

MARKETING STRATEGY OF COMMERCIAL HEALTH INSURANCE COMPANY

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ABSTRACT

The objectives of this research are to: 1) compare the effect of premium earnings products of health insurances after the launching of national social health insurance (JKN)-BPJS (Badan Penyelenggara Jaminan Sosial) for health; 2) analyze the internal and external factors of private/commercial health insurance companies; 3) formulate a marketing strategy for health insurance product after the operation of JKN-BPJS for health. It is a challenge for commercial health insurance to survive and thrive with the existence of JKN-BPJS for health which is compulsory to Indonesia's citizens to be a member. The research begins by analyzing premium earnings of the commercial health insurance company one year before and after the implementation of JKN-BPJS for health, the intensive interviews and questionnaires to the chosen resource person (purposive samplings), the analysis on Internal Factor Evaluation (IFE), External Factor Evaluation (EFE), Matrix IE and SWOT are used in the research. Then it is continued by arranging a strategic priority using Analytical Hierarchy Process (AHP). The result from the research is there is totally no decreasing premium earnings for the commercial health insurance company although the growth trend shows a slight drop. The appropriate strategy for the health insurance company in the commercial sector is the differentiation where the implication is involving customer service quality improvement, product innovation, and technology and infrastructure development.

Keywords: commercial health insurance company, Marketing Strategy, AHP Analysis, national social health insurance

ABSTRAK

Penelitian ini bertujuan 1) membandingkan pengaruh pendapatan premi produk asuransi kesehatan setelah beroperasinya program Jaminan Kesehatan Nasional (JKN) – BPJS Kesehatan, 2) menganalisis faktor internal dan eksternal pada industri asuransi kesehatan sektor swasta/komersial, 3) merumuskan strategi pemasaran produk asuransi kesehatan komersial setelah beroperasinya program JKN – BPJS Kesehatan. Sebuah tantangan bagi perusahaan asuransi kesehatan komersial untuk dapat bertahan dan berkembang bersama dengan program BPJS Kesehatan yang sifat keanggotaan wajib bagi semua warga negara Indonesia. Penelitian diawali analisis data pendapatan premi produk asuransi kesehatan perusahaan asuransi komersial setahun sebelum dan sesudah beroperasinya BPJS Kesehatan. Teknik analisis data menggunakan analisis Internal Factor Evaluation (IFE), External Factor Evaluation (EFE), Matrik IE dan SWOT berdasarkan wawancara mendalam dan kuestioner ke Narasumber ahli yang dipilih (purposive sampling). Kemudian dilanjutkan dengan penyusunan prioritas strategi dengan menggunakan teknik Analytical Hierrarchi Process (AHP). Hasil penelitian ini menunjukkan secara total pada industri asuransi kesehatan komersial tidak ada penurunan pendapatan premi asuransi kesehatan walau secara tren pertumbuhan mengalami penurunan. Strategi yang cocok pada industri asuransi kesehatan sektor komersial ini adalah diferensiasi yang implikasinya menyangkut peningkatan kualitas pelayanan pelanggan, inovasi produk dan pengembangan teknologi serta infrastruktur

Kata kunci: perusahaan asuransi kesehatan komersial, Strategi Pemasaran, Analisis AHP, jaminan kesehatan nasional

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INTRODUCTION

Health protection is one of the basic needs in human life; unfortunately health facilities in Indonesia are still costly. In September 2015, the Central Bureau of Statistics (BPS) released information that 28.51 million or 11.22% of Indonesia people live in poverty. Hence the citizens that are considered poor will have difficulty in using appropriate health facilities whereas, it is the government's responsibility to fulfill their basic needs in health. While for the middle class, their monetary system will also be affected due to the treatment for critical illness such as cancer, kidney failure, and coronary heart disease which is expensive and can reach to 500 million rupiahs. In the last 40 years, the allocated health funding is only between 2–3% gross domestic products (PDB) (Thabrani, 2015). The health expense in PDB proportion is an indicator of health concerned nation. The people's health protection is a segment that should be considered by the government as a form of social security.

Finally, on 1 January 2014 the reformation of the social security system in Indonesia commenced. The Healthcare and Social Security Agency (BPJS Kesehatan) is an agency that manages National Health Security with the objective of to provide the security of health insurance for all the people in Indonesia. National social health insurance (JKN) is a social security program that ensures health care expenses and also the fulfillment of the health's basic need which is nationally and in cooperation implemented as it is compulsory for the entire Indonesia citizens by contributing periodically or the contribution will be paid by the government to the BPJS management as a non-profit agency (Thabrani, 2008).

The presence of BPJS for health takes over the role of PT Taspen, PT Asabri, PT Askes, Jamkesmas program and PT Jamsostek which no longer manages the health security program. The JKN program provided comprehensive personal service healthcare, covering health improvement (promotion), illness prevention, curative and recovery including medicine and medical materials. The implementation of Cost and quality control service technique is called managed care.

