

Efficient Financial Management Strategy For Indonesian Health BPJS

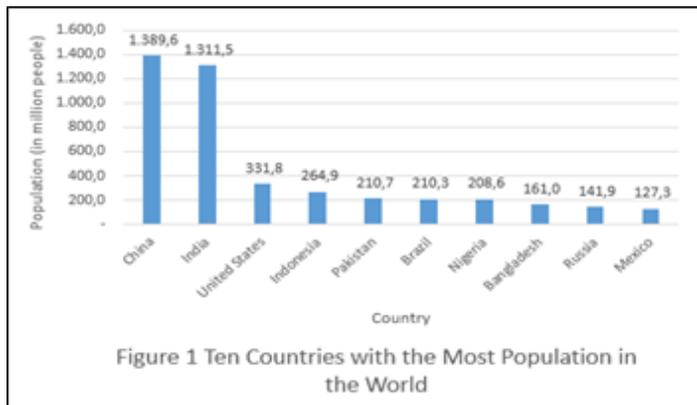
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Abstract: The purpose of this study is to find out and analyze the level of financial efficiency and efficient financial management strategies for a government-owned public sector company. The object of the research is the Indonesian Health Social Security Agency (Badan Penyelenggara Jaminan Sosial or Indonesian Health BPJS). Data analysis technique used in the research is Data Envelopment Analysis (DEA) to measure the efficiency level of Indonesian Health BPJS 2014-2016 with monthly data and SWOT analysis to determine efficient financial management strategies for Indonesian Health BPJS. Based on the results of the 2014-2016 Indonesian Health BPJS financial management data analysis in an efficient condition. The strategy that must be implemented for Indonesian Health BPJS for efficient financial management based on the SWOT analysis matrix can use aggressive strategies by maintaining financial management efficiency through regulating cash flow, recalculating the amount of contributions adjusted to economic conditions and gradually reducing debt important to overcome the deficit. To increase public trust, socialization and transparency of financial statements using information technology and cooperation with other health insurance to improve service quality can be an alternative strategy.

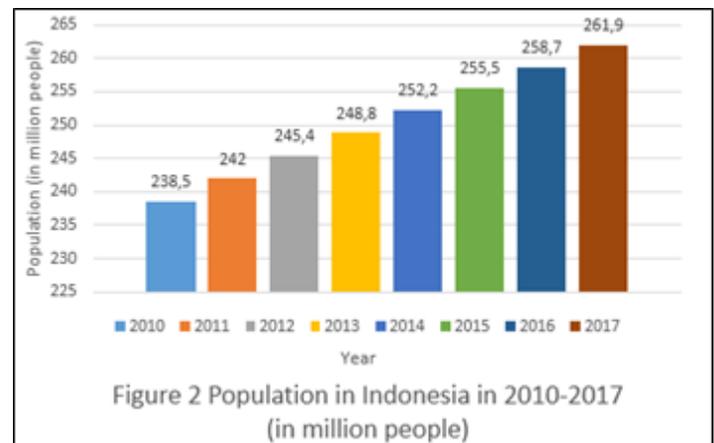
Index Terms: Indonesian Health BPJS, Financial Performance, Efficiency, Data Envelopment Analysis, Strategy, SWOT Analysis

1 INTRODUCTION

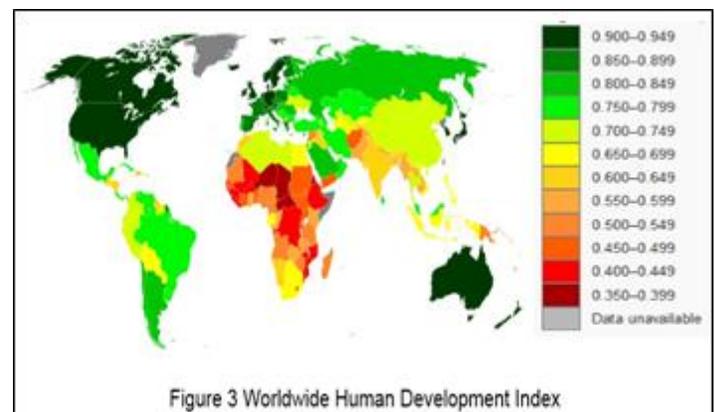
HEALTH is the most important thing in human life. If a human being is sick it will affect his life because he cannot move optimally. All countries will pay maximum attention to the health of their people in order to have superior human resources. Indonesia is one of the countries with the largest population in the world. Based on data from the United States Census Bureau in 2019, Indonesia is ranked as the fourth largest population in the world with a population of 264 million.



