



HEALTH FINANCING STRATEGY AND INNOVATION IN HEALTH INSURANCE IN THE DIGITAL TECHNOLOGY ERA

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Abstract

This research aims to describe Health Financing Strategies and Innovations in Health Insurance in the Digital Technology Era. This type of Systematic Literature Review (SLR) method was used to compile this scientific article. Method The approach used in this research is the empirical juridical method. Data analysis was carried out qualitatively, comprehensively and completely. Data analysis means describing the data in a quality manner in sentences that are orderly, coherent, logical, non-overlapping and effective, making it easier to interpret the data and understand the results of the analysis. The research results talk about the potential of health insurance in the digital era, this offers great opportunities in the future. Because insurance is about people, the focus is on financial management of individuals, families and even companies. Apart from saving and investing, insurance is also important. In the era of digitalization, it is increasingly easier for health insurance companies to continue to encourage innovation by collaborating with various stakeholders and certain organizations. There are three forms of digital insurance industry. namely InsurTech Aggregator/Marketplace Aggregator. This is a contact point where we can gather information about the various insurance products of each company. The obstacle in the practice of digital health insurance is that it has not been regulated in special regulations, so it uses conventional health insurance regulations, namely OJK Regulation Number 67/POJK.05/2016 concerning Insurance Licensing and in general it is regulated in OJK Regulation Number 13/POJK.02/2018 concerning Digital Financial Innovation. The application period regarding the regulatory sandbox trial is in accordance with Article 4 of OJK Regulation Number 13/POJK.02/2018 which should be mandatory for all fintech companies but in this case no insurance company has carried out the trial.

Keywords: *Health Financing Strategy, Health Financing Innovation, Health Insurance and Digital Technology*

INTRODUCTION

One crucial aspect of human existence is the health sector. What's more, technology will never stop developing. Due to the convergence of digital, biological and physical systems, the healthcare sector is the most likely to benefit from Industry 4.0, but it may also be the least prepared. As part of the technical advancements of Industry 4.0, telemedicine services provide patients and doctors with the ability to communicate remotely. Since the COVID-19 pandemic occurred in 2020, health services have become an industry that must be prioritized in creating innovation. Shaping future health services must involve important elements such as inclusive insurance, digital transformation innovation, and customer service satisfaction. The transformation of the healthcare industry leverages the power of technology and data to create operational efficiencies, process continuity, and improve overall patient care. The health sector has a very important role in accelerating the development of medical technology, therapy and systems aimed at increasing patient satisfaction and the effectiveness of disease management. These innovations are driven by the need to face new challenges such as the threat of pandemics. In dealing with situations like this, it is necessary to develop responsive diagnostic methods, effective vaccination efforts, and the ability to respond critically to changes that occur.

Digital transformation of business is the main thing for health services in streamlining services. This can certainly benefit both parties, namely patients and health service entities. In terms of time, for example, outpatients only need to use their smartphone and buy medicine through the available application. In this way, all entities, both society and health workers, can increase effectiveness,

accuracy and collaboration in the provision of health services. For example, health insurance. Premiums or what is commonly known as insurance have an important role in providing access to health and financial services and security. Insurance is expected to be able to provide affordable costs and inclusive access to patients of all ages. However, this is not the case in the field. In fact, to provide affordable insurance costs with hospital costs always rising, it is considered very utopian to be able to achieve inclusive health protection for all entities. According to researchers, hospital costs are the biggest challenge faced by insurance in balancing the products that consumers now expect. Improvements in technology and the balance of health insurance with increasingly high claims have left little room and opportunity for innovation. Various institutions and health services need to work together to create compatible regulations and develop profitable insurance products.

The use of media in legal actions is known as electronic transactions. Based on the provisions of Article 1 number 2 of Law Number 19 of 2016 in conjunction with Law Number 11 of 2008 concerning Electronic Information and Transactions (hereinafter referred to as the ITE Law) states that "electronic transactions are legal acts carried out using computers, computer networks and /or other electronic media". Digital insurance is part of electronic transactions because in digital insurance all transactions carried out by the parties use electronic media in the form of the internet network. Even though offering digital insurance has not been regulated by special regulations, this does not mean that the business activities carried out are illegal business activities. Companies wishing to carry out business activities in the insurance sector must first submit an application for a business license to the Financial Services Authority. This is regulated in Article 8 paragraph (1) of the Insurance Law which states "every party carrying out insurance business must first obtain a business permit from the Financial Services Authority". The requirements and procedures for insurance business licensing are strictly regulated in Financial Services Authority Regulation Number 67/POJK.05/2016 concerning Business and Institutional Licensing of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies and Sharia Reinsurance Companies (hereinafter referred to as POJK Insurance Licensing).

