

# **HEALTH INSURANCE FOR FOREIGN WORKERS IN MALAYSIA AND SINGAPORE: A COMPARATIVE STUDY**

**Rohaida Nordin\***

*Universiti Kebangsaan Malaysia*

**Muhammad Faliq Abd Razak**

*Universiti Teknologi Mara*

**Rohimi Shapiee**

*Universiti Kebangsaan Malaysia*

**Tengku Nor Azira Tengku Zainuddin**

*Universiti Kebangsaan Malaysia*

**Sofiah Md Auzair**

*Universiti Kebangsaan Malaysia*

**Romlah Jaffar**

*Universiti Kebangsaan Malaysia*

## **ABSTRACT**

A foreign worker who is employed in another country should be protected or covered by health insurance. Countries are at variance with regard to the models of health insurance for foreign workers. Each insurance model is usually unique in its range of coverage and implementation. To date, there is no common insurance model that is being uniformly implemented internationally. The crucial issue is what are the features that are necessary for a health insurance for it to efficiently protect foreign workers? Can several exemplary models of health insurance that have been identified be adapted and implemented in other countries as a mechanism to manage the health issues of foreign workers? This article is aimed at identifying features of a good health insurance model for foreign workers by making a comparison between the Malaysian model with the Singaporean model. The first part of this article discusses the health system, objectives and implementation in general, while the second part deals with the existing legal framework in Malaysia. The third part of this article critically analyses and identifies the best features of the health system and insurance schemes provided by the Singapore government to foreign workers. The fourth part makes recommendations based on a comparative study of the Malaysian and Singaporean perspectives for adoption in Malaysia. This article however does not proceed with developing a new mechanism for Malaysia.

**Keywords:** Health insurance; Foreign workers; Right to health; Human rights; Malaysia; Singapore

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\* Corresponding author, Faculty of Law, Universiti Kebangsaan Malaysia, Bangi, 43600, Selangor, Malaysia. Email: rohaidanordin@ukm.edu.my

## 1. INTRODUCTION

The rising costs of medical treatment, higher demand for healthcare services and demographic changes have further developed the health insurance sector internationally, including in Malaysia (Hassan, 2012). The costs of healthcare maintenance have shown an increasing trend, with more people purchasing personal insurance to support their healthcare needs. There have been structural changes in healthcare services. These have been due to the availability of various insurance products by healthcare insurance providers, and the emergence of health organizations that support and supply healthcare services. The healthcare industry has become a major engine of economic growth due to demographic shifts such as health issues brought about by ageing and lifestyle. Malaysia spends 5% of its GDP on healthcare costs, exceeding other countries in the region, yet this expenditure is not balanced by the real cost of healthcare. Presently, the healthcare sector in Malaysia contributes RM 15 billion to the GNI (Pemandu, 2013a).

A particular balance in question lies between healthcare benefits for foreign workers and the cost effectiveness for healthcare providers. This balance is vital for the government to sustain the long-term growth of the health insurance sector and a cost-effective healthcare system in the country (Bank Negara Malaysia, 2015). This article focuses on health insurance schemes in Malaysia and Singapore in terms of protection, coverage, implementation and enforcement in providing foreign workers with access to healthcare services provided by these two countries. This article aims at identifying features of a good health insurance model for foreign workers by making a comparison between the Malaysian model with the Singaporean model. The analysis demonstrates that Singapore has a better framework for the protection of foreign workers via health insurance, compared to Malaysia. The methodology involved a theoretical and doctrinal analysis of the legal framework. Thus, this article rely more on published data instead of new data collected via direct methods such as interviews and survey. Position of undocumented or illegal foreign workers in terms of their medical needs under domestic or international law is not part of this article instead this article focuses on legal foreign workers.

## 2. EXISTING LEGAL FRAMEWORK IN MALAYSIA

The existing legal framework in Malaysia provides measures for the protection of foreign workers in case of accidents at work and sickness (Hassan, 2007). These measures are in the form of compensation and health insurance coverage. The following paragraphs discuss the said measures in Malaysia, especially by way of insurance schemes, in terms of protection, coverage, implementation and enforcement in providing foreign workers with access to healthcare services.

