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HFG INDONESIA

FINAL REPORT



USAID's Health Finance and Governance (HFG) project helps to improve health in developing countries by expanding people's access to health care. Led by Abt Associates, the project team works with partner countries to increase their domestic resources for health, manage those precious resources more effectively, and make wise purchasing decisions.



ABOUT THE HEALTH FINANCE AND GOVERNANCE PROJECT 2012-2018

The Health Finance and Governance (HFG) Project works to address some of the greatest challenges facing health systems today. Drawing on the latest research, the project implements strategies to help countries increase their domestic resources for health, manage those precious resources more effectively, and make wise purchasing decisions. The project also assists countries in developing robust governance systems to ensure that financial investments for health achieve their intended results.

With activities in more than 40 countries, HFG collaborates with health stakeholders to protect families from catastrophic health care costs, expand access to priority services – such as maternal and child health care – and ensure equitable population coverage through:

- Improving financing by mobilizing domestic resources, reducing financial barriers, expanding health insurance, and implementing provider payment systems;

- Enhancing governance for better health system management and greater accountability and transparency;
- Improving management and operations systems to advance the delivery and effectiveness of health care, for example, through mobile money and public financial management; and
- Advancing techniques to measure progress in health systems performance, especially around universal health coverage.

The HFG project (2012-2018) is funded by the U.S. Agency for International Development (USAID) and is led by Abt Associates in collaboration with Avenir Health, Broad Branch Associates, Development Alternatives Inc., the Johns Hopkins Bloomberg School of Public Health, Results for Development Institute, RTI International, and Training Resources Group, Inc.

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To learn more, visit www.hfgproject.org

STRENGTHENING INDONESIA'S CAPACITY TO ACCELERATE PROGRESS TOWARD UNIVERSAL HEALTH COVERAGE

HFG's technical assistance to further explore and improve national health insurance implementation

Initial HFG activity: **Rapid Health Systems Assessment** to diagnose major bottlenecks in the rollout of national health insurance (JKN)



Strengthening **strategic health purchasing** to improve efficiency of public health funds



Building government capacity for better **resource tracking and analysis**



Implementation research to identify and address weakness in health reform rollout in five districts and develop policy recommendations for national- and district-level stakeholders

HFG OVERVIEW IN INDONESIA



CHALLENGES

A rapid and exciting transformation has been taking place in Indonesia's health sector since early 2014, when the country began implementing an ambitious national health insurance program—*Jaminan Kesehatan Nasional (JKN)*—aimed at achieving universal health coverage (UHC) by 2019. An initiative of the government of Indonesia (GOI) to make basic health care available to all, JKN aims to cover the entire population of Indonesia, the fourth most populous country in the world. When fully implemented, JKN will likely be the world's largest single-payer health insurance system. As of early 2018, JKN covered 195 million Indonesians, approximately 75 percent of the country's population (Health Policy Plus [HP+] 2018).

Although JKN has made impressive gains, policy, funding, and implementation-related challenges

continue to impede universal access to quality health care for Indonesians. Fragmented financing mechanisms, complex regulations and operational systems, inequitable access in rural areas, growing JKN deficits, and poor quality of care are among the issues hampering implementation of this ambitious reform agenda.

Ensuring the viability and effectiveness of JKN, the key instrument of Indonesia's UHC strategy, will require Indonesia to tackle such challenges as insufficient resources and rising costs of health care, under-enrollment of non-poor informal sector workers, lack of supply-side capacity to deliver a basic package of services, continued health worker shortages in many remote parts of the country, and lack of timely resource tracking data to inform national budgeting and planning processes.



CHANGE

Since 2014, HFG has been partnering with the GOI and other stakeholders to bolster Indonesia's journey toward UHC. Our efforts have contributed to strengthened government stewardship, particularly financial stewardship of the health system, and provided evidence to improve the implementation of JKN and other major health reforms. Using findings from an initial rapid health system assessment commissioned by USAID/Indonesia in 2015, we focused our technical assistance on three priority areas: strategic health purchasing, JKN implementation research to identify what is and isn't working on the ground, and Health Accounts to ensure that decision makers are regularly furnished with data to make robust decisions on health resource mobilization and allocation.