Innovation aims to create better health services for the community. This means that with widespread and inclusive insurance penetration, health services, including insurance, must be affordable to more entities. Patient services can be improved even further by using renewable technologies in medical devices. This has a direct impact on patient satisfaction. Service providers must be able to improve communication, transparency and accessibility by putting patients first to encourage patient engagement and empowerment. Positive interactions with patients can also increase loyalty, involvement, trust, and certainly improve health service outcomes. By utilizing technology and sophisticated information systems, administration and management processes in providing health services can be optimized. For example, the use of an integrated data management system allows patient information, examination schedules and medical records to be accessed easily and quickly by health service providers. This can increase time efficiency, reduce bureaucracy, and allow a greater focus on direct patient care.

Technological developments such as telemedicine, artificial intelligence (AI), and big data analytics can help in more accurate diagnoses, effective therapy planning, and more responsive disease monitoring. Additionally, wearable technology and medical sensors can also be used for real-time monitoring of health conditions, enabling early intervention and better disease management. Implementing an innovation is certainly not smooth, but it is always faced by various challenges in the future. All of these things would seem easy if health services really knew what consumers wanted (consumer-centrist). Through comprehensive and accurate knowledge regarding the problems faced by consumers in the health services sector, decisions and regulations made can be more targeted. With a deep understanding of the challenges faced by consumers, both in terms of accessibility, quality and cost of health services, the policies and regulations implemented can be designed to address actual problems and provide effective solutions. A comprehensive understanding of consumer problems can help in formulating policies that are more efficient and effective in their implementation. The

understanding referred to includes the needs, preferences and problems faced by consumers. This will result in more relevant policies that are able to address specific problems and provide significant benefits for consumers. By understanding the challenges faced by consumers, regulations can be designed to take into account the interests of all parties involved, including consumers, health care providers and government agencies. Furthermore, collaboration is also an important thing that can be chosen as a wheel in innovation, especially in transformation and innovation in the health industry. Collaboration between government agencies, insurance providers and hospitals is the key to answering these problems. Through the involvement of various stakeholders, such as government agencies, financial institutions, health service providers and the community, this can create an ecosystem that supports and encourages innovation in the health sector.

LITERATURE REVIEW

Health Insurance

Health insurance is part of the scope of operations in life insurance companies as explained in Article 2 paragraph (2) (UU No. 40, 2014) concerning Insurance Business. The specific definition of health insurance can be interpreted as a coverage agreement to cover health costs and hospital costs due to illness and/or risks due to accidents such as injuries that occur after the effective date of the health insurance agreement between the insurer and the insured.

Health Financing Innovation

Health financing is a core function of health systems that can enable progress towards universal health coverage by increasing effective service coverage and financial protection. Currently, millions of people do not access services because of the cost. Many other countries receive poor quality services even though they pay out of pocket. Carefully designed and implemented health financing policies can help overcome these problems. For example, contracting and payment arrangements can incentivize service coordination and improve service quality; Timely and adequate disbursement of funds to providers can help ensure sufficient staff and medications to care for patients.

Digital Health Insurance Industry

The process of major changes in the use of digital technology to achieve business goals through optimizing business processes, using data, and developing more innovative products and services is known as digital transformation. Businesses can gain increased efficiency, productivity and competitiveness in the market through the implementation of digital transformation (Westerman, 2011), which "states that digital transformation means the use of technology aimed at improving the company's performance and reach using radicals that change client relationships, internal processes, and value propositions". Additionally, digital transformation is the process of using digital technology to improve discovery, operational efficiency, cost reduction, and better customer experience.

Digital Insurance

Digital Assurance, refers to the concept where the insurance sector utilizes digital technology and online platforms to provide insurance services with increased efficiency, speed and a personal touch to clients. This includes leveraging tools such as mobile apps, web portals, data analytics, AI, and natural language processing to improve processes related to claims, risk assessment, policy administration, and customer engagement. Through the adoption of Digital Insurance, insurance companies can improve their operational effectiveness, cut administrative costs, improve risk analysis, and offer a superior customer experience characterized by fast, transparent, and digitally accessible services. Basically, Digital Insurance brings a paradigm shift in the operations and interactions of insurance companies with policyholders, insurance agents and other stakeholders by utilizing digital innovation to increase the value and caliber of services provided (Sabda et al., 2023).