### 2.1. *Framework under Workmen's Compensation Act (WCA) 1952*

The Workmen's Compensation Act 1952 is the main legislation providing protection to foreign workers in Malaysia. The main legislation for workers' accidents benefits is the Employees Social Security Act 1969 which does not apply to foreign workers (Hassan, 1999). The 1952 Act provides for protection in case of injury or accident during employment. Section 2 (1) (a) of the Act defines a workman as a labourer whose earnings do not exceed RM 500 a month, with the exception of manual labourers who are considered as workmen, irrespective of their wages. Malaysian workers are not covered by the Workmen's Compensation Act 1952. Instead, starting from 1st July 1992,

local workers are protected by the Employees' Social Security Act 1969. The Workmen's Compensation Act 1952 is administered by the Department of Labour under the Ministry of Human Resources, and the aim is to compensate foreign workers who incur injuries during their employment, and to compensate their dependents in the event of their death (S. 26 WCA, 1952). Each employer shall insure all their workers under their employment and maintain such provisions as provided for in the Insurance Act 1996.

Under Section 26 (2) of the Workmen's Compensation Act 1952 (Amended August 1996), every employer is required to ensure that all foreign employees are insured under the Foreign Workers Compensation Scheme (FWCS). This is to ensure that their welfare is taken care of and also to fulfil the national obligation under the International Labour Organization Convention (ILO) No. 97, which was ratified by Malaysia on 3<sup>rd</sup> March 1964. The Workmen's Compensation Act 1952 also provides the penalty that can be imposed on employers if they commit any offence under the Act. According to Section 13, an employer is regarded to have committed an offence if he fails to provide a written notice within 10 days of the occurrence of any accident; and he may be liable to a penalty of RM 5,000 for the first offence and RM 10,000 for subsequent offences. Section 26 (5) states that any employer who deducts the payment of premium from the salaries of the workers is committing an offence punishable with a fine not exceeding RM 5,000 or imprisonment for a period not exceeding one year. Section 26 (6) provides that any employer who fails to insure his workers shall be guilty of an offence, and shall be liable to a fine not exceeding RM 20, 000 or to imprisonment not exceeding 2 years (Sukimi & Sarifin, 2014).

The FWCS provides protection to all workers under the Act. For example, the coverage for death under The Workmen's Compensation Act 1952 amounts to a compensation of RM 23,000. An employer should obtain the insurance through a panel of FWCS providers appointed by the Ministry of Human Resources. The FWCS only provides compensation in the event of death, permanent disability or partial disability. Medical expenses such as hospitalization and surgery are not covered under this scheme. A premium of RM 72.00 a year for each worker is paid by the employer, without any salary deduction. Beginning 1 January 2013, all employers who employ foreign workers must use the FWCS to manage visa applications through *Visa Dengan Rujukan* (VDR) and for extensions of the *Pas Lawatan Kerja Sementara* (PLKS), (Department of Immigration Malaysia, 2013). Any employer who fails to insure his foreign workers is committing an offence according to Section 26 (2) and, if found guilty, is subject to a penalty not exceeding RM 20,000 or imprisonment not exceeding two years or both. Every employer should provide a written notice to the Commissioner regarding any accident that occurs on the work premises that is related to any matter or business of the employer; and that which has caused death or loss of full capacity or parts of the physical body within ten days after the occurrence of the accident (Ministry of Human Resource, 2015).

## **2.2. Framework for Foreign Workers Health Insurance Protection Scheme (SPIKPA)**

In 2012, about 3.1 million foreign workers were employed in the low technology, labour-intensive workforce in Malaysia, with new data showing that half of them had no insurance protection or were underinsured (Pemandu, 2013a).