In Indonesia, before the operation of Health BPJS, the private sector has already given services in health prevention security through health insurance product from multinational insurance company that

has branches or business unit in Indonesia (Thabrani, 2015). The health insurance management is done by private insurance companies and marketed by life and loss insurance companies. In the life insurance company the health insurance is bundled with the life insurance program, so the nature of health insurance is an extended insurance guarantee after the life insurance as the main program. The marketing is collective but there is also possibility that it is sold to individual customer or family through business partner like, *bancaassurance*. The study mentioned the commercial health insurance company as insurance companies that sell health commercial insurance products while insurance companies which do not provide health insurance product are not included in this research.

In the beginning, the influence of the commercial health insurance business in approaching and after the operation of Health BPJS on 1 January 2014, had been the news coverage of the mass media. Indonesian Public Insurance Association (Asosiasi Asuransi Umum Indonesia) (AAUI) confirmed that the commercial health insurance is difficult to grow due to the compulsory implementation of BPJS health program for the citizens (Sutardi, 2014). Indonesia Life Insurance Association (Asosiasi Asuransi Jiwa Indonesia) AAJI added that the insurance premium will decrease due to the existence of BPJS for health (Manajemen Pembiayaan Kesehatan, 2014). Some insurance companies also commented in the media, among others The Director of Equity Life Indonesia, BPJS for health is compulsory for all companies in Indonesia. Because of this, many companies to be a commercial insurance (Handriansyah, 2015). In 2014, The Director of Sinar Mas Insurance said that the target for commercial insurance is still far than expected because the corporation clients are still waiting and observing the benefit between BPJS program and commercial insurance. So, they are still pending the contract until the end of this year (Nababan, 2014). These are information related to before and after the implementation of BPSJ for health. One other external factor that affects the people or business actors is the government's policy/regulation (Surjaningsih, 2012), and also on increasing fuel price (Setiawan, 2013).

The target of the Health BPJS is the Corporation market which is a captive market for commercial insurance company through the regulation Perpres No. 111 year 2013 and Perpres No. 12 year 2013 on health security, labor employer or large, secondary, small scale

company and Indonesian State Owned Enterprises (BUMN) are obliged to register their membership to BPJS for health the latest 1 January 2015. The Employers' Association of Indonesia (APINDO) made an agreement with BPJS for health that the membership will be extended until July 2015. There is a tendency in other countries that after the government has launched the health program, the labor employment decreases the total commercial health insurance and offers insurance like Medicare and Medicaid or personal coverage (Robinson, 2006) In Indonesia the implementation the coverage also based on the rank/level of the person is the company.

Compared to other countries Indonesia is the latest to implement the health insurance. In Asia alone, Japan, China, Korea, Taiwan, the Philippines, Malaysia and Thailand, these countries have already used social health insurance especially in Europe where the social bond is more intense. As a comparison, health insurance in the developed countries especially Canada has the best program for national health insurance. It is called a universal health support package. The program is called Medicare and is financed by tax with unlimited services of doctors and health facilities. The benefit for being a member of commercial health insurance usually is avail patented medicine and teeth services with extra charge. In Germany, the citizens whose monthly income is EUR 3.375 are required to join a social insurance, while the others who has more income could choose any commercial insurance (Ridic G et al. 2012). It is sureness when a competitive sphere grows when more companies compete in the similar market, have the same target consumers and also offer the same product.

The competition dynamics demands that all companies in the industry have to carry out series of strategic actions for the companies to survive, compete, and develop. This research analyzes the affect of JKN (BPJS for health) to a commercial health insurance business. Will the worries of commercial health insurance business actors proves to be correct on the decrease of product health insurance premium after the implementation of JKN as reported in some media.

The presence of BPJS for health is considered of seizing the health insurance provider private market target. Moreover the membership is compulsory with regard to the legal order no 24 year 2011 on BPJS. Based on these factors, this research's objectives are 1) to

compare the effect of the premium of health insurance product income after the JKN-BPJS for health is operated, (2) to analyze internal and external factors in insurance industry in private/commercial sector, 3) to formulate a marketing strategy for commercial health insurance product after the implementation of JKN-BPJS for health.

METHODS

This is a case study research in Indonesia. The collected data consists of primary and secondary data. The primary data is obtained through a series of in depth interview and structured questionnaire with the experts and stakeholders in the insurance company industry in Indonesia. The research is applied to the industry but the sample are taken using purposive sampling of some companies taking into considerations that some companies can represent the insurance industry condition. The chosen companies' criteria are the top ten companies in loss/general and life insurance, 6 in loss/general insurance business and 4 life insurance companies. The industries' over view is obtained from general insurance association and Life insurance association. The regulator involved in this this research is the Financial Services Authorities (OJK) and BPJS for health. The chosen resource person is one who has the capability (top management) to directly handled the problem being observed; they are the Director of The General Insurance of Indonesia. The Head of Public Relation and Communication Division of BPJS for health, Deputy Director for Insurance Supervisor and BPJS for health Financial Services Authorities (OJK), President Director, Marketing Director, Division Chief and Head of Division for every 10 companies as samples to be observed. In the process the resource persons became 14 people representing 14 companies/institutions, consist of 6 general insurance companies, 4 life insurance companies, 2 general insurance and life association, 2 from BPJS for health and the Financial Services Authorities (OJK). The research was conducted in January 2016-May 2016 in Jakarta because all the companies head quarters are there.

