

**Evaluation of the operations of the Social Security Board,  
Ministry of Labour, Employment and Social Security of Myanmar**

ILO-MDRI technical report

Lou Tessier, ILO, Mi Win Thidar, MDRI  
December 2014

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## 1. Executive summary

The Social Security Board (SSB) was created in 1956 after the adoption of the Social Security Act, 1954. The SSB has 77 township offices covering 110 townships (i.e. 30% of the existing townships). It is present in all States and regions to the exception of Chin State.

In 2012, the Government of the Union of Myanmar adopted a new Social Security Law, 2012. This new law provides for an extended social security system:

- More branches of social security are covered (family benefit, old age pensions, disability and survivors' pensions, unemployment insurance and housing benefits).
- The cash benefits existing under the Social Security Act, 1954, (sickness, maternity and work injury) reach higher levels under the new law.
- The medical care scheme opens the possibility to contract medical facilities outside of the SSB-owned facilities.
- The mandatory registration could be extended progressively to smaller enterprises (today there is a threshold of five workers) and a voluntary registration is made possible for the sectors not covered by mandatory registration (in particular agricultural sectors of activity).

The Social Security Board is progressively implementing the new law. In April 2014, the SSB started the implementation of the new contribution and benefit levels for the existing benefits (medical care, sickness, maternity and work injury) as well as the collection of contributions for the new family benefits.

The main objective of the present report is to provide a picture of the SSB operations and assess the way basic social security functions are conducted at the moment. It aims at understanding the strengths and weaknesses of the SSB in relation to the application of the new social security schemes established by the new Social Security Law, 2012. The final objective of the report is to identify the threats and opportunities for the evolution of the SSB and propose concrete recommendations for the improvement of the schemes design and implementation.

### ***Situation analysis***

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"><li>• Empirical experience managing medical care as well as sickness, maternity and work injury cash benefits.</li><li>• Available funds and new financial autonomy.</li><li>• Available human resources for administration purpose.</li><li>• Investment in a new IT system.</li><li>• Geographical presence in industrial zones.</li><li>• Main social security institution in the country with over fifty years of experience in social security.</li></ul>	<ul style="list-style-type: none"><li>• Delivered cash benefit to beneficiaries is low.</li><li>• For the medical care scheme purchaser and provider functions are not separated and the network of providers is limited.</li><li>• According to interviews with patients, their perception of the quality of service may seem low in comparison to other public and private health facilities in Myanmar (low quality of healthcare services, high transition costs).</li><li>• On-going implementation of the new IT system (number of available computers still low, assimilation of the technology by the field offices still ongoing).</li></ul>

	<ul style="list-style-type: none"> <li>Financial autonomy is new for SSB and financial projection tools are not yet available.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>Social protection, including social security, is a priority in the government's agenda.</li> <li>Growing industrial sector.</li> <li>Important part of the formal sector not yet covered by SSB (civil servants, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Reluctance of some employers to contribute / under-registration / low cooperation with Labour Inspectorate.</li> <li>Competition from higher quality health care providers (public and private), comparatively low attractiveness of the social security schemes.</li> <li>Opening of the insurance sector in Myanmar, introduction of possible competitors.</li> </ul>

As Myanmar is moving towards significant policy reforms, the social protection sector will be subject to a number of political choices in the years to come. If the SSB aims at being considered as an important institution in the overall social protection system of the country, it is crucial that it adopts a strategy of growth of the covered population and improved efficiency:

- **Having more persons covered** by the social security schemes will strengthen the sustainability of the SSB as well as demonstrate that it is the main social security institution in Myanmar capable to provide social security for a substantial number of people in the future.
- **Improve the benefits level, quality and delivery** in an efficient manner will demonstrate that the SSB could be an effective platform for social protection benefit delivery that could potentially be extended through subsidized schemes for the informal economy. It would reinforce the attractiveness of the SSB and the social demand for its extension.

In summary, the situation analysis illustrates that the SSB needs to improve its internal capacities in order to seize the opportunity created by the recent priority given to social protection at national level. There is a potential for the SSB to become a major social security institution covering the growing formal sector and participating actively to the extension of the right to social security in Myanmar. In order to achieve that goal, the SSB would need to focus primarily on:

1. The implementation of a strategy for the extension of membership to groups who are easy to incorporate at first (i.e. families, civil servants) and then to other groups (i.e. smaller businesses, informal economy).
2. The shift towards a protection-oriented and beneficiary-oriented strategy, encompassing improved processes and ensuring that benefit levels effectively ensure income security.
3. The development of sustainable financial management processes with the recent financial autonomy.

### **Key recommendations**

Membership	<ul style="list-style-type: none"> <li>Extension of the compulsory membership: <ul style="list-style-type: none"> <li>To the insured workers' families (at least medical care);</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>○ To civil servants;</li> <li>○ All companies with one worker or more;</li> <li>● Suppression of geographical exceptions;</li> <li>● Simplify the voluntary registration, in order to progressively cover more sectors (i.e. agriculture, independent workers, etc.).</li> <li>● Work on enforcement through an active formalization of the labour market policy.</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>● Long-term financial projections and appropriate model to calculate contribution levels and establish benefit packages.</li> <li>● Revision of the model to assign resources and reduction of administrative costs.</li> <li>● Safer investment policy.</li> <li>● Remove the possibility for workers and employers to retrieve contributions.</li> <li>● Modify the current methodology to determine worker's base wage for contribution and benefit calculations.</li> </ul>
Benefit design	<ul style="list-style-type: none"> <li>● Simplification of the existing schemes design (limitation of exclusions and differentiated eligibility criteria).</li> <li>● Define the benefit package of the medical care scheme.</li> <li>● Revision of the design of the inactive schemes.</li> </ul>
Enrolment	<ul style="list-style-type: none"> <li>● Inter-ministerial collaboration on registration of enterprises and possibly single registration process (business registration and SSB).</li> <li>● Mobile registration.</li> <li>● Implementation of the online information system.</li> </ul>
Cash benefit delivery	<ul style="list-style-type: none"> <li>● Standardized and simplified claim procedures.</li> <li>● Improvement of time-to-claim ratio, especially through the full implementation of the IT system.</li> <li>● Progressively start thinking about bank transfers rather than distribution of benefits in cash.</li> </ul>
Medical care delivery	<ul style="list-style-type: none"> <li>● Decentralize reimbursement process</li> <li>● Adjust clinic opening time (user friendly)</li> <li>● Operate the purchaser-provider split.</li> <li>● Put in place new incentives (including methodologies of resource allocation) to improve SSB medical services.</li> <li>● Progressively extend the network of health care providers (preferably through existing facilities) to ensure geographical access of beneficiaries.</li> <li>● Separate clearly occupational health duties and the social security medical care scheme within MoLES.</li> <li>● Ensure transparency at the point of service.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>● Put in place computerized monitoring processes.</li> <li>● Publish and disseminate widely an annual report.</li> </ul>
Awareness raising	<ul style="list-style-type: none"> <li>● Produce awareness raising tools for workers on their rights and the procedures to access their benefits.</li> <li>● Support social partners in the dissemination of the information.</li> </ul>
Inspection	<ul style="list-style-type: none"> <li>● Engage collaboration and coordination with Labour Inspectorate and Occupational Health inspection on inspection and compliance, especially in the context of the prevention and compensation of work injury and occupational diseases.</li> </ul>

	<ul style="list-style-type: none"> <li>• Separate inspection and communication / awareness raising for workers functions.</li> <li>• Provide adequate training on the new schemes under the Social Security Law, 2012.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Ensure representativeness of social partners in the SSB's governance structure.</li> </ul>
Complaint mechanism	<ul style="list-style-type: none"> <li>• Raise awareness on the complaint mechanisms.</li> <li>• Put in place a comprehensive monitoring system.</li> </ul>

### Prospective road map

	Quick wins	Medium run 2015	Medium run 2016	Long run
Membership	Feasibility of membership extension to the civil servants and the family members (at least medical care).	First extension of membership	Feasibility of membership extension to employers and smaller businesses.	
Scheme design and procedures	<p>Medical care:</p> <ul style="list-style-type: none"> <li>- Pilot internal split between provider and purchaser;</li> <li>- Extended opening hours;</li> <li>- Reimbursement decentralized;</li> <li>- Cost monitoring.</li> </ul> <p>Feasibility of a new methodology to include variable wage in the contribution and benefit calculation.</p> <p>Basic financial modelling to establish contribution rates and benefit packages for the existing schemes.</p>	<p>Medical care:</p> <ul style="list-style-type: none"> <li>- Full internal provider-purchaser split and shift in resource allocation to medical facilities;</li> <li>- Pilot for contracting;</li> <li>- Law revision on cross-financing with MoH.</li> </ul> <p>Simplification of the design and procedures of the existing schemes (sickness, maternity, funeral, work injury).</p> <p>Piloting and implementation of a new methodology to include variable wage in the contribution and benefit calculation.</p> <p>Capacity building on unemployment insurance and pensions.</p>	<p>Medical care: Scale up of contracting.</p> <p>Collaboration with labour inspection (MoLES) and occupational health unit (MoH) on a comprehensive and coherent policy on OSH and compensation.</p> <p>Feasibility studies (design, financial modelling) on unemployment insurance and pensions.</p>	<p>Feasibility of single registration (one-stop-shop) with relevant institutions in charge of business registration.</p> <p>Cash benefit delivery through bank transfers to beneficiaries.</p>
Law revision	Creation of a task force on the amendment of the law.	Preparation of the law and rules amendment for the active schemes (medical care, sickness, maternity, work injury, funeral grant).	Preparation of the law and rules amendment for the inactive schemes.	



## **2. Introduction**

The International Labour Organization (ILO) is supporting the Ministry of Labour, Employment and Social Security of Myanmar in the improvement of the legal framework and its implementation. Social security is one of the technical areas for which the ILO started providing support to the SSB in 2013 with a first review of the Social Security Law, 2012, and draft rules. The first step identified jointly in order to move forward with the improvement and implementation of the social security schemes created or reinforced under the new Social Security Law, 2012, was an evaluation of SSB current operations. This first step should allow the elaboration of a road map for the progressive implementation of key recommendations for the improvement of the schemes.

The Myanmar Development Resource Institute-Centre for Economic and Social Development (MDRI-CESD) is a think-tank dedicated to the economic and social transformation of Myanmar. The organization is conducting many policy researches related to economic reform, poverty reduction, financial inclusion, good governance and inclusive development. In this framework, MDRI-CESD partnered with the ILO in order to conduct the present evaluation as a key step to better understand the challenges for the development of a comprehensive social security system in Myanmar and identify the knowledge gaps requiring further research.

### **2.1. Objective of the evaluation**

The main objective of the present report is to provide a picture of the SSB operations and assess the way basic social security functions are conducted at the moment. It aims at understanding the strengths and weaknesses of the SSB in relation to the application of the new social security schemes established by the new Social Security Law, 2012. The final objective of the report is to identify the threats and opportunities for the evolution of the SSB and propose concrete recommendations for the improvement of the schemes design and implementation.

### **2.2. Methodology**

The present analysis was led on the basis of:

- The statistical data on operations provided by the various units of the SSB.
- Semi-directed interview with a number of technical staff members at head office level and at township level.
- Visits of SSB medical facilities.
- Focus group discussion with workers in the industrial zone of Hlaing Tayar.

The complete record of interviews and visits is available in appendix.

### 3. Description of the Social Security Board (SSB)

The Social Security Board was created in 1956 after the adoption of the Social Security Act, 1954. The stated objectives of the Social Security Schemes (SSSs) are as follows:

- *“To improve the health of the insured workers, to enhance their working ability and to boost productivity;*
- *To provide effective benefits in times of Social contingencies such as sickness, maternity, employment injury, unemployment, old-age and death etc;*
- *To support the insured workers and family members for living when the former are unable to work;*
- *To make the Social Security Scheme concern the entire people.”* (source: Ministry of Labour, Employment and Social Security institutional website).

The SSB is in charge of the design and management of the SSSs, and specifically seeks to:

- *“Ensuring workers enjoy rights and protection granted under the various labour laws*
- *Providing social services for the workers*
- *Promoting higher productivity of labour*
- *Participation in international labour affairs”* (source: Ministry of Labour, Employment and Social Security institutional website).

Members of the Board are “suitable persons from the Ministry of Labour and the relevant Union Ministries, Government departments, organizations, representatives and experts of employers and workers.” (Social Security Law, 2012, article 4, section (a)).

The list of current Board members is detailed in the below figure and the detailed list of Executive Committee members and Medical Board members are available in appendix.

#### **Figure 1. Social Security National Board members**

#### Chairperson

Deputy Minister, Ministry of Labor, Employment and Social Security

#### Members

- Director-General, Department of Health, Ministry of Health
- Director-General, Department of Health Planning, Ministry of Health
- Director-General, Department of Budget, Ministry of Finance and Revenue
- Managing Director, Myanmar Economic Bank, Ministry of Finance and Revenue
- Managing Director, Myanmar Foreign Trade Bank, Ministry of Finance and Revenue
- Managing Director, Myanmar Insurance, Ministry of Finance and Revenue
- Director-General, Pension Department, Ministry of Finance and Revenue
- Director-General, Department of Labor, Ministry of Labor, Employment and Social Security
- Director-General, Department of Factory and Labor Law Inspection, Ministry of Labor, Employment and Social Security
- Director-General, Department of Social Welfare, Ministry of Social Welfare, Relief and Resettlement
- Director-General, Department of Urban and Rural Development, Ministry of Construction
- Director-General, Office of the Attorney-General of the Union
- Employee Representative from Government Enterprises, Department of Industrial Crop Development
- Employee Representative from Government Enterprises, No. (14) Heavy Industries Enterprise
- Employee Representative from Government Enterprises, No (2) Mining, Ministry of Mining
- Employee Representative from Labor Organizations, Mya Fashion Garment Factory, Industrial Zone (3), Hlaingthayar Tsp.
- Employee Representative from Labor Organizations, Township Freight Handling Labor Organization, Mawlamyine
- Employee Representative from Labor Organizations, Commodity (footwear)- Township Level Organization, Hlaingtharyar
- Representatives from Employers' Organizations, UMFCCI (5 representatives)
- Representative from Employers' Organizations, Employers' Organization for Highway Cargo Transportation
- Vice President, Myanmar Doctors' Association

#### Secretary

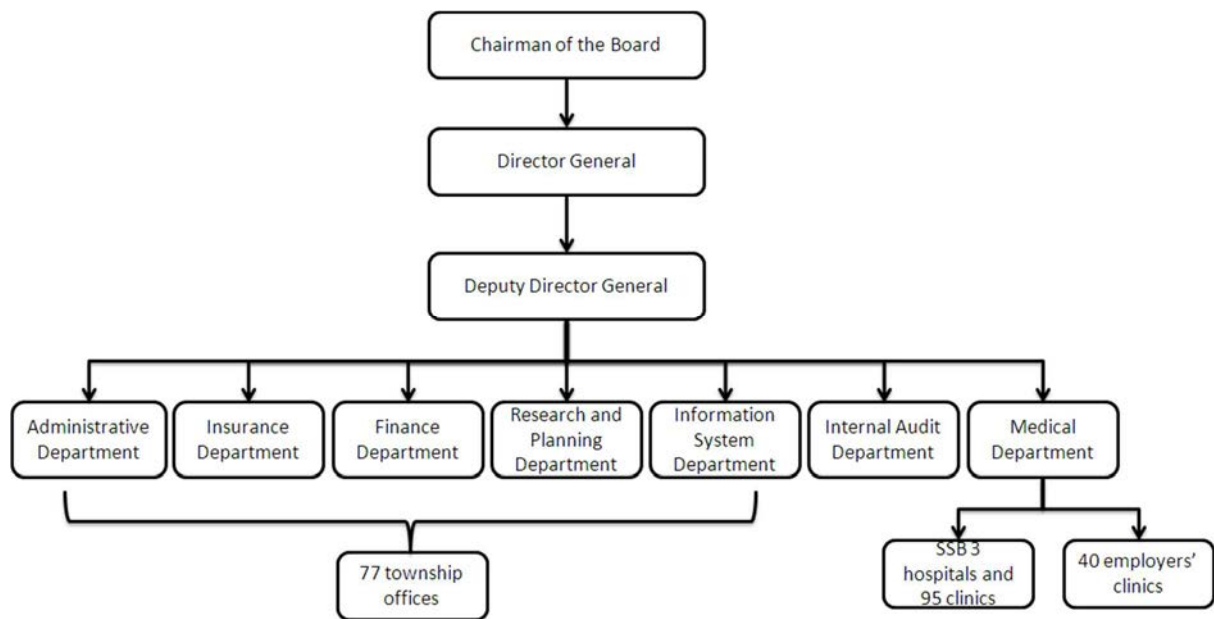
Director-General, Social Security Department, Ministry of Labor, Employment and Social Security

#### Associate Secretary

Deputy Director-General, Social Security Department, Ministry of Labor, Employment and Social Security

The Board monitors and orients the operations conducted by the SSB operational arm (as described below), under the Chairman of the Board. It also determines some detailed benefit features (such as levels of work capacity, threshold of mandatory registration, etc.) and makes decisions on the assets and funds of the SSB.