Within the past five years, about RM 71 million in unpaid hospital bills have been contributed by foreign workers at government hospitals (Pemandu, 2013a), thus placing extra pressure on

healthcare costs in Malaysia. The EPP1, headed by the Ministry of Health, requires mandatory health insurance for foreign workers to help alleviate the pressure on the healthcare system, and to provide better protection for foreign workers. Under the ETP, NKEA4, and EPP1, the Hospitalisation and Surgical Scheme for Foreign Workers (SPIKPA) was introduced as a mandatory medical scheme for foreign workers with an annual premium of RM 120. This scheme is prepared to cover for admission to hospital and facilitates medication for foreign workers, offering a protection of RM 10,000 a year for all diseases and injuries requiring hospital admission (Ministry of Health, 2011).

This scheme was enforced on 1st January 2011, targeting 1.2 million workers initially. However, this target was exceeded when 1.4 million workers were insured as at 2013. All foreign workers are required to be insured under this scheme to provide coverage for their hospital bills (Pemandu, 2013b). The scheme was extended to Sabah and was providing coverage for 1.6 million foreign workers by 31 December 2012. Even though SPIKPA has been successful in providing insurance protection to almost all foreign workers in Malaysia, there are several sectors that do not benefit from the SPIKPA requirements, namely domestic workers and plantation workers (Pemandu, 2013b).

The government has further instructed employers to bear the cost of the SPIKPA insurance premium for their employees in the plantation and domestic worker sectors; whilst for the other sectors the cost for the insurance premium is open for employers and their employees to decide, based on their respective contexts (SPIKPA, 2011). If the employers decide to make advance payments on behalf of their employees, approval from the Director-General of the Department of Labour of Peninsular Malaysia should be sought to effect any salary deductions. Employers are allowed to conduct salary deductions from their foreign workers' salaries under Section 24 (2) (c) of the Employment Act 1955, and to obtain refunds for the advance payments under Section 22 of the Act. In such cases, employer is allowed to pay slightly less than a full month salary for the respective foreign workers (S.22, Employment Act 1955). Foreign workers employed during the enforcement of SPIKPA are given three months to purchase the policy. For these groups, the premium charged by the insurance companies is based on the number of days remaining on a valid permit. For workers who fail to do so, their permit will not be renewed upon expiry.

Employers applying for the VDR for their foreign workers are required to submit the original policy and visa slip together with the VDR application to the Department of Immigration. SPIKPA is a cashless transaction. This means that foreign workers who are protected or covered under SPIKPA need not pay any cash deposit nor do they need to submit a guarantee letter from their employer for admission into a government hospital. They only need to submit their identity card or passport for verification at the registration counter of the government hospital. If the hospital bills exceed the minimum coverage of RM 10,000, the worker will have to pay the difference by themselves (Malaysian Federation of Employers, 2013). Foreign workers having outstanding bills at any government hospital are responsible for settling the bills before applying for a new work permit. Those who fail to pay the outstanding bills are not allowed to renew their work permit upon expiry, and the employer will be blacklisted by the Immigration Department. Blacklisted employers will not be permitted to recruit new workers. There are 25 registered insurance companies and two Third-Party Claims Administrators (TPCA) participating in SPIKPA (Pemandu, 2013b; Ministry of Health, 2016).

### **2.3. *The Weaknesses of SPIKPA***

Some stakeholders, particularly those from the manufacturing sector, have raised concerns over the implementation of SPIKPA (Mazwin & Izatun, 2010). According to them, there were no negotiations between the industries, government agencies and the stakeholders in all the economic sectors before the policies impacted business operations. There is a lack of inter-agency coordination and support because employers still need approval from the Director-General of the Labour Department for deductions to be made from the workers' salaries. The deductions can be done automatically once the scheme is made mandatory by government agencies. Employers must pay a premium on behalf of the foreign workers to get a visa call, and health insurance should be provided to obtain a new visa for a foreign worker. Employers are affected by these administrative and financial burdens.

Further, according to them the approximate premium payment for 1.8 million foreign workers under SPIKPA is RM 216 million per year. This is 12 times more than the RM 18 million in unpaid hospital bills in 2010, as announced by Ministry of Health (Federation of Malaysian Manufacturers, 2010). The excess accumulation of premiums may support the RM 64 million in outstanding treatment bills accumulated from 2005 to 2009 (Federation of Malaysian Manufacturers, 2010). A mandatory insurance scheme like SPIKPA will not resolve the government's problem with unpaid hospital bills because the main contributors to the unpaid hospital bills are self-employed foreign workers, those who are working with sub-contractors or temporary workers in the construction and timber sectors. Nevertheless, the scheme is effective as a subsidy for legal foreign workers, but not for the illegal ones.