In each of these priority areas, we have built the government's capacity to implement its JKN reform agenda and strengthen financing and planning for health. Evidence from our activities has informed the Presidential Decree on JKN, a measure set for release in 2018 that will usher in strategic health purchasing reforms to improve the efficiency, effectiveness, and quality of JKN services. This important contribution demonstrates the value of HFG's work and approach,

in which we aligned our activities closely with the GOI's health sector priorities and used a facilitative approach to build a government-led, government-owned technical assistance portfolio.

As a result of our sustained technical support for implementation research, policymakers at the national level understand many of the bottlenecks affecting JKN at decentralized levels, and are taking steps to address them, including reexamining and adjusting capitation policy. We worked closely with major local institutions, like the Center for Health Policy and Management at the University of Gadjah Mada, to build local expertise on implementation research that the Ministry of Health (MOH) can enlist to rapidly identify issues affecting the rollout of policy reforms. Similarly, our work in Health Accounts with the University of Indonesia has improved the MOH's capacity to analyze and interpret Health Accounts findings to make informed recommendations on health financing to government counterparts.

This report highlights the key governance and finance-related improvements that HFG has facilitated through both major activities and short-term initiatives to accelerate Indonesia's progress toward service expansion goals and UHC.

“...Ten months working with the core team for strategic purchasing in National Health Insurance! A long journey toward the implementation of JKN, going back to the Social Security Law, moving towards active health care purchasing. Finished a series of 15 dialogues, plus studies, mapping, synthesis, trainings, global meetings... Next step: tackle the Presidential Regulation.”

~ Asih Eka Putri, Member of the Indonesia National Security Council, quoted from her Facebook post in August 2017 celebrating the completion of HFG’s capacity-building support.



MAKING A DIFFERENCE



RESULT AREA I

Stronger government capacity and consensus to implement strategic purchasing reforms

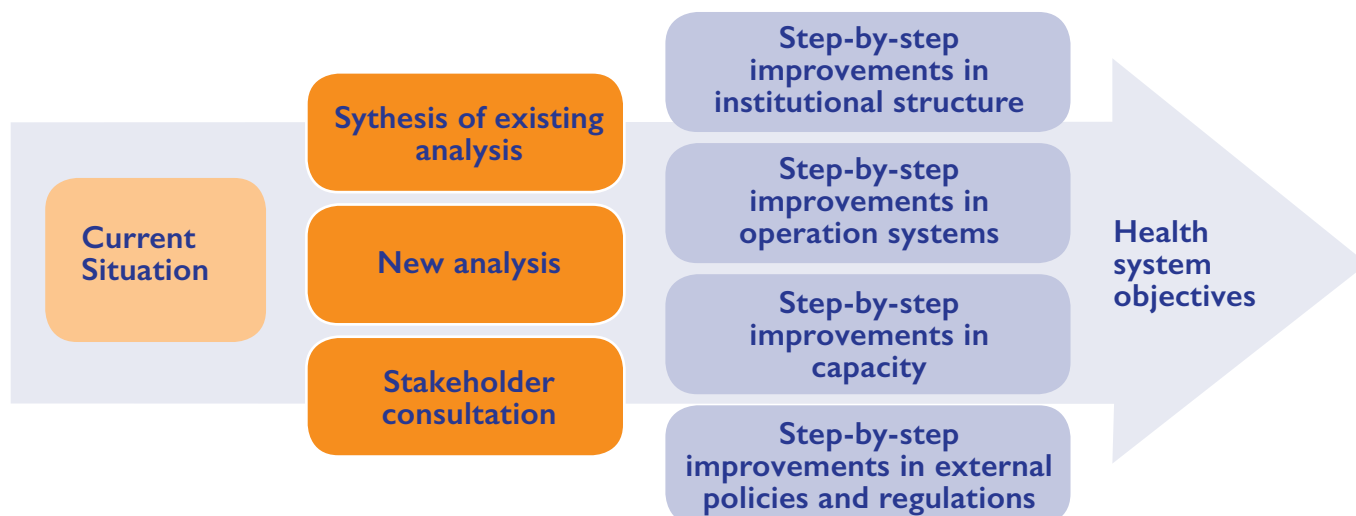
As JKN coverage has expanded, increased demand for and utilization of health services has contributed to a growing deficit in the health insurance fund, with JKN’s deficit reaching IDR6.23 trillion (US\$480 million) in 2017 (HP+ 2018). Given the level of government health investment in Indonesia (1.1% of GDP as of 2014; WHO 2017), ensuring JKN’s financial sustainability and extending affordable, high-quality health services to more people will require that public health funds be used more efficiently. The GOI’s approach to strategic health purchasing—to proactively determine what health services to buy, from whom, and how—will have a critical bearing on JKN’s success in expanding effective coverage while limiting cost escalation.

