Indonesia:
Strategic purchasing strategies and emerging results

MARCH 2021

INDONESIA TEAM
SELAMAT DATANG DI INDONESIA

- Indonesia is the largest archipelago in the world. Over 17,000 islands make up this diverse nation but only 6,000 islands are inhabited.
- Indonesia is the fourth most populous country in the world, and its population is expected to keep growing (1.1% annually).
- The country is facing the double-burden of communicable and non-communicable diseases.
- Although GDP is increasing (5.2% annually), many Indonesians still live below the poverty line (5.7% of total population).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (million)</td>
<td>267.7</td>
</tr>
<tr>
<td>Population growth (annual %)</td>
<td>1.1</td>
</tr>
<tr>
<td>Urban/Rural divide (% of pop.)</td>
<td>45/55</td>
</tr>
<tr>
<td>Population ages 0-14 (% of total)</td>
<td>26.6</td>
</tr>
<tr>
<td>Population ages 15-64 (% of total)</td>
<td>67.6</td>
</tr>
<tr>
<td>Population ages 65 and above (% of total)</td>
<td>5.9</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>71.3</td>
</tr>
<tr>
<td>GDP growth (annual %)</td>
<td>5.2</td>
</tr>
<tr>
<td>GDP per capita, PPP (current international $)</td>
<td>13,079.60</td>
</tr>
<tr>
<td>Poverty headcount ratio at $1.90 USD/day (% of population)</td>
<td>5.7</td>
</tr>
<tr>
<td>Human Development Index Rank (2019)</td>
<td>111 (out of 189)</td>
</tr>
</tbody>
</table>

Sources: World Bank Development Indicators 2020; UNDP 2019; Embassy of Indonesia in D.C. 2017; IHME 2017
The modern contraceptive prevalence rate (mCPR) has increased from 5% in the early 1970s to 57% in 2002, and mCPR has not changed in the 15 ensuing years.

The unmet need among married women is still at 13.8%.

Due to many milestones having been met, there is a risk that local stakeholders no longer view FP as a health priority even though many FP indicators have not continued to improve.
Among the modern methods, injectables and oral contraceptives are the two most popular FP options.

Similar to maternal, newborn, and child health (MNCH), a large proportion of women access FP services from the private sector.

**Modern Contraceptive Method Mix in Indonesia**

- LAM: 0.2%
- Condom (male): 4.4%
- Pill: 21.1%
- Sterilization (female): 6.8%
- IUD: 8.5%
- Implant: 8.2%
- Injectable: 50.6%

**Percent distribution of current users of modern methods age 15-49 by most recent source of method**

- Private sector: 48%
- Public sector: 34%
- Other sources: 18%

Source: Family Planning, 2020
LAM = Lactational Amenorrhea Method
IUD = Intrauterine Device

Source: IDHS, 2017
MATERNAL AND NEWBORN HEALTH CONTEXT

- Indonesia did not reach the Millennium Development Goal for maternal health. Maternal mortality ratio in Indonesia is high compared to other countries in the region.
- While neonatal, infant, and under-5 mortality have reduced significantly over the last 20 years, the maternal mortality ratio (MMR) remains stubbornly high.
- This is in the face of high coverage rates for most MNCH services, including antenatal care (ANC) visits and skilled birth attendance (SBA). For example, 94.7% of births are assisted by a skilled birth attendant (BPS, 2018).