This scheme is viewed as being unfair to employers within the manufacturing sector as many employers in this sector have already issued bank guarantees to the Ministry of Health for payment of their workers' medical treatment at government hospitals. Companies also provide a guarantee letter to a government hospital before they refer a worker to the hospital. Thus, according to representatives of the sector, it is impossible for a legal foreign worker not to pay hospital bills. Instead, they suggest for government hospitals and their agencies to practice higher professional and financial accountability. Bills become unpaid when hospitals do not take the appropriate or follow-up actions to recover the debts. Thus, proper collection procedures should be adopted to resolve the issue. The manufacturing sector should not be burdened because of inefficiencies in the debt collection procedures. Employees will be affected by SPIKPA since their salary will be deducted to cover any amount that exceeds the coverage amount of RM 10,000 per year. Lastly, this scheme has not been implemented properly because the workers in some sectors, such as in the domestic and agricultural sectors, are not covered, and these workers certainly need protection for their health.

## **3. FOREIGN WORKERS AND HEALTH SYSTEM IN SINGAPORE**

### **3.1. *Existing Foreign Workers Law and Policy***

The increase in the number of foreign workers in Singapore is a result of the government's policy to import foreign workers to overcome the constraints of local human resources. The rate of growth of foreign workers across all sectors peaked in 2007 and 2008 due to the liberalization of

immigration rules at the time in order to capitalize on cheap foreign labour as one of the means to cope with the recession due to the global financial crisis. Nevertheless, the government's policy to import foreign workers was in actuality cleaved for "high potential foreign labour" or highly skilled professionals for employment in Singapore. There were complaints by Singaporeans toward this open door policy as the consequences would be increasing cost of living, particularly for housing, traffic congestion, competition for work and educational opportunities, pressure on goods and public services, and other social issues implicated by the global financial crisis.

To reduce the entry of foreign workers, employers are encouraged to shift towards less labour-intensive productions and operations. Nevertheless, levy concessions may be obtained for foreign domestic workers employed by families, such as for the care of young children, the elderly or family members with special needs. To obtain a Work Permit (except for Malaysian workers), a security bond of SGD 5000 must be paid by employers to the government to ensure that their workers will not attempt to stay permanently in Singapore, and for repatriation when their contract expires. The policies and regulations made by Singapore to put the entire burden of costs on the shoulders of the employers are actually meant to protect the healthcare industry since employers are obliged to maintain and upkeep their employees by insuring them.

In November 2012, the Ministry of Manpower made several amendments to the Employment of Foreign Manpower Act 1990 (EFMA) to enhance the government's capacity to maintain the integrity of the Singapore Work Pass, to ensure compliance by companies, and to prevent foreign workers from contravening the existing regulations (Ministry of Manpower, 2013). Amendments to EFMA were introduced to strengthen enforcement against irresponsible employers who twist the system through certain syndicates. These include higher penalties for corruption, where money obtained from foreign workers is regarded as corruption, except if the employer can prove that it was a legitimate salary deduction (Ministry of Manpower, 2013).

### **3.2. *Employers' General Responsibilities towards Foreign Workers***

A primary mandate of the Ministry of Health of Singapore is to provide health services to the people of Singapore. Singapore has policies concerning the health issues of immigrants, including the deportation of those deemed to be carriers of contagious diseases, or who pose a threat to the health of the population. The higher cost of healthcare for foreigners is reflected in the fact that they account for about 14% of the cases of arrears in the healthcare market as they are not covered at all by government subsidies (Ministry of Health, 2016). The outstanding arrears are for more than two months at Singapore's public hospitals. The healthcare of foreign workers is deemed to be the responsibility of their employers. The employers are responsible for the costs for the "upkeep and maintenance" of their workers in Singapore, including healthcare. Employers are responsible to pay for the costs of medical examinations for their workers, as required by the Ministry of Manpower (MOM). Employers also need to ensure that their workers are provided with sufficient food, lodgings and a safe work environment (Employment Foreign Manpower Act, 1990).

