INDONESIA

Legacy Impact

October 2021

Financing Quality Healthcare Across Indonesia's Decentralized Health Sector

The government of Indonesia has embarked on an ambitious path of health reform to deliver high-quality and comprehensive healthcare at the national and local levels across an expansive and diverse archipelago of 17,000 islands, 34 provinces, and 514 districts. These efforts aim to respond to high maternal and newborn mortality and low HIV treatment coverage, despite previous concerted efforts by the government, private sector, and donors.

Indonesia's mutually reinforcing dual paths of health reform center on strengthening funding and benefits packages for the national health insurance scheme—Jaminan Kesehatan Nasional (JKN)—and bolstering efforts to move responsibility for health service delivery to the local level. Indonesia's approach is geared toward strengthening capacity for prevention and promotive activities in provincial districts, close to citizens, providing disease prevention, immunizations, and maternal and newborn health. These locally provided preventive services, not covered through JKN, largely are paid for with fund transfers from the central government, with donor support and some local funding added.

To support this decentralized path, the Health Policy Plus (HP+) project, funded by the U.S. Agency for International Development (USAID), has helped equip Indonesia's central and provincial levels with evidence, tools, and collaborative assistance to improve the development, implementation, and monitoring of priority policies and funding approaches. The collaboration among the government of

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Indonesia, key stakeholders in the public and private sectors, and HP+ has strengthened the capacity of local health institutions and entities to act on their own to sustainably finance efforts, gather and use evidence for decision making, and monitor progress in improved health service delivery tailored to local demands and citizen needs.

Progress is evident. Indonesia has enacted laws and regulations creating an enabling environment for decentralized health services. In 2017, the minimum service standards regulation was reformed to ensure equity in service delivery and hold local governments accountable for meeting health targets. Subnational-level autonomy in spending and funding has improved, spurred by increased incentive-driven fund transfers. There is growing interest in strategic purchasing to sustain and improve the HIV response, and nascent engagement with the private health sector promises to strengthen access to health services throughout the island nation. Of note, a regulation on non-infrastructure public-private partnerships has been reviewed by the Ministry of Health (MOH), Bureau of Law, and Ministry of Law and Human Rights and is ready for final approval. In the midst of this progress, the project shifted gears to support health financing for the COVID-19 pandemic in 2020 (see Box 1).

All of these efforts touch upon how funding affects decentralization. Funding streams for provincial and district levels come from JKN repayments for enrolled providers, from private funds through out-of-pocket payments, and from private insurer funds. Still, the bulk of funding comes from central government transfers, meaning it is crucial that the national government focus on: exploring performance measures for how funds are used to meet minimum service standards, fostering strategic purchasing, and expanding public-private partnerships.

MINIMUM SERVICE STANDARDS: QUALITY IN A DECENTRALIZED CONTEXT

The government introduced minimum service standards (known as SPM in Indonesia) for health in 2017 in 12 care areas based on life stages and disease burden (see Box 2). Fund transfers from the central level still constituted the bulk of subnational resources for health; yet amounts disbursed to the local level were not based on performance or quality. To improve local service quality and equity, HP+ recommended to the MOH policy changes to: reward localities for providing good health services, reform strategic purchasing and efficient use of

Box 1. Funds for COVID-19

When the COVID-19 pandemic hit in 2020, it became urgent to determine how districts would fund this new response imperative. In December 2020, the Directorate of Health Financing and Insurance (PPJK) convened a workshop with HP+ to hear recommendations to secure funding so districts could mount the response. HP+ conducted an analysis (Pan et al., 2021) of available and required funding at the subnational level and healthcare utilization and financial risk protection at the household level. This data informed its recommendations that led PPJK to adjust allocations to subnational governments for infection control and vaccine distribution and to develop policies for increasing healthcare utilization and financial risk protection for households.

local funds, and increase the role of civil society organizations (CSOs) in financing the HIV response (discussed further in the section on HIV).

Working with the Indonesia Ministry of Home Affairs, the MOH, and the Ministry of Finance, HP+ first revised the current SPM budgeting tool (Siscobikes) and then strengthened the capacity of districts to use the tool, which also would help improve the management of healthcare delivery at the local level. Siscobikes was always meant to assist districts to accurately estimate their SPM budget needs and to provide data to pinpoint reasons behind any failure to meet SPM targets. However, despite several prior modifications in 2019 and 2020 to improve Siscobikes, an HP+ analysis in 2020 of data submitted by 67 of 514 districts found persisting poor data quality and incompleteness, meaning that districts had faulty tools for estimating SPM budgets.

