

Mohammed Azman - CEO, PERKESO, Malaysia



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Dato' Sri Dr Mohammed Azman, CEO at PERKESO, the Malaysian Social Security Organization, explains PERKESO's main areas of focus as well as the current health burdens the organization is looking to support for Malaysian citizens. He also highlights the objectives and vision of PERKESO in the future.

You have been appointed as the CEO of PERKESO since April 2015. Can you introduce the organization to our audience?

Indeed, I have been in position for slightly more than three years now, and it has been a real honor for me to be given the opportunity to be the driver of this important organization looking after nearly seven million employees in Malaysia.

Social security providence is a requirement that must be fulfilled in every country. In Malaysia, our social security coverage is provided in-line with the requirement of the International Labor Organization (ILO) through Convention 102 Social Security (Minimum Standards). Social security coverage in our country is provided in a mixed model approach; where parts of it are through government-funded services (funded by taxation), old-age coverage through a saving scheme via the Employees Provident Fund and a significant coverage through solidarity fund managed by PERKESO.

PERKESO provides the employment injury insurance scheme and the invalidity insurance scheme to Malaysian employees who contributes to the Social Security Funds through their monthly salaries. Therefore, our organization provides social security coverage against employment injuries, invalidity and unemployment. Ingrained within the benefits are medical benefits, rehabilitation and also hemodialysis support. The model is also supported by investment income from the social security fund. However, the amount of compensation paid out has increased tremendously over the years leading to the amount of contributions collected currently nearly matching the amount of compensation paid out.

What have been the main areas of focus for PERKESO in the last few years?

We have identified three areas of focus: fund sustainability, efficiency of service and widening the scope of social security coverage in Malaysia. Indeed, it is important to take proactive action into maintaining the sustainability of the fund for the short and the long term. First, our team looked at improving the areas of investment, collection and risk management and one of the first moves was to reorganize the investment arm of the organization by appointing professionals and experts in the field, followed by changes in the investment portfolio. The organization's investment portfolio is now in good hands and have yielded favorable returns. This is going to bode well for the future of the fund, given a sustained and careful management of the portfolio. Another source of fund for a social insurance scheme is the collection of premiums from our insured members. In PERKESO, it is done through employers who submits the contributions of their employees as well as employers' contributions. This used to be done manually and with it comes inefficiencies that accompany manual processing of such a large number of transactions. As a focus area, PERKESO has now moved into electronic transactions, where we launched our new collection system early this year. After an initial lag due to system stabilization, PERKESO is now at par with most organizations in the way our electronic collection systems works.

The second area of focus is efficiency of service. PERKESO is a service provider of social security and we strive to provide a seamless and efficient service to our insured persons. There were areas of claims, reimbursements and compensation applications that needed to be enhanced for the ease of obtaining service by our members. We are now moving away from manual processing as a new system is being developed for a fully integrated electronic processing of all claims and benefits. Some services are already online, and the full system will be operational by 2020.

The third focus area is about increasing the social security coverage for the population in Malaysia. It was obvious that a large segment of our labor force such as the self-employed are not covered by a social security scheme. In the advent of Industry 4.0, it is likely that the number of people engaging in self-employment will increase hence the pressing importance of establishing a social security scheme for them. In the year 2017, the Self Employment Social Security Act was passed and implemented starting on June 1st, 2017. Currently, the regulation under the Act is only for taxi and e-hailing drivers, but it can be expanded further to cover the self-employed in other sectors. In the area of social security coverage, the country was also lacking in social security protection against unemployment, especially to those who lost their jobs due to circumstances beyond their control such as downsizing, economic changes, retrenchment, etc. We have filled this gap by the passing of the Employment Insurance System Act 2017 which was implemented early this year. We are sure there will be more news on the expansion of social security coverage in the country as we wait for the changes to be unveiled for by the new government.

What are the current health challenges PERKESO has to respond to for the Malaysian population?

Malaysia celebrated its 61st Independence Day recently. Our country has progressed from an agricultural nation to an advanced developing nation, and typically, the population demographic has also changed. Malaysian employees are now older and more susceptible to face diseases and injuries. This is seen through the numbers and types of claims PERKESO is receiving. We received more than 66,000 new claims per year, which is almost the double from what it was 10 years ago. There is also an increase in the type of support PERKESO is providing such as rehabilitation, medical benefits, prosthetics, orthotics and hemodialysis, on top of the expenditure requirement for injury compensation and pension.