Trends in neonatal, infant, and under-5 mortality, 1997-2017

Trends in MMR, ANC, SBA, facility deliveries, & C-sections in Indonesia, 1981 – 2017

Source: IDHS Series, 1987-2017
PRIVATE PROVIDERS, PARTICULARLY MIDWIVES, ACCOUNT FOR A LARGE PROPORTION OF MNCH SERVICE PROVISION

**Distribution of ANC by type of health personnel (%)**

- Midwives, 51.9
- Village Midwives, 15.2
- Nurse, 1.2
- Traditional Birth Attendant, 0.4
- No ANC, 1.8
- OB-GYN, 27.8
- GP, 1.5

**Percentage of deliveries by provider type and wealth quintile**

Source: IDHS, 2017
HEALTH FINANCING CONTEXT

- Jaminan Kesehatan Nasional (JKN) is a single-payer scheme managed by the Social Insurance Administering Body for Health (BPJS-K).
- Contributions by the different types of members (PBI/poor & vulnerable people, formal, and informal workers) are pooled by BPJS-K.
- JKN has a tiered referral system to provide health services for members, including primary, secondary, and tertiary care.
- JKN applies capitation and non-capitation for primary health care (PHC), while higher levels of care use case base groups (CBGs).
PROPORTION OF HEALTH EXPENDITURE FROM JKN INCREASING, BUT OUT-OF-POCKET (OOP) STILL HIGH

### Trends of Indonesia Health Expenditure 2010-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Health Expenditure (THE)</th>
<th>Ministry of Health</th>
<th>Social health insurance schemes</th>
<th>Other ministries</th>
<th>Sub-national</th>
<th>Household out-of-pocket payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>211.2 Trillions</td>
<td>16.2%</td>
<td>54.8%</td>
<td>29.0%</td>
<td>9.5%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2011</td>
<td>240.9 Trillions</td>
<td>14.9%</td>
<td>54.7%</td>
<td>29.0%</td>
<td>9.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2012</td>
<td>261.0 Trillions</td>
<td>15.7%</td>
<td>50.9%</td>
<td>29.0%</td>
<td>9.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2013</td>
<td>298.4 Trillions</td>
<td>17.8%</td>
<td>46.7%</td>
<td>20.7%</td>
<td>16.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2014</td>
<td>341.9 Trillions</td>
<td>20.7%</td>
<td>41.0%</td>
<td>17.4%</td>
<td>16.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2015</td>
<td>370.2 Trillions</td>
<td>17.4%</td>
<td>38.2%</td>
<td>16.6%</td>
<td>17.3%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2016</td>
<td>413.2 Trillions</td>
<td>16.4%</td>
<td>34.8%</td>
<td>15.6%</td>
<td>21.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2017</td>
<td>436.5 Trillions</td>
<td>15.6%</td>
<td>31.8%</td>
<td>22.7%</td>
<td>24.3%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2018</td>
<td>454.6 Trillions</td>
<td>14.2%</td>
<td>32.2%</td>
<td>21.7%</td>
<td>24.3%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Source: Center of Health Financing and Security - MOH, 2019
• Indonesia decentralized nearly two decades ago, transferring the planning, management, and some financial responsibilities for health to the provincial and district government levels.

• Private providers at the PHC and referral levels are a significant source of health services. The proportion of private providers in the health system has grown rapidly since the introduction of JKN in 2014.

• However, the referral system is weak and uncoordinated both horizontally (e.g. public to private providers) and vertically (e.g. PHC to referral levels).

Source: BPJS Kesehatan, 2018
SP4PHC IN INDONESIA: KEY STRATEGIES

Strategy 1

Support making purchasing of MNCH services more effective and equitable
- Conducted a landscaping assessment to understand barriers to PHC providers joining JKN and providing quality services
- Collaborating with the MNCH Technical Working Group (TWG), led by the MoH, to test policies that offer a stronger value proposition to PHC providers to join JKN and work within a service delivery network
- Conducting analyses to understand JKN’s impact on MNCH services and on potential policy reforms of the JKN benefits package

Strategy 2

Helping to make district purchasing from PHC providers more efficient
- Mapping what types of fund flows are coming into the district, what purchasing signals they are sending out to their public and private PHC facilities, and identify areas for better alignment and management
- Helping these districts address the pain points identified, including better aligning signals to incentivize improved balance of preventative and curative service delivery across PHC providers, and analyzing the relationship between supply side readiness and JKN coverage at the district level