**Figure 2. Organizational structure and field presence**



The SSB has 77 township offices covering 110 townships (i.e. 30% of the existing townships). It is present in all States and regions to the exception of Chin State.

In 2012, the Government of the Union of Myanmar adopted a new Social Security Law, 2012. This new law provides for an extended social security scheme:

- More branches of social security are covered (family benefit, old age pensions, disability and survivors' pensions, unemployment insurance and housing benefits).
- The cash benefits existing under the Social Security Act, 1954, (sickness, maternity and work injury) have higher levels under the new law.
- The medical care scheme opens the possibility to contract medical facilities outside of the SSB-owned facilities.
- The mandatory registration could be extended progressively to smaller enterprises (today there is a threshold of five workers) and a voluntary registration is made possible for the sectors not covered by mandatory registration (in particular rural areas).

The Social Security Board is progressively implementing that new law. In April 2014, the SSB started the implementation of the new contribution and benefit levels for the existing benefits (medical care, sickness, maternity, funeral and work injury) as well as the collection of contributions for the family benefits.

## 4. Scheme overview

### 4.1. Scope

Compulsory registration to the SSB for:

- Companies with 5 workers or more, excluding the following: government personnel, international organizations, seasonal farming and fishery, non-profit organizations, domestic work. Possibility for additional exemptions.
- All paid workers in the said companies, including paid and unpaid apprentices, permanent and temporary, but with the exclusion of dependent family members of the employer – however the latter can register on a voluntary basis.

Voluntary registration<sup>1</sup> for:

- Companies with less than 5 workers.
- Students.
- Independent workers and farmers.

Wage determination: wage includes the total wages or declared income (for voluntary registrations only). It shall not be under the minimum wage when the latter will be set<sup>2</sup>.

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<sup>1</sup> Voluntary registration is not opened yet.

<sup>2</sup> Though the law states that overtime and bonuses shall be included, in practice it is not the case yet in the garment sector where only the base salary is included in the determination of the wage level.

## 4.2. Active schemes

**Table 1. Overview of the active social security schemes**

Benefit name	Benefit package	Contribution level	Qualifying conditions	Difference with Social Security Act, 1954
Medical care	Medical treatment and delivery (out-patient, in-patient, medicine, laboratory, transportation in case of referral outside urban areas) for a maximum of 26 weeks. Free in all SSB facilities except for retired workers. Retired workers have a co-payment of 50% of the cost of treatment. Reimbursement on the basis of fixed rates in case of referral in other public facilities. Covers the worker only. In case of maternity, the new born is covered during one year.	“Health and Social Care Fund”  If the insured person is less than 60 years old at registration: Worker: 2%. Employer: 2%.  If the insured person is 60 years old or older at registration: Worker: 2.5%. Employer: 2.5%.	Worker registered at the SSB and regularly paying contributions. Referral system to access to secondary and tertiary care. No waiting period.	Contributions for medical care, sickness, maternity and funeral grant: Workers: 1.5%. Employer: 1.5%.  No family benefit.  New born covered for medical care only the first six months.
Funeral grant	Lump sum. Funeral allowance benefit = average wages or income in the past 4 months x (number of contributed months/18)+1.		Being registered and regularly paying contributions at least 1 month prior to the claim.	Fixed amount to be paid to the widow or orphan of the deceased (40,000 kyats).
Sickness cash benefit	Periodical benefit: 60% of the average salary of the past four months. Weekly installments. Up to 26 weeks.		Being registered and regularly paying contributions for at least 4 months in the past 6 months prior to the claim.	Periodical benefit: 50% of the wage. Up to 26 weeks.
Maternity cash benefit	70% of the average salary of the last six months. Weekly installments or lump sum. Up to 14 weeks.		Being registered for at least 12 months and regularly paying	Periodical benefit only: 66.67% of the wage. Up to 12 weeks.

Benefit name	Benefit package	Contribution level	Qualifying conditions	Difference with Social Security Act, 1954
	Bonus: 50%, 75% or 100% of the average wage at the time of delivery depending on the number of babies (1, 2 or 3).		contributions for at least 6 consecutive months prior to the claim.	
Paternity cash benefit	70% of the average salary of the last six months for up to 15 days. Bonus: half of the provisions of maternity benefit for the uninsured wife.		Being registered for at least 12 months and regularly paying contributions for at least 6 consecutive months prior to the claim.	No paternity cash benefit under the former law.
Family benefit	(a) Educational allowance Means-tested benefit. Periodical benefit: Monthly benefit (10 months a year) of 10% of average wage per child in primary school. (b) Natural disaster 40% of average wage over the past 12 months (lump sum).	Financed by a 10% contribution of the "Health and social care fund".	(a) Being registered for no less than 48 months and regularly paying contributions for at least 36 months prior to the claim. Earning less than the threshold stipulated by the SSB over the year prior to the claim. Having his/her child attending primary school (recognized by the State). (b) Being registered for no less than 48 months and regularly paying contributions for at least 36 months prior to the claim.	No family benefit under the former law.
Work injury	(a) Temporary disability benefit Periodical benefit: 70% of the average wage received over the past four months. Weekly installments. Up to 12 months. (b) Permanent disability benefit Benefit amount depending on the loss of working capacity, with a maximum of 70% of the average wage received over the past four months. Benefit granted for a length which	"Employment injury Fund"  Employer: 1%.  <i>Can go up to 1.5% as a sanction in case of repeated work injuries</i>	Being registered and regularly paying contributions at least 2 months prior to the claim. Being subject to a work injury / occupational disease recognized by the SSB medical board.	(a) Temporary disability benefit: Waiting period of four days to enjoy the benefit. Benefit level: 66.67% of the wage. (b) Permanent disability pension:

Benefit name	Benefit package	Contribution level	Qualifying conditions	Difference with Social Security Act, 1954
	depends on the percentage of loss of working capacity. Weekly installments or lump sum. (c) Survivor benefit Weekly installments or lump sum. Between 30 and 80 times the average monthly wage of the deceased over the past four months depending on the deceased contribution period (from less than 60 months to over 240 months).	<i>(threshold defined in the rules, art. 58).</i>		Additional benefit in case of dependency. Monthly installments or lump sum (for less than 20% loss of capacity). (c) Survivor's pension: Aligned on the provision of (b). Benefit level: 66% of the wage.

### 4.3. Inactive schemes

**Table 2. Overview of the inactive social security schemes**

Scheme name	Benefit package	Contribution level	Qualifying conditions
Disability benefit	In installment or in lump sum: <ul style="list-style-type: none"> <li>15 months of the average wage received over the total period of contribution if contributions were paid for 180 months.</li> <li>40% of the amount of collected contributions (employer + worker) if contributions were paid for at least 12 months and less than 180 months.</li> <li>Right to retrieve the amount of workers' contributions collected by the SSB if contributions were paid for less than 12 months in lump sum.</li> </ul>	“Disability benefit, superannuation benefit and survivor's benefit fund.”  Worker: 3%. Employer: 3%.	Having contributed for at least 12 months and being registered to the SSB.  Being subject to permanent inability to work certified by the SSB medical board due to any cause but work injury.



Scheme name	Benefit package	Contribution level	Qualifying conditions
	<p>N.B.: the employer has the right to claim back 25% of collected contributions plus interest when the worker is granted disability benefit.</p>		
<p>Superannuation benefit (Old age pension)</p>	<p>In installment or in lump sum:</p> <ul style="list-style-type: none"> <li>• 15 months of the average wage received over the total period of contribution if contributions were paid for 180 months.</li> <li>• 40% of the amount of collected contributions (employer + worker) if contributions were paid for at least 12 months and less than 180 months.</li> <li>• Right to retrieve the amount of workers' contributions collected by the SSB if contributions were paid for less than 12 months in lump sum.</li> </ul> <p>N.B.: the employer has the right to claim back 25% of collected contributions plus interests when the worker is granted superannuation benefit and has contributed for more than 12 months.</p>		<p>Having reached pensionable age: 60 years old. Having contributed for at least 12 months and being registered to the SSB.</p>
<p>Survivor's benefit</p>	<p>In installment or in lump sum:</p> <ul style="list-style-type: none"> <li>• 15 months of the average wage received over the total period of contribution if contributions were paid for 180 months.</li> <li>• 40% of the amount of collected contributions (employer + worker) if contributions were paid for at least 12 months and less than 180 months.</li> <li>• Right to retrieve the amount of workers' contributions collected by the SSB if contributions were paid for less than 12 months in lump sum.</li> </ul>		<p>Having contributed for at least 12 months and being registered to the SSB. Having designated a beneficiary for the survivor's benefit.</p>

Scheme name	Benefit package	Contribution level	Qualifying conditions
	N.B.: the employer has the right to claim back 25% of collected contributions plus interests when the survivor's benefit is granted and the deceased contributed for more than 12 months.		
Unemployment insurance	In installment or in lump sum: 50% of the average wage received over the past year. Up to 6 months. Additional cash awarded if married with dependents. One additional month of benefit awarded for each additional years of contribution (over 36 months). Deductible from severance packages paid by the employer.  N.B.: the employer has the right to claim back 25% of collected contributions plus interests when the unemployment benefit is granted.	"Unemployment benefit fund."  Worker: 1%. Employer: 1%.	Having contributed for at least 36 months and being registered to the SSB. Being unemployed, excluding in case of voluntary resignation or dismissal for professional mistake. Being registered at the Township Labour Exchange Office.

Additionally, the new Social Security Law, 2012, provides for the creation of a housing fund in which workers would be able to place savings and then would access rights to buy housing at subsidized rate and with subsidized loan.

The Social Security Law, 2012, contains provisions on the right to appeal. Establishments have the right to appeal if they are not satisfied with the decisions of the Board. Similarly, Insured workers who are not satisfied with the decisions of the Board have the right to appeal to the Appeal Tribunal (Social Security Law, 2012, chapter 10, article 89) which composition is detailed in the Rules, chapter XIII, article 207. No appeal was filed in front of the Appeal Tribunal yet.

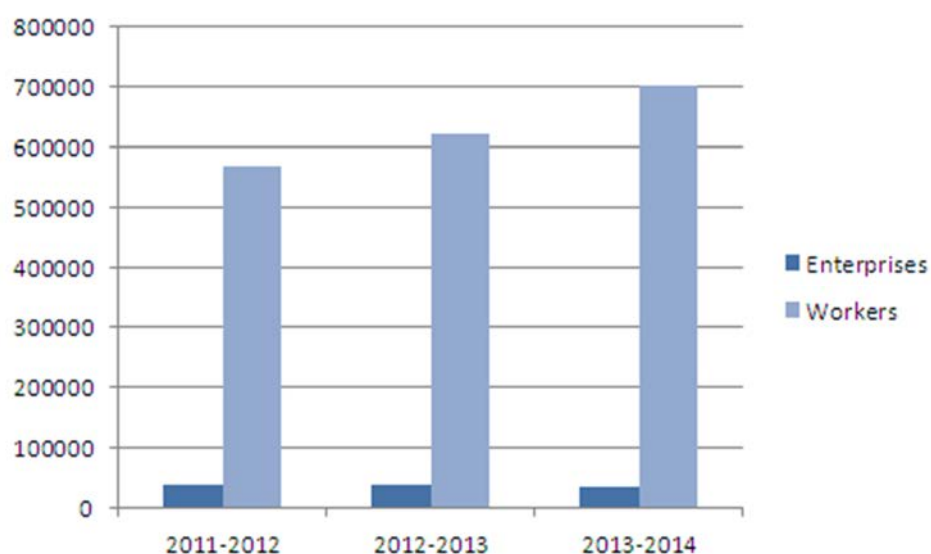
## 5. Characteristics of SSB operations

### 5.1. Membership

The Social Security Scheme is implemented in 110 townships in 13 States and regions (i.e. all the States and regions except for Chin State). The geographical coverage is limited since 110 townships are covered over 330 townships in the country.

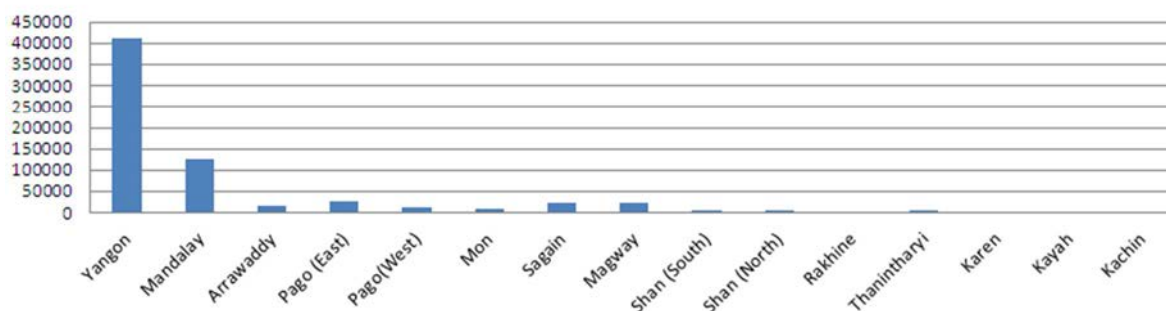
The SSB has a small portfolio of 33,462 companies registered and 706,750 registered workers in December 2013, of which 689,535 were active registered workers (31/12/2013)<sup>3</sup>. There were 8,600 registrations per month on average in 2013. Though this number may include some double counts (re-registrations due to worker's mobility), it is still significant and indicates a growing formal sector, probably linked to industrialization and especially the growth of the garment and shoe sector.

**Figure 3. Evolution of registrations (2011-2014)**



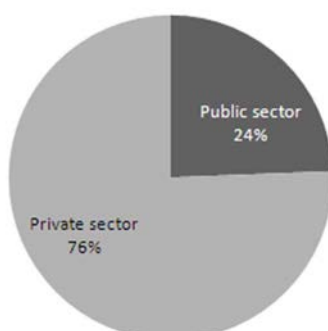
<sup>3</sup> Basic characteristics of insured workers (disaggregation by age, sex, sector of activity, industry, average wage, region of residence, number of dependents) are not available as yet. They will be with the set-up of the central server for the new information system of the SSB in the near future.

**Figure 4. Distribution of insured workers by States and regions, 2013**



The interviews as well as the tables and figures below indicate that private sector workers and industrial workers are a majority, concentrated in industrial zones (Yangon, Mandalay, Bago). In this category, women are significantly over-represented (about 76% of private sector workers affiliated to the SSB, representing 43% of the total portfolio). This is mainly due to the high representation of garment and shoe factory workers.