Another important health challenge to the social security provision in the country is the rise of non-communicable diseases (NCDs) such as heart diseases, complication of diabetes, renal diseases, stroke, lung diseases and cancers. PERKESO receives around 14 000 new claims for invalidity pension or survivors' pension due to NCDs each year. This comprises more than 50 percent of all claims under the invalidity claims. We must realize that the impact of NCDs to the individual person and the society is very high and the challenge is to minimize the impact of diseases on workers. Therefore, efforts in prevention, treatment and rehabilitation must be enhanced.

In response to these challenges, PERKESO has increased its benefits especially in the area of rehabilitation and prevention. The organization is proudly operating one of the best and biggest rehabilitation centers in Asia, located in Malacca, which focused on our insured members' rehabilitation. Our Return to Work programs have also expanded, not only aiding those who are physically impaired, but now also catering for unemployment within our new Employment Insurance System benefits. Our prevention activities have also expanded from injury and commuting accident prevention to NCDs and Workplace Health Promotion initiatives.

What are your views on the historical change of government recently and its impact on healthcare policies?

PERKESO, as a government agency providing services to the people, will definitely work together with the new government in finding ways to expand the social security protection of Malaysians. The newly elected government is putting emphasis on expanding social security coverage, and this abide well with our own view of a dynamic social security organization. The new Minister of Human Resources had shown himself to be pragmatic and focused in improving the services within the purview of his ministry including PERKESO. With the new government, we have already made immediate changes such as the inclusion of the spouse of the owner of the enterprise sole proprietorship or partnership into our coverage, who had previously been excluded. In the pipeline, the coverage for housewives is currently being prepared and hopefully will be approved soon.

The most immediate impact in healthcare policy with the new government is the manifesto on the introduction of a new health service, *Skim Peduli Sihat*, from a state-based program in Selangor to a nationwide program. The program will definitely be beneficial to the rakyat, especially those in the B40s (bottom 40% of households) where support in obtaining primary care is part of the social security requirement for medical coverage. We may want to also look into using the platform as part of a prevention effort, specially to curb NCDs. PERKESO looks forward to contributing into the policy, especially through our Health Screening Program. There are still more than two million employees in the country who have not used their eligibility for health screening. The *Skim Peduli Sihat* can be made more beneficial if it can be worked in tandem between agencies such as PERKESO and the Ministry of Health. This, however, is still being discussed and we hope to achieve an win-win solution for the benefit of the citizens.

What is your vision for the future of the healthcare sector in Malaysia?

Social security is essential to all individuals in Malaysia and we must find a way to increase social security coverage and meet the health needs of Malaysians which have now expanded, in line with the changes in demography, disease pattern and social-economic status in the country. To do this, all Malaysians must think beyond serving only their own individual needs and look into a collaborative effort for the benefit for all.

Malaysia already has a good system and infrastructure for primary healthcare, arguably among the best in the world. However, there are still gaps in providing security against ill health that can be filled in through a more comprehensive health financing approach. As reported by the Ministry of Health, Malaysia's out-of-pocket expenditure remains very high. In PERKESO, there are a lot of applications for medical aids and treatments for insured patients who cannot afford these out-of-pocket expenses. Unfortunately, they are also not within our coverage schemes. Another gap to be addressed is the healthcare financing for the elderly who are dependent on our invalidity pension to fulfil their healthcare needs.

PERKESO's long-term goal is to create a health financing model that can provide the necessary coverage beyond primary care to Malaysians, where the healthcare needs can be met through a comprehensive and equitable system. It may vary through taxation, social insurance, public-private partnership, etc., but the aim should be that the gaps we see in meeting the health needs can be substantially reduced. The organization will continue to provide support for our seven million insured members' needs and work to sustain the social security requirements of the population, thanks to the pooling of resources and risk-sharing concepts. However, with the new challenges in health needs, more resources must be allocated and it will be our responsibility to decide how these resources can be garnered and managed adequately.

What is your final message to the readers?

PERKESO's vision is to become the premier, dynamic and outstanding leader in social security. This is to be achieved by providing excellence in social security protection to our insured members and their dependents. Compensation is not the only protection and we strive to increase awareness on occupational safety and health that will ultimately improve the insured persons' social wellbeing.

Human touch is the most important component in a service-oriented organization such as ours. We recently rebranded all our offices in order to improve the image and the way PERKESO's staff engaged with our customers. We have also introduced a new approach, the S4P, to be the

mainstay of our staffs' outlook. S4P is an acronym for *Senyum* (Smile), *Sapa* (Acknowledge), *Salam* (Greet), *Sopan* (Polite) and *Prihatin* (Caring). The S4P is now the mantra that we use in servicing all our internal and external customers and reflects the type of organization we aspire to be.

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