### **3.3. *Special Requirement for Foreign Domestic Workers (FDW)***

Foreign domestic workers (FDWs) are exempted from the statutes of the Republic of Singapore under the Employment Act 1968 (S. 2(b) Employment Act, 1968) which provides a minimum

number of rest days (S. 36 EA, 1968), working hours (S. 38 EA, 1968), overtime (S. 38 EA, 1968), yearly holidays (S. 88 EA, 1968), and sick leave (S. 88 EA, 1968). This position is much similar to the laws of Malaysia under the Employment Act 1955. The Ministry of Manpower has allowed some exceptions with regard to the nature of the work in private homes, given the impracticality of overseeing and enforcing certain terms and conditions for basic domestic work (MOM, 2013). It is common, for example, for FDWs to have to work every day without certain leave (JS 11 Point 32, 2011). FDWs are also exempted from the Work Injury Compensation Act 1975 (Fourth Schedule S. 3 WICA, 1975), which protects local and foreign workers with compensation (S.3 WICA, 1975) for workplace injuries (MOM, 2013). The compensation amount is classified according to death, permanent incapacity and medical expenses under the Third Schedule of Work Injury Compensation Act 1975. However, FDWs are covered by Mandatory Health Insurance for SGD 15,000 per year (S. 2 EFMA Work Passes Regulations, 2012) and Personal Accident Insurance for SGD 40,000 (MOM, 2016), although the rate of coverage and benefits are less by about SGD 29,000 compared to other low-skilled workers who are protected by the WICA for death compensation (JS 11 Point 31, 2011).

### **3.4. *Healthcare and Protection for Foreign Workers***

#### **3.4.1. *Health Checks***

Work permits are issued to foreign workers only after they have undergone a mandatory health examination by a registered medical officer or doctor within 14 days of arrival in Singapore. The examination covers four types of diseases, namely tuberculosis, HIV, syphilis and malaria, which pose a health threat to the public. The workers are also evaluated on their suitability for work. A foreign worker, who is suffering, for example from TB or HIV, will be deported if he or she fails the medical tests. The employer can obtain the results of the health tests directly from the doctor without requiring any consent from the worker (S. 3 Part II, Part IV First Schedule EFMA Work Passes Regulations 2012). FDWs are also required to undergo medical tests for any contagious diseases or pregnancy every six months. Pregnancy is a valid reason for termination of employment and immediate deportation (MOM, 2016). Up to 2010, about 100 foreign domestic workers were sent home each year due to pregnancy. It is unknown if any attempts at abortion were made to avoid deportation or loss of employment (Liew, 2010). Any medical examination fees that are required by the Ministry of Manpower for the issue of Work Passes to foreign workers shall be paid by their employers.

#### **3.4.2. *Mandatory Health and Personal Accident Insurance and Exposure to Injury under the Work Injury Compensation Act (WICA)***

The context of the WICA provides foreign workers who sustain injuries that are not self-inflicted - an option for compensation as an alternative to taking a civil suit against their employer or seeking compensation from a third party. The three compensation benefits that are claimable under the WICA are sick leave pay, medical costs, and a one-off compensation for permanent incapacity or death (S. 7 WICA, 1975). Singaporean and foreign workers are eligible for compensation under the WICA, if they are injured in an accident or suffer from diseases due to their work (S. 5 WICA, 1975). The amount of compensation for death is a minimum of SGD 69,000 and a maximum of SGD 204,000. In the event of total permanent incapacity, the minimum amount of compensation is SGD 88,000 and the maximum is SGD 262,000. Medical expenses are covered up to SGD 36,000

or for one year from the date of the accident. This includes any accident at the workplace, such as a slippage or fall at the workplace or premises or road accidents involving company transportation to and from the workplace (S. 3 (2) WICA, 1975). Under the WICA, the employer or insurer shall be responsible for the payment of compensation irrespective of who caused the accident or disease, even after the expiry of the work permit. The dependents or spouse of a dead worker are also eligible to claim under the Act (S. 6 (1) WICA, 1975).

