries

2.2. Issue/problem/challenge

Social security reform in Indonesia has significant changes in the aspect of:

- Coverage expansion to all workers, both formal and informal.
- New program of defined benefit Pension as an addition to the existing ones (Provident Fund, Death Benefit and Employment Injury Benefit)

Before the reform processes, BPJS Ketenagakerjaan had limitations to fulfil the mandates since all operational activities relied solely on the internal resources (1 Headquarter, 11 Regional Offices, 121 Branch Offices and 3.800 employees) in comparison to the challenges of covering 110 million workers in 512 districts nationwide throughout their lifetime considering the implementation of Pension Program.

2.3. The innovative approach/strategy

BPJS Ketenagakerjaan designed a Host – to – Host approach with the database of National ID administered by Home Affairs Ministry to integrate the use of National ID in the Information System of BPJS Ketenagakerjaan. The National ID then used as the single social security number for all workers which opened another development opportunities:

1. **System integration** with other public services, including healthcare facilities, and also **collaboration** with industry (banking, telecommunication, retail) using National ID as Common Reference Number to deliver social security services in all channels like registration, contribution payment, enforcement, claim and access to information.
2. **Membership**
 - a. National ID as source of data profile and validation
 - b. National ID as member identity/social security number
 - c. National ID as the unique code to verify access of services through all channels (phisycal – and electronic channels), including e – Registration, e – Payment for contribution, e – Administration and e – Claim.
3. **Service delivery**
 - a. NID as basis for claim verification for benefit payment
 - b. NID as basis for Online eligibility access in hospitals
 - c. Fast, easy service, low cost and friendly access to all benefit and public facilities through the introduction of phisycal - and electronic services like website services; BPJSTK mobile application in IOS, Android and Blackberry; Email services; SMS service; Smart Kiosks; Mobile Car Services
 - d. Fraud prevention
4. **Improve business processes**
 - a. Members data accuracy
 - b. Simplified and efficient business process by using the information available in the National ID
 - c. Higher access availability and reliability (fast, easy, low cost and friendly)

5. **Distribution Channel and Information accesses** through e – channel services using National ID as the unique code to verify the eligibility of the workers in each features and benefits.

BPJS Ketenagakerjaan declared its commitment to expand its distribution channel to make sure that all workers can have access to BPJS Ketenagakerjaan ANYWHERE, ANYHOW, ANYTIME without delay and error through:

a. Physical channel

- ✓ Expansion of branch offices from 121 to 324 branch offices which located in every districts in Indonesia.
- ✓ Expansion through collaboration with local Government (One Stop Business Permit Service) to 72 local Government out of 512 local Government nationwide.
- ✓ Expansion through collaboration with 1.1200 banking industry (Service Point Office), in which bank's branch can deliver the services of registration, contribution payment and claim, ATM and also all internet banking accesses
- ✓ Expansion through mobile services (cars) in every branch office to reach potential location.
- ✓ Expansion through smart kiosks which provided in each branch office

b. E – Services

✓ E- Reporting

An information system was built to simplifying monthly reporting. The company can directly ensure the dues that they pay as equal as the numbers of registered workers.

✓ E-Registration

An online system that enable potential members, either from formal or informal sector, to register easily to BPJS Ketenagakerjaan's social security programs.

✓ E-Payment

By Electronic Payment System, members can electronically inquire about their dues and pay them through ATMs and internet. Benefits are also electronically deposited in beneficiaries' bank accounts.

✓ E-Claim

As fast claim process has become a standard expectation from the society nowadays, BPJS Ketenagakerjaan build a fast track system, combining web technologies, document management, and queue system to fulfill that needs.

✓ E-information

BPJS Ketenagakerjaan as mandated by law, has to inform its members about their current provident fund's balance information. Couple years ago, these information was delivered in paper form to workers. Today, as information technology developed, the balance information is delivered through the Internet, via application named E-Saldo.

c. Web portal

An online portal to connect members and all the service provide BPJS Ketenagakerjaan.

d. Mobile Application such as BPJSTK Mobile and BPSTK SMS Service

- e. Social Media like Facebook, Twitter, and YouTube.

2.4. Internal or external evaluations of the practice

The initiatives have resulted in very significant collaboration like:

- Joint operation with 72 local Government out of 512 local Government nationwide to deliver the registration and information services.
- Joint operation in 1.120 Service Point Offices with banking including its 40.000 ATM networks, mobile/internet services to deliver the services of registration, contribution collection, claim and information
- Joint operation with 160.000 Payment Point Online Banking as financial aggregators to deliver the services of registration, contribution collection, and information
- Access in all telecommunication providers to gain information and education

The initiatives also give direct financial impact from the shifting of paper work in all process from reduced paper forms (registration, collection, information and claim), online system with 1.600 healthcare facilities nationwide without paper-based processes, information distribution to all workers like electronic Old Age Balance statement, eligibilities and other education programs. The moderate economic value of the simplified/shortened processes and the access expansion to all workers reach the amount of USD 10 Million annually.

In a country with a very high local autonomy of Governmental system, collaboration with Governments is a very challenging issue since each Province has their own policy and local wisdom not to put aside the opportunity to collaborate with industry (banking, telecommunication, retail). The ability to negotiate with each local government and various characteristics to put social security as their prioritized development program is a crucial factor. IT development as the business enabler to provide simple, user friendly, dynamic, agile and robust business model is an incentive for all Governments and industries to collaborate with BPJS Ketenagakerjaan.

3. Why the project should be recognized

Firstly, In such a high populous emerging countries, moreover considering the geographical issues as an archipelago countries like Indonesia, Single Social Security Number is a crucial issues to start innovative administration reform in social security services. A sound administration system through this approach will be an essential asset to persuade other Government agencies and Industries share their resources supporting the national social security system toward Indonesia's vision of universal coverage in 2019.

Secondly, the initiative has shown that a good social security system can not stand alone. It is a multi - dimensional and multi – department policies. An accurate and valid social security number as a common reference number would be a good start to initiate collaboration both for the purpose of operation/service and information/education.

Thirdly, widely accepted common reference number in public services, or even in industries, encourage public trust to social security programs and its administrator, which is very important for a long term program like Pension. Not only the program sustainability but also the service quality.

Lastly, The more options of access provided from the collaboration will also be a good point for the informal workers who have various difficult characteristics. The informal workers tend to be more resistant to physical and conventional approaches and will choose the most convenience accesses in accordance to their situations and needs whenever available. This will be a good basis to expand coverage to informal workers.