The research was carried out in 3 stages, as followed: The first stage was collecting all the premium income data from the health insurance industries in the commercial sector (all data concerning life insurance and general insurance) one year before and after the operation of BPJS for health. Regression analysis was

used to observe whether there was an effect and if there was a rising or decreasing of premium income of commercial health insurance before and after the implementation of Health BPJS. The regression formula used is $Y' = a + bX$, which Y' is a dependent variable (predicted value), X is independent variable, a is constant (Y' value if $X=0$), b is regression coefficient (increase or decrease value). T-test was used to observe the consistency of the increase or decrease of the premium income.

Analysing the occurred internal and external factors, the researcher highlighted the health insurance income in insurance loss/general. The reason is only because the general insurance business line can market the health insurance so the proportion becomes fair (apple to apple). In the life insurance line, the health product is presented as an extended security (rider) not the main product. Furthermore, with regard to the health premium income, the data was divided into three conditions in 2014 and compared to 2013. There are 25 losses insurance companies that sell health insurance and were sorted out based on the following criteria:

1. Companies that experienced premium decrease
2. Companies that are categorized as stagnant
3. Companies that experienced premium increase

The grouping into three conditions was meant to have each group represent the company environment completely. Going through what occurred to the companies that experienced an increase, a stagnant and a decrease. The number of companies being taken as sample were two in each companies grouping is done into divide the company into the company's environment condition so the research can learn more about the situation when companies undergo an increase, stagnant and decrease and there two companies that represent each condition. The life insurance data is only to support the objective of the research that is to formulate a marketing strategy in health insurance industry for commercial sector.

The in depth interview is related to internal and external factors which is shown in IFE and EFE matrix. Internal Factor Evaluation Matrix (IFE) is a systematic analyzing method to define the strategic primary factors that the companies have (Sholihin, 2014). The data from the interview is put in a list of major internal factors then they are given scores. The major weakness is scored 1

(one) and the minor weakness is scored 2. The total of the score should be 1 (one). The stages for the External Factor Evaluation Matrix are to define the major and minor external factors. The major factor is scored 4 (four) while the minor factor is scored 3 (David, 2009). The external data that is analyzed are data which is related to economy problems, social, culture, demography, environment, politics, government, law, technology, competition in the industrial markets and other related external data (Setiawan, 2015).

The second stage is analyzing and matching stage using the IE and SWOT matrix. The external internal matrix (IE) is a model developed from the General Electric model, where the parameter being used cover internal strength parameter of the company and external influence that was experienced by the company (Rangkuti, 2001). IE Matrix integrates the scaled IFE and EFE scores, so that we can find the quadrant position of the companies and it is the base in defining the strategy (Prastowo and Daryanto, 2012). SWOT matrix is used to organize companies strategic factors, clearly describe the external opportunities and threats faced by the company can be overcome by Strengths and Weaknesses of the company (Jannah, 2013).

The third stage is the decision stage, where AHP analyze is used to determine an alternative strategy to be prioritized based on their importance, as a managerial recommendation on the implementation of an effective health insurance product marketing strategy for commercial insurance company. The criteria used is from Michael Porters's three generic strategies while for the second level is the alternative strategy from the SWOT matrix. The AHP analysis can define the strategy priority obtained from SWOT matrix (Savitri and Sumarwan, 2014). The result is the managerial implication competitive strategy formulations of commercial health insurance.

The strategic alternative was obtained by collecting the information of the internal and external factors quantified using IFE and EFE matrix. The result is then analyzed using IE and SWOT matrix. Finally, to determine the strategic priority, AHP analysis was used. The result is expected to be the implication of the commercial health insurance companies. The research framework is presented in Figure 1.

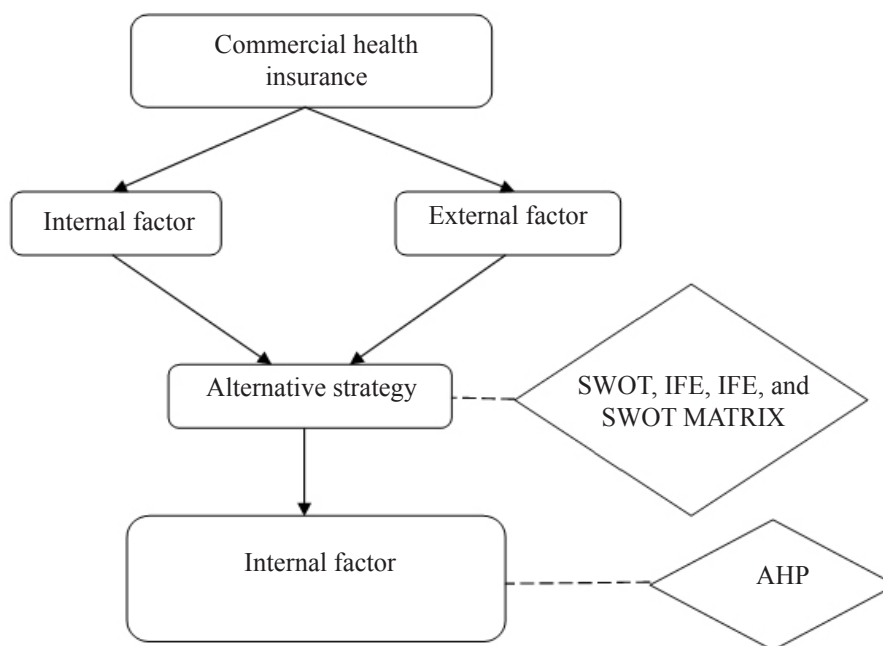


Figure 1. The research framework commercial health insurance company strategy priority