**Figure 5. Proportion of insured workers by sector of activity, 2013**



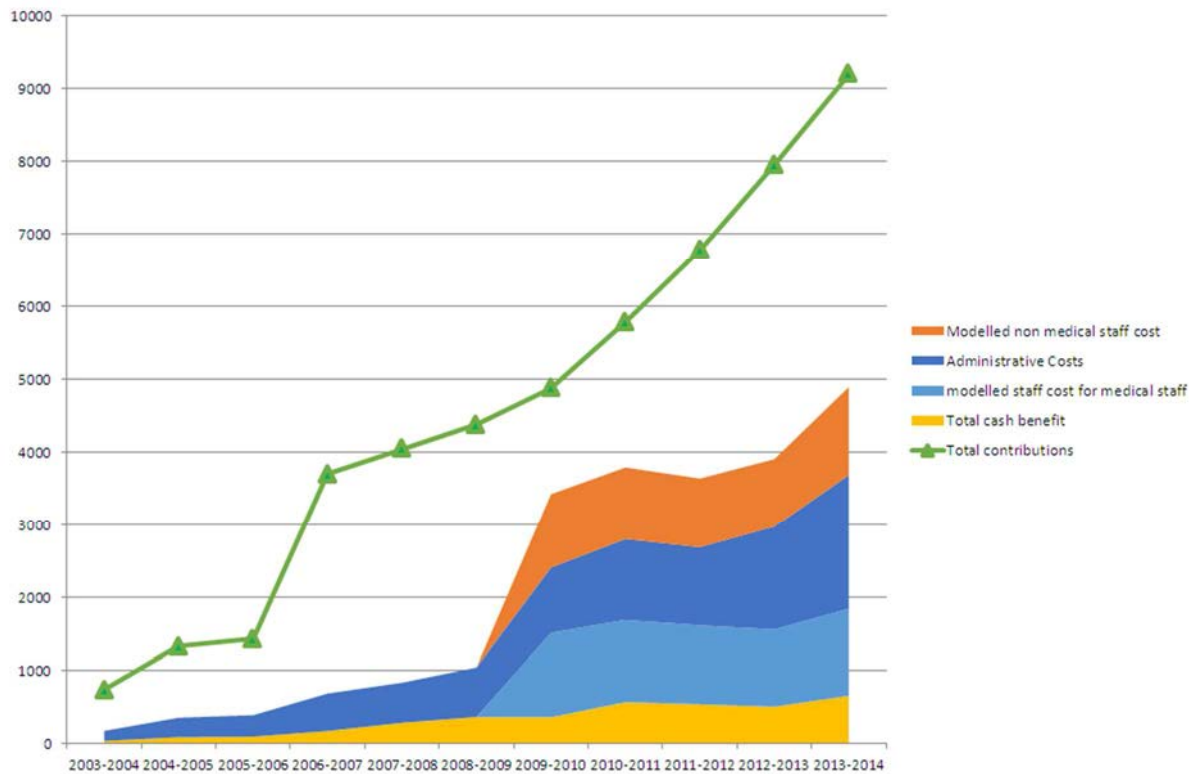
**Table 3. Proportion of insured workers by gender, 2013**

	All sectors	Private sector	Share of the total portfolio	Public sector	Share of the total portfolio
Male	48%	26%	33%	64%	16%
Female	52%	74%	43%	36%	9%

## 5.2. Operations

### 5.2.1. Summary

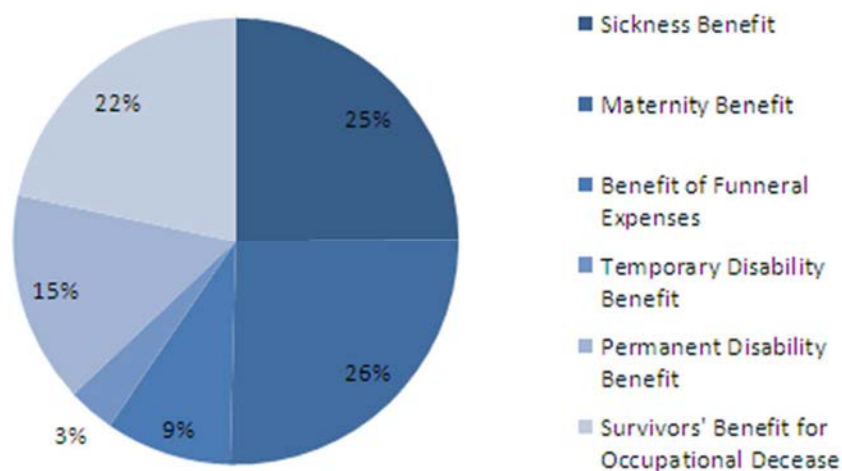
**Figure 6. Collected contributions, claims and administrative costs and modelled wage costs 2003-2014 (in MMK millions)**



### 5.2.2. Cash benefits

Cash benefits distributed to the beneficiaries represent a small portion of the collected contributions (about 6% yearly). Cash benefit expenditure is low, representing 12.3% of the SSB total expenditure. Sickness and maternity cash benefits are the biggest expenditure within the cash benefit expenditure.

**Figure 7. Distribution of the expenditure on cash benefits, fiscal year 2013-2014 (Kyats in Million)**

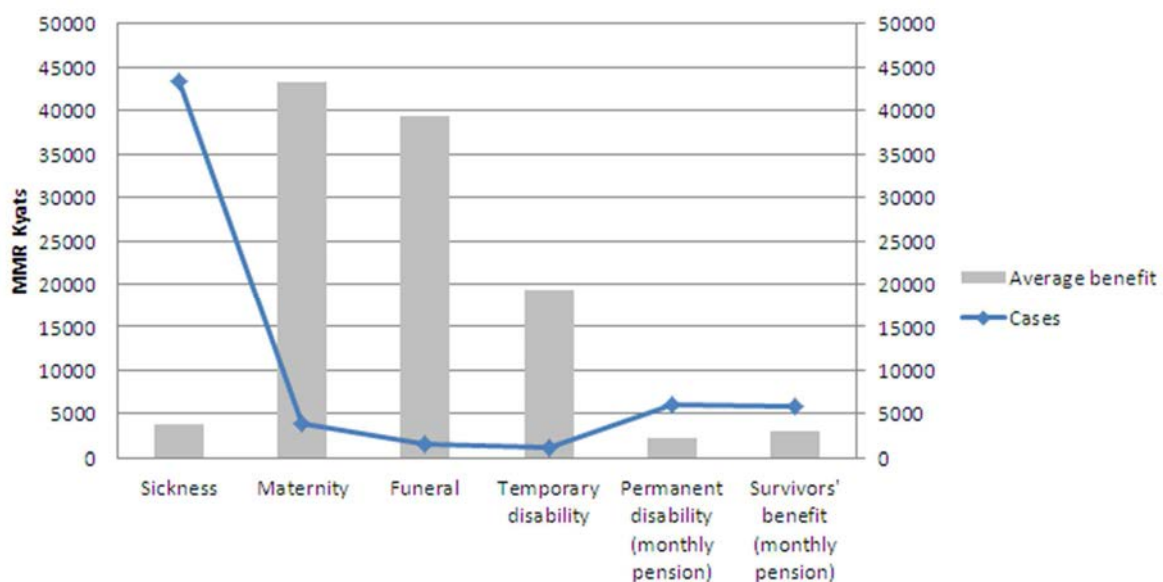


Average benefit level per claim is quite low, especially as regards disability and maternity benefits. A closer attention need to be given to the analysis of the sickness cash benefit as the number of claim is

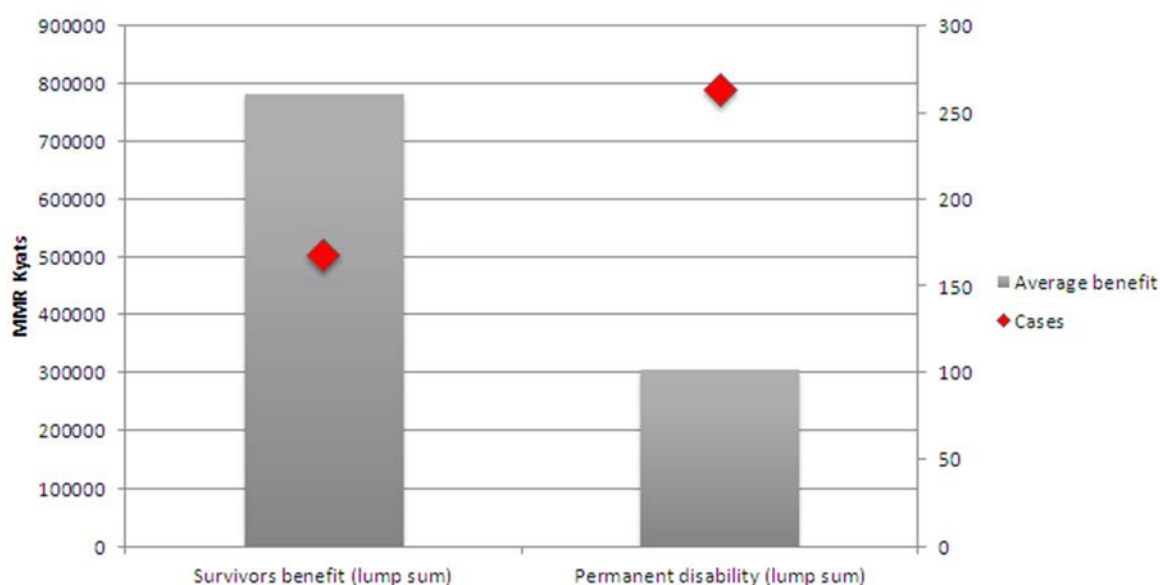
relatively high for a very low benefit level (less than 5,000 kyats per claim), that may be due to a custom on the part of SSB medical staff to certify sick leave for very short period of time but repeatedly, which may create unnecessary claim processing. The average benefit level per claim for maternity cash benefit is also limited (less than 45,000 kyats for 12 weeks), which may be due. The low benefit level may be linked to the way wage is determined under the SSS. Indeed, the wage used by the SSB for calculation of contributions and benefits (and declared by employers and workers) often includes mainly the base wage and not the variable wage, which represents only about half of the real wage in the garment and shoe industry where many women work for example.

A comparison between the level of funeral benefits and the actual cost of a funeral faced by beneficiaries could also be considered. Those indicators should be followed closely to see whether the implementation of the new law improves the benefit level per claim, an absence of increase of the number of claims and level of benefit could indicate a further need for simplification of procedures.

**Figure 8. Number of claims per type of benefit and average benefit level per claim per type of cash benefit (2013-2014) – periodical benefits**



**Figure 9. Number of claims per type of benefit and average benefit level per claim per type of cash benefit (2013-2014) – lump sum benefits**



With the exception of the work injury scheme, overall the ratio between the number of claims and the insured workers is small. This may indicate a low incentive to claim for benefits if the level is perceived as too low for the beneficiaries in comparison to the cumbersomeness of the claim procedure. As regards work injury, it could also be linked with under-declaration of work accidents and diseases.

**Table 4. Average number of claim, benefit level and claims on insured workers ratio, 2013-2014 (fiscal year).**

	A. Sickness	B. Maternity	C. Funeral grant	D. Temporary disability	E. Permanent disability (monthly pension)	F. Survivors' benefit (monthly pension)	G. Survivors benefit (lump sum)	H. Permanent disability (lump sum)	Work injury total (D+E+F+G+H)
No. of claims	43443	3817	1512	1144	5967	5805	168	263	13347
Average benefit per claim (MMR Kyats)	3729	43290	39447	19405	2309	2974	783362	303909	NA
Claim on insured worker	0.061	0.005	0.002	0.002	0.008	0.008	0.000	0.000	0.019

**Table 5. Number of claims and claims per insured workers ratio, Social Security Office, annual report 2009, Thailand**

Total number of protected persons	9360119	
Total number of insured workers (Work Injury scheme)	7939923	
Cases		Ratio
Sickness	28984350	3.097
Maternity	291966	0.031
Work injury	149436	0.019

### 5.2.3. Medical care benefit

### 5.2.3.1. Package of services

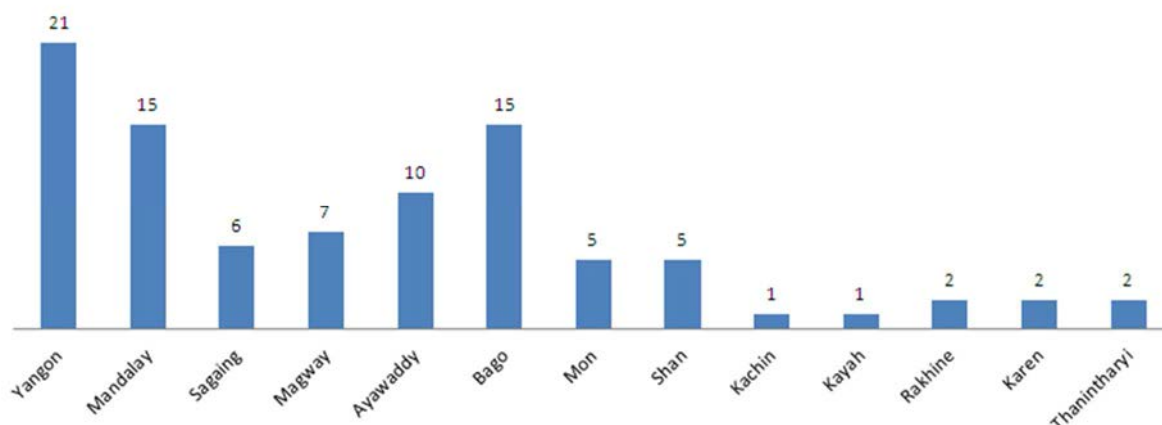
So far, there is no split between the health care providers and the purchaser or “insurer” inside the SSB (i.e. absence of purchaser-provider split). The SSB provides a yearly allocation to its health care facilities which then provide all available services for free to SSB-affiliated workers. As such, there is no detailed package of services available to the beneficiaries on the basis of which medical facilities would be financed. Rather, the SSB monitors the cost of supplies, maintenance and staff on a monthly basis. The number of patients is also monitored monthly (frequentation). All monitoring is paper-based.

### 5.2.3.2. Medical facilities

There are three Worker’s Hospitals and 92 clinics under social security board to provide free health care services to insured workers. The 250 bedded Worker’s Hospital is located in Yangon, the 150 bedded Worker’s Hospital is in Mandalay and the 100 bedded Tuberculosis Hospital is in Htan Tapin. Apart from its own hospital and clinics, the SSB also manages 40 government enterprise clinics (i.e. provision of medical supplies) supervised by their respective ministries.

Worker’s Hospitals are located in urban areas (Yangon and Mandalay). The following graph shows the distribution of SSB clinics by state and region. SSB clinics are present in 13 of the 15 Myanmar states and regions. SSB clinics are mainly concentrated in Yangon, Mandalay and Bago regions. SSB clinics provide free out-patient care to insured workers during weekdays from 9:00 am to 4:00pm. SSB recently introduced a pilot in Hlaing Thar Yar Township where it extended the clinic opening hours in the morning and in the evening to facilitate accessibility to health care.

**Figure 10. Distribution of SSB clinics by State and region, 2013**



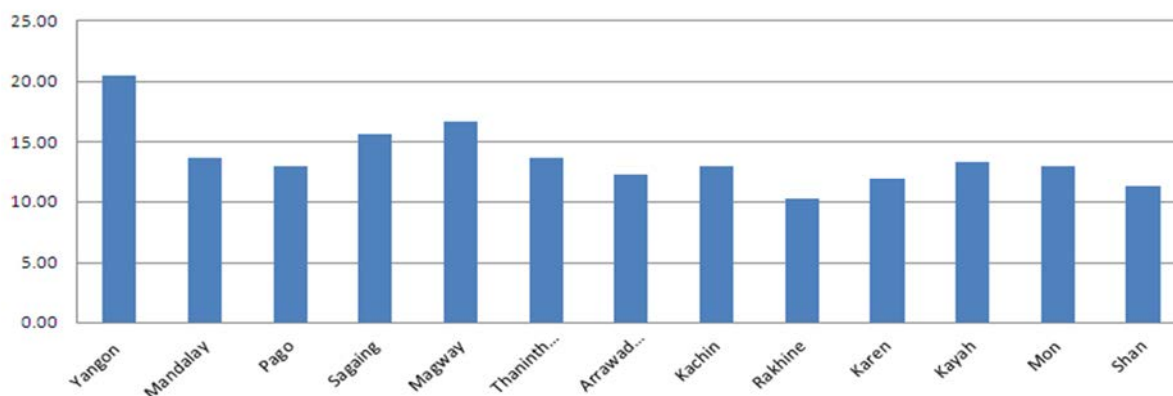
The daily number of out-patient visits in SSB clinic ranges from about 10 to 20 cases and on average about 13 cases by SSB clinic in 2013. The utilization of out-patient service is higher in Yangon, followed by Mandalay and Bago regions. It is coherent with the distribution of insured workers, more concentrated in these regions than others.