We collaborated with the GOI to address these challenges, establishing a GOI-led process for making feasible, step-by-step improvements in strategic health purchasing and provider payment mechanisms. Our work to ensure GOI ownership and leadership had three prongs: understanding

regulatory challenges, building GOI capacity for strategic health purchasing, and building GOI consensus on potential reforms.

Through trainings, working group deliberations, and five study tours to other countries, we strengthened awareness of and built capacity in strategic purchasing concepts and challenges in Indonesia among key officials from various GOI institutions, including the health insurance purchasing agency *Badan Penyelenggara Jaminan Sosial-Kesehatan* (BPJS-K), the National Social Security Council, the MOH’s Center for Health Financing and Insurance, and other MOH departments. The study tours offered a unique opportunity for policymakers to learn about health financing innovations and challenges in multiple health care systems. Experts from countries including the U.S., Nigeria, Argentina, and Chile shared experiences on specific implementation challenges, practical solutions, and other lessons from their efforts to build effective models for purchasing and financial risk sharing.

DEVELOPING A STRATEGIC HEALTH PURCHASING REFORM PLAN



Evidence to inform policy change

Our work has sharpened stakeholder focus and consensus on how JKN can increase the quality, equity, and efficiency of services through improved strategic purchasing and alignment of provider incentives.

HFG supported the National Social Security Council in convening a multi-stakeholder technical working group on strategic purchasing under JKN to analyze current regulations and provide a platform for consensus building. With guidance from HFG technical experts, the working group commissioned a comprehensive review of strategic health purchasing regulations and functions within JKN.

The review included a document analysis, synthesis of existing reports related to provider payment in Indonesia, and informant interviews. It resulted in an exhaustive mapping of existing laws and regulations on the roles and responsibilities of key institutions within JKN. Based on this input, the technical working group identified overlapping responsibilities among agencies, and developed recommendations to reform strategic purchasing responsibilities within the MOH, district health offices, BPJS-K, and local governments. Furthermore, HFG identified a series of strategic purchasing options that could be implemented within JKN to strengthen the government's ability to purchase services efficiently while maintaining or improving health coverage. These proposed purchasing reforms aimed to strengthen, redistribute, and

better coordinate purchasing functions under JKN to maximize the value of health spending and improve health outcomes for JKN beneficiaries.

Focus on priority health services

After completing the broader regulatory analysis, capacity building, and stakeholder engagement activities, HFG focused on strategic purchasing within two priority service delivery areas: tuberculosis (TB) and maternal and newborn health (MNH).

Building on the process used in phase I, the MOH convened two technical working groups comprised of key stakeholders in TB and MNH service delivery to create a series of strategic purchasing options for aligning provider payment and procurement with better quality of care. The technical working groups will facilitate a mediated negotiation across stakeholders to improve service delivery in both areas. In addition, the working group process will be used to improve the health system's data collection apparatus and allow for adequate monitoring of service delivery to ensure that new provider payment mechanisms achieve the desired results.

Our work has thus paved the way for the GOI to more effectively leverage provider payments to encourage high-quality and efficient service delivery at the primary health care level, which over time should enable a decline in expensive hospitalizations.

HFG's activities have informed the upcoming Presidential Decree. The decree aims to improve the way Indonesia's government purchases health care by aligning provider incentives with the health system's quality, equity, and efficiency objectives.

“The implementation research has provided important insights regarding how JKN policies are enacted by frontline providers. I expect this exercise to be followed up with advocacy activities to address the challenges that the research has identified. The advocacy must employ various methods, including digital technology, and build on a strong collaboration between different stakeholders to address the identified challenges.”

~Prof. Dr. Laksono Trisnantoro, Professor in Health Policy and Administration and Senior Researcher at Faculty of Medicine Universitas Gadjah Mada, Indonesia



@University of Gajah Mada, Hospital Management Association



RESULT AREA 2

Better insights on implementation challenges to enable course correction and strengthen JKN at the primary care level

Through two cycles of implementation research on JKN, HFG has laid the groundwork for improved monitoring of the national health insurance scheme’s operational processes as it expands to fulfill the country’s UHC goals. Working closely with our local partner, the Center for Health Policy and Management, we brought together MOH leaders, district health officers, insurance program managers, and academics, and used the real-time methodology of implementation research to understand the subnational challenges in carrying out complex health reforms and to support potential course corrections in JKN implementation.