For FDWs only, other than the Mandatory Health Insurance coverage of SGD 15,000, it is also compulsory for the employer to purchase a Personal Accident Insurance, with a minimum coverage of SGD 40,000, for their foreign domestic workers before they start work. The amount of SGD 40,000 is to be paid to the spouse or family of the worker in case of death or injury. Since FDWs are not included in the WICA, they must be insured separately by their employers (MOM, 2016).

### ***3.4.3. Guarantee Letter for treatment Cost of Foreign Workers***

Foreign workers and FDWs depend on the Letter of Guarantee (S. 1 Part I First and Part III EFMA Work Passes Regulations, 2012), which is mandatory for employers to issue, in order for the workers to be exempted from paying a deposit to the clinic or hospital for their treatment. This document is required for every medical procedure or doctor appointment that is needed by the workers. Basically, the employers are responsible under the law (S. 25 (6) (c) (d) EFMA, 1990) to bear the cost of medical treatment and the hospital bills of their workers, including those related to any health issues, even though they are not directly related to their work.

### ***3.5. Weaknesses of the Foreign Workers' Health Scheme in Singapore***

Foreign workers who are out of work due to injuries will possibly face problems in getting a fair compensation under the WICA if their incapacitation is permanent. Follow-up treatment may not clearly indicate the extent of certain accident injuries, which may only be discovered during long-term rehabilitation. Nevertheless, to determine whether the health issues are due to previous accidents or not, medical tests need to be conducted. Problems arise when the employer refuses to pay for the medical tests or when there is no concrete proof linking the ensuing health problem with the preceding workplace accident. This position places the worker who cannot afford to pay for the tests in a difficult situation (Fordyce, 2012). The medical costs for foreign workers were subsidized before 2007, but with the abolition of subsidies for treatment and medication for foreign workers since 2007, the access of foreign workers to medical and health services has been limited. Starting from October 2007, foreign workers are no longer subsidized because most of them in Singapore have terms of employment, meaning that the obligation to pay for their healthcare is to be borne by their employers (MOM; MOH, 2016). Thus, foreign workers are depending solely on their employers' sense of responsibility to bear their healthcare cost. Many foreign workers have been denied health insurance or treatment by unscrupulous employers who flout the official policy due to inconsistent enforcement. Workers who potentially require high treatment costs due to serious injuries are at risk of being sent back to their home country by their irresponsible employers (JS 11, 2011).



#### **4. RECOMMENDATIONS FOR MALAYSIA IN ADDRESSING FOREIGN WORKERS' HEALTHCARE**

##### **4.1. *Adequate Protection Rate under the Workmen's Compensation Act 1952***

The government has attempted to resolve the arrears in bills by introducing the SPIKPA policy for foreign workers, who were previously only protected by the Foreign Workers Compensation Scheme (FWCS). Additionally, frequent checks are required to ensure that the welfare of foreign workers is being taken care of by their employers. In particular, regular checks by the authorities, such as the Labour Office, are required to ensure that the terms and conditions of work, as well as the safety and health of the workers are maintained and are being complied with at their workplace, and that in cases of accidents or injuries, they are adequately protected by the existing compensation scheme and insurance.

It is proposed that SPIKPA and the Workmen's Compensation Act 1952 be amended to update and extend the coverage to pre-empt arrears in hospital bills, especially in terms of the scope of protection as per the requirements of the insurance claims. Priority should be given to the payment of compensation to the workers according to the Workmen's Compensation Act 1952. It is proposed further that the compensation package that is made available for foreign workers in case of workplace injuries or accidents should be increased. The FWCS only covers compensation for foreign workers, whilst medical protection is not mentioned under this Act. The maximum compensation given to foreign workers is RM 23,000, which is lower than what is paid for foreign workers in Singapore. The scheme provided by the Singapore government is much better in terms of compensation, protection and coverage.