### 5.2.3.3. Utilization



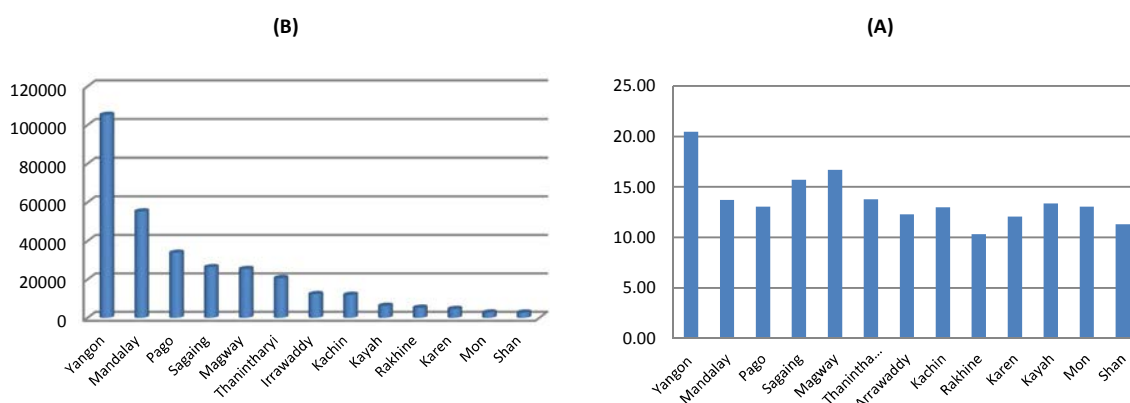
Overall, frequentation<sup>4</sup> of SSB facilities is quite low in comparison to other providers of health care in the country. It is especially the case for clinics, as hospitals, with the exception of the TB hospital (currently being renovated and converted into a general hospital), have higher frequentation. There are important discrepancies in the clinic frequentation from one clinic to the other; a notable exception is the Hlaing Tayar clinic with high frequentation rates (up to 120 patients a day).

**Figure 11. Average number of out-patients per day per SSB clinic, 2013**



The total out-patient visits at SSB clinics from January to November in 2013 is 312,743. The number of visits range from maximum 105,247 to minimum 2718 and average by state and region is 3,399.4. The number of out-patient visits is highest in Yangon with 33.7% of the total number of out-patient visits in 2013. Social security medical care scheme services are more utilized in urban areas, especially Yangon and Mandalay regions, where there are many industrial zones.

**Figure 12. Average number of out-patient (A) daily and total number of out-patient (B) at SSB clinics (January to November 2013)**



Apart from SSB clinics, three Worker’s hospitals under social security board also provide both out-patient and in-patient care. Among those, Yangon Worker’s hospital delivers the highest volume of health services as it is the biggest one. Yangon Worker’s hospital provided out-patient care to 25,908

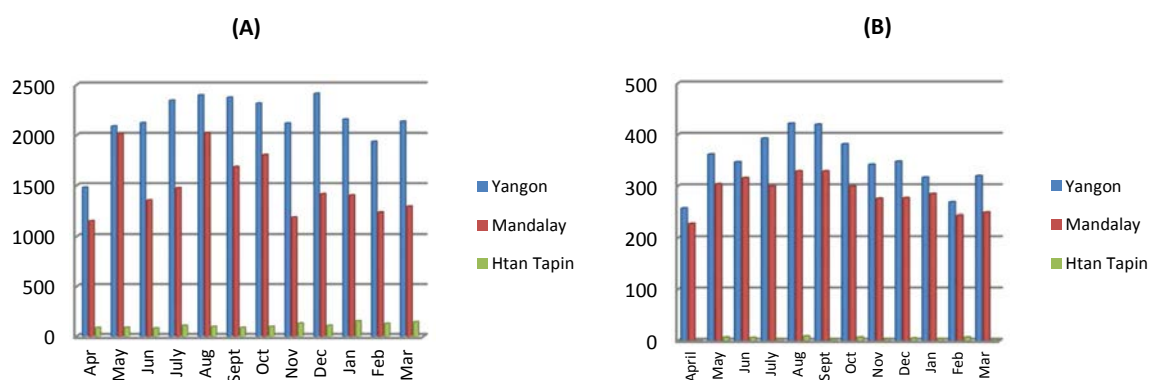
<sup>4</sup> For more data on frequentation: <http://www.mol.gov.mm/en/departments/social-security-board/social-security-clinics/>

patients and in-patient care to 4,179 patients in 2013. Mandalay Worker’s hospital catered for about 1,505 workers for out-patient care per month and 18,063 per year. The utilizations of out-patient services from hospitals are quite high which may be due to the absence of specialist care and laboratory services at clinic level.

Htan Tapin hospital used to be a Tuberculosis hospital and it was renovated and transformed into a general hospital. The number of out-patient and in-patient care is much lower than for the other two Worker’s hospitals and the below figure might be during the period of renovation.

Apart from out-patient and in-patient services, hospitals also provide medical tours to the factories for out-patient service and health education. The medical tours are provided upon request from factories.

**Figure 13. Total number of out-patient (A) and in-patient (B) at Worker’s Hospital in Yangon, Mandalay and Htan Tapin (2013-2014)**



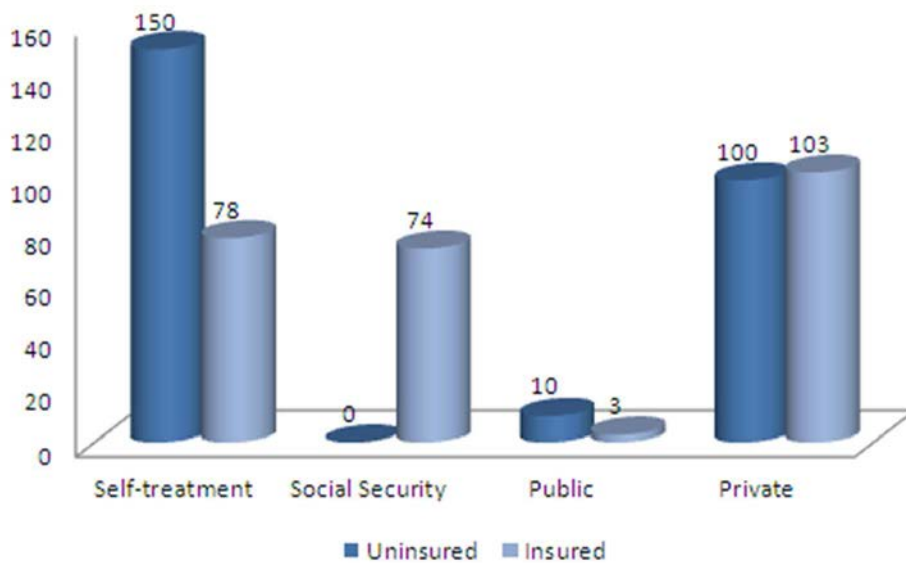
Besides the SSB clinics and Worker’s hospitals, 40 government enterprise clinics also provide out-patient care to the insured workers and are linked to the social security board for medical supplies and delivery of sickness, maternity and work injury cash benefit. Government enterprise clinics managed 3,822.75 out-patient cases per month and a total of 45,873 per year.

The purchase of medical supplies is centralized and the supplies and drugs are stored in a medical store in Yangon. Still, this process is changing and the storage will be externalized in the near future.

A recent study<sup>5</sup> indicates that workers tend to choose private health care providers when they seek treatment. Several factors may influence this choice, but it seems to be a combination of geographical accessibility, quality of care, awareness of benefit package, and high opportunity cost to leave work especially as regards the waiting time to be attended by a doctor and the available medical supplies at the point of service.

**Figure 14. Primary choice of health care provider by private sector workers, 2013**

<sup>5</sup> Determinants of Choice of Health Facilities Among Workers in the Private Sector in Yangon, Myanmar, Mi Win Thida, Faculty of Economics, Chulalongkorn University, 2013.



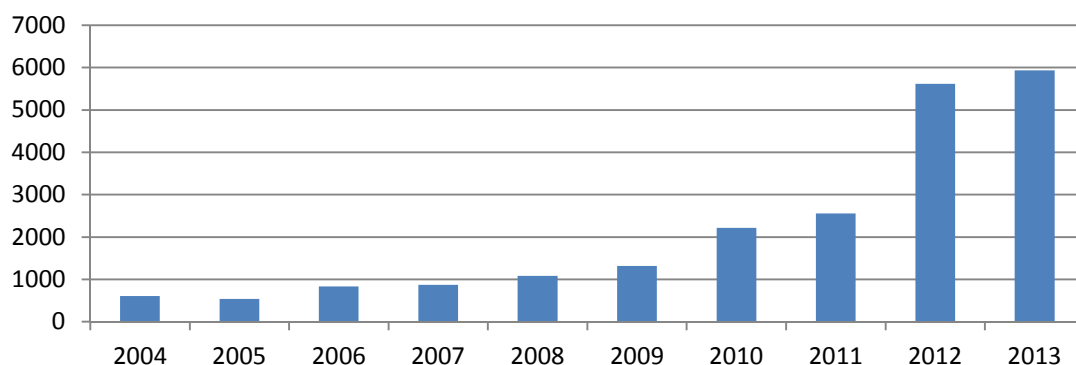
#### 5.2.3.4. Reimbursements

Reimbursement requests for medicine and diagnostic procedure workers get outside of the SSB facilities upon referral from the SSB worker's hospitals increased in recent year. The number increased significantly after 2010, this could be because of the new government of Myanmar decided to reform the existing social security system and it created more awareness on social security schemes and a change of image. This growing number of reimbursement shows the increased number of insured workers, increased utilization of SSB health facilities, and also reflects the limitation in capacity of health care provision of SSB facilities. Hence, as mentioned in the new Social Security Law, 2012, the SSB may need to empanel additional facilities in order to be able to cater for the health needs of an increasing number of workers. It is also linked to the greater awareness of workers on reimbursement procedures as well as the possibility to refer deliveries to local hospitals in some townships located in hard to reach areas.

The decision on reimbursement awards use to come from the head office in Nay Pyi Taw. All reimbursement requests had to be sent to Nay Pyi Taw office and the medical board checked the eligibility for reimbursement. However, reimbursement procedures have recently been simplified for the workers through:

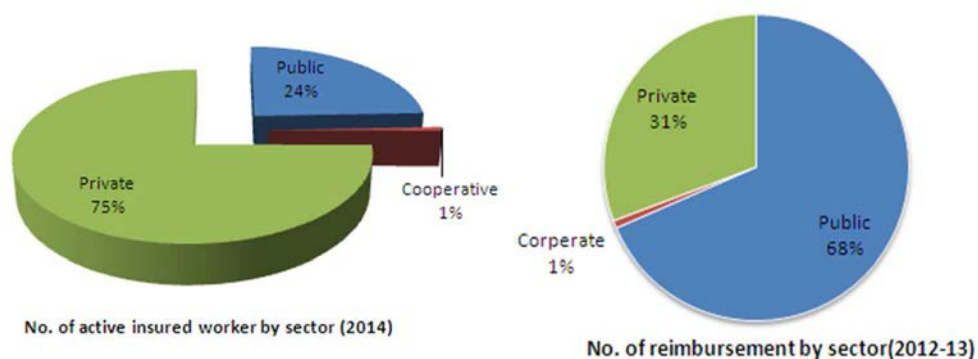
- The decentralization of the reimbursements which are lower than 30,000 kyats at township level.
- The target delay for reimbursement that is now one month.

**Figure 15. Number of reimbursements per year (2004-2013)**



According to the data, 75% of insured workers are from private sector and 24% of them are from the public sector. In contrast, the majority of insured workers receiving reimbursement are from the public sector. Evidence indicates that reimbursement procedures are used more by public sector workers than private sector workers. This might relate to the awareness on benefit package and utilization of health facilities of social security scheme.

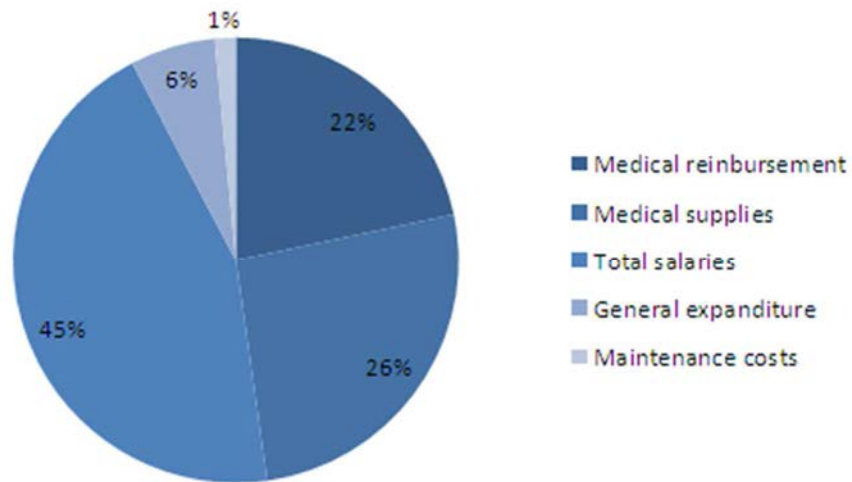
**Figure 16. Number of reimbursement per sector of activity of the workers and number of insured workers by sector, 2012-2013**



### 5.2.3.1. Medical Expenditure

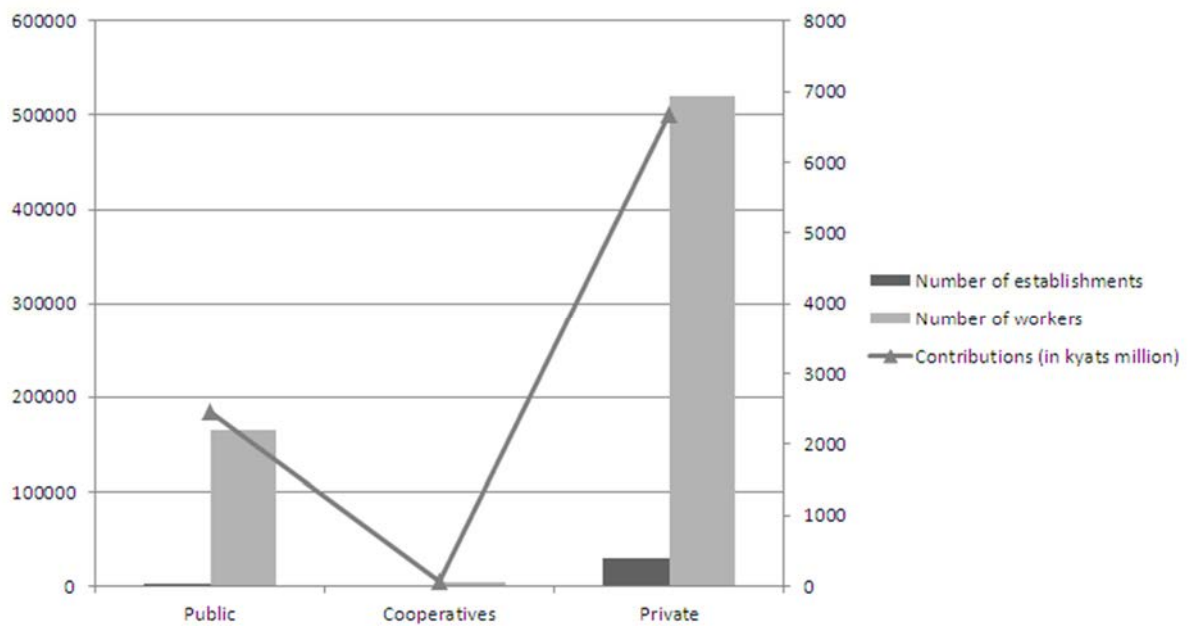
Overall, the medical care scheme costs represent 47.2% of the SSB expenditure and 27.2% of the collected contributions. On average 3,500 kyats are spent on medical care per SSB member per year. In 2011, the per capital total health expenditure of general population of Myanmar was 23 USD and the WHO recommended per capita health expenditure is 54 USD per year per (WHO, 2010). In comparison, SSB medical expenditure is quite low to cover the total health care expenditure of the insured workers.