The Indonesian Central Bureau of Statistics in 2018 noted that Indonesia's population from 2010 to 2017 has always increased. The large number of population and tends to increase has a positive and negative impact on Indonesia. If managed well the large number of residents will be an added value for a country.



One indicator of a country's success in managing its population is based on the UNDP (United Nations Development Program) criteria, namely the HDI (Human Development Index). The HDI contains an explanation of how the population of a country can access the results of development so that it can obtain income, health, education and other indicators appropriately. HDI consists of three basic dimensions, namely: 1) long life and healthy life; 2) knowledge; 3) decent standard of living. The benefits of HDI classification are an important indicator measuring the success of efforts to build the quality of human life, HDI also shows the level of development of a region. The following is the worldwide HDI data published by UNDP.



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Based on the first indicator of HDI, namely longevity and healthy life, the Indonesian state provides facilities for its people by providing health insurance. The health insurance is managed by a government-owned institution called Badan Penyelenggara Jaminan Sosial (BPJS) Kesehatan. Since the beginning of independence, precisely in 1949, the Indonesian state has been trying to provide health services for its people by establishing Asuransi Kesehatan Semesta, then in 1968 it changed to a Badan Penyelenggara Pemeliharaan Kesehatan under the Ministry of Health of the Republic of Indonesia. In 1984 it changed to Bhakti Husada, then in 1992 became Asuransi Kesehatan (ASKES) and then transformed into a Badan Penyelenggara Jaminan Sosial (BPJS) in 2011 and with the issuance of Presidential Regulation Number 111 of 2013 increased the function of BPJS Health plus Jaminan Kesehatan Nasional (JKN) with the following milestones.

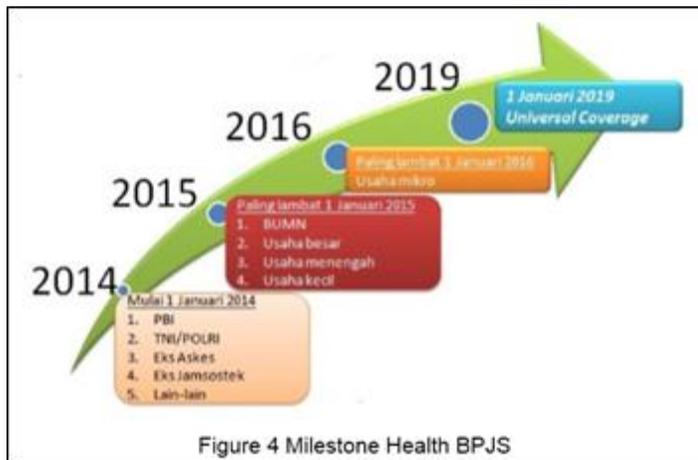


Figure 4 Milestone Health BPJS

The established milestones have a significant impact on the number of participants of the Jaminan Kesehatan Nasional (JKN) compared to the total population of Indonesia. The percentage of JKN participants to Indonesia's population in 2015 was 61.4%, up to 66.4% and 71.8% in 2016 and 2017. Increasing the number of JKN participants in Health BPJS has an impact on the company's finances. The implementation of presidential regulations with the aim of achieving milestones to bring Indonesian people to be more secure in their health turned out to have an impact on the company's financial management. Starting in 2014 the Health BPJS has a financial deficit, but in 2016 the surplus has begun.

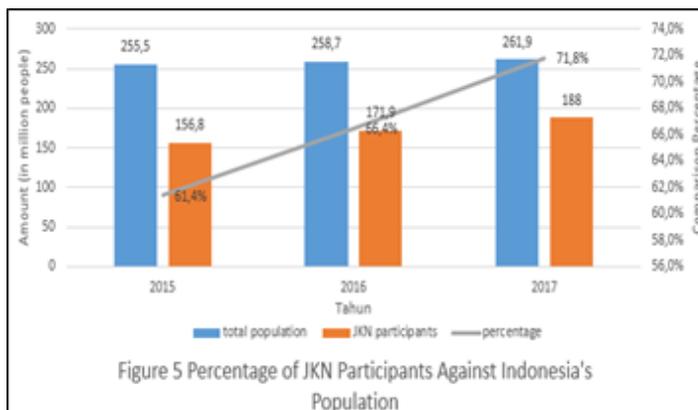


Figure 5 Percentage of JKN Participants Against Indonesia's Population

The deficit has an impact on the panic in people who are worried that health insurance is no longer provided by the government. The deficit experienced by Health BPJS does not reflect overall performance because based on other financial data it actually shows an indicator of improvement. Data on current assets and total Health BPJS revenues actually increased.

