

## Ability and Willingness to Pay Premium in the Framework of National Health Insurance System

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### Abstract

**Background:** The National Health Insurance is one of the government's efforts to improve community access to health services. The government has fixed the premiums to be paid by community, except for underprivileged community. The aim of the study was to identify Ability to Pay (ATP) and Willingness to Pay (WTP) of the national health insurance premium.

**Methods:** A descriptive study which involved 210 housewives who were chosen by rapid survey method was conducted from September to November 2013 in Cipacing village, Jatinangor, Sumedang, West Java. Data collection was using questionnaire to obtain level of ability and willingness to pay the health insurance premium. The results were compared to the required premium by the government (Rp 22,000,-).

**Results:** Most of the respondents were only housewives, but there were still respondents who were private workers. Most of them were 20–39 years old. About 57.6% of the respondents were able to pay for the required premium, but Only 17.4% of the them were willing to pay according to the required premium.

**Conclusions:** The ATP of the respondents are higher compared to the WTP, meaning that most of the respondents are able to pay the requires premium but are not willing to pay it. [AMJ.2015;2(4):502–5]

**Keywords:** Ability to pay, Indonesian health insurance, willingness to pay

### Introduction

One of Indonesian health problems is the difficulty in accessing health services due to limited resources.<sup>1</sup> The out-of-pocket payment method urges community to have cash money when they get sick. This situation covered about 100 million people around the world in Indonesia.<sup>2</sup> To overcome the problem, Indonesian government develops National Health Insurance System (NHI) which is a social insurance scheme that enables people to access the health services without any financial difficulty.<sup>3,4,5</sup>

The NHI requires the community to pay Rp 22,000.00 per person every month (premium) to a third-party insurer.<sup>4,5,6</sup> However, there are still people who cannot afford to pay the premium for various reasons, either they do not have the ability to pay or they do not want to pay the premium.

Ability to pay is when people pay according to their ability, either by paying from themselves or paying by borrowing from

others. Willingness to pay is when people pay according to their will. Willingness to pay is influenced by other aspects, such as the quality of the service received, the amount of the price, and the community's knowledge about the cost of the provided service.<sup>7</sup>

The aim of this study was to identify the ability and willingness to pay for social insurance premium in the framework of the National Health Insurance System.

### Methods

A descriptive study was conducted from September to November 2013 in Cipacing Village, Jatinangor, Sumedang, West Java. Cipacing village is one of the villages in Jatinangor which is one of the research locations for medical students from Faculty of Medicine Universitas Padjadjaran. The subject was housewife and willing to participate by filling the validated questionnaire. From these criteria, 210 housewives were selected using rapid survey method. This study was approved

by Health Research Ethic Committee and all data included will be concealed.

The respondents were asked about the knowledge of NHI, total expenditure per month as an input to calculate ATP, and how much the respondents want to pay for their health service cost (WTP). Ability to pay was calculated and compared to the fixed premium and willingness to pay. The formula to measure ability to pay is 10% from tobacco and non-food expenditure in a month. The results of willingness to pay were classified into groups filled by the chosen health services and the cost according to the health services. The collected data were presented by frequency distribution.

## Results

The majority of the respondents were 20–29 years old, but there were still housewives who were under 19 years old (11.9%).

The majority of the respondents (78.1%) were housewives, but there were still 15.7% of the respondents who worked as private workers (Table 2).

**Table 1 Distribution of Respondents according to Age**

Age (years old)	n (%)
< 19	25 (11.9)
20–29	86 (41.0)
30–39	82 (39.1)
40–49	17 (8.0)
Total	210 (100.0)

**Table 2 Distribution of Respondents according to Occupation**

Occupation	n (%)
Labour	8 (3.8)
Farmer	2 (1.0)
Merchant	3 (1.4)
Private workers	33 (15.7)
Unemployed	164 (78.1)
Total	210 (100.0)