**Figure 17. Distribution of expenditure on the medical care scheme, fiscal year 2013-2014 (in million Kyats)**



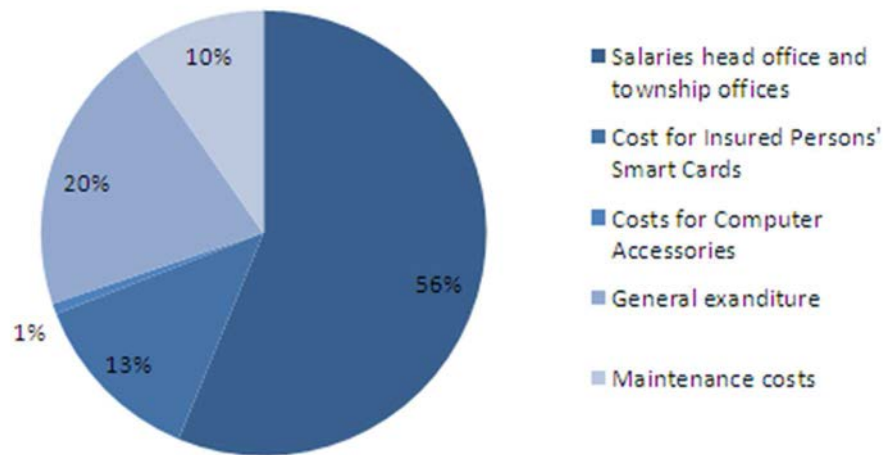
#### 5.2.4. Contributions

**Figure 18. Contributions and insured workers by sector, fiscal year 2013-2014**



#### 5.2.5. Administrative costs

**Figure 19. Distribution of expenditure on administrative costs (non-medical), fiscal year 2013-2014**



It should be noted that the 13% cost on the smart cards is due to the fact that this year the SSB implemented the smart cards for the first time, hence had to produce over 700,000 smart cards. Spending on computer accessories is relatively low for an institution currently going through a computerization process, the core of the investment may show in 2014-2015.

**Total SSB staff, 2013**

- Medical facilities staff: 887.
- Other staff (administration): 782.
- Total staff: 1,669.

**5.2.6. Performance ratios**

**Administrative costs to collected contributions ratio**

Administrative costs (including non-medical staff costs and non-medical supplies) represented 27.2% of SSB expenditure and 23.3% of the collected contributions in the fiscal year 2013-2014.

**Staff to claim ratio**

Claims for cash benefits (excluding medical care) represent 54% of non-medical staff costs. This represents an average amount of 644,000 kyats per year distributed to beneficiaries by non-medical staff of the SSB.

Average number of claims per administrative staff in the fiscal year 2013-2014: 79.4.

**Staff to contribution ratio**

Non-medical staff costs represent 13% of the collected contributions in 2013-2014. This represents an average amount of 11.7 million kyats collected per year per non-medical staff of the SSB.

### **Claim to contribution ratio**

Awarded cash benefits represented between 5% and 6% of the collected contributions over the period 2003-2013 for cash benefit claims (excluding medical care).

### **Staff to insured person ratio**

- Total staff: one staff for 423 insured persons.
- Medical facilities staff: one medical facility staff for 797 insured persons, about 80% of the facilities staff is medical staff, it can be estimated that the ratio is one medical staff for about 995 insured persons (ratio in Myanmar is about one medical staff per 715 people<sup>6</sup>, considering all practitioners, public and private).
- Other staff: one administrative staff for 908 insured persons (for comparison, the ratio is one administrative staff per 1,600 insured persons in the Social Security Office of Thailand<sup>7</sup>).

Those ratios indicate that:

- More money needs to go to the benefits.
- There is available funding.
- Productivity is low within the SSB, mainly due to the absence of computerized system, which is currently being addressed with the implementation of a new IT system.

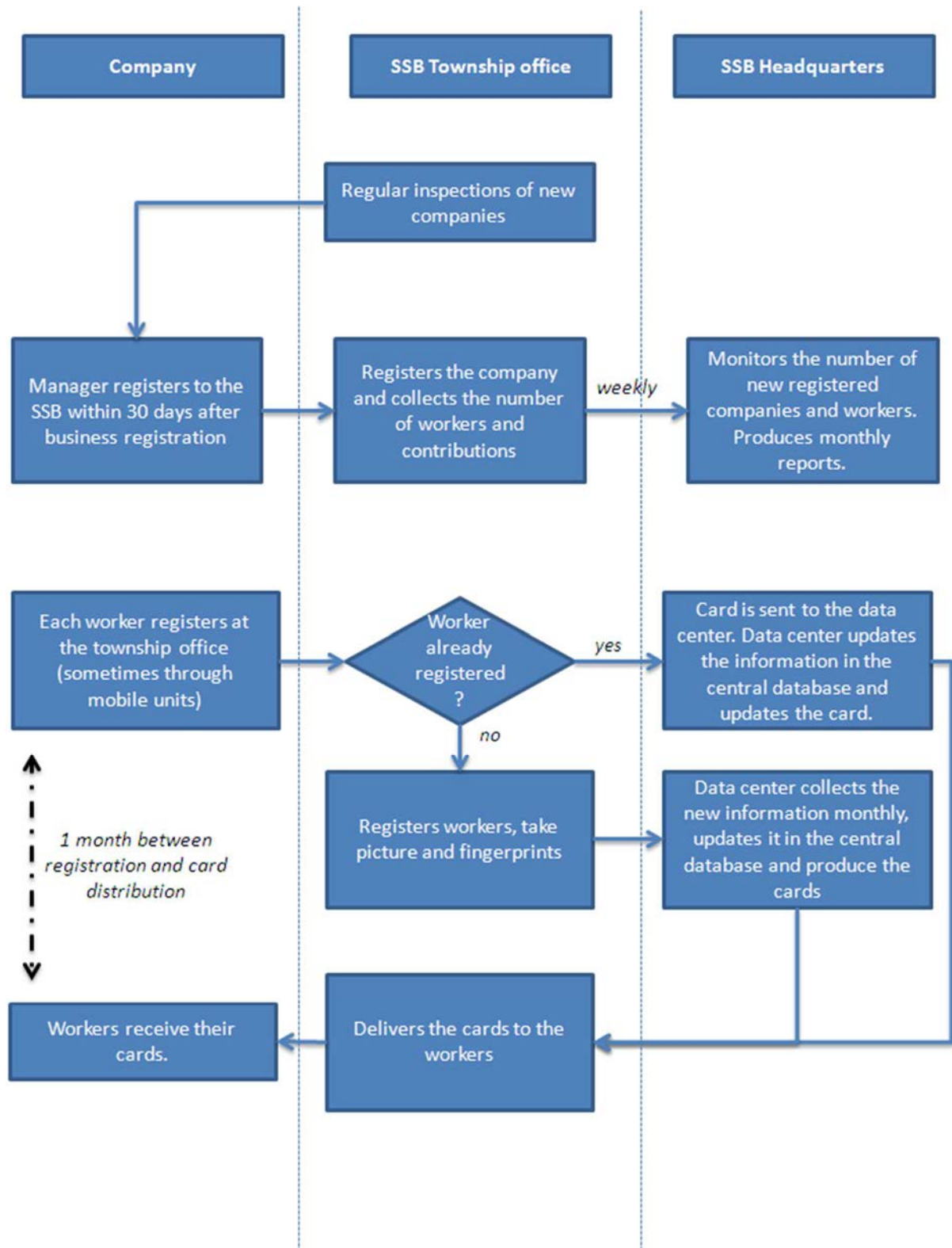
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<sup>6</sup> UNFPA, 2010. [http://countryoffice.unfpa.org/myanmar/2010/08/03/2561/executive\\_summary/](http://countryoffice.unfpa.org/myanmar/2010/08/03/2561/executive_summary/)

<sup>7</sup> Annual report, 2009.