RESULTS

The Comparison Effect of Health Insurance Product Premium Income After the Implementation of JKN Program-BPJS for Health

In comparing the effect of health insurance product premium income after the implementation of JKN program- BPJS for health, data collected before and after the JKN program – BPJS for health was used (Table 1). The data is then processed using simple linear regression. The formula is $Y' = a + bX$, where Y' is a dependent variable (predicted value) that is Premium incomes in the health insurance 2014, X is an independent value that is the premium incomes in 2013 and a is constant (the value of Y' is $X=0$), b is regression coefficient (an increase or decrease value). Then the formula is tested to verify the consistency using T-test and comparing it with the T table. The result of the regression analysis uses SPSS Software (Figure 2).

$$\text{Model: } T_{2014} = 0.9551 T_{2013} + 4857 \text{ type} + 0.0090 T_{2013} * \text{Type}$$

Based on the result of the equation model, in 2013 the premium income from the commercial insurance health has a strong relation with the 2014 insurance premium which is 0.9551. The value of the R square is 0.9385, means that 93.85% of the variant from the income of

the Insurance Premium in 2014 (Y') can be clarified by the free variable (X) in the model. Because of the significant relation between the insurance premium incomes in 2013 with 2014, it seems that in 2014, there was a premium decrease. To look into this condition, the T-test is used. Based on the t result value of $t = 1.4578$ and $t_{table} = 1.65$ shows that $t \text{ value} < t_{table}$ it was concluded that the decrease in 2014 was not proven.

In relation to a research conducted by Dafni (2015) who also studied on the effect of social health insurance to commercial/ private insurance in Columbia. The research presented that the existence of social insurance did not decrease the community's need for private insurance product in Columbia.

Environment Analysis

The collected data is two companies with the condition: Choosing two companies, each representing the condition: eight companies experienced a deficit in their premium income in the minus interval of 98.1% - minus 6.4%; three companies were categorized as stagnant between the interval minus of 3.3% - surplus 4.3%; and 12 companies experienced an increase in their premium income between the interval of 6.6% - 240.8%. In 2013 and 2014, a total of 25 companies sold health insurance product in the commercial insurance business.

Table 1. Data collected before and after the JKN program – BPJS for health was used

Program	Year	Data
Before the JKN program-BPJS for health	2013	66 data health insurance product premium income were from Conventional life insurance company, and sharia also from general insurance business line
After the JKN program-BPJS for health	2014	70 health insurance product premium income data are collected from Conventional life insurance company, and sharia also from other general insurance

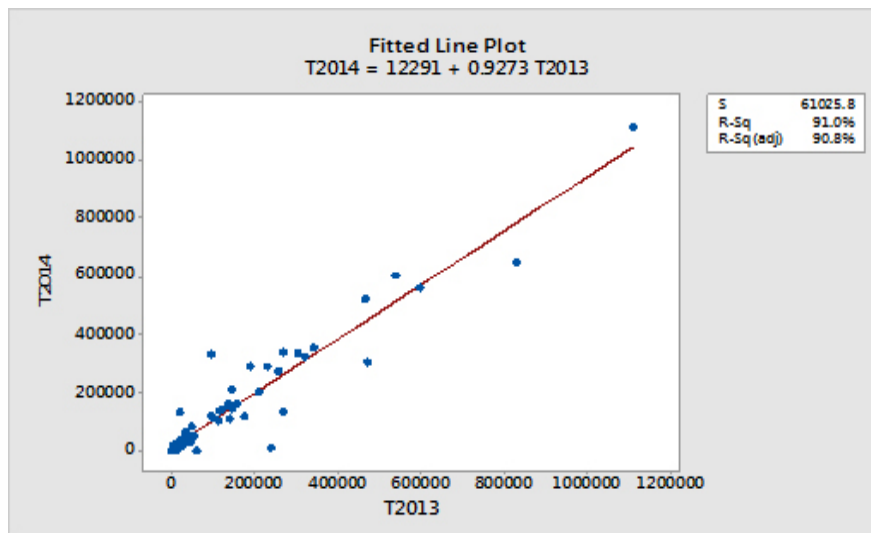


Figure 2. Premium data regression analysis (2013–2014)

The result from the in depth interview with the resource person on the internal and external condition was concluded and quantified in IFE and EFE matrix. Companies in Life insurance business line had also taken in as the research object to strengthen and enrich environment analysis study.

The research retrieved four samples of life insurance companies taken from the top level companies, two companies representing a national health insurance company, one company representing a joint venture insurance life company, and one company representing sharia life insurance company.