The insurance scheme imposed by Singapore is much better as employers are obliged to take out a medical insurance for their foreign workers in order to offer them protection and coverage. Employers need to ensure that their employees are provided with medical insurance, personal accident insurance and work injury compensation insurance. Their employees must be insured with separate insurance schemes to provide coverage for injuries and medication unlike in Malaysia, where workers are only covered separately for compensation under the FWCS and SPIKPA for medication. These are the two different schemes that have been implemented for the protection of foreign workers. The Workmen's Compensation Act 1952 only provides for compensation, whereby medical bills are not included under the coverage.

##### **4.2. *Coordination of Government Agencies by Enforcing SPIKPA as a Hard Law by Enacting an Act***

The unpaid hospital bills contributed by foreign workers in Malaysia are more liable to be resolved if an Act can be enacted to administer SPIKPA. This can be made in line with the present approach, especially in the implementation of SPIKPA. Unlike in Singapore in which the insurance scheme for foreign workers is regulated through hard law, there is yet to be an Act for the enforcement of SPIKPA in Malaysia. There are loopholes in the system, whereby the relevant government agencies, such as the Department of Immigration and the Department of Labour, are not integrated in the monitoring and administering of foreign workers to ensure optimum effectiveness. SPIKPA lacks bite if it is not enforced as a hard law. It is only a policy, and enforcement is only in the form of a soft law. Therefore, it is important for foreign workers to be protected by private insurance under

the law, with an enforcement body mandated to take action against those who fail to comply with the Act. A vital link in the implementation that needs to be improved is the inter-agency coordination. There is a lack of an integrated system linking the Ministry of Health, the Labour Office, and the Department of Immigration, that are responsible for foreign workers' affairs. SPIKPA has failed to be optimally implemented due to the lack of integration. This failure occurred in the absence of an integrated system for the monitoring of foreign workers. It is important for the Malaysian government to have proper records from the related agencies in order to know whether the unpaid hospital bills are from the legal or illegal foreign workers. The linkages between the Ministry of Health, the Labour Office and the Immigration Department should be optimized through a systematic coordination in regulating SPIKPA for the management and resolution of issues.

### 4.3. Coverage of insurance Policy

Another issue affecting the implementation of SPIKPA is the insurance claims, which are not covered by the insurance policy, thus causing the hospital claims to be rejected. This problem is due to the complicated coordination system. In the coordination of SPIKPA, it is supposed to be clear that any bills that exceed the amount of the coverage will not be covered. This issue remains unresolved since the foreign workers only have SPIKPA for their medication. An example is when the costs of injuries and treatments received by the foreign workers are higher than the rate of coverage; or the injuries and illnesses are not included in the insurance policies. This further compounds the issue of bills arrears incurred by the Ministry of Health. Even though SPIKPA covers almost all legal foreign workers in Malaysia, there are still those who are not covered, such as domestic maids and plantation workers (Pemandu, 2013a). It might be that the workers from the plantation and domestic sectors are contributing to the hospital bills arrears. To resolve this issue, all sectors should be covered equally. Singapore offers SGD 15,000 in coverage, while SPIKPA in Malaysia only offers RM 10,000 per year. The coverage should be reasonable with regard to the hospital bills that are charged to foreign workers who seek treatment at government hospitals. Refer to the table below for a comparison of the insurance coverage and compensation amounts of foreign workers in Singapore and Malaysia.

**Table 1:** Foreign Workers Compensation Scheme for Work Injury

Coverage	Singapore		Malaysia	
Death	Minimum	SGD 69,000	Death from occupational disease or accident during working hours	RM 18,000.00
	Maximum	SGD 204,000		RM 18,000.00, with an extra sum of RM 7,000.00.
Total Permanent Incapacity	Minimum	SGD 88,000	Permanent Total Disablement	RM 23,000.00
	Maximum	SGD 262,000		
Medical Expenses	Up to SGD 36,000 or one year from the date of the accident, whichever is reached first		Temporary Disablement	RM 165.00 or 1/3 of monthly salary

*Source:* Singapore Work Injury Compensation Act 1975 and Malaysian Workmen's Compensation Act 1952.