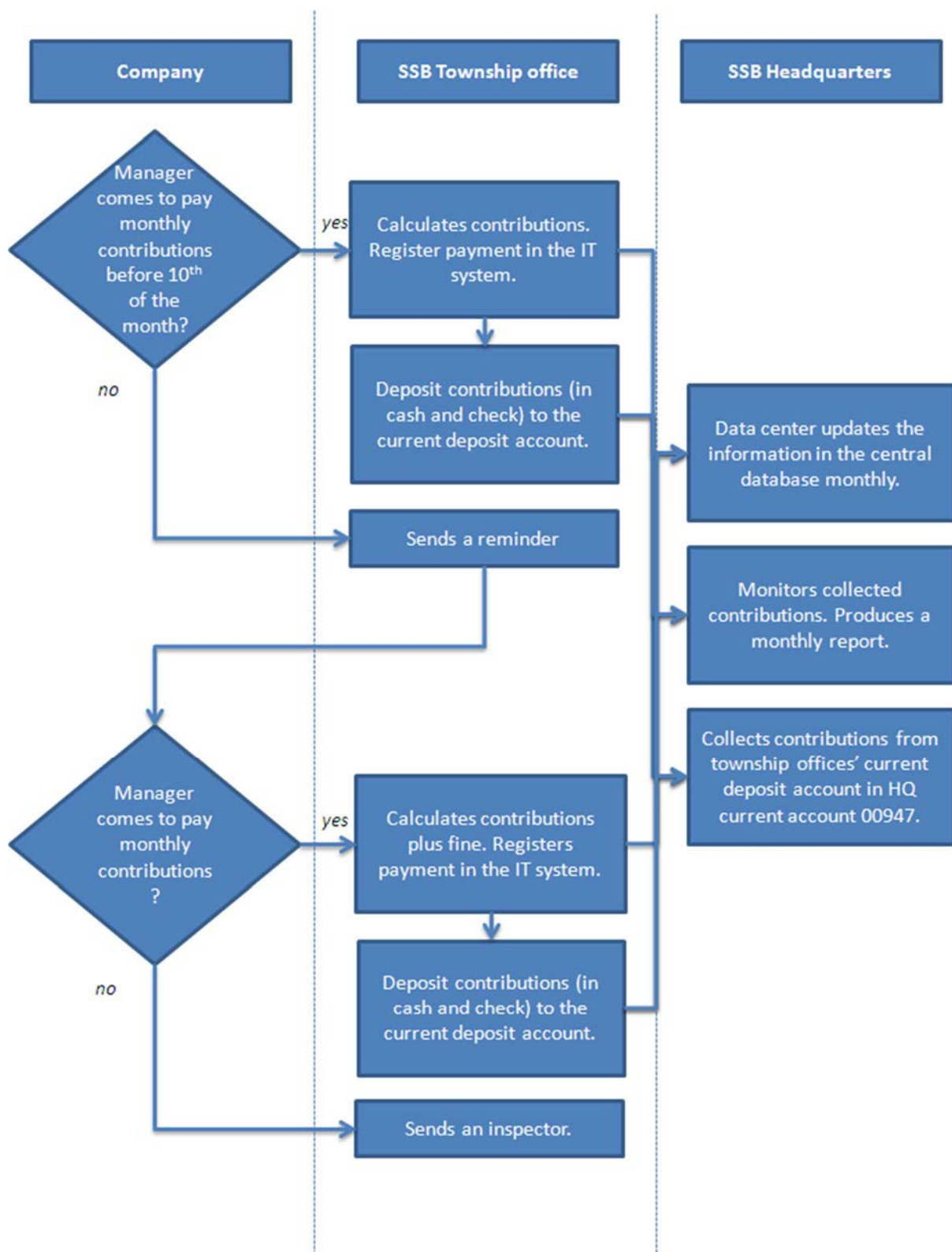
## 6. Internal processes

### 6.1. Registration



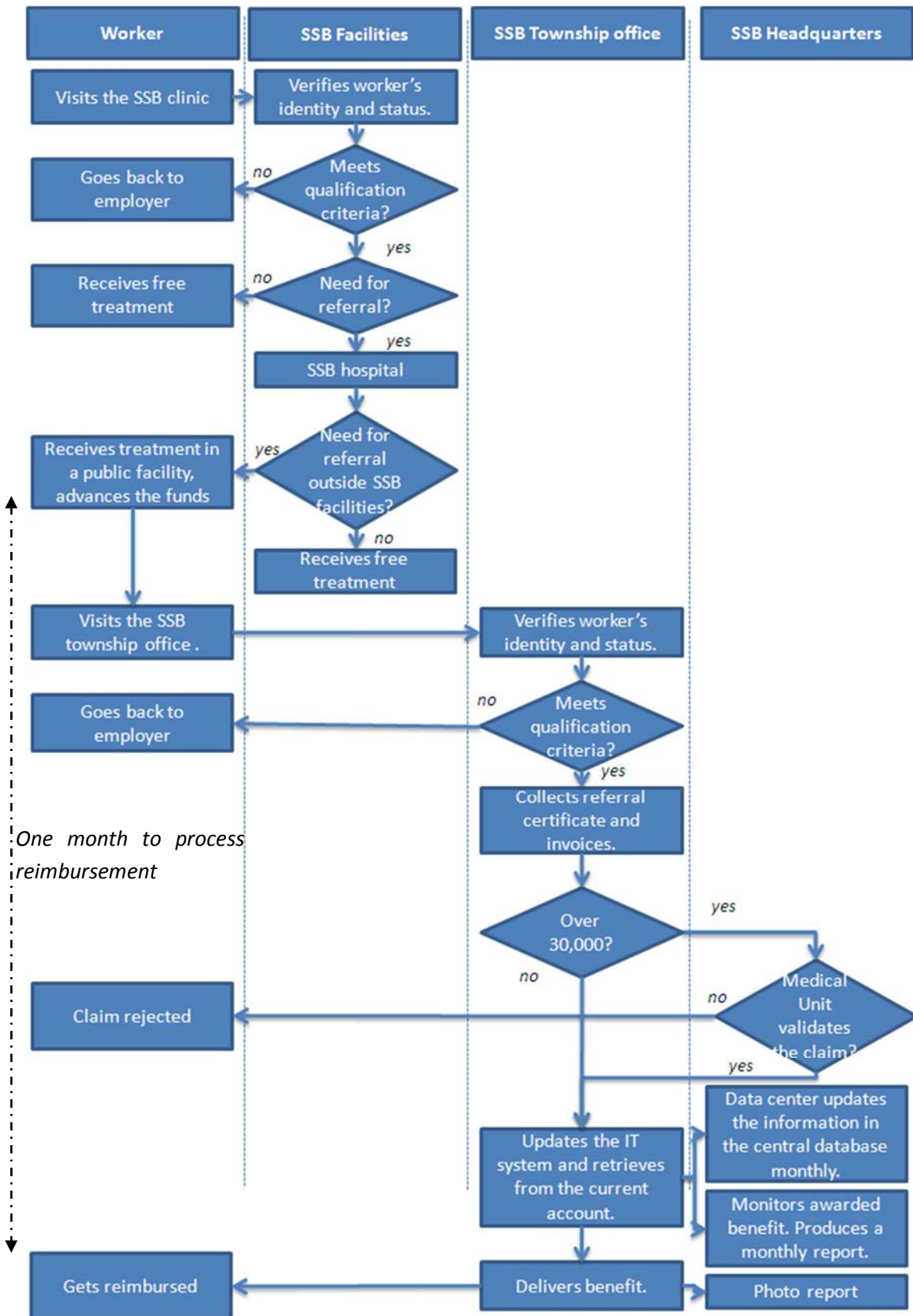


## 6.2. Contribution collection

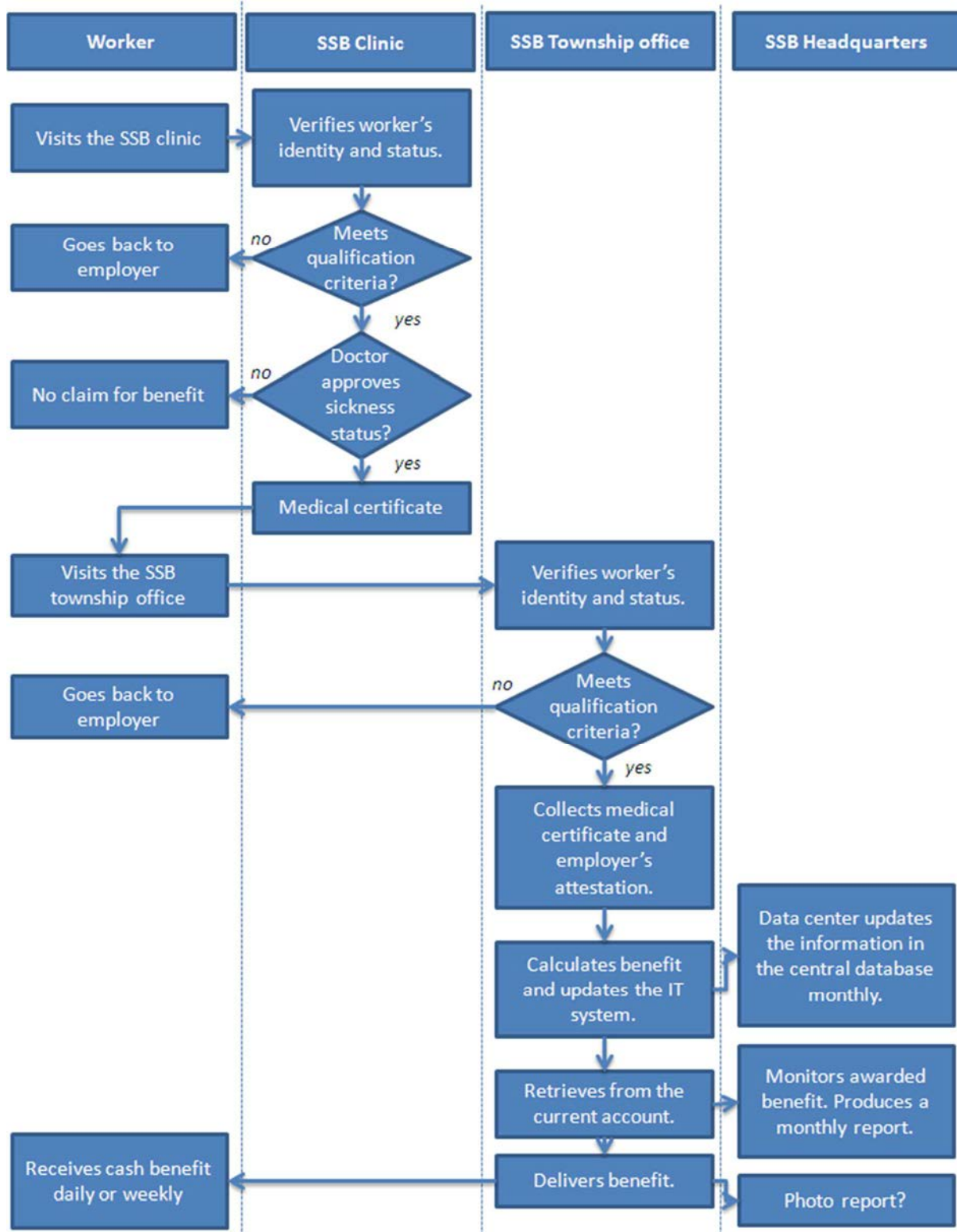


### 6.3. Benefit claim, award and reimbursement

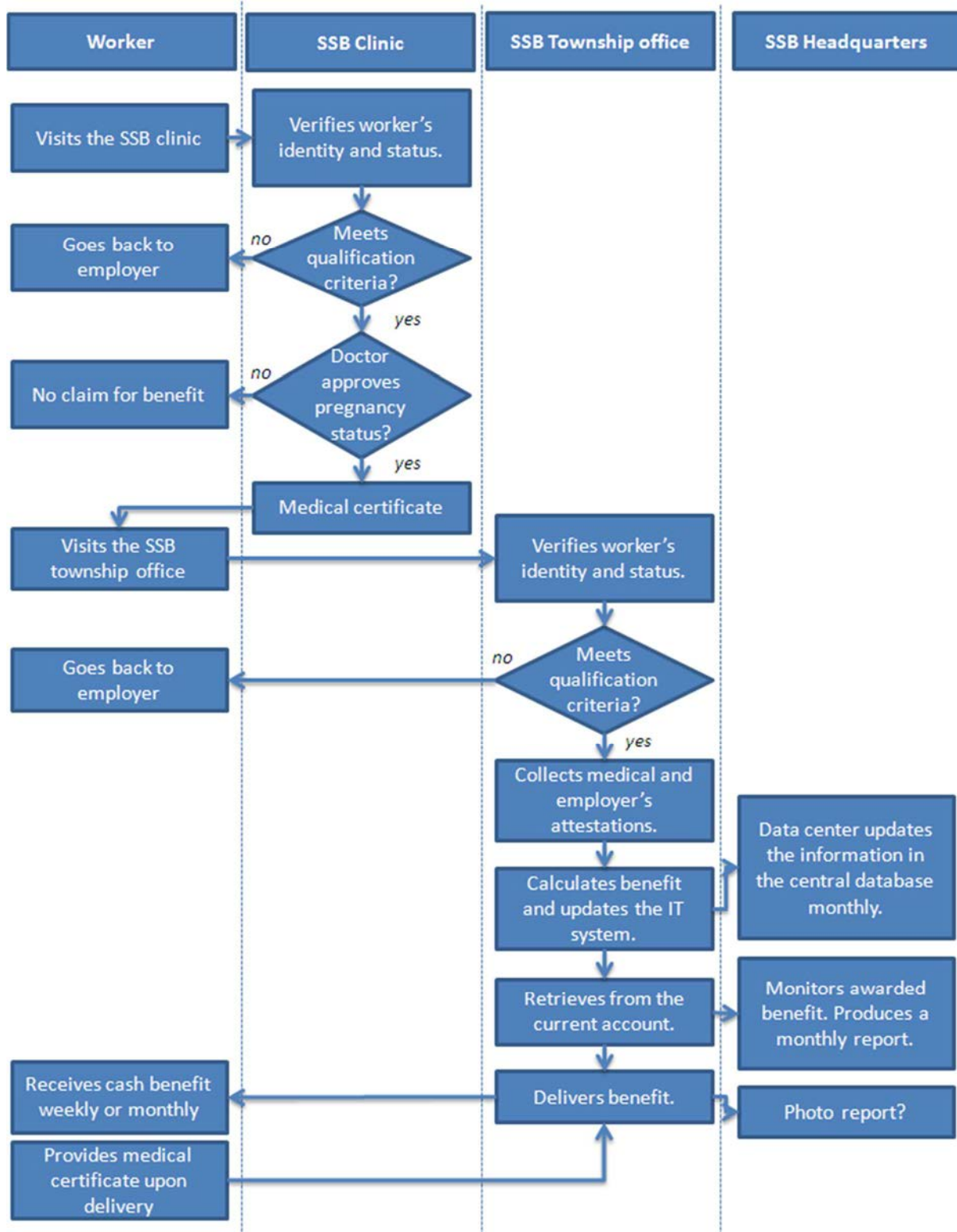
#### 6.3.1. Medical care



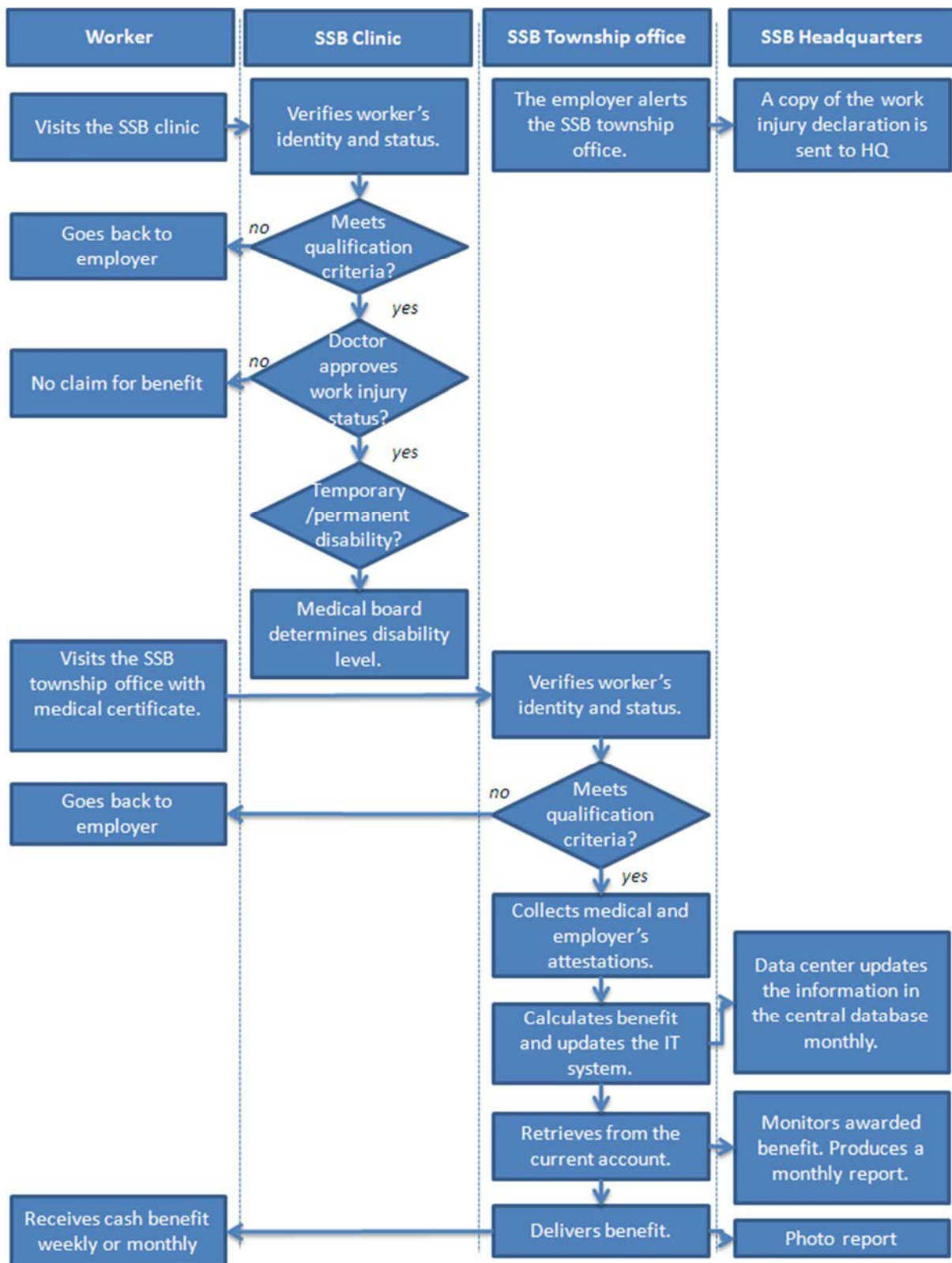
### 6.3.2. Sickness



### 6.3.3. Maternity



### 6.3.4. Work injury

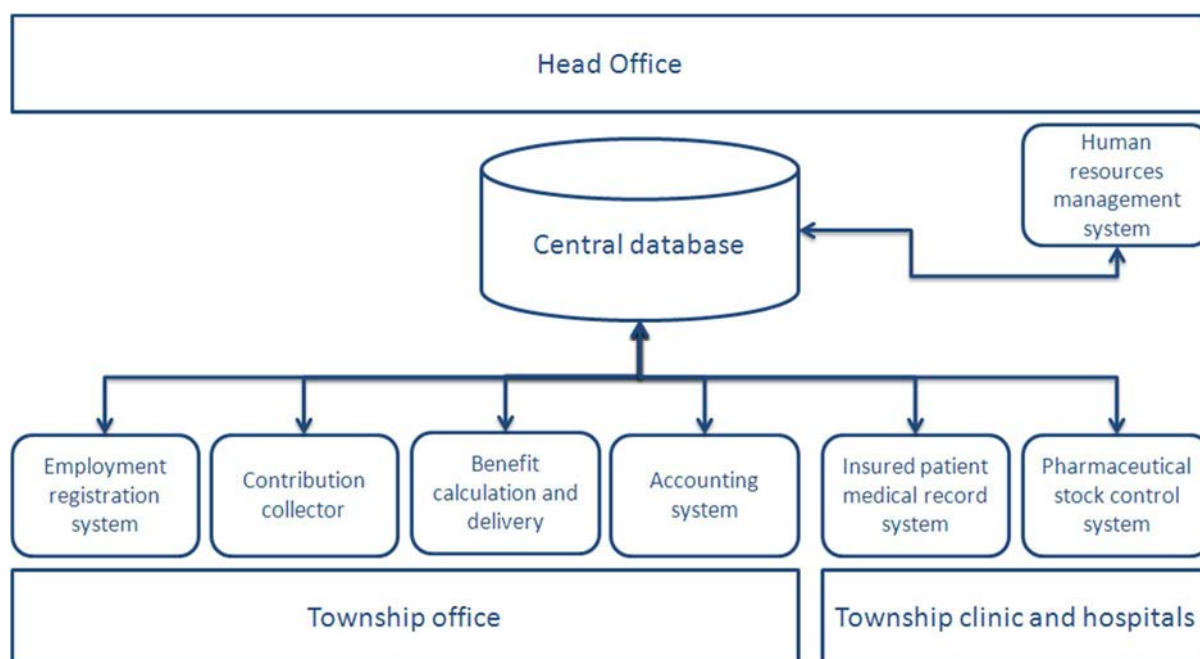


#### 6.4. Information system

The SSB is currently implementing a new computerized information system (implementation started in April 2014) as part of the new “e-government” project launched by the Government of the Union of Myanmar.

The new information system is a management system which encompasses the main insurance management functions (i.e. registration, contribution collection, claim, verification of the beneficiary identity at the point of service, management of the beneficiary medical records) as well as some general management functions (accounting, human resources and stock management).

**Figure 20. Architecture of the system**



The system works with an individual smart card for all registered workers containing their personal information, photo and fingerprints with a unique social security number.

The implementation schedule for the new IT system goes through the following steps:

- June-September 2013: collection of the member personal information (including full name, address, employer, salary, age, sex, dependents), photo and fingerprints for all registered members.
- September 2013 – March 2014: constitution of the central database and emission of the smart cards.
- March 2014: pilot of the IT system in selected township offices.
- April 2014: new IT system launched in all township offices (registration and contribution collector modules).

Next steps include:

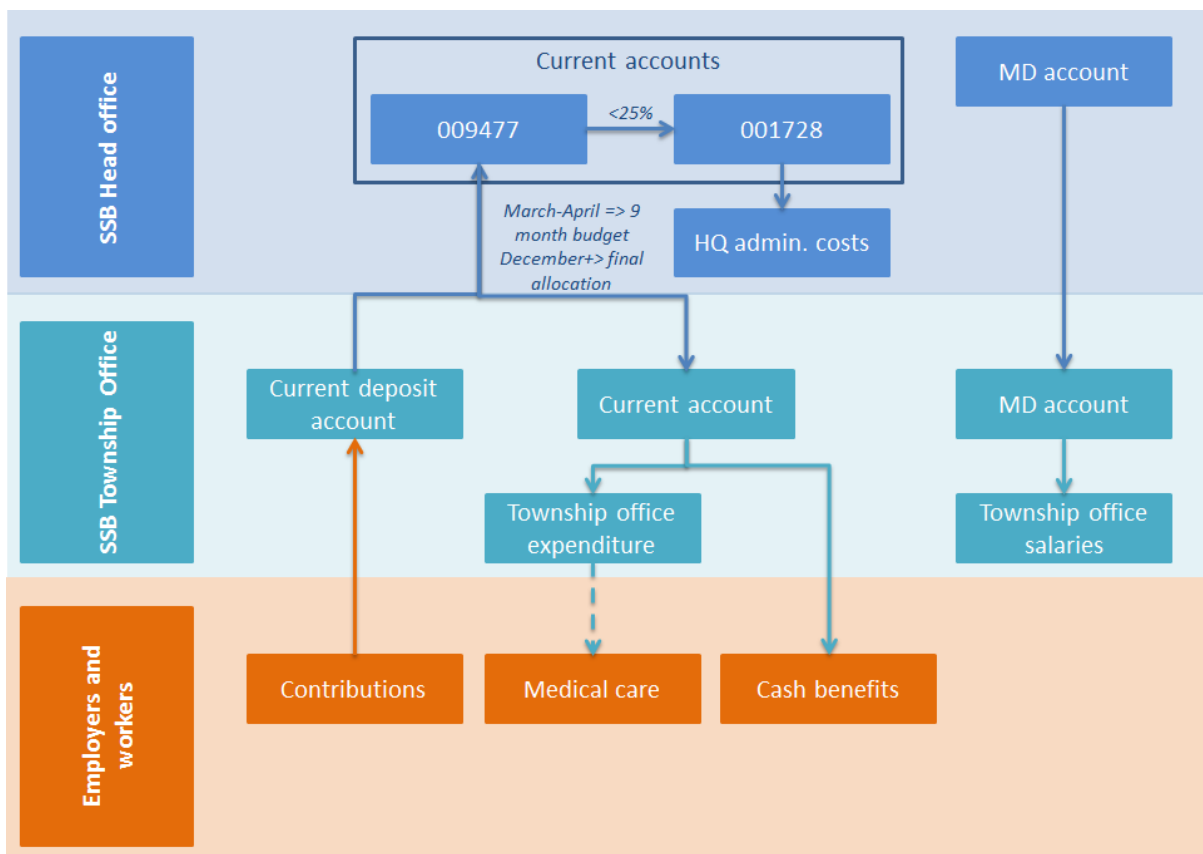
- Piloting the new IT system in selected SSB clinics.
- Launching the new IT system in all SSB clinics.