Based on a research conducted by Saaty and Ansari (2011) in Saudi Arabia, showed that intense socialization and promotion will increase the awareness of the community in insurance. Another study on the commercial health insurance ownership in the community that is protected by government social insurance proved that the presence of social health insurance in Taiwan increased the society awareness to have not only a social health insurance but to have commercial insurance as well. The presence of BPJS for health increased the society awareness of the importance of having the health insurance proved after two years of implementation it has already 150 million members.

How is it with the commercial insurance? What has to be done to overcome the effect of the increased of BPJS for Health membership on the commercial insurance company income?

The Internal and External Factor of Health Insurance Industries in the Private/Commercial Sector

Internal Factor

Based on Table 2 (IFE table) shows that the highest weighted value for strength in commercial insurance company is 0.154 for the satisfactory service and 0.150 for product innovation. The two powers are competitive advantages of the commercial health insurance company. The factor that is also important is having an extensive network. The human resource is on the strength list number 4 because in this digital era more human activities are replaced by a series of systemized technology. Similar business coverage lessens the importance major competitive factors. While the highest weighted value for weakness is in the costly premium factor that scored 0.041. Most of the Indonesian is still sensitive with the high cost of the insurance besides their awareness of the importance of insurance is still low.

Table 2. Internal factor evaluation matrix

Internal Strategic Factor (IFE)	Weight	Rating	Weighted
STRENGTH			
Extensive network	0.147	3.9	0.577
Own a variety of product/benefit	0.150	3.7	0.551
An excellent, fast and simple service	0.154	3.9	0.602
The limit/coverage is extendable	0.140	3.5	0.492
A compatible human resource	0.147	3.6	0.527
WEAKNESS			
The premium is relatively expensive	0.041	1.2	0.048
The limited cross subsidy	0.051	1.4	0.072
A possibility of adverse selection or moral hazard	0.045	1.4	0.064
A complicated administration	0.060	1.8	0.105
High cost for promotion and marketing	0.064	1.5	0.096
Total	1.000		3.134

The result of the internal matrix is consistent with the research of Setiawan (2012). In his research entitled Analysis of Acceptance and Competitive Potency in Indonesia's Insurance sector in ASEAN he concluded that the integrated strategy in the national insurance industry consists of 4 elements: strategic alliance, Information and technology (IT) mastering and strengthening, adequate network business, and marketing knowledge. This is supported by Linus's research (2001), on the competition and customer's behavior to insurance, that have the highest effect on the marketing strategy in Nigeria's insurance companies.

External Factor

Based on the analysis and evaluation on various empirical phenomena that had happened, it showed that the insurance industry in Indonesia is very dependent upon the economy growth. However, this condition is not a sign that the insurance industry is incapable of giving any contribution to the economic development in Indonesia. The composition and demography are other factors that have a role in increasing the insurance industry especially in the income per capita. The regulation and government's policy on the growth of Gross Domestic Product is also another factor that stimulated the insurance industry growth (Rahim, 2013).

Based on EFE (Table 3), the average weighted value for opportunities is the highest because the JKN program was not satisfactory to most of the people, while the commercial health insurance program is more flexible in using the health facilities; both have the highest weighted value of 0.126. The market segment is still extensive

and the market needs for comfort and convenience makes the commercial insurance opportunity wider. While the highest weighted value for threat is rules and government's regulation factor that is 0.129.

The position in the IE matrix determines the competition of the product/service and way of handling problems to be able to compete in the industry (Figure 3). The average internal condition score of the commercial health insurance is classified as strong (3.134) and the average score for the external condition is 3.803. This condition is shown in the IE matrix in cell 1 that means that the condition is still growing and needs to be developed. Theoretically, the strategic approach to achieve is by decreasing the price, developing a new product, adding the quality of the product and service, or increasing access to a wider market. Table 4 is the SWOT matrix of four sets of the possibilities on the strategic alternatives of the IFE and EFE interaction.

Marketing Strategy Alternative

Based on SWOT analysis, there are eight competitive insurance alternatives. Limited resources need prioritized decision. The competitive strategy priority is decided from the alternatives in the SWOT matrix through generic strategic criteria approach. Which of the most important strategy will be considered as the company's competition strength? This is the notion of the resource person (expert) through the Analytical Hierarchy Process (AHP) approach (Figure 4). Some similarity in the use of these criteria is shown in researches from Silaban (2011) and Devi (2012). The most dominant strategic criteria output in Figure 5.

Table 3. External factor evaluation matrix

External Strategy Factor (EFE)	Weight	Rating	Weighted
OPPORTUNITIES			
An extensive market segment	0.124	4.0	0.495
Health service flexibility	0.126	3.8	0.484
JKN program is not satisfactory to all the people	0.126	3.8	0.474
The need for comfort and convenience	0.123	3.8	0.473
THREATS			
CoB scheme is not applicable	0.121	3.6	0.433
The government's rule and regulation	0.129	4.0	0.517
The increase of competition	0.124	3.8	0.475
Infrastructure and technology	0.126	3.6	0.453
Total	1.000		3.803

