

Concept Note:
Strategic Health Purchasing for UHC in Indonesia
Phase 2 USAID/HFG and World Bank Collaboration:
Strategic Purchasing for Priority Programs

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Background

With over 60% of the country's population having coverage under *Jaminan Kesehatan Nasional (JKN)*, Indonesia now has one of the largest national health insurance programs in the world. The government aims to achieve universal health coverage (UHC) by 2019 as part of implementation of the Health Social Security Act. Despite recent increases, however, the overall level of public financing for health remains low. At present only about 15% of total health expenditures come from JKN and there remains substantial co-financing from supply-side budgetary expenditures at public facilities. With growing demand for and utilization of health care as coverage expands under JKN, expenditures on JKN are increasing more rapidly than revenues, and financial sustainability has emerged as a concern. Improving the efficiency of JKN expenditures is necessary for making progress towards UHC, and there is an imperative to make better use of existing funds through strategic purchasing of JKN services.

For strategic purchasing to be effective in Indonesia, a holistic approach is needed that addresses all financing sources and services (especially priority health programs such as tuberculosis (TB) and maternal and newborn health (MNH)). Large concerns remain about whether and how the MOH line-item budget should be integrated into JKN, and which of the currently donor-supported programs should be incorporated into JKN. This is a particular concern for TB, as Global Fund support to Indonesia will end in 2020 and PEPFAR support will also decline. For MNH programs, there are many questions about the most effective ways to use provider payment incentives to encourage providers to focus on prevention and efficient service delivery.

HFG's Strategic Health Purchasing Technical Support (Phase 1, 2016-2017)

Since November 2016, USAID, the World Bank, Abt Associates and Results for Development (R4D) have worked in partnership with the Indonesian Social Security Council (DJSN) to strengthen strategic purchasing under JKN. In the first year of work, the USAID-funded Health Finance and Governance (HFG) project supported a process to improve the institutional and regulatory foundations of strategic purchasing under JKN. The work was carried out through a participatory process led by DJSN and including key health financing stakeholders such as the national health purchasing agency (BPJS-K), the Ministry of Health Center for Health Financing (PPJK), the Ministry of Finance, health provider associations, and others. Stakeholders commissioned a functional and regulatory review of strategic purchasing under JKN that examined existing legislation and regulations to identify:

- Which institutions are responsible for carrying out which purchasing functions according to the regulations;
- Whether there are any regulations that conflict with one another;
- How the functions are being carried out, and whether a different allocation of responsibilities across institutions would improve the implementation of the functions.

The functional and regulatory review identified a lack of clarity in the legislation and regulations supporting the implementation of JKN related to the overall responsibility for strategic purchasing. At the system level, there is some lack of clarity in overall responsibility for key health purchasing functions, such as provider payment and quality monitoring. These issues filter down and create specific challenges for purchasing services under certain priority programs such as TB and MNH.

Support for Strategic Purchasing in Priority Programs (Phase 2, 2017-2018)

Services in priority programs such as TB and MNH have unique characteristics that distinguish them from mainstream health services and create special health financing issues. They have a clear public health component, which means that the consequences of failures in service delivery affect not only the individuals seeking care but have spillover effects on others in the community. In addition, the quality of primary health services in either program has multiple downstream effects. For example, effective antenatal care has a direct impact on the cost and quality of labor and delivery services, with antenatal visits being predictive of C-section rates. Postnatal care visits are predictive of vaccinations among infants. TB is highly infectious and Indonesia lags behind similar countries in combating its spread. Only 32% of Indonesian TB cases are detected, compared to 60% in middle-income and 65% in East Asian and Pacific countries.¹ There are concerns that covering TB through capitation payments is creating an incentive for PHC providers to refer TB cases inappropriately to secondary and tertiary hospitals, and to avoid case-finding. There are also concerns that the quality and cost of maternal and newborn care are being impacted by JKN financing.

Effective strategic purchasing is therefore critical for both programs. Financial incentives must align to prioritize preventive services and ensure appropriate and high-quality diagnostic and curative services. Increased coverage by national health insurance systems can be an opportunity to improve incentives for services in priority programs. But global experience shows that expansion of insurance programs, particularly with a curative care focus such as JKN, may crowd out resources for preventive and other priority services.