Strategy 3

Supporting a rethinking of how FP services are purchased
- Working with the Universitas of Gadjah Mada (UGM) to map how FP funds flow from source to provision.
- Analyzing the relationship between OOP payments and JKN enrollment status, with key control variables like SES and geography
- Using these to contribute to ongoing discussions on JKN reforms & COVID, such as providing inputs into how BKKBN, MoH, and BPJS align their purchasing arrangements for FP and demonstrating the role of the private sector in the purchasing of FP

Strategy 4

Aligning purchasing in the time of COVID-19
- The government needs critical inputs to grapple with the new priorities and challenges that the virus presents to its system, including:
  - Clarifying how funds flow to frontline providers for COVID-19 and how purchasing of essential services were revised and affected
  - Demonstrating how PFM challenges related to budget refocusing and reallocation had an impact at the subnational levels
  - How COVID services will be purchased in steady state (by JKN), not just in crisis response
  - Consistent documentation to capture learnings and inform policy reforms to deal with future pandemics and make the system more resilient

Learning agenda
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ThinkWell is providing TA to the MoH’s MNH strategic purchasing pilot that offers private midwives a greater value proposition for joining JKN.

- Partnering with the MOH and USAID Health Financing Activity (HFA) for this pilot
- Conducted budget impact analysis that estimated the cost of the pilot interventions and the potential cost-savings to the government
- Pilot aims to network midwives and local PHC facility together as a unit
- BPJS-K then pays the unit, using strategic purchasing mechanisms to incentivize more utilization and higher quality from the integrated unit
- Local midwife association, IBI, provides ongoing testing and supervision for midwives in the PHC unit
- Design complete. Currently prepping 2 pilot districts and will start implementing later in 2021
Our research objective was to estimate the effect JKN membership has on household OOP health expenditure. Analyze if JKN is achieving its universal health care goal of financial protection.

Used 2018 and 2019 data from Indonesia’s National Socioeconomic Survey (Susenas).

2018 Susenas was the first iteration that collected information on households’ OOP health spending.

Conducted a pooled regression analysis at the household level.

Our study found that JKN membership is associated with a reduction in household OOP for health and the association is statistically significant:

- On average, households with JKN had lower OOP health spending (39%) when compared to households without insurance.
- The cost-savings is slightly higher for households in rural areas (40%) when compared to urban areas (38%).
- JKN seems to have a pro-poor effect, as poorer members are far less likely to incur any OOP payments when obtaining health care than their uninsured counterparts.
COLLABORATION WITH WHO: DEVOLUTION CASE STUDY IN INDONESIA

— 2 overlapping systems for health financing and service delivery: vertical programs and JKN
— Decentralization gave sub-national governments autonomy
  — Power to raise funds and spend them based on local priorities
  — Relationship among levels (provincial, district, village) not hierarchical
— Decentralization has not improved health spending
  — 34.6% of current health expenditure was OOP health spending
  — District-level budgetary commitment for health ranged from 3% to 18% in 2013
— Decentralization has not improved regional inequality
  — Some intergovernmental transfers for health investments require co-financing
  — Health workforce not equally distributed, private providers not incentivized to join JKN
— This analysis will result in a joint report with the WHO in summer 2021 and inform the country team’s Strategy 2 work

Sub-national governments’ service delivery responsibilities

Source: Mahendradhata et al., 2017
Note: Continuous line denotes line of authority; Dotted line represents technical supervision role
Our objective was to estimate how a province’s JKN coverage rates and supply-side readiness effects household OOP health expenditure
— Analyze how the combination of both influences OOP within the different provinces, not just at the national level
— Used 2018 and 2019 data from Indonesia’s National Socioeconomic Survey (Susenas)

Our study found that provinces with high JKN membership and stronger readiness show larger reductions in household OOP
— Lots of variation under the national surface
— Health systems infrastructure is especially weak in the East. Urban centers drive private sector growth and readiness
— Private providers need to be contracted under JKN to ensure financial protection
— Less OOP seen in the East, where there are fewer private providers but little choice
ANALYZING JKN’S EFFECT ON OOP SPENDING FOR FP

— Our research objective was to estimate the effect JKN ownership has on OOP expenditure for FP by method, health provider, and economic status.