To solve the data quality issue, HP+ conducted a study of probable costs to meet 100 percent of SPM in 24 districts across five island groups (Teplitskaya et al., 2021). HP+ also held focus group discussions in each district to shed light on challenges and enabling factors to help them improve their data. The Ministry of Home Affairs, the MOH, the Ministry of Finance, and HP+ then collaboratively developed eight e-learning modules for the revamped Siscobikes to strengthen subnational staff skills in using the improved data for decision making. Those materials are now used by thousands of civil servants to gain knowledge on budgeting and planning for SPM. The same group of agencies also provided inputs to address the lack of interoperability between government ministry data platforms used to monitor SPM. HP+ then created interoperable dashboards and databases embedded in Siscobikes to aid local government reporting to the MOH. Finally, HP+ recommended several additional changes in procedures either now in effect or underway:

1. Government should use the improved Siscobikes data disaggregated by district to revise funding allocations for SPM to more nearly meet disparate needs across districts and to more accurately monitor performance.
2. Government should institutionalize performance indicators as incentives for local governments to submit accurate data into Siscobikes and clarify consequences for failing to meet requirements. This led to an MOH policy paving the way for incentives to be

Box 2. Minimum Service Standards

In 2016, Indonesia outlined minimum service standards in 12 areas of care, with details for equipment, supplies, and human resources to accomplish 100 percent of health service coverage. Areas of care include:

LIFE CYCLE

- 1 Pregnancy
- 2 Delivery
- 3 Newborn
- 4 Children under five
- 5 School-age
- 6 Productive-age
- 7 Elderly

COMMUNICABLE DISEASES

- 8 HIV prevention, screening, and outreach
- 9 Tuberculosis case finding

NONCOMMUNICABLE DISEASES

- 10 Diabetes
- 11 Mental health
- 12 Hypertension

added to the SPM to reward good performance and sanction weak performance.

3. Government should strengthen the role of primary care centers in coordinating service delivery with the private sector (discussed further in the section on engaging private providers).

The minimum service standards structure is proving to be the bedrock of Indonesia's decentralized health reform. Bolstering the subnational level with an improved Siscobikes, plus training, has enabled districts and provinces to better understand the health services their citizens need and set priorities among maternal and child health, elderly care, and the prevention of communicable and noncommunicable diseases. The result has been more robust, efficient, and responsive health services that are consistently monitored and tracked—all of which moves Indonesia toward a more high-functioning decentralized health sector and improved health for people.

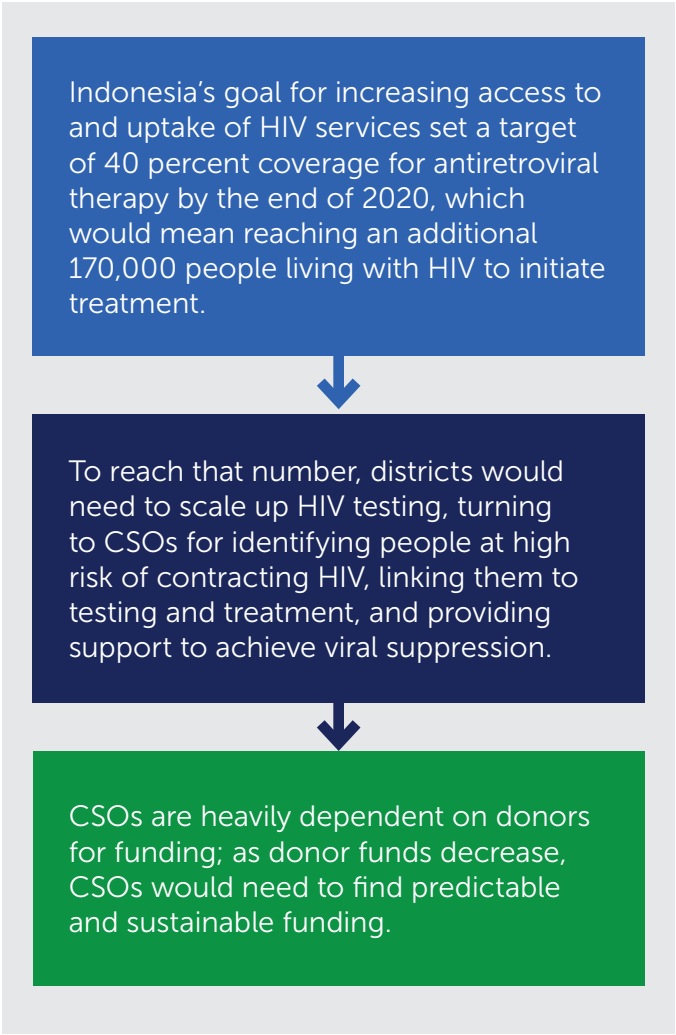
SERVICE DELIVERY: OUTCOMES IN A DECENTRALIZED CONTEXT

HIV

In a decentralized system with a health sector budget facing constraints and a growing JKN deficit, the sustainability of HIV prevention and treatment is a concern. The Directorate of Health Financing and Insurance (PPJK) and the MOH HIV Sub-directorate wanted policy recommendations to achieve better efficiency in JKN coverage for treating HIV. With HP+, these groups considered payment mechanisms to improve HIV care and service delivery; analyzed antiretroviral procurement practices to identify potential regulatory adjustments; improved purchasing practices; and promoted policy dialogue.