Table 4. SWOT matrix

IFE EFE	Strength (S) 1. Extensive network/provider 2. Own a variety of product/benefit 3. An excellent, fast and simple service 4. The limit/coverage is extendable 5. A compatible human resource	Weakness (W) 1. The premium is relatively expensive 2. Too wide cross subsidy 3. A possibility of adverse selection or moral hazard 4. A complicated administration 5. High cost for promotion and marketing
Opportunity (O) 1. An extensive market segment 2. Health service flexibility 3. JKN program is not satisfactory to all the people 4. The need for comfort and convenience	1. Maximize market penetration especially for medium to upper class 2. Customized product premium innovation Increased the service quality	1. Cost Efficiency for corrected premium
Threat (T) 1. CoB scheme is not applicable 2. The government's rule and regulation 3. The increase of competition 4. Infrastructure and technology development	1. Expanding the network and provider 2. Increased the human resource quality	1. To strive for the CoB scheme to facilitate the marketing 2. Invest in technology and infrastructure

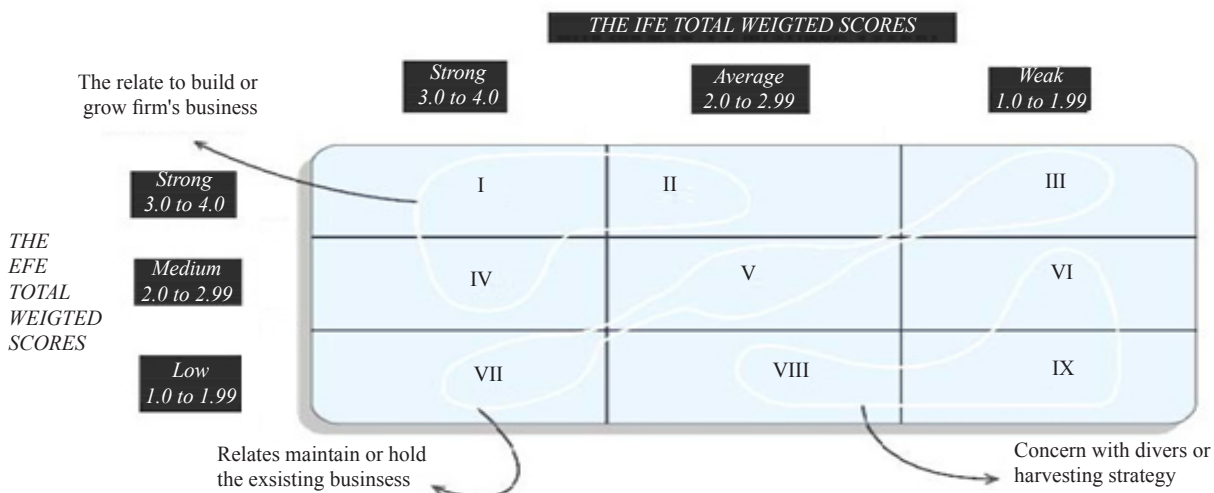
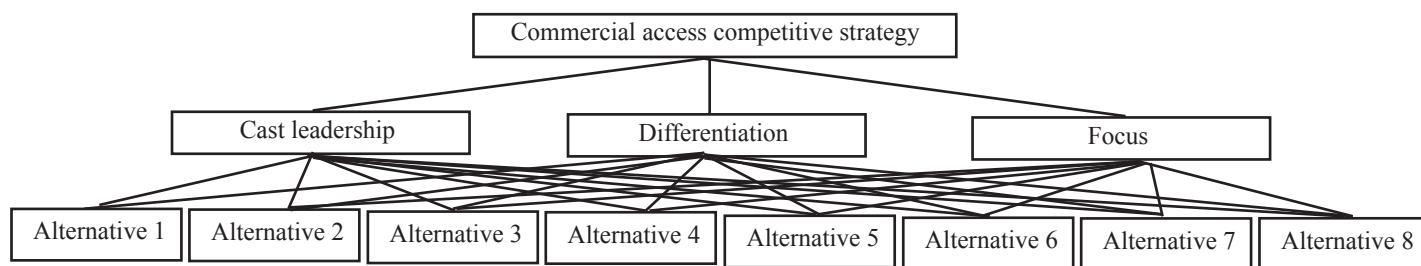


Figure 3. Internal – external matrix



Alternative information:

1. Maximize market penetration especially for medium to upper class
2. Customized product premium innovation
3. Increasing the service quality
4. Expanding the network and provider
5. Increasing the human resource quality
6. Cost Efficiency for corrected premium
7. To strive for the CoB scheme to facilitate the marketing
8. Technology and infrastructure investment

Figure 4. Shown the AHP hierarchy arrangement

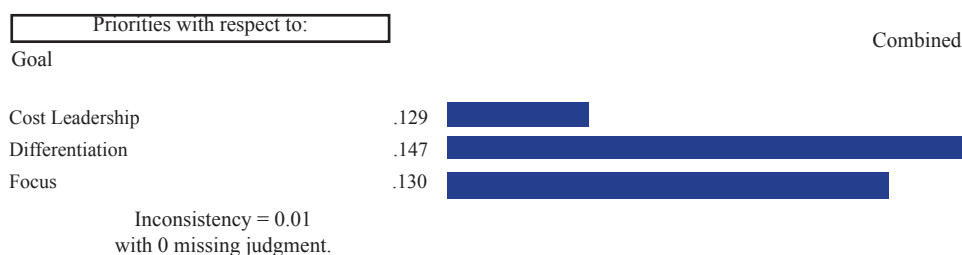


Figure 5. Competitive strategy priority competitive strategy

First, the differentiation criteria are the most important strategy criteria in health insurance industry for the private sector. The differentiation is in the form of service, product and network. Secondly, the focus on customer in the medium and upper class who more attention to what the JKN program provided. The last criterion is Cost Leadership that covers the competitive strategy and investment price.