RESEARCH METHODS

The Systematic Literature Review (SLR) method was used to compile this scientific article. A systematic literature review, called in Indonesian, is a method for identifying, reviewing, evaluating and interpreting any available research. This method allows researchers to systematically review and

identify journals by following established procedures (Triandini, Jayanatha, Indrawan, Werla Putra, & Iswara, 2019).

Method The approach used in this research is the empirical juridical method. The juridical approach is an approach that refers to applicable laws and regulations, while the empirical approach is a research method that uses empirical facts taken from human behavior, both verbal behavior obtained from observation and real behavior carried out through direct observation. Empirical research is also used to observe the results of human behavior in the form of physical remains and archives (Mukti Fajar and Yulianto Achmad, 2018).

Data analysis was carried out qualitatively, comprehensively and completely. Data analysis means describing the data in a quality manner in sentences that are orderly, coherent, logical, non-overlapping and effective, making it easier to interpret the data and understand the results of the analysis. Comprehensive means analyzing data in depth from various aspects according to the scope of the research. Complete means no parts have been forgotten, everything has been included in the analysis. Data analysis and interpretation like this will produce perfect qualitative research products. (Sugiyono, 2016).

DISCUSSION

Strategy for Implementing Digital Technology in Health Insurance

Digital transformation has not only brought a revolution in the way we get healthcare access and care, but it has also changed the health insurance landscape. Technological innovations have provided unprecedented efficiencies and strengthened collaboration among health professionals and health insurance providers. Here is how digital transformation has impacted the healthcare industry:

Strategy for implementing technology in health insurance:

1. **Telemedicine and Insurance:** Telemedicine not only facilitates patient access to healthcare services, but has also been integrated with health insurance policies. This allows policyholders to get online consultations at a cost covered by their health insurance.
2. **Analytics for Risk Assessment:** The use of big data and analytics in the health insurance industry helps insurance companies in assessing risks more accurately. This allows them to offer more precise premiums and better planning for policyholders.
3. **Utilization of Connected Medical Devices:** Health insurers are starting to integrate connected medical devices into their policies. This allows real-time health monitoring, which can lead to incentives or premium discounts for policyholders who maintain a healthy lifestyle.
4. **Artificial Intelligence in Claims:** The use of artificial intelligence in managing health insurance claims speeds up the claims process and detects fraud more effectively. This helps insurance companies provide better services to their policyholders.

Benefits of Digital Technology Implementation Strategy in Health Insurance

1. **Easy and Fast Access:** Digital transformation has enabled policyholders to quickly access policy information, claims and other services via mobile applications or online portals.
2. **More Personalized Planning:** With the advent of analytics and big data, health insurance companies can offer more personalized plans according to the policyholder's individual needs and health profile.
3. **Better Customer Service:** Digital platforms facilitate better communication between insurers and policyholders, increasing customer satisfaction and providing a more seamless experience.
4. **Administrative Efficiency:** Health insurance administration processes become more efficient with the adoption of digital technology, reducing operational costs and increasing data accuracy.

Facts and Statistics Related to Health Insurance in the Era of Digital Technology

1. More than 70% of policyholders use digital health insurance services to access policy information, claims and other services quickly and easily.
2. Digital features such as telemedicine services, online claims management, and health monitoring via connected devices are increasingly in demand among policyholders.
3. The majority of policyholders, more than 80%, expressed readiness to use a digital health insurance platform that is integrated with financial services.

The era of digital technology has brought fundamental changes to the health insurance industry, paving the way for better, more efficient and more affordable services for all. As technology continues to innovate, the future of health insurance will continue to evolve to support society's overall health needs.