- Scaling-up the use of all modules by: switching to a more powerful server, distributing more computers to the township offices and head office, progressively abandon paper-based management of registrations, contribution collection and claims (along with the improvement of electricity supply in the country).

## 6.5. Financial management

Starting this fiscal year (2013 - 2014), the SSB is moving towards an autonomous financial management. In the past, collected contributions were transferred to the Ministry of Finance which reallocated those funds between benefits, maintenance and salaries. In the current transition period, as illustrated in the graph below, the current accounts (one for the benefits and maintenance costs at township level and one for maintenance costs at HQ level) as well as the “MD account” for salaries remain unchanged. In the future, those will need to be adapted so as to have comprehensive administrative costs including both salaries and maintenance (as of now, “administrative” costs within the SSB accounts excludes wages).

**Figure 21. Financial management**



Source: elaborated by the authors on the basis of interviews.

### **6.5.1. Inspection and awareness-raising**

The SSB has 103 inspectors. Every township office has at least one. SSB inspectors are deployed by geographical area and have specific targets in terms of number of visits and number of additional workers registered. According to the procedure, each registered company has to be inspected at least once every 3 months (public companies at least once a year). They practice surprise checks to companies in their area. Surprise visits are articulated around:

- Inspection of registered companies to check the actual number of workers, registration, contribution collection as well as basic health and safety features of the workplace which might impact workers' health. Inspectors also verify that the workers who claimed for work injury or other cash benefits effectively receive them (in some instances the employer pays the workers' benefit in advance and claims reimbursement to the SSB).
- Reminder to the companies with late contribution payments.
- Inspection of non-registered companies which should be registered (new companies, etc.).

They also perform some administrative tasks at the township office level as well as educational talks and awareness raising activities at the workplace (about 500 per month in 2013).

Collaboration with the labour inspectorate as well as the occupational health unit of the Ministry of Health exists, though it remains ad'hoc in many instances.



## 7. Recommendations

### 7.1. Situation analysis

**Table 6. SWOT matrix of the SSB**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Empirical experience managing medical care as well as sickness, maternity and work injury cash benefits.</li> <li>• Available funds and new financial autonomy.</li> <li>• Available human resources for administration purpose.</li> <li>• Investment in a new IT system.</li> <li>• Geographical presence in industrial zones.</li> <li>• Main social security institution in the country with over fifty years of experience in social security.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivered cash benefit to beneficiaries is low.</li> <li>• For the medical care scheme purchaser and provider functions are not separated and the network of providers is limited.</li> <li>• According to interviews with patients, their perception of the quality of service may seem low in comparison to other public and private health facilities in Myanmar (low quality of healthcare services, high transition costs).</li> <li>• On-going implementation of the new IT system (number of available computers still low, assimilation of the technology by the field offices still ongoing).</li> <li>• Financial autonomy is new for SSB and financial projection tools are not yet available.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Social protection, including social security, is a priority in the government's agenda.</li> <li>• Growing industrial sector.</li> <li>• Important part of the formal sector not yet covered by SSB (civil servants, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>• Reluctance of some employers to contribute / under-registration / low cooperation with Labour Inspectorate.</li> <li>• Competition from higher quality health care providers (public and private), comparatively low attractiveness of the social security schemes.</li> <li>• Opening of the insurance sector in Myanmar, introduction of possible competitors.</li> </ul>

As Myanmar is moving towards significant policy reforms, the social protection sector will be subject to a number of political choices in the years to come. If the SSB aims at being considered as an important institution in the overall social protection system of the country, it is crucial that it adopts a strategy of growth of the covered population and improved efficiency:

- **Having more persons covered** by the social security schemes will strengthen the sustainability of the SSB as well as demonstrate that it is the main social security institution in Myanmar capable to provide social security for a substantial number of people in the future.

- **Improve the benefits level, quality and delivery** in an efficient manner will demonstrate that the SSB could be an effective platform for social protection benefit delivery that could potentially be extended through subsidized schemes for the informal economy. It would reinforce the attractiveness of the SSB and the social demand for its extension.

## 7.2. Membership

As mentioned, the SSB should actively extend its membership. Further to the political pertinence of such extension, it would also benefit the SSB in the following ways:

- Guarantee the human right to social security in Myanmar for more people.
- Ensure proper risk pooling and financial sustainability.
- Progressively reduce its ratio benefit delivered / administrative costs (including salaries) which is about 100% at the moment.

Covering more people should be at the heart of the strategy of the SSB in the coming years as it is the key to its sustainability and political relevance.

A strategy aiming at extending coverage could include:

### a. Quick wins

- Extension of the medical care benefits to the worker's family, as a contribution to the country's vision for Universal Health Coverage (UHC). This is a common practice since: a) it effectively guarantee income security of the household in case of sickness of one of the household members (the income of the household is affected if any of its members needs to sick medical care, not only the breadwinner); b) It corresponds the guidance provided by international standards (ILO Convention No. 102 concerning Minimum Standards of Social Security, article 9); c) It is widely recognized around the globe as a good practice contributing to the improvement of health outcomes at country level.
- Extension of the mandatory registration to civil servants and any personnel working for the government. Civil servants currently benefit from a pension scheme. The SSB could bring the medical care, sickness and maternity benefits that could act as a significant improvement in the overall remuneration package for civil servants. It is also a recommendation from the social protection assessment-based national dialogue in Myanmar<sup>8</sup>.

### b. Medium term

- Extension of the mandatory registration to all companies with 1 worker and more in the specified sectors. This could avoid strategies to maintain small businesses in order to avoid social contributions.
- Extension of the mandatory registration to employers and contributing family members.
- Improving law enforcement and leading an active policy for the formalization of the economy, jointly with the relevant ministries and departments (Ministry of Commerce and Industry, Labour Inspectorate, etc.).

### c. Long term

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<sup>8</sup> Social protection assessment matrix, accessible at:

<http://www.social-protection.org/gimi/gess/ShowRessource.action?ressource.ressourceId=46717>

- Simplifying the design of the voluntary scheme created under the Social Security Law, 2012. As it is, the scheme is difficult to access both in terms of procedure (medical visit, etc.) and cost for the insured person (paying both the employer and the worker contributions). Voluntary schemes usually have difficulties to cover a significant amount of people in the informal economy and when they do they are heavily subsidized. Further studies should be led to determine whether a voluntary scheme could be appropriate for informal economy workers and with which design features (capacity to contribute, etc.).
- Suppressing geographical exceptions and other exceptions to the application of the Social Security Law, 2012 and ensure the SSB presence on the ground accordingly.

### **7.3. Financial management**

#### **Determination of workers' wages**

Specific attention should be given to the methodology to determine the workers' wages as a basis for contribution calculation and benefit levels. In particular, the current practice of using the base salary of the garment workers as the wage in the SSB system, which represents only about half of the real wage, may jeopardize the income security of those workers over the long run. Indeed, as pensions and other cash benefits are calculated on the basis of a wage that is half of the real wage, the worker might end up with extremely low benefit, which would not ensure their income security in case of sickness, maternity, work injury or old age. This issue is fundamental and must be given some thoughts and negotiation with the sector since providing quality benefits is key to gain the economic actors' buy-in for the extension of the schemes and the effective enforcement of the law.

#### **Financial planning and actuarial valuation**

The SSB does not dispose yet of an actuarial unit. As a consequence, current contribution levels and benefit packages were developed on the basis of empirical practice. Actuarial tools and projections tailored to the potential evolution of the portfolio are needed. It is important that the SSB develops actuarial tools which will help ensuring that financial commitments can be met over the long run as prescribed by ILO standards<sup>9</sup>. This issue is especially important since the SSB is now gaining progressively full financial autonomy.

With the financial autonomy, the SSB will also have to adapt its financial management, ensuring that administrative cost be kept at an acceptable level, that the funds collected primarily go to benefits distributed to workers and that technical reserves be made at an appropriate level, depending on each scheme design. It is similarly important that the investment policy described in the law be further defined and possibly narrowed so as to secure the funds.

#### **Financial sustainability**

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<sup>9</sup> "The Member shall accept general responsibility for the due provision of the benefits provided in compliance with this Convention, and shall take all measures required for this purpose; it shall ensure, where appropriate, that the necessary actuarial studies and calculations concerning financial equilibrium are made periodically and, in any event, prior to any change in benefits, the rate of insurance contributions, or the taxes allocated to covering the contingencies in question." (Article 71-3), Convention No. 102, Convention concerning Minimum Standards of Social Security, 1952.

The Social Security Law, 2012, opens the possibility for workers and employers to retrieve contributions from the scheme. In order to ensure financial sustainability of the social security schemes, this possibility should be removed. Indeed, the aim of social security is to ensure income security and access to medical services when a life contingency occurs, which differentiates it from individual savings.

#### **7.4. Benefit design**

##### **a. Quick wins**

Benefit design in general could be simplified. In the Social security Law, 2012, and reflected in the current SSB procedures, the benefit design includes many eligibility criteria and exclusions that are difficult and cumbersome to justify, verify and apply for both beneficiaries and SSB personnel. A thorough revision of the law and rules for each scheme would allow highlighting those features, but we can already provide some key examples:

- Separate procedures, contribution levels and benefit packages for unemployed and pensioners are going to be extremely difficult to enforce and may not appear justified to beneficiaries.
- Exclusions for maternity and sickness benefits as relate to “self-inflicted sickness” or “criminal miscarriage” are uncommon in social security laws, difficult to determine in an objective manner (cumbersome administratively) and potentially counter-productive in terms of public health.
- Eligibility criteria and benefit design are sometime complex (i.e. maternity and paternity bonus calculation for example) and could be simplified.

As regards the medical care scheme, the package of services and medicine that is free of charge should be clearly defined so as to make sure the necessary services and medicine are then available at the point of service.

##### **b. Medium term**

As regards the new schemes introduced by the Social Security Law, 2012, a thorough revision based on increased technical knowledge inside the SSB should be envisaged, in particular as regards:

- The possibility to award the benefits in lump sum. Lump sums do not ensure income security in the long run.
- The possibility for workers and employers to retrieve part of their contributions.
- The retrocession of part of the contributions to the employer when benefits are awarded to workers.
- The benefit level and years of contributions for old age pensions and unemployment benefit. This level should be appropriate so as to ensure effective income security in case of unemployment or in old age. The detailed design of the pension scheme could be revised and projections should be made in order to give a clear image of the potential wage replacement rate based on the current portfolio of the SSB.

## **7.5. Enrolment**

Enrolment could be simplified through for example:

1. The generalization of mobile registration units which would allow registration on the site in companies (some SSB offices have a laptop and have started some mobile registration with success).
2. The progressive implementation of the online information system, which would allow the access to the central database from any SSB office, facilitating both the transfer of workers from one company / township to the other and the quicker delivery of SSB smart cards.
3. The establishment of a framework for collaboration between the relevant bodies in charge of business registration, the General Administration Department and the SSB with the aim of identifying new companies and facilitating their registration procedures. In the long run, a single registration process through a one-stop-shop could prove more effective and potentially more convenient for employers.

## **7.6. Benefit delivery**

### **7.6.1. Cash benefits**

#### **a. Quick wins**

Alongside with the simplification of the design of the schemes, the SSB procedures to access the cash benefits could be simplified. In particular, the number of justifications required could be carefully thought through to be kept at a minimum required to establish the worker is in his/her right. Claim processing should be standardized with a maximum duration to provide the claimed benefits firmly established and standardized so as to improve the service to beneficiaries.

With the new information system, paperwork should be progressively kept at a minimum and time-to-claim ratio should improve. The SSB may want to establish targets for the improvement of this ratio.

#### **b. Medium term**

The practice of transferring some of the cash benefit to the employer who prior / afterwards gives the benefit to the worker should be progressively replaced by an improved delivery directly to the beneficiary. This should go along with the progressive access to bank accounts of workers in the years ahead. This would also save time on inspections, which as of today also verify whether beneficiaries effectively received their benefits.

### **7.6.2. Medical care**

#### **7.6.2.1. Provider-purchaser split**

The SSB should progressively separate two distinct functions: the management of healthcare facilities on the one hand, and the health insurance function on the other hand. There are two main benefits for introducing this separation:

- It allows distinguishing clearly the insurance part from the provider of health services part. It will be then possible to know how much money is allocated to the medical care of beneficiary,

per beneficiary. This element is key in the improvement of the health services provided to beneficiaries because: i) it allows for better allocating resources where they are most needed by beneficiaries, ii) it allows better projection of health consumption so as to ensure the scheme is sustainable.

- It opens the possibility for the SSB to include other public and private health care provider in its network through contracting / empanelment. This possibility is mentioned in the Social Security Law, 2012, and will probably become a necessity in order to ensure accessibility of health care for an increasing number of protected workers (and hopefully their families).

### **Steps towards a purchaser-provider split**

1. Step 1: enforcement of the split internally, between SSB “insurer” and SSB medical facilities.
2. Step 2: collection of the necessary data (health consumption, average costs of procedure) inside the SSB medical facilities in order to establish a number of standard costs and procedures for future contracting / empanelment.
3. Step 3: prospection for external health care facilities which could be empanelled. The extension of the pool of providers could start with a few pilots in areas where a number of workers are based, and could focus on primary care.

Further study is necessary in order to lay out the specific steps to be taken internally and the relative costs / benefits of the split.

#### *7.6.2.2. SSB medical facilities*

##### **a. Quick wins**

In order to improve the quality of SSB medical facilities, the following could be envisaged:

- Extend the clinics opening hours and reduce waiting time to allow the workers to come without having to take a day of leave (high opportunity cost for workers).
- Renovate existing facilities and extend some basic services, such as simple laboratory analysis.
- Ensure tasks that relate to occupational health do not infringe on the medical services encompassed by the medical care scheme.

##### **b. Medium term**

Extending the network of healthcare providers available to the insured workers will be necessary with the extension of the membership. Such major extension should be done mainly through empanelling / contracting existing medical facilities (public or private) when possible. As a critical discussion on health financing in Myanmar is about to take place, the SSB will need to demonstrate its capacity to become a significant purchaser of health care and ensure the financial protection of its beneficiaries.

Since the occupational health unit of the Ministry of Health is currently covering only the public sector, it seems a number of activities conducted by the SSB medical facilities and inspectors actually relates partly to the occupational medicine function. In particular, doctors and inspectors organize regular medical visits and awareness-raising sessions in the registered companies.

While considering the working conditions prevailing in Myanmar, this type of service may be of great benefit to the registered workers and companies, the responsibility for such services lies with occupational health functions and should not ideally be performed by a social security institution financed by the medical care branch.

The SSB, alongside with the Labour Inspectorate and the Occupational Health unit of the Ministry of Health, could envisage a transition plan for the progressive clear separation of health insurance and occupational health functions.

#### *7.6.2.3. Transparency at the point of service*

When the medical care scheme has a clearly defined package of benefit, it should be publicly visible at the point of service. In each of its facilities, the SSB may want to place visible boards or posters mentioning the free services so as to ensure beneficiaries' awareness and transparency of the procedures.

#### *7.6.2.4. Reimbursement procedure*

Further decentralizing the reimbursement process at township level - rather than centralized at head office level – would allow for greater efficiency and reduced delay in reimbursement. With the new IT system, the SSB should be able to establish which claims need to be verified by a SSB doctor. In most countries, the verification is not systematic; rather, a doctor verifies the claims which are over a determined amount as well as proceeds to random checks on a regular basis.