There are two main opinions in the supreme competitive theory, the first is if there is a same product then the price is depressed or the price is made higher but the product is made or packed better so it can have a higher value. The result shows that this differentiate gives a higher score therefore the commercial insurance companies should increase the quality, innovation, design, credibility, brand, reputation and premium service. Shameem and Gupta (2012) concluded that there are some approaches to survive i.e. innovation, product differentiation or service, advertisement/selling promotion, technology, customer relation, distribution line, the company does not only focus on the increase of the product but also on finding new segment and the implementation of

Profitability innovation strategy. Differentiate is also applied in treating people as different personal and is also implied to the lower class. This is recorded in Miao

(2012) that concluded; “the mass marketing strategy that was carried out and ignored the demands for life insurance product for each individual, the outcome will not fulfill the customer’s need effectively”. The competitive strategy alternative priority obtained from step 2 analysis (Figure 6).

Managerial Implications

Based on the interview to analyze the external and internal condition in a company after the implementation of Health BPJS, several issues were revealed:

1. According to the experience, the average insurance premium income growth for the commercial health insurance company before the implementation of Health BPJS is 20–30%.
2. The companies which dominant market segment is middle to lower class experienced a sharp drop. These companies do not have extra budget so most of them moved to Health BPJS program especially for blue collar employee. Marketing strategy from the insurance company is to penetrate the middle upper class which have more budget available for their employees’ health protection.
3. Companies that undergo a stagnation between the companies and customers because they are still waiting for the implementation of the government regulation.

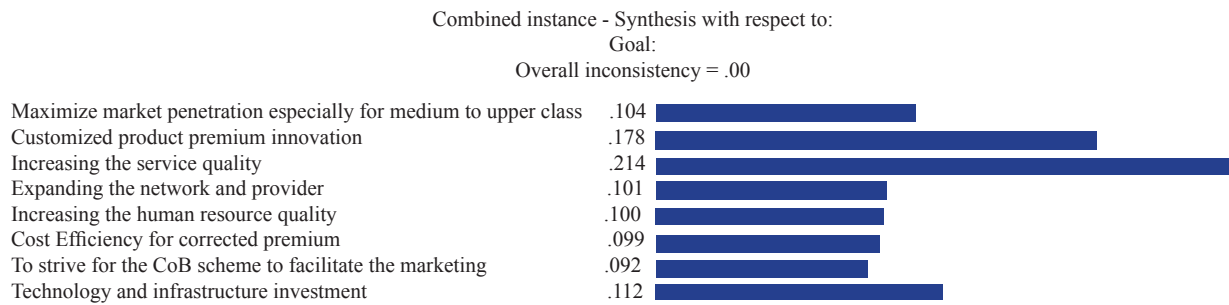


Figure 5. The competitive strategy alternative priority

4. The companies that experienced a premium increase after the implementation of Health BPJS, conducted a strategic alliance by embracing the holding company or company group as partner to penetrate the market. The companies performs an aggressive marketing.
5. In sharia health insurance, a loyal customer desires a halal contract.

From the AHP result, the priority competitive strategy that can be used by the commercial health insurance company as a managerial implication is:

The managerial implication for commercial health insurance company

a. Increase of service quality

Creating an excellent service system in all aspect, create premium services for premium customers. As the customers preferred a fast and simple network, the companies are expected to always improve the service qualities through personal communication (human touch) and technology based like mobile application, to avail the access and service facilities. In a value driven business, the business performers do not treat the customers only as consumers but approached them as human being with their rights (human centric to human centric).

b. Creating a customized premium product

The variety of the product depends on the range of the protection the customer needs. The wider the needed protection is the more expensive the insurance will be even though there is a standard insurance. The consumer can choose the product suitable to their needs and budget. The product innovations of the insurance after the implementation of JKN has become one of the competitive product. The consumer can also choose

an addition program (rider) accordingly. The service is widen, not only if there is new sickness that is covered but also for the prevention (curative) because the value of a product is based on the different preference by the consumer. The insurance company need to create a certain market segment to develop a new product for a specific market. For example a comprehensive health service is a preventive action like to cover the general checkup cost, inter consultation, and other special treatment, rehabilitative action and promotion action like a routine health checkup, second opinion service from a well-known specialist doctor, so the consumer will feel more confident with the decision and also to minimize the possibility of a mal practice. Preparation of a premium health insurance to provide the need for middle to high class market. The idea of the product has to be unique in the consumers' mind.