Insurtech in the Digital Technology Era of the Insurance Industry based on Applicable Laws

The emergence of InsurTech began with the application of innovative technology in the insurance industry which can be operated by financial institutions that have a business license from the Financial Services Authority (OJK). After the financial technology boom in Indonesia, insurTech emerged. Digitalization and leveraging discovery is how InsurTech is changing the insurance industry. OJK regulation number 13/POJK.02/2018 in Indonesia protects advances in digital technology in financial forums. (Agustina & Suganda, 2022). Currently, there are various types of InsurTech companies developing, from management to processing. Several models of InsurTech implementation include: First, InsurTech and Market spreaders. This is a place for news about various insurance premium products offered by various companies. With this technology, potential consumers can compare and choose which product is most suitable for them. Like premium companies, InsurTech aggregator companies only function as product marketing platforms and passive transaction providers. Indonesian aggregator models such as pasarpolis.com, premikita.com, rajapolis.com, and others.

For the second part, InsurTech Intermediaries, Brokers, and Agents means a platform or aggregator that collects premium products that are already owned by premium agents. The agent must have permission and an agreement with the company concerned to determine its rights, obligations, responsibilities and authority. The initial goal of an intermediary's work is almost the same as an aggregator's—helping potential customers choose the ideal insurance contribution policy. However, intermediaries actively provide advice to potential customers, giving them the opportunity to communicate personally with agents on the platform. *Futureready.com* and *cekpremi.com* are examples of intermediaries. Third, Full Stack InsurTech is a digital service created by an insurance company that allows all its customers to carry out various transactions and promote their products. Companies that can create this platform must have a business license and permission from certain parties to run it. One example of this technology is the company's official website which makes it easier for customers and prospective customers to find out the specifications of the products sold by the company. Insurance companies also create applications that allow customers to do many things online, such as paying premiums and submitting claims (Lindiawatie & Shahreza, 2021).

Insurance Potential in the Era of Digital Technology

In the midst of digital transformation, businesses and companies must adapt to technological advances to remain relevant (Nagel, 2020). Insurtech has experienced digital transformation and has become a global reality that can have a positive impact on the value chain or insurance industry. Insurtech provides an example of transformative distribution by moving online, blurring market boundaries and enabling internationalization. Policy and claims management also becomes easier as Insurtech offers opportunities for digital claims handling, automated assessments, fraud detection and self-service claims. on payments, Insurtech delivers innovations in the financial sector that can be applied to the insurance value chain, including mobile wallets, risk pooling instances, peer-to-peer insurance and simplified payments. Customer service is also evolving using artificial intelligence (AI) that can assist customers and contextualize data in real-time, providing a seamless experience. Insurtech enables the repackaging of existing products, the development of new digital products and services, and personalized offerings through online and mobile channels. InsurTech, which refers to

the integration of technology into the insurance sector, has gained momentum in Indonesia, driven by government support for digital innovation in the financial sector. The Indonesian government is actively encouraging the development of InsurTech through various initiatives, such as the issuance of regulations and policies that support the growth of digital insurance services.

CONCLUSION

Based on the results of the research and discussion in the previous chapter, it can be concluded as follows:

When talking about the potential of health insurance in the digital era, this offers great opportunities in the future. Because insurance is about people, the focus is on financial management of individuals, families and even companies. Apart from saving and investing, insurance is also important. Therefore, our choices are wide open because as long as there is society and need, insurance will exist. So when we talk about digital opportunities, many are actually making changes. In the era of digitalization, it is increasingly easier for health insurance companies to continue to encourage innovation by collaborating with various stakeholders and certain organizations. There are three forms of digital insurance industry. namely InsurTech Aggregator/Marketplace Aggregator. This is a contact point where we can gather information about the various insurance products of each company. Insurtech intermediary, broker/agent. This is an aggregator platform or insurance product aggregator that has an insurance agent license. Full stack insurance technology. It is a digital service provided by insurance companies to make it easier for all customers to carry out various transactions and product promotions.

The obstacle in the practice of digital health insurance is that it has not been regulated in special regulations, so it uses conventional health insurance regulations, namely OJK Regulation Number 67/POJK.05/2016 concerning Insurance Licensing and in general it is regulated in OJK Regulation Number 13/POJK.02/2018 concerning Digital Financial Innovation. The application period regarding the regulatory sandbox trial is in accordance with Article 4 of OJK Regulation Number 13/POJK.02/2018 which should be mandatory for all fintech companies but in this case no insurance company has carried out the trial. Then, regarding the security of the insured's data, the absence of permission from the insured in accordance with Article 4 Letter G of OJK Regulation Number 13/POJK.02/2018 concerning Consumer Protection can also hinder the potential insured's trust in the image of the insurance company.

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