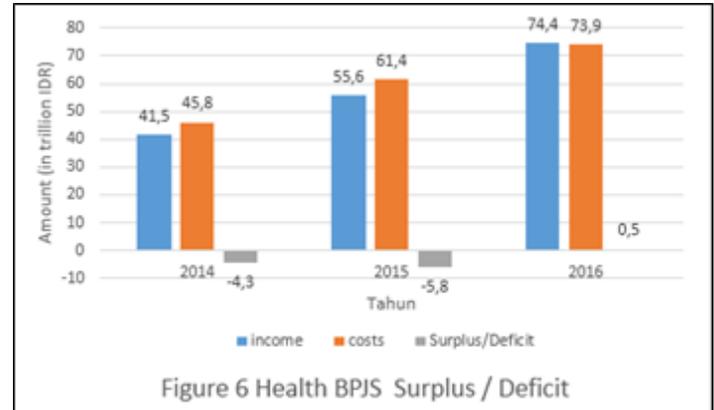


Figure 6 Health BPJS Surplus / Deficit

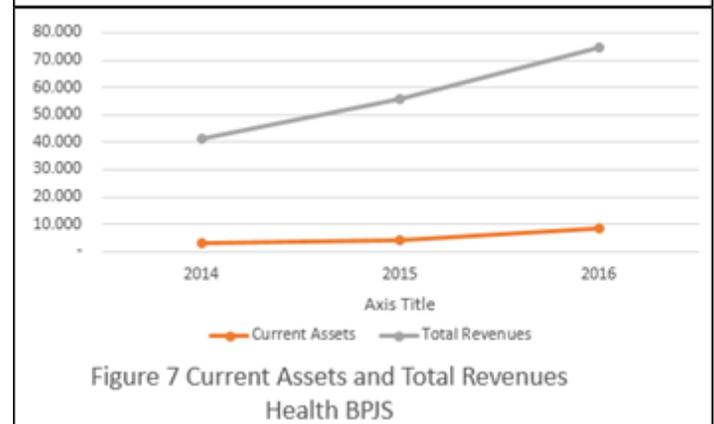


Figure 7 Current Assets and Total Revenues Health BPJS

Based on the data that has been described, it is necessary to optimize the financial management of the Indonesian Health BPJS which is the government's foundation for human development in the health sector. If the efficiency of financial management is not optimal, it will face the problem of bankruptcy so that it needs the right strategy to know the strengths, weaknesses, opportunities and threats faced [1]. To deal with various challenges, performance evaluation for important decision making is done [2]. Financial performance assessment is important so that the company avoids the risk of bankruptcy. Some research on financial performance evaluation [3], [4] research on financial performance related efficiency [5]. This study also uses the Data Envelopment Analysis (DEA) method which has been widely used by several previous studies [6], [7], [8], [9], [10] to help provide solutions in measuring efficiency. Measurements of social efficiency and financial efficiency are trade-offs that affect the sustainability of a company [11].

Research purposes

1. To analyze the level of financial efficiency of Indonesian Health BPJS
2. To determine an efficient financial management strategy for Indonesian Health BPJS

2 LITERATURE REVIEW

2.1 Financial Performance

Performance indicators are a valid tool for measuring the quality and efficiency of a company. Performance measurement is an indicator in financial statement analysis that provides an understanding for reading financial statements [5]. Company performance is a measure achieved by the company at a certain time with the aim of obtaining information regarding the effectiveness and efficiency of the use of funds [12]. Financial statements are a source of financial performance analysis, but financial reports have the disadvantage of not providing all information related to the company's financial activities [13]. Financial conditions and financial performance are often considered not the same, financial performance reflects the short term while financial conditions reflect the long term [14]. Measuring financial performance for public sector companies has several difficulties [15]:

1. Define the purpose of a complicated mission
2. Lack of relevant and measurable objectives related to quality output
3. There is no general correlation of objectives with specific objectives
4. Leaders who are less experienced about developing and using performance measures
5. Lack of competence of accountant staff
6. Lack of policy by senior officials
7. Lack of resources to build the necessary information systems
8. Resistance of staff and trade unions during accounting work
9. There is a cost of performance measurement
10. Work complexity that consists of integrating lots of data quickly and efficiently

Components of performance measurement consist of inputs (resources to build processes), process activities to create output, output (system efficiency), program results (program effectiveness), policy outcomes (policy effectiveness) [15].