c. Developing technology and infrastructure

In this regard the IT system is almost without boundary. The technology has shifted from mechanic to digital internet, computer, cell phones, and social media has affected deeply to the producers and consumers behavior (Kotler, 2011). In terms of service and administration, connectivity among the insurance company, health facilities and customer become easier. The infrastructure needs to be established sophisticatedly, like increasing the website quality by changing of the performance/display and feature to be more communicative as the mobile application. The advantage of access among the users-company-health facilities. Arranging an information system to simplify the marketing, the service and the system that integrates with other related parties. To reduce the cost, there should be an infrastructure establishment like TPA (Third Party Administration)/ASO (Administration Services Only. These are programs designed to accommodate the companies' necessity in arranging and facilitating the employees' health needs. For

middle and small companies or companies that does not have infrastructure, they can collaborate with TPA but they will be charged accordingly and it will affect the operational cost.

d. Maximized the market penetration

According to the source obtained from the Ministry of Finance (Menkeu), the income for most of the middle class people increases from 37.7% in 2003 to 56.5% in 2010 and in 2014 reached 74 million people with the minimum income of Rp6 million (source Kemenkeu), is the average annual increase is 5%. The upper middle class market is the commercial health insurance market. This potency has not been maximally used. This class prefers the commercial health insurance or self-insured meaning they are responsible for their health cost. The marketing strategy is focused on the upper middle class (niche market), not only in companies but also as individual. The development of canal distribution such as maximizing the market potency through bancassurance, business partner, holding/group company and subsidiary company and also digital based market place.

e. Expanding the network and provider

The commercial health insurance companies have already owned an extensive network/provider and have collaborated with some government hospitals and clinics. This condition has satisfied the consumer because they now have many choices in the service facility both inside and outside the country. An alliance network is also important because it can support the group company in marketing.

f. Increasing the human resources quality

The quality of the human resource is one with high skills and creativity in marketing and business process. An experienced human resource in their own field such as a member of the marketing team should start with the research, develop the product design suitable to the market expectation and customers. They can communicate in market and be skillful marketers. An actuary and their employees are capable of counting the cost and profit of a product. The quality of the human resource is one with high skills and creativity in marketing and business. The roles of important human resource are persons reliable in information

and technology, capable in handling money efficiently and effectively, an underwriter capable in minimizing under selection and moral hazard. Besides these roles, the company also needs good corporate governance.

g. Cost efficiency

The price of the product is still the customer's consideration, in other words is the price conformed with the value obtained. If the service offered lower or equal to the value, the customer will consider the price. Efficiency is a method to minimize the cost of the business process and if the production cost is low it will affect the corrected premium cost which will be lower, lower that it will be easier to compete. Long term strategic action affects the cost such as investment in the development of technology information, business process system, and effective business culture.

h. Striving struggling for the matching CoB scheme

Service convenience is the characteristic of a commercial health insurance. However, in collaborating with BPJS for health, the facilities except in emergency is arranged by BPJS for health, the customers will use the commercial insurance if they are treated in a main or VIP room and the cost would be charged to them. The marketing strategy is still managing a regulation that is suitable the CoB program and also developing a top up program that is synergized with JKN program. her research Rodriguez SA (2012) claimed that commercial insurance has elaborate the health insurance market. There is a certain market that has become the commercial health insurance market. The Commercial health insurance has its own characteristic market.

Managerial implication towards the government/regulator

The coordination of benefit program is one solution for commercial health insurance consumer is assumed as not suitable to the character of commercial health insurance. A coordination among insurance companies with (Health BPJS, The department of health and The Financial Services Authority (OJK)) as the regulator is needed, so they can all participate and the most important is that the people/corporate does not feel impaired because they can still benefit the health service from Health BPJS. Customer who is interested in sharia based BPJS for health is facilitated.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The regression analysis shows that the existence of Health BPJS does not decrease the premium income of commercial health insurance in 2014. However, there is a specific market that is not interested in using Health BPJS, health facility claim even though they are registered as a member. Following the existence of BPJS for health the trend of the health insurance does not decrease hence it does not grow as big as before (source from resource person).

Considering the Industrial power analysis with the highest total point from Michael Porter's generic strategy criteria for the suitable strategy is differentiation. The priority strategy to compete is by increasing the customer's service on the access simplicity or on the claim as well as in the direct communication (human touch). In this digital era, the information technology strengthening and mastering become important access in the convenience service, communication between the user and provider, also increasing the marketing activities. Everyone is a marketer and consumer, the consumer is a marketer for other consumer.

Recommendations

The JKN Program is obligatory while commercial insurance program companies are choices. In order that the corporation does not shoulder the budget to cover the employee health protection, it is recommended that the parties involved (regulator, association and insurance companies) can immediately formulate the CoB win concept that has the best interest to all parties. The insurance is actually implemented regardless of the class or level of the customer, it is in accordance to the Constitution of the Republic of Indonesia of 1945 (UUD 45), the amendment and insurance in other countries. The JKN Program is implemented for first, second and third classes. The government needs to consider balancing the availability of health facilities from tax or APBN because the status between the consumer and the availability of the facilities is still imbalance. At present, the government's hospital is full of patients. Lack of data is the research's obstacle to take a wide perspective, for example data analysis that described the commercial health insurance product income in 2012 – 2015 (two years before and after the implementation of Health BPJS).

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