The two research cycles—conducted at five geographically dispersed sites across the archipelago—focused on implementation of JKN at the primary care level. Among its major findings, the implementation research revealed an inadequate understanding of JKN regulations related to management and use of capitation funds among health workers and district staff; health

workers’ dissatisfaction with their income, given their increased workload since the introduction of JKN; and, importantly, a perception among health workers that the system for providing JKN incentives to staff is unfair.

HFG shared these findings with national- and district-level GOI stakeholders responsible for JKN reforms, providing them with evidence to inform measures to strengthen JKN implementation at the primary level. We also presented the findings at workshops attended by in-country and external UHC communities of practice to generate informed consensus and engagement. In response to the findings, the MOH, together with the Ministry of Home Affairs, convened a meeting of 514 district health officials and other national stakeholders to clarify misunderstandings in the regulations. The regulations were rewritten to be more user-friendly. In addition, the MOH is revising the capitation payment approach to link a portion of payment to facility performance.

Promoting learning and joint problem-solving among decision makers

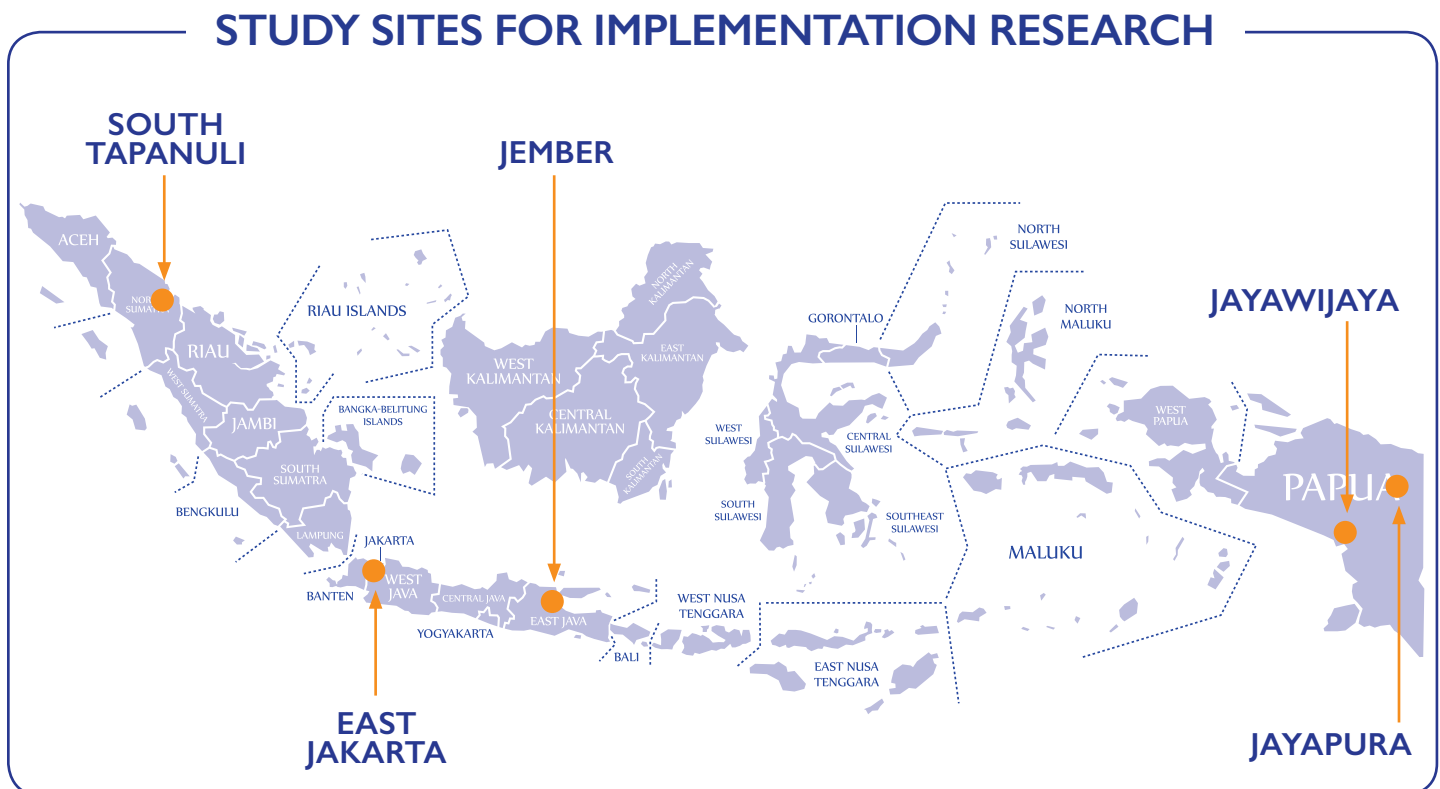
By design, implementation research embeds research into the decision-making process, bringing researchers and policymakers together to examine and address the reality of implementation challenges in complex health systems. HFG engaged national and district policy- and decision-makers in designing the implementation research studies. The MOH's Center for Health Financing and Insurance was the primary champion of the research, helping to define priority questions, engage with relevant government stakeholders, and consider actionable responses to the learning.