*Note:* Both countries excluded Foreign Domestic Workers

**Table 2:** Hospitalization and Personal Accident Insurance Scheme for Foreign Workers and Foreign Domestic Workers

Coverage	Singapore	Malaysia
Hospitalization	Medical Insurance for SGD 15,000	SPIKPA, excluding Foreign Domestic Workers and Plantation sector RM 10,000
Personal Accident Insurance	SGD 40,000 only for Foreign Domestic Workers	No Personal Accident Insurance required

*Source:* The Statutes of the Republic of Singapore, Employment of Foreign Manpower (Work Passes) Regulations 2012 and Skim Perlindungan Insurans Kesihatan Pekerja Asing 2011

#### **4.4. Enforcement of Laws on Illegal Immigrants**

According to interviews with Malaysian Ministry of Health officials, illegal immigrants (PATI) have also contributed to the issue of arrears. The existence of this loophole, even after the implementation of SPIKPA in 2012, left the government with RM 17 million worth of arrears that have yet to be recovered from foreign workers (Pemandu, 2012). In the Singapore model, employers are required to protect their workers with Medical Insurance before a work permit is issued (MOM, 2013).

Hospital bill arrears are not a major issue to the Singapore government, since all foreign workers are pre-emptively covered by medical insurance. Issues with illegal immigrants are almost non-existent or minimal in Singapore. The effective laws and efficient management of foreign workers have been instrumental in the handling of foreign workers' health issues. Nevertheless, in reality, many foreign workers with PATI or with illegal status are not automatically protected under the law, according to SPIKPA requirements. The government authorities must put a stop to the entry of illegal workers. Their entry is not only causing social and criminal problems, but is also making it difficult for the government to plan workforce requirements for each economic sector. This problem is made worse because it is difficult to estimate their actual number.

#### **4.5. Planning of Workforce Needs**

The government must accurately estimate the need for workers in all economic sectors of the country in order to be able to fulfil any need for extra workers in each sector, and for the issuance of passes or work permits. The entry of foreign workers should not compromise the access to healthcare of Malaysian citizens. Indeed, access to healthcare is a priority for citizens in any country.

#### **4.6. Employment of foreign Workers per Required Skills**

The quota for foreign workers should be according to the specific skills required and the need of each economic sector in the country. Otherwise, there will be a surplus of labour in certain sectors and a dearth in others. This must be looked into and proactive actions must be taken to avoid aggravating the issue of outstanding hospital bills. This issue has caused huge losses and is a great burden to the people and the government of the country.

#### **4.7. Upgrading the Management of the Foreign Workforce**

The management of the foreign workforce must be upgraded. A comprehensive data bank should be established to monitor the employment of workers and the economic sector that they are working in. Deliberate overstaying or over-extending of their employment will turn the workers into illegal immigrants. Enforcement should be enhanced so that foreign workers may not slip or move away to other workplaces without the permission of their employers or government authorities.

### **5. CONCLUSION**

Healthcare in Malaysia is being fully administered by the Ministry of Health. The scheme that has been implemented in Singapore only covers their citizens and foreign workers who have a valid status. The health insurance scheme in Singapore places full responsibility on the employers for covering the costs of treatment needed by their foreign workers. Singapore's policy of not providing any subsidies for foreign workers with regard to health expenses prevents potential issues in health services with regard to hospital bills. The findings of this study also indicate that, the Singapore Health Insurance Scheme is one of the best and most efficient models within the South-East Asian region, and it is proposed that some of its features be adopted by the Malaysian government.

This is due to Singapore's comprehensive system by way of managing foreign workers from the beginning of their entry until they are in employment. The Singapore government agencies play effective roles in overseeing the entry, exit and employment of foreign workers in the republic. Singapore's healthcare laws, policies and regulations are in line with the country's healthcare priorities. Foreign workers only work in Singapore for a certain period and there is no issue of them becoming illegal workers since they cannot remain in Singapore once their permit expires. Evidently, this successful Singaporean model for managing health services to foreign workers should be emulated to enhance Malaysia's protection of public health, and for the prevention and recovery of huge losses due to foreign worker healthcare issues.

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