— Findings will be shared with MOH, BKKBN, and other government stakeholders to inform decision-making around the JKN benefits package reform.

— Used 2017 data from the Indonesian Demographic and Health Survey (IDHS).

— Conducted a cross-sectional regression analysis.

— Our preliminary results found that on average, JKN ownership is associated with a reduction in OOP spending for FP (38%) but the association is not statistically significant.

— However, disaggregating the analysis by method and provider reveals interesting trends that can inform policymakers.

— JKN ownership is associated with a reduction in OOP spending for FP at public hospitals (48%), private hospitals (53%), and public PHC facilities (25%). All 3 associations are statistically significant.

Source: IDHS 2018
COVID’S IMPACT ON ESSENTIAL SERVICES

In collaboration with the Vice President’s Office of the Government of Indonesia (GOI), ThinkWell conducted this study between April – August 2020 to

- Analyze how the central government provided technical and budget guidance to maintain routine essential services (FP, MNCH, nutrition, and immunizations);
- Understand the challenges district health officials faced when implementing the new guidelines; and
- Develop policy options to mitigate the impact in accessing these essential services

The team conducted 28 focus group discussions with key stakeholders and analyzed budget and utilization data for 4 provinces and 8 districts

Our study found that several districts did not have the capacity to revise their budgets and submit them to the central government accurately and quickly, which

- Led to delays in fund disbursements from central government to district-level government and providers
- Affected how PHC providers delivered services (i.e., task shifting of frontline workers)

### Percentage budget change per essential service, across sampled districts

<table>
<thead>
<tr>
<th>Province</th>
<th>DKI Jakarta</th>
<th>Bandung</th>
<th>Depok</th>
<th>Sidoarjo</th>
<th>Makassar</th>
<th>Bone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MCH</strong></td>
<td>-100%</td>
<td>-80%</td>
<td>-60%</td>
<td>-40%</td>
<td>-20%</td>
<td>-10%</td>
</tr>
<tr>
<td><strong>Immunization</strong></td>
<td>-80%</td>
<td>-60%</td>
<td>-40%</td>
<td>-20%</td>
<td>-10%</td>
<td>-0%</td>
</tr>
<tr>
<td><strong>Nutrition</strong></td>
<td>-60%</td>
<td>-40%</td>
<td>-20%</td>
<td>-10%</td>
<td>0%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Note: DKI = Special Capital Region; 2 districts removed due to data issues; FP could not be separated from MNCH
COVID’S IMPACT ON ESSENTIAL SERVICES (CONT.)

Disseminated study results on how the financial flows for essential services (FP, MNCH, nutrition, and immunizations) were impacted by the government’s COVID-19 response

- Shared final report with government officials
- Presented at the Indonesian Public Health Association’s National Conference on Reproductive Health and a summary of the event can be found [here](#)
- How Family Planning Services Responded to the COVID-19 Pandemic: Case Studies in 8 Districts in Indonesia (selected as top ten best conference submissions)
- Sustainability of Private Midwife Services during the COVID-19 Pandemic: Case Studies in 8 Districts in Indonesia (selected as top ten best conference submissions)
- Snapshot of Nutrition Service Adaptation and Innovation during the COVID-19 Pandemic: Case Studies in 8 Districts in Indonesia
- A brief summarizing key findings will be shared on our website in early 2021
At the request of the Vice President’s Office, Country Director Ibu Becky helped the government assess the need for hospital medical supplies in high-risk areas and liaised with private medical suppliers to procure them. This was completed in March 2020 as part of the government’s initial COVID-19 response efforts.

Our team continues to document how the COVID-19 response changed purchasing and funding flows in Indonesia to share lessons learned locally and internationally.

- Published blogs in October