Objectives

1. Analyze critical data on JKN-related service utilization, claims, referrals, and total spending on TB diagnosis and treatment, and maternal and newborn health services to understand the consequences of current provider payment systems for these services, working closely with the Research and Development Unit of BPJS-K as well as MOH Family Health, Referral Care, Primary Care and NTP.
2. Reach consensus through a facilitated participatory Technical Working Group (TWG) process on the feasibility of strategically purchasing these services under JKN from a diverse set of providers and propose new provider payment options for TB and MNH services. Options will be discussed based on the BPJS-K analysis and stakeholder understanding of the financial and operational feasibility as well as potential impact on provider behavior of introducing new payment models.

¹ http://data.worldbank.org/indicator/SH.TBS.DTEC.ZS?locations=ID&year_high_desc=true

Proposed Approach

To improve strategic purchasing for priority programs under JKN, the R4D team is proposing an approach to (1) better understand the consequences of current purchasing and provider payment arrangements for TB and MNH services under JKN; (2) identify options for improving purchasing and provider payment arrangements through a facilitated participatory technical working group (TWG) process; and (3) put in place a routine monitoring system for BPJS, MOH and other stakeholders to monitor the results of provider payment systems for TB and MNH service delivery (Figure 1). *It is anticipated that the process would generate a pilot of new provider payment systems for TB and MNH services. The proposal for a provider payment pilot would be integrated into either MOH's existing health programs or would be externally funded.*

To implement this approach, R4D will manage the following work stream.

- **Facilitation of Strategic Health Purchasing Technical Working Groups (TWGs) for priority programs:** As the activity transitions to World Bank funding, R4D will support the Government of Indonesia to establish strategic health purchasing TWGs for TB and MNH, housed in and chaired by the MOH. The TWGs for priority program purchasing will expand upon the Strategic Health Purchasing TWG established in Phase 1, and will each include high-level officials from the MOH, BPJS-K, DJSN, Ministry of National Development Planning (Bappenas), and the Ministry of Finance (MOF). The TWGs will utilize the analyses related to payment for TB and MNH services and propose new options. The TWG may also commission additional analyses as needed to better understand how purchasing mechanisms could be better leveraged to achieve efficiency and quality improvements within TB and MNH programs.

The objectives of the TWGs are to:

- **Options for new provider payment arrangements for TB and MNH:** Reach an agreement on options for new payment systems for TB services to reorient the system towards PHC-oriented TB case-finding, diagnosis and treatment, through (among other strategies) better referral pathways between pharmacies, hospitals, and PHC facilities. Many purchasing mechanisms could be deliberated depending on the interest of the TWG, such as a bundled non-capitation payment for TB treatment, a fee-for-service TB payment for remote areas, or continuing with the status quo.

Reach an agreement on options for new payment systems for MNH services to incentivize adherence to treatment guidelines during ANC visits, promote better quality care and effective referrals during the delivery process, decrease provision of non-medically necessary C-sections, and promote high-quality care for newborns. The TB strategic purchasing TWG will be supported by a TB purchasing consultant with extensive experience advising countries on innovative TB purchasing modalities. The MNH strategic purchasing TWG will be supported by R4D's deep bench of MNH purchasing consultants.
- **Routine monitoring system.** Identify a set of key monitoring indicators for TB and MNH strategic purchasing, tailored as appropriate to the subnational level, so that national and local government health planners can effectively monitor the efficiency and quality of TB and MNH service delivery. Draft a data sharing arrangement between BPJS and the MOH's TB and MNH units that facilitates better monitoring of provider quality and regional health indicators for both programs.

- **Provider payment pilots.** Oversee any pilots of new payment systems for TB and MNH services. [At this time the provider payment pilots are not included as part of the R4D program of support].