The emphasis of the research on answering questions that decision makers and practitioners are asking, providing real-time feedback from the field, and linking learning to corrective action has not only helped implementers understand what is and isn't working on the ground, but also the specifics of how and why, and what can be done to improve implementation. The effort has also demonstrated to GOI stakeholders how implementation research can accelerate fulfillment of the health reform agenda and further Indonesia's efforts towards UHC. The HFG project responded to GOI interest by also building the capacity of the MOH's internal research group to engage in implementation research.

Strengthening local capacity for implementation research

The University of Gadjah Mada's Center for Health Policy and Management was our lead partner in this work, collaborating with HFG's international experts to bring together key Indonesian actors at various levels of the health system. We strengthened the center's capacity to conduct this type of action-oriented research and generate critical evidence on the implementation process for major health reforms. The center, in turn, has transferred this learning and capacity to its network of regional universities engaged in policy research—the Indonesia Health Policy Network—through their web platform (established with HFG support) and digital tools, connecting academics across Indonesia through webinars, roundtable discussions, and analysis of results.

HFG's mentoring of Center for Health Policy and Management staff has helped the center develop further expertise to continue supporting implementation research on health system reform topics in Indonesia. They are being commissioned by the GOI to analyze JKN effectiveness building on the expertise gained from this IR for UHC activity. The GOI will be able to continue commissioning implementation research from the center in the future to monitor implementation bottlenecks around JKN.





RESULT AREA 3

Institutionalizing Health Accounts production and analysis

HFG’s support has accelerated the institutionalization of Health Accounts in Indonesia to ensure a government-led process for the production and use of results from this important resource tracking methodology in the future. The MOH is now equipped with greater technical capacity to produce Health Accounts and interpret the results to inform health financing decisions. Members of the MOH’s Center for Health Financing and Insurance, the institutional home for Health Accounts in Indonesia, now understand the updated System of Health Accounts 2011 (SHA 2011) framework and how to apply it to classify government health spending.

We worked with the center’s Health Accounts team to develop their capacity to track health spending by disease or health condition, which will enable the government to align health spending with the country’s health needs and priorities. By supporting the center’s capacity to produce

communication products, such as policy briefs, HFG has also strengthened the link between evidence and policy.

Our technical assistance empowered the center to take greater technical leadership in 2015 and 2016 Health Accounts production and engage with public and private sector stakeholders for obtaining data; by contrast, the six Health Accounts exercises conducted in Indonesia from 2009–2014 had been led by the University of Indonesia. HFG’s support to the Center for Health Financing and Insurance has enhanced in-house institutional capacity to interpret and analyze health spending data. Our support has also helped the center appreciate the value of developing stronger relationships with institutions such as the Statistics Bureau and BPJS–K to facilitate data collection, such as for claims data, to better track health spending and improve analysis of Health Accounts results.