2.2 The Concept of Relative Efficiency

Relative efficiency using Data Envelopment Analysis first appeared in 1957 by [16] then developed further by [17] and [18]. The Data Envelopment Analysis method uses non-parametric statistics by using inputs to produce output on an efficient scale. Calculation of the use of the right input to produce optimal output gives management the ability to identify the causes of inefficiency in the management of the company. Measuring the performance of a company is closely related to efficiency and various other economic indicators mainly related to finance [15]. Research that measures efficiency with the company's financial approach in the health sector [19] provides evidence of a company's efficiency approach related to the company's financial management inputs and outputs.

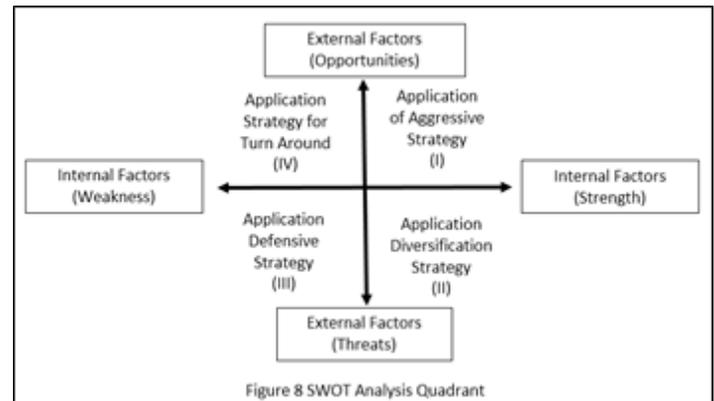
2.3 SWOT Analysis

SWOT analysis is a tool for strategizing using matrices based on several company strategies [1], [20], [21], [22]. Several factors that are systematically used in SWOT analysis are strengths, weaknesses, opportunities and threats. These

factors will be combined so that the strategy appears based on the company's internal and external factors. If depicted in graphical form it will consist of four quadrants [23].

3 RESEARCH OBJECT

The object of the research is the Badan Penyelenggara Jaminan Sosial (BPJS) Indonesia with monthly financial statements for the period 2014-2016.



4 ANALYSIS METHOD

4.1 Efficiency Analysis

The Data Envelopment Analysis (DEA) method can be used to help companies, institutions, organizations, banks, the public sector, government or the private sector in various industries. Data Envelopment Analysis (DEA) is a tool to assist in decision making (DMU / Decision Making Unit) [17]. DEA is a popular technique for assessing performance with the Decision Making Unit [24]. DEA is also an effective approach for identifying many inputs and outputs for self-evaluation [25]. Data Envelopment Analysis uses non-parametric techniques to measure relative efficiency in decision making using input and output [26], [9], [27]. The efficiency analysis in this study uses a production function approach [10]. The input variable in this study is the application of production factors, namely operational costs, total assets and total asset turnover ratio. The output variables of this study are operating income, cash flow and the ratio of return on assets ratios.

4.2 SWOT Analysis

SWOT analysis is a method for determining strategies based on internal factor matrix (IFAS) and external factor matrix (EFAS) [23]. The calculation of IFAS and EFAS matrices is preceded by determining the weight of each factor numbering 1 with a range of values from 0 to 1 (not important to very important). Next scale each factor to 4 (very good), 3 (good), 2 (low) and 1 (very low). Then the factor weight is multiplied by the factor scale and add the multiplication at this stage. The next stage calculates the amount difference in the previous stage between strength (S) and weakness (W) and opportunity (O) with threat (T). The next stage connects the calculation points with graphs in the SWOT analysis so that the strategies that must be implemented by the company are known.