Specific Activities

1. Provide sensitization and capacity-building for MOH priority program staff on strategic purchasing concepts, using an agreed framework for priority program purchasing

- R4D will conduct an initial workshop in December 2017 to present global evidence on purchasing for TB and MNH programs, share recent analysis on the JKN evaluation and TB pathway analysis, and sensitize key stakeholders within BPJS and the MOH to the potential for future collaboration. During the launch workshop, stakeholders will identify key issues to be addressed through the engagement.
- R4D and Abt Associates will conduct additional workshops on strategic purchasing for TB and MNH programs with core MOH stakeholders as needed/requested between February and July 2018.

2. Engage a local program lead and local coordinator

- R4D will hire a local Strategic Purchasing Program Lead to serve as the local director of this effort. S/he will provide technical guidance for any necessary data analytics related to strategic purchasing; skilled facilitation of the TWGs; and day-to-day program management in Indonesia.
- R4D will also hire a local program coordinator to provide operational support for this effort.

3. Establish technical working groups for TB and MNH strategic purchasing.

- The Program Lead will facilitate two sub-TWGs on MNH and TB purchasing, leveraging and expanding upon the existing (phase 1) strategic purchasing TWG. These will be officially convened by their relevant MOH program departments, with guidance from the USAID and World Bank.

4. Identify options for improved financing, purchasing and provider payment arrangements through the TWG process.

- Through a series of consultations and/or workshops with the TWGs, proposals will be developed for improved financing, purchasing and payment for TB and maternal and newborn care.
- The TWGs will each meet 5-6 times, approximately monthly, aiming ultimately to come to consensus on proposed modifications to payment arrangements for the two programs. The Program Lead will serve as the lead facilitator for the TWGs. S/he will also determine the qualitative and quantitative inputs necessary to reach an agreement on improved purchasing mechanisms for TB and MNH.
- The TWGs will review current purchasing arrangements for TB and MNH in Indonesia and identify challenge areas; commission specific additional analyses and scenario modeling as needed; and review and propose options for modifying provider payment mechanisms to better incentivize cost-effective, high-quality service delivery for TB and MNH programs. The TWGs will also develop a formal process for future data sharing

between MOH, BPJS, and district health offices to assist in regional health planning for both programs.

- The TWG's will have additional technical support from diagnosis specific strategic purchasing experts. The TB technical advisor will be contracted using outside resources, while the MNH TWG will rely on R4D's deep bench of MNH technical purchasing experts.
- Any analytical gaps will be filled with project support from the program lead.

5. Develop a monitoring system for the new provider payment options

- Through the consultative process, the TWGs will then propose key indicators for routine monitoring of purchasing and provider payment systems for TB, and maternal and newborn care. BPJS-K and (as feasible) create a data dashboard with visualizations that can be tailored to the needs of subnational health planners depending on the specific MNH and TB issues at the regional level. The TWG will oversee the process of interpreting monitoring system results and identifying necessary actions to ensure TB and MNH service delivery objectives are being achieved and unintended consequences are minimized.

Expected Outputs—A concrete timeline will be agreed to upon confirmation of HFG's approach

1. Baseline analytics completed of the consequences of current provider payment arrangements for TB and MNH services under JKN. **Tentative deadline: May 2018.**
2. A budget impact analysis tool is developed and routinely used by BPJS-K to assess new purchasing policies and provider payment options. **Tentative deadline: July 2018.**
3. TWGs established and active for strategic purchasing for priority programs. **Tentative deadline for TB: March 2018. Tentative Deadline for MNH: May 2018.**
4. Series of stakeholder consultations and workshops for sensitization on strategic purchasing for priority programs with supporting materials. **Tentative deadline for final TB workshop: July 2018. Tentative deadline for final MNH workshop: September 2018.**
5. Proposals for options to improve purchasing and provider payment for TB and maternal care generated by the TWG. **Tentative deadline for TB: September 2018. Tentative deadline for MNH: November 2018.**
6. A monitoring system for tracking the results of purchasing and provider payment systems for TB and maternal and newborn care, including a set of key indicators, data visualizations, and a process for interpretation, dialogue and improvement. **Tentative deadline for TB: September 2018. Tentative deadline for MNH: November 2018.**