FRAMEWORK FOR HEALTH ACCOUNTS INSTITUTIONALIZATION

Demand and use

- Evidence is critical for informed decisions on equitable and efficient allocation of scarce health resources
- Regular Health Accounts (HA) use contributes to sophisticated policy analysis

Translation of the data and dissemination of specific analysis

- Use of HA data and evidence is critical for evidence-based health financing decisions
- Country ownership of the process improves the likelihood that HA data will impact policy



Production, data management, and quality assurance

- Strengthen capacities to produce HA, including through sustainable data production

Dissemination

- Making data publicly and easily available improves transparency and analysis for informed policymaking
- Data is widely disseminated in countries, such as through the MOH website, the media, and policy workshops
- Data is disseminated at the time results are available and when policy-relevant briefs are produced

Source: Adapted from A Strategic Guide for the Institutionalization of National Health Accounts, World Bank, 2011

LOOKING FORWARD



SUSTAINABILITY

As a health systems strengthening project, we aligned our technical assistance to Indonesia's health sector priorities and promoted government buy-in by adopting a collaborative approach in all our activities, partnering with government departments and local institutions and developing their capacity to take forward the health reform agenda beyond the project's term.

To further the strategic health purchasing process initiated by HFG, the World Bank has agreed to continue funding HFG's partner, Results for Development (R4D), and USAID has included SHP in a recent health financing tender. These efforts will build on HFG's work to improve strategic purchasing in the country, particularly for priority programs focused on TB and MNH. The focus on TB is necessary, as the current provider payment mechanisms have historically not done much to improve case detection rates for TB, limiting the government's ability to control the epidemic. Continued work on this front is particularly significant given that the Global Fund's support to Indonesia is scheduled to end in 2020 and the GOI is planning for eventual donor transition. Similar rigor is needed for MNH programs, where better structured JKN provider payment incentives could encourage providers to focus on prevention and efficient service delivery.

Through the implementation research activity, HFG has contributed to strengthened evidence-based decision making in Indonesia. The country now has an implementation research center of expertise, with capacity to conduct further research on current and future health system reforms. The Indonesia implementation research for UHC website is now live (<http://indonesia-implementationresearch-uhc.net>), providing a platform to convene stakeholders and enable them to understand implementation research and its applications. There also exists a suite of training materials to continue building local academic capacity.

Our significant effort toward institutionalization of Health Accounts has also yielded results. The MOH's Center for Health Financing and Insurance is equipped with robust technical knowledge to lead future Health Accounts production and analysis and strategically capitalize on in-country expertise from the University of Indonesia and other key stakeholders who provide health spending data. As a result of HFG's technical assistance, the center now has an enhanced understanding of how to use health spending data for decision making, including developing compelling policy briefs.



LESSONS LEARNED

HFG's implementation experience in Indonesia yielded important lessons that can inform similar initiatives in Indonesia and other countries. First, we learned that embedding the review and analysis of any major reform process within a domestic, locally-directed group is essential to the acceptance and uptake of key findings and recommendations. The fact that the strategic purchasing regulatory review was implemented by Indonesian actors and debated by an Indonesian, multi-institutional technical working group directly led to the recommendations being incorporated into a presidential-level regulatory reform. Intentionally positioning the group to be domestically led, as well as carefully balancing representation to include multiple agencies with competing interests, ensured rapid uptake of the review's findings.

The two cycles of implementation research we supported generated crucial evidence on implementation realities and the gaps that needed to be addressed to strengthen JKN at the primary level. We learned early on that Indonesia's decentralized context created special challenges for implementing health sector reforms that necessitate joint monitoring at multiple levels. Real-time analysis of major reforms as they are rolling out in diverse contexts is required in all

countries, including those with mature health systems. Implementation research provides a tool for engaging policymakers at the central level and implementers at the decentralized level to define research questions and act on the findings to make improvements. In such efforts, forging long-term partnerships with all stakeholders and ensuring a careful balance between their diverse interests is essential.

Another of our major lessons concerned the importance of strengthening government capacity to use data. Indonesia possesses a great deal of secondary data that can help significantly improve health financing and planning and drive efficiencies. For Health Accounts, for example, better data sharing will greatly reduce the resources and time needed to produce annual Health Accounts. To make the most of this data, it is important to work with key institutions, such as BPJS-K and the Statistics Bureau, to create memoranda of understanding to establish the type of data sharing needed to enable the Health Accounts team in the Center for Health Financing and Insurance to fully analyze results. The same need exists for better and more regular data analysis, collaboration, and sharing to pave the way for purchasing reforms and drive other JKN reforms.



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