**Table 3 Distribution of Respondents according to Their Ability to Pay for the Social Health Insurance Premium**

Ability to Pay	n (%)	Mean	Standard Deviation
< Rp 22,000.00	89 (42.4)	Rp 14,957.00	Rp 4,719.00
= > Rp 22,000.00	121 (57.6)	Rp 41,415.00	Rp 20,883.00

**Table 4 Distribution of Respondents According to Their Willingness to Pay for The Social Health Insurance Premium**

Willingness to Pay/ person/month	Primary Health Care n (%)	Hospitaln (%)	Primary Health Care and Hospital n (%)	Total n (%)
< Rp 22.000,00	38 (21.8)	3 (1.7)	132 (76.5)	174 (82.6)
>= Rp. 22.000,00	1 (2.8)	2 (5.6)	34 (91.6)	36 (17.4)
Total	39 (18.6)	5 (2.4)	166 (79.0)	210 (100.0)

**Table 5 Comparison between ATP and WTP**

Ability to pay /person/month	Comparison ATP and WTP n (%)			Total n (%)
	ATP>WTP	ATP=WTP	ATP<WTP	
< Rp22,000.00	-	76 (85.4)	13 (14.6)	89 (42.4)
>= Rp 22,000.00	110 (90.9)	-	11 (9.1)	121 (57.6)
Total	110 (52.38)	76(36.19)	24 (11.43)	210 (100.0)

From table 3, most of the respondents were able to pay the premium determined by the Indonesian government with an average of Rp 41,415.-. It was much higher compared to Rp 22,000.- which is the required premium given by the government. Moreover, there were still respondents who were not able to pay the premium.

Most respondents (79.0%) wanted to be served in a primary health service and hospital. The communities relied on those health services to receive the medical attention. While, there were 39 respondents (18.6%) who wanted to be served only in the primary health care (Table 4).

Most of respondents (90.9%) derived from group who were able to pay the premium, but were willing to pay according to their ability (Table 5).

## Discussions

Ability and willingness to pay for the social health insurance premium are important tools to develop health policy in social insurance. This study discovered that most of the respondents had the ability to pay for the social health insurance premium that was equal to or higher than the government requirement, but most of them did not want to pay the required premium, although most of them had a higher ATP than WTP. This findings are similar to the Hidayat<sup>8</sup> findings in Purwokerto, Central Java, and Rianti<sup>9</sup> in Padang, West Sumatra. Hidayat<sup>8</sup> discovered that construction laborers in Purwokerto are able to pay the tariff of specified services and have a higher ratio of ATP than WTP. Moreover, Rianti<sup>9</sup> discovered that ATP of respondents in Padang is higher compared to the WTP, but the they are unwilling to pay the health services they received.

Other studies in Indonesia have different results. Sihombing<sup>10</sup> conducted a study about the impact of health financing towards ability to pay and catastrophic payment indicatings that most of the respondents have low level of ATP. Eighty six percent of the respondents are not able to afford the determined cost. This study is similar to the study conducted by Dungga<sup>11</sup> in Gorontalo, Sulawesi. In his study, the respondents are able to pay only Rp 15,607.-

Other study conducted by Sofyan<sup>12</sup> showed that 63% of the respondents are able to pay a specified tariff, and 51% of the them are willing to pay a specified tariff. Besides, there is finding from Djuhaeni<sup>13</sup> study performed

in Bandung the capital city of West Java, discovering that 93.3% of the respondents are able and willing to pay the required social health insurance premium (Rp 22,000.-).

In Indonesia, the ATP and WTP are different according to the location of the study. In many regions, the ATP is higher than WTP, but in some regions, the WTP is higher than ATP.

This study has limitations. Asking the respondents about their expenditures was a sensitive question and relied on their memory on how much cost they have been spending within one month. This situation had high bias in data collection. There should be a formula to help the family to calculate family's expenditure within one month.

It can be concluded that the majority of respondents are able to pay the premium on their own but they are unwilling to pay it. A further study should be performed in other regions so that the government can determine the more precise premium, not only to identify the the ability and willingness of the community but also to determine how much money the government must allocate to subsidy the payment of the premium. Moreover, the government should act more in promoting the NHI to the community.

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