5 RESULTS AND DISCUSSION

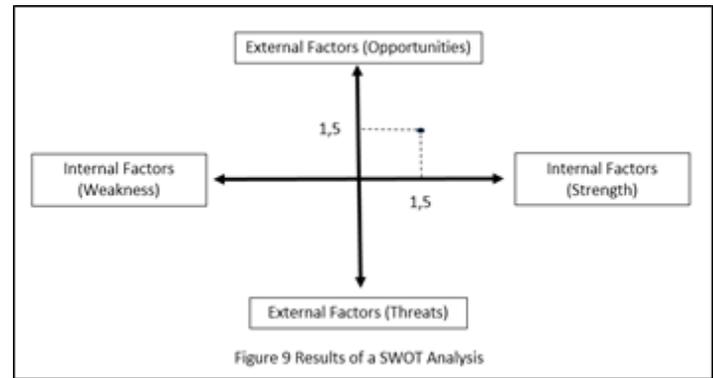
5.1 Efficiency Analysis

Data efficiency analysis of companies using Data

Envelopment Analysis based on input operational cost variables, total assets and total asset turnover ratios with operating income output variables, cash flow and return on asset ratios obtained the efficiency value of Indonesian Health BPJS per month from 2014 to 2016. In 2014 based on the results of data analysis obtained in January, May, June, August, September, November and December Indonesian Health BPJS had a 100% financial efficiency level. In 2015 the efficiency level is 100% during January, July, August, November and December. In 2016 based on the results of data analysis in January, May, June, July, August, September, November and December Indonesian Health BPJS reached a 100% financial efficiency level. If compared, it will be seen that in January, August, November and December the level of financial efficiency showed always 100% during the study period. Overall, from 2014 to 2016 the Indonesian Health BPJS always reached a 100% financial efficiency level. Based on the results of data analysis that shows the level of financial efficiency of Indonesian Health BPJS from 2014 to 2016, the public does not need to panic. Although the Indonesian Health BPJS has a financial deficit, financial management is always efficient. So that the people of Indonesia need not worry about the performance of the Indonesian Health BPJS. The results of this study support the study [28] and [10] which indicate that the level of efficiency of a company will affect its performance.

5.2 SWOT Analysis

The identification of various financial factors in the Indonesian Health BPJS shows that internal and external factors play a very important role in determining a good corporate financial management strategy. The internal factors of the company related to strength are the level of efficiency of financial management which for three consecutive years reaches an efficient level of 100% even though if analyzed on a monthly basis there are several months which always produce a level of efficiency that has not been maximized. The next internal strength factor is government support, although through presidential regulations it has been determined to serve all levels of society and make the financial condition of Indonesian Health BPJS, the government through the National Budget is always ready to help. The weakness which is an internal factor of the Indonesian Health BPJS is the size of the company's debt, both the health insurance debt and the debt to the Indonesian Health BPJS itself which is a transfer of operational funds to cover health insurance. Another disadvantage is the large operational cost of the Indonesian Health BPJS which tends to increase. External factors that become opportunities for Indonesian Health BPJS are the potential for increasing contribution receipts with an increasing number of Indonesians. The next opportunity is the opportunity to invest in unused revenue funds and the use of information technology. Another threat is the negative assessment of the community on the quality of services and the financial condition of the Indonesian Health BPJS which is considered deficit and threatened with bankruptcy. Weight calculation and SWOT analysis matrix based on internal factors (IFAS) and external factors (EFAS) obtained the same score that is 1.5. This shows that internal and external factors have the same priority. If it is drawn, it will be located in quadrant 1 which shows that the Indonesian Health BPJS can implement an aggressive strategy in its financial management.



The aggressive strategy that can be implemented by BPJS Kesehatan Indonesia is the strength-opportunity strategy, which is to maintain financial management efficiency, which reaches 100% for three consecutive years along with financial efficiency of 100% per month. The next strategy in order to achieve the established milestones is that the Indonesian Health BPJS must regulate and take into account the cash flow every month so that there is no deficit that affects people's views on financial performance. The strength-threat strategy that can be done is to improve the quality of services with government support through improving health facilities (health centers, hospitals) and the use of information technology. Next, socializing and transparently opening the BPJS Health financial report so that the public is aware of the use of contributions from the state budget and funds managed by the Indonesian Health BPJS so as not to cause panic over the issue of bankruptcy. An aggressive strategy of weaknesses-opportunities that are recalculating the contribution amount adjusted to economic conditions and gradually reducing debt by regulating cash flow and reducing operational costs that do not have an impact on improving performance. The threat of weakness strategy is to work with other health insurance to reduce the company's operational burden, while also building public trust by managing debt and transparent operational costs. Public trust in the performance of the Indonesian Health BPJS is important, if the public is concerned about bankruptcy due to an error in managing the company's cash flow, the credibility of the Indonesian Health BPJS in the public eye is not good.

6 CONCLUSION

The results of the data analysis showed several things that became the conclusions of this study:

1. The level of efficiency of the Indonesian Health BPJS in general from 2014-2016 has been efficient and it is recorded that in January, August, November and December it always shows the level of efficiency in managing the company's finances.
2. The results of the SWOT matrix calculation of the internal and external potential of the Indonesian Health BPJS produce an aggressive strategy that can be used. Maintain efficient financial management, regulate cash flow, recalculate the amount of contributions adjusted to the economy and reduce debt in stages important strategies to avoid deficits. In order to increase public trust, the quality of health care services needs to be improved, then the socialization and transparency of financial management using information technology, cooperation with other health

insurance can be done in the hope of building community trust.

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