

Health

SETTING A SUSTAINABLE PATH TOWARD UNIVERSAL HEALTH COVERAGE

- ▶ For Indonesia to achieve its Universal Health Coverage (UHC) goal in a context of rapidly accelerating demand for healthcare, the country will need to make substantial investments in service delivery capacities and mechanisms to provide financial protection against the cost of ill health.
- ▶ To this end, Indonesia launched the ambitious Jaminan Kesehatan Nasional (JKN) programme in 2014, aimed at offering UHC for all inhabitants by 2019.
- ▶ However, further expansion of formal coverage to the currently uninsured population will need to be managed in ways that ensure fiscal sustainability and equity of access for those most in need.

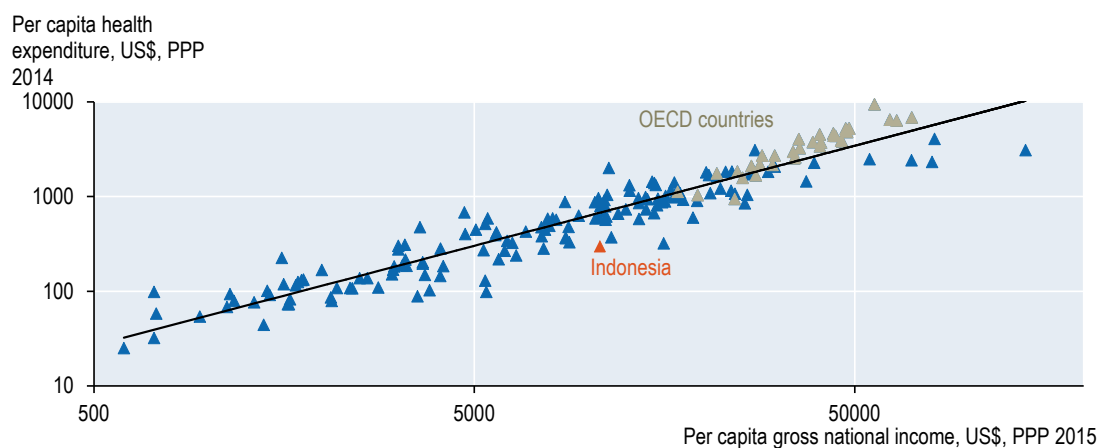
What's the issue?

At 3.1% of GDP, Indonesia has one of the lowest levels of per capita health spending relative to income among countries at a similar level of income (see Figure). The JKN programme, launched in 2014, aims at providing comprehensive health care for the entire population by 2019, with government subsidised coverage for low income groups. In addition, it aims to reduce the prevalence of communicable diseases, such as tuberculosis, and to improve maternal and child health, including child nutrition. As such, JKN includes not only expansion in coverage, but also in access to quality health care and essential health services. Operationally, the establishment of JKN required the integration of five social health insurance bodies into a single payer public agency – BPJS-Health – which now covers half of the population. Any future expansion of the JKN programme will remain administered by BPJS-Health.

Although government contributions to JKN have more than doubled since the programme's launch in 2014, households' out of pocket spending remains high, at over 60% of total health spending.

To maintain fiscal sustainability, prices for health services paid for by JKN have been regulated and efforts have been made to control pharmaceutical spending. JKN efforts to include cost containment measures from its inception are laudable, but these measures should be designed to achieve greater efficiencies without exacerbating inequities. The current proposal to contain costs by maintaining a low level of hospital reimbursement may not be the right one. It could lead to low participation of healthcare providers in JKN, while also encouraging informal payments, thus ultimately hindering access to care, especially for the low income groups. These

Indonesia's level of health spending is low given its level of income



Source: OECD Health Statistics for OECD countries; World Development Indicators for non-OECD countries.

conditions would also encourage a growth in private insurance costs for those willing to pay higher premiums for private hospitals. At the same time, an unregulated growth of the private insurance market could lead to the establishment of a two-tiered healthcare system which would undermine JKN's equity goals. Other measures to manage and contain costs should be considered, such as giving incentives for more cost-effective interventions, and investing in health promotion and public health interventions that would reduce risk factors, such as tobacco smoking, which contribute to increase in the burden of non-communicable diseases. For example, Indonesia could draw inspiration from the experience of Thailand, a country that has increased excise tax rates on tobacco products over time to control tobacco use.

The UHC goal will hardly be met without addressing the constraint posed by the shortage of doctors and other skilled health workers, especially in rural areas and remote regions of the country. As a result of the low level of health financing, Indonesia has one of the lowest number of health workers per population in Asia. The lack of skilled health workers already presents a significant challenge to expanding access to quality care. The pressure to recruit and retain skilled health workers will be further heightened with the expansion of coverage under JKN. This is particularly important given the fact that Indonesia is undergoing a rapid epidemiological transition, with non-communicable diseases now accounting for the largest share of the burden of disease, while it still faces an unfinished agenda of communicable diseases, especially tuberculosis, as well as child and maternal malnutrition. In addition, in order to address equity, policy makers should develop well-designed and locally adapted approaches to recruit and retain health workers in rural areas and remote regions.

Why is this important for Indonesia?

Despite large improvements in recent years, life expectancy in Indonesia remains below countries at a similar level of development. In 2000, life expectancy at birth was 66.3 years, compared to 69.1 years in 2015. With demand for healthcare accelerating rapidly, achieving the UHC goal requires mobilising new resources and investing in service delivery capacities. It is important to do so in ways that ensure fiscal sustainability and equity of access for those most in need, including those in the extremities of the archipelago where health outcomes tend to lag significantly.

What should policy makers do?

- ▶ Strengthen governance and accountability of health spending, in both private and public sectors and at both local and national levels.
- ▶ Diversify JKN's revenue base, for example through tobacco taxation.
- ▶ Apply incentives toward more cost-effective health interventions including public health programmes to promote healthy lifestyles and reduce risk factors.
- ▶ Develop a long-term investment strategy for education, regulation, recruitment and retention of a health workforce with appropriate skills to meet the changing health needs of the population, with incentives to serve in remote and under-served communities.



Further reading

WHO (2016), *Health in the Sustainable Development Goals: Where are we now in the South East Asia Region? What Next?*, WHO Regional Office of South East Asia, New Delhi. <http://www.searo.who.int/publications/en/>

Marzoeki P., Tandon A., Bi X. and E. Pambudi (2014), *Universal Health Coverage for Inclusive and Sustainable Development: Indonesia Country Summary Report*, World Bank, Washington, DC. <http://documents.worldbank.org/curated/en/937721468260332783/Indonesia-Universal-health-coverage-for-inclusive-and-sustainable-development-country-summary-report>

Anderson I., Meliala A., Marzoeki P. and E. Pambudi (2014), *The Production, Distribution and Performance of Physicians, Nurses and Midwives in Indonesia: An Update*, World Bank, Washington, DC. <http://documents.worldbank.org/curated/en/912471468254690409/pdf/913240WPUHCOC00Box385331B00PUBLIC0.pdf>