However, it was clear that JKN repayments for treatment could not fill the gap alone. Prevention of HIV transmission could lessen the need for treatment—for that, Indonesia's CSOs were a key part of the solution. HP+ analysis showed that combined efforts from government and from CSOs that provided preventive and promotive services could support Indonesia to reach its HIV targets (see Figure 1). It was likely that CSOs would need to turn to national and subnational governments for their financing; therefore, strengthening CSO capacity to propose funding would be an asset for their continued work. An HP+ study on cost-efficient HIV screening and another on HIV costing concluded that if government sought more active HIV screening at the local level it would create an opportunity to contract with CSOs for implementation (Cantelmo, 2020; Prabhakaran et

Figure 1. Need for Sustainable CSO Funding Support for HIV



al., 2018; HP+ and Sub-directorate for HIV/AIDS and STI, 2018).

Furthermore, at a workshop in 2018, HP+ and key stakeholders discussed how to configure the Local Epidemic Assessment for Prevention (LEAP) tool to assess HIV risks by socio-economic status and to collect data on differences in coverage of HIV services among low-income and middle-to-high-income key populations. The assessment (Ross et al., 2019) focused on two provinces with a high HIV burden—Jakarta and Papua. The assessment was instrumental as district health offices saw the value of using the HP+ cost data to plan and budget for HIV programs. Twenty Jakarta-based CSOs, plus several in other geographic areas, received training on or made use of the HP+ CSO budgeting tool (Cantelmo, 2019) for preparing winning proposals for funding HIV prevention and promotion activities.

Maternal and Newborn Health

Indonesia's maternal mortality rate remains the highest in Southeast Asia. As part of its Sustainable Development Goals 2030, the government aims to achieve a significant decrease in maternal mortality and infant mortality, which will be challenging without significant investment in human resource capacity building and the availability of services and equipment.

To achieve its ambitious goals for improved maternal health outcomes, the government sought analytics for a strategic approach to address needs. The Ministry of Health Research Institute is responsible for collecting health data, though available data had not been fully analyzed to understand maternal and newborn health (MNH) risk factors. The government wanted to determine some causal factors for the country's stagnant maternal mortality rate and asked HP+ to conduct a comprehensive study of MNH as one of its first assignments.

The MOH then asked HP+ to provide training and technical guidance on data collection, software, and analytics to strengthen the capacity of the research institute's staff to analyze MNH data. After the training, ministry researchers were able to synthesize and present evidence for improved MNH policies and strategies to the MOH. They also conducted quantitative analysis on MNH risks, published a journal article in *BMC Public Health* (Azhar et al., 2020), and developed policy briefs on priority issues (National Institute for Health Research and Development, 2019). The work contributed to the institute's capacity to suggest development of policies for lifting MNH outcomes and to address inequities between rich and poor mothers. Through joint work such as this skills enhancement, the government and HP+ have embedded in the research institute sustainable future capacity for the health sector to analyze and act on evidence for policymaking.

Another need for data on MNH concerned the incentive structure for MNH service providers. The structure was complex, with providers receiving funding from many revenue streams, including local and national budget allocations and other payment mechanisms. The government had no data, however, on how funding was influencing provider services. HP+ and PPJK conducted a 2020 study on MNH financing (Rakhmadi et al., 2020), which found that incentives for higher-quality services would influence the quality of care providers offered, as well as the volume and type of services provided. The study helped PPJK understand how JKN purchasing arrangements and the multiple funding flows were influencing MNH services across primary and secondary care providers.

The review highlighted several key areas for reform, which was circulated to MOH senior leadership and subsequently used by the government to start developing an MNH strategic purchasing design. Following these studies, the government formed the Strategic Purchasing Technical Working Group to provide evidence-based recommendations on how best to finance, purchase, and deliver MNH services for better outcomes. The analyses and consultations of this technical working group complement similar concept notes developed by technical working groups on HIV and tuberculosis. A pilot is set to begin in late 2021 to assess recommended payment mechanisms in coordination with the national health insurance agency and the MOH.

ENGAGING PRIVATE PROVIDERS: SUSTAINABILITY IN A DECENTRALIZED CONTEXT

The private sector in Indonesia is active in the health sector, with various types of institutions (faith-based organizations, CSOs, nonprofit and for-profit organizations, and domestic and multinational corporations) playing several roles, from technology and innovation to service provision to manufacturing and supply, among others. For many years, Indonesia has successfully used public-private partnerships (PPPs) for infrastructure improvements, such as buildings and roads. To expand this approach for the health sector, the MOH worked with HP+ and other stakeholders to develop technical guidelines on "non-infrastructure" PPPs focused on health.

PPJK spearheaded the effort to clarify the policy framework for PPPs, to create an enabling environment, and to generate a movement across public and private sectors to collaborate to improve healthcare access. Since 2019, HP+ supported PPJK in this effort by providing recommendations and assisting with workshops that included representatives from the MOH and the Law Bureau to finalize a non-infrastructure PPP ministerial regulation. The workshops ensured all MOH stakeholders will be aligned with the policy framework and willing to use PPPs in implementing programs once the regulation is adopted. The MOH regulation on non-infrastructure PPPs provides the legal framework, institutional arrangements, and reporting requirements to spur health PPPs; it also includes technical guidelines for the implementation of health non-infrastructure PPPs (see Box 3).

PPJK recognized that having an actual partnership to showcase would be critical to promote PPPs and to build the institutional capacity to develop and implement them. HP+ approached a variety of public and private sector stakeholders to create a pipeline of opportunities that could be pursued, such as partnerships involving childhood immunization, technical training, and health technology. In some cases, the government highlighted a need and HP+ identified a private sector solution. In other cases, the private sector offered a partnership idea that would align its business interests with government priorities.

One PPP opportunity that is gaining traction among both public and private stakeholders are maternity waiting homes. These homes are a place where pregnant women—especially women with high-risk pregnancies—can stay prior to delivery to ensure their childbirth occurs at a well-equipped health facility. Resource constraints in districts had often thwarted widespread provision of this potentially life-saving intervention. HP+ engaged in Gowa District, a priority district for both the government and USAID for maternal health, to contract with the private sector for the operation of maternity waiting homes and for community outreach to screen pregnant women and promote the use of maternity waiting homes. The local government committed to contribute resources and private sector partners joined to contribute to the upfront investment and implementation costs.

Box 3. Technical Guidelines for Non-infrastructure Health Sector PPPs

Guidelines inform the development of PPPs by clarifying the legal basis for PPP formation, specifically a regulatory framework for:

- Types of partnerships currently supported through government regulation
- Required governance structures, including a PPP unit to coordinate partnerships
- Procedures for procuring PPPs, from partner identification to bidding and contracting
- Sources to finance PPPs, including national and local government, private entities, and blended finance
- A framework for monitoring and evaluating PPPs

The pilot has enriched existing maternity waiting home services with activities such as outreach for prevention and comprehensive birth preparedness. It also has generated interest in maternal and newborn health, community outreach, and nutrition among private sector actors, including the possibility of replicating the model in other districts.

The MOH regulation has been reviewed and endorsed by both public and private stakeholders and is currently going through the MOH's official process for adoption. Government units are becoming more comfortable and adept in identifying priority programs that could benefit from leveraging private sector partnership. There is also a greater understanding among private businesses on the government's priorities and when business goals align with them, businesses know how to actively reach out to co-create partnerships.

HP+ has worked with the government to explore several angles of private sector engagement in health as an important element of sustainability, access, and equity. These explorations include the private sector's potential for improving maternal and child health service delivery, greater integration of the private sector in JKN, and how public and private sector partnerships in human resources for health could address gaps in service provision and contribute to improved health and wellbeing for all Indonesians.

CONCLUSION

HP+ contributions to Indonesia's decentralized health context began with an assessment of maternal and newborn health in 2015 and, six years later, seem poised to introduce new private sector actors into the decentralized structure to increase equitable access to health services. The hope is that private sector participation, along with improved access to high-quality health data in Siscobikes, strengthened data analysis capacity among staff, and improved financial support for JKN and for CSOs, will be a foundation for a robust and financially sustainable structure responsive to the healthcare demands of its geographically diverse citizenry.

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Health Policy Plus (HP+) is a seven-year cooperative agreement funded by the U.S. Agency for International Development under Agreement No. AID-OAA-A-15-00051, beginning August 28, 2015. The project's HIV activities are supported by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). HP+ is implemented by Palladium, in collaboration with Avenir Health, Futures Group Global Outreach, Plan International USA, Population Reference Bureau, RTI International, ThinkWell, and the White Ribbon Alliance for Safe Motherhood.

Photographs: Photos on cover and page 7 by Alexandra Stanescue for HP+. Photo on page 2 by Pande Putu Hadi Wiguna.