### **7.7. Monitoring**

Currently the monitoring of the schemes is paper-based and most of the details of the benefit delivery remains at township level. Regular reports of aggregated indicators (number of claims, number and amount of benefit awarded, etc.) are communicated to the head office which keeps track of trends.

In the near future, the new information technology should ensure that a comprehensive data base including full historical data of awarded benefits for each beneficiary be accessible. It should also ensure that the head office can have access to regular reports generated by the system and including key indicators which would facilitate the understanding of trends and the strategic planning for each scheme.

The publication and dissemination of an annual report, including key indicators on contribution collection and benefit delivery as well as a financial statement, would allow more visibility and transparency of the SSB.

### **7.8. Awareness-raising**

Many workers and local representatives mentioned that awareness on the schemes and the modalities of access to the benefits could be improved. The launch of the smart card and the national communications by the SSB have improved the situation, but many workers still lack the necessary information to effectively benefit from social security.

The SSB could strengthen its awareness raising tools and could involve employers and workers representatives, who are members of the Board, and support them in the dissemination of the information on procedures to claim benefits.

## **7.9. Inspection**

### **Collaboration with Labour inspection and Occupational health inspection**

The collaboration between SSB inspection, labour inspection and occupational health inspection could be strengthened. In particular, a joint action plan could be developed for prevention and appropriate compensation of work injury and occupational diseases.

### **Awareness-raising activities performed by inspectors**

While raising awareness among workers and employers on their social security rights and obligation is a very important function of the SSB, awareness-raising activities should not be at the core of the inspectors' activities. The SSB may want to progressively develop alternative means of communication so that inspectors may reallocate some of their time to inspection and prospection of new companies to register.

### **Training needs related to the extension of the portfolio**

If the SSB follows the above-mentioned recommendations on the extension of the membership as well as the necessity to establish a joint plan of action for prevention and appropriate compensation of work injury where SSB functions are clearly distinct from other inspectorate functions, SSB inspectors will need to be trained accordingly.

## **7.10. Governance**

Both the National Level Social Security Committee and the Social Security Executive Committee are tripartite institutions (respectively: i) six workers representatives and six employer representatives, ii) two workers representatives and two employers representatives). This reflects the willingness to give a voice to stakeholders of the social security scheme, a good practice recognized worldwide.

Still, and as social partners progressively develop in Myanmar, the Social Security Board should address the issue of the representativeness<sup>10</sup> of the social partners which are part of its governance. The SSB should consider adopting the selection criteria that have been set by the Ministry of Labour, Employment and Social Security for the selection of workers and employers representatives within tripartite bodies, which was recognized as a valid methodology by the International Labour Conference in June 2014. This would imply that each federation of workers be asked to nominate a person from one of their registered factory union members.

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<sup>10</sup> "Representativeness criteria: according to ILO supervisory bodies, the determination of the "most representative organizations" – for the purpose of participation in tripartite concertation processes and in collective bargaining – should be based on precise, objective and pre-established criteria to avoid any opportunity for partiality or abuse." (National Tripartite Social Dialogue, An ILO Guide for Improved Governance, Geneva:ILO, 2013).



### **7.11. Complaint mechanism**

The Appeal Tribunal has not received any appeals yet, which means that the complaints are managed at township level. This may indicate low awareness about the complaint procedure by workers.

A comprehensive tracking system of complaints treated at township level could be developed in order to monitor the quality of complaint mechanisms and the level of awareness of workers about their rights.

**Table 7. Summary of recommendations**

Membership	<ul style="list-style-type: none"> <li>• Extension of the compulsory membership: <ul style="list-style-type: none"> <li>○ To the insured workers' families (at least medical care);</li> <li>○ To civil servants;</li> <li>○ All companies with one worker or more;</li> </ul> </li> <li>• Suppression of geographical exceptions;</li> <li>• Simplify the voluntary registration, in order to progressively cover more sectors (i.e. agriculture, independent workers, etc.).</li> <li>• Work on enforcement through an active formalization of the labour market policy.</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>• Long-term financial projections and appropriate model to calculate contribution levels and establish benefit packages.</li> <li>• Revision of the model to assign resources and reduction of administrative costs.</li> <li>• Safer investment policy.</li> <li>• Remove the possibility for workers and employers to retrieve contributions.</li> <li>• Modify the current methodology to determine worker's base wage for contribution and benefit calculations.</li> </ul>
Benefit design	<ul style="list-style-type: none"> <li>• Simplification of the existing schemes design (limitation of exclusions and differentiated eligibility criteria).</li> <li>• Define the benefit package of the medical care scheme.</li> <li>• Revision of the design of the inactive schemes.</li> </ul>
Enrolment	<ul style="list-style-type: none"> <li>• Inter-ministerial collaboration on registration of enterprises and possibly single registration process (business registration and SSB).</li> <li>• Mobile registration.</li> <li>• Implementation of the online information system.</li> </ul>
Cash benefit delivery	<ul style="list-style-type: none"> <li>• Standardized and simplified claim procedures.</li> <li>• Improvement of time-to-claim ratio, especially through the full implementation of the IT system.</li> <li>• Progressively start thinking about bank transfers rather than distribution of benefits in cash.</li> </ul>
Medical care delivery	<ul style="list-style-type: none"> <li>• Decentralize reimbursement process</li> <li>• Adjust clinic opening time (user friendly)</li> <li>• Operate the purchaser-provider split.</li> <li>• Put in place new incentives (including methodologies of resource allocation) to improve SSB medical services.</li> <li>• Progressively extend the network of health care providers (preferably through existing facilities) to ensure geographical access of beneficiaries.</li> <li>• Separate clearly occupational health duties and the social security medical care scheme within MoLES.</li> <li>• Ensure transparency at the point of service.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Put in place computerized monitoring processes.</li> <li>• Publish and disseminate widely an annual report.</li> </ul>
Awareness raising	<ul style="list-style-type: none"> <li>• Produce awareness raising tools for workers on their rights and the procedures to access their benefits.</li> <li>• Support social partners in the dissemination of the information.</li> </ul>

Inspection	<ul style="list-style-type: none"> <li>• Engage collaboration and coordination with Labour Inspectorate and Occupational Health inspection on inspection and compliance, especially in the context of the prevention and compensation of work injury and occupational diseases.</li> <li>• Separate inspection and communication / awareness raising for workers functions.</li> <li>• Provide adequate training on the new schemes under the Social Security Law, 2012.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Ensure representativeness of social partners in the SSB's governance structure.</li> </ul>
Complaint mechanism	<ul style="list-style-type: none"> <li>• Raise awareness on the complaint mechanisms.</li> <li>• Put in place a comprehensive monitoring system.</li> </ul>

**Table 8. Recommendations requiring a revision of the legal framework**

Recommendation		Revision needed		
		Law	Rules	Orders
Membership	<ul style="list-style-type: none"> <li>• Extension of the compulsory membership.               <ul style="list-style-type: none"> <li>○ To the insured workers' families (at least medical care);</li> <li>○ To civil servants;</li> <li>○ All companies with one worker or more;</li> </ul> </li> </ul>	X	X	X
	<ul style="list-style-type: none"> <li>• Suppression of geographical exceptions;</li> </ul>	X	X	X
	<ul style="list-style-type: none"> <li>• Simplify the voluntary registration in order to progressively cover more sectors (i.e. agriculture, independent workers, etc.);</li> </ul>		X	X
	<ul style="list-style-type: none"> <li>• Work on enforcement through an active formalization of the labour market policy.</li> </ul>			
Financial Management	<ul style="list-style-type: none"> <li>• Long-term financial projections and appropriate model to calculate contribution levels and establish benefit packages.</li> </ul>			
	<ul style="list-style-type: none"> <li>• Revision of the model to assign resources and reduction of administrative costs.</li> </ul>			
	<ul style="list-style-type: none"> <li>• Safer investment policy.</li> </ul>	X	X	X
	<ul style="list-style-type: none"> <li>• Remove the possibility for workers and employers to retrieve contributions.</li> </ul>	X	X	X
	<ul style="list-style-type: none"> <li>• Modify the current methodology to determine worker's base wage for contribution and benefit calculations.</li> </ul>			
Benefit design	<ul style="list-style-type: none"> <li>• Simplification of the existing schemes design and procedures (limitation of exclusions and differentiated eligibility criteria).</li> </ul>	X	X	X
	<ul style="list-style-type: none"> <li>• Define the benefit package of the medical care scheme.</li> </ul>		X	X
	<ul style="list-style-type: none"> <li>• Revision of the design of the inactive schemes.</li> </ul>	X	X	X
Enrolment	<ul style="list-style-type: none"> <li>• Inter-ministerial collaboration on registration of enterprises and possibly single registration process (business registration and SSB).</li> </ul>			
	<ul style="list-style-type: none"> <li>• Mobile registration units (as already done in some townships).</li> </ul>			X
	<ul style="list-style-type: none"> <li>• Implementation of the online information system.</li> </ul>			

Cash benefit delivery	<ul style="list-style-type: none"> <li>Standardized and simplified claim procedures.</li> </ul>			
	<ul style="list-style-type: none"> <li>Improvement of time-to-claim ratio, especially through the full implementation of the IT system.</li> </ul>			
	<ul style="list-style-type: none"> <li>Progressively start thinking about bank transfers rather than distribution of benefits in cash.</li> </ul>			
Medical care delivery	<ul style="list-style-type: none"> <li>Decentralize reimbursement process.</li> </ul>			X
	<ul style="list-style-type: none"> <li>Adjust clinic opening time.</li> </ul>			X
	<ul style="list-style-type: none"> <li>Operate the purchaser-provider split.</li> </ul>			
	<ul style="list-style-type: none"> <li>Put in place new incentives (including methodologies of resource allocation) to improve SSB medical services.</li> </ul>			
	<ul style="list-style-type: none"> <li>Progressively extend the network of health care providers (preferably through existing facilities) to ensure geographical access of beneficiaries. <i>(No need to revise the social security law but the overall framework of cross-ministry financing if the SSB wants to empanel public facilities).</i></li> </ul>	X	X	X
	<ul style="list-style-type: none"> <li>Separate clearly occupational health duties and the social security medical care scheme within MoLES.</li> </ul>			
Monitoring	<ul style="list-style-type: none"> <li>Ensure transparency at the point of service.</li> </ul>			
	<ul style="list-style-type: none"> <li>Put in place computerized monitoring processes.</li> </ul>			
Awareness-raising	<ul style="list-style-type: none"> <li>Publish and disseminate widely an annual report.</li> </ul>			
	<ul style="list-style-type: none"> <li>Produce awareness raising tools for workers on their rights and the procedures to access their benefits.</li> </ul>			
Inspection	<ul style="list-style-type: none"> <li>Support social partners in the dissemination of the information.</li> </ul>			
	<ul style="list-style-type: none"> <li>Engage collaboration and coordination with Labour Inspectorate and Occupational Health inspection on inspection and compliance, especially in the context of the prevention and compensation of work injury and occupational diseases.</li> </ul>			
	<ul style="list-style-type: none"> <li>Separate inspection and communication / awareness raising for workers functions.</li> </ul>			
	<ul style="list-style-type: none"> <li>Provide adequate training on the new schemes under the Social Security Law, 2012.</li> </ul>			

<b>Governance</b>	<ul style="list-style-type: none"> <li>• Ensure representativeness of social partners in the SSB's governance structure.</li> </ul>			
<b>Complaint mechanism</b>	<ul style="list-style-type: none"> <li>• Raise awareness on the complaint mechanisms.</li> </ul>			
	<ul style="list-style-type: none"> <li>• Put in place a comprehensive monitoring system.</li> </ul>			

## 8. Tentative road map

The road map below proposes a tentative schedule for the implementation of key recommendations. It is indicative and is intended to be discussed with the Ministry of Labour, Employment and Social Security.

**Figure 22. Possible road map for the implementation of the recommendations**

	Quick wins	Medium run 2015	Medium run 2016	Long run
Membership	Feasibility of membership extension to the civil servants and the family members (at least medical care).	First extension of membership	Feasibility of membership extension to employers and smaller businesses.	
Scheme design and procedures	<p>Medical care:</p> <ul style="list-style-type: none"> <li>- Pilot internal split between provider and purchaser;</li> <li>- Extended opening hours;</li> <li>- Reimbursement decentralized;</li> <li>- Cost monitoring.</li> </ul> <p>Feasibility of a new methodology to include variable wage in the contribution and benefit calculation.</p> <p>Basic financial modelling to establish contribution rates and benefit packages for the existing schemes.</p>	<p>Medical care:</p> <ul style="list-style-type: none"> <li>- Full internal provider-purchaser split and shift in resource allocation to medical facilities;</li> <li>- Pilot for contracting;</li> <li>- Law revision on cross-financing with MoH.</li> </ul> <p>Simplification of the design and procedures of the existing schemes (sickness, maternity, funeral, work injury).</p> <p>Piloting and implementation of a new methodology to include variable wage in the contribution and benefit calculation.</p> <p>Capacity building on unemployment insurance and pensions.</p>	<p>Medical care: Scale up of contracting.</p> <p>Collaboration with labour inspection (MoLES) and occupational health unit (MoH) on a comprehensive and coherent policy on OSH and compensation.</p> <p>Feasibility studies (design, financial modelling) on unemployment insurance and pensions.</p>	<p>Feasibility of single registration (one-stop-shop) with relevant institutions in charge of business registration.</p> <p>Cash benefit delivery through bank transfers to beneficiaries.</p>
Law revision	Creation of a task force on the amendment of the law.	Preparation of the law and rules amendment for the active schemes (medical care, sickness, maternity, work injury, funeral grant).	Preparation of the law and rules amendment for the inactive schemes.	

## Appendix – Interviews and visits schedule

Visit or meeting	Location	Proposed date
<b>Visits</b>		
Visit at Worker’s clinics	South Okkalapa Tsp clinic, Yangon	March 17 <sup>th</sup>
Visit at Worker’s clinics	South Dagon Clinic, Yangon	March 17 <sup>th</sup>
Visit at SSB township offices	South Dagon Office, Yangon	March 17 <sup>th</sup>
Visit at Yangon Worker’s hospital	Nyanabala Hill Tamwe Township	March 18 <sup>th</sup>
Visit at Worker’s clinics	Tamwe Tsp clinic, Yangon	March 18 <sup>th</sup>
Visit at Worker’s clinics	Lake Pya Kan, Bago East	May 12 <sup>th</sup>
Visit at SSB township offices	Township Office Bago East	May 12 <sup>th</sup>
Visit at Worker’s clinics	Pazuntaung Tsp clinic, Yangon	CANCELED
Visit at SSB township offices	Thanlyin office, Yangon	CANCELED
Visit at SSB township offices	Shwepyitha office, Yangon	May 14 <sup>th</sup>
Visit at SSB township offices	Hmawbi Office, Yangon	May 14 <sup>th</sup>
Visit at Tuberculosis hospital	Htan Tabin Township, Yangon	May 22 <sup>nd</sup>
Visit at SSB township offices	Pathein Office	May 22 <sup>nd</sup>
Visit at Worker’s clinics	Hlaing thar yar Tsp clinic, Yangon	May 23 <sup>rd</sup>
Visit at Worker’s clinics	Ahlon Tsp clinic, Yangon	May 23 <sup>rd</sup>
<b>Meetings</b>		
Meeting with the responsible of the various SSB units: -Administrative Department -Planning and research Department -Insurance Department -Financial Department -Medical Department -Workers’ Hospital	Nay Pyi Taw	March 26 <sup>th</sup> afternoon
Meeting with each SSB unit: -Insurance Department -Medical Department -Inspection	Nay Pyi Taw	April 24 <sup>th</sup>
Meeting with SSB inspection	Nay Pyi Taw	April 24 <sup>th</sup>
Meeting with SSB Director General	Nay Pyi Taw	April 24 <sup>th</sup>
Meeting with SSB Director General	Nay Pyi Taw	May 15 <sup>th</sup>
Meeting with SSB IT unit / data centre	Yangon	May 23 <sup>rd</sup>
Focus group in Hlaing Tayar	Yangon	August 10 <sup>th</sup>
Workshop on social security	Nay Pyi Taw	August 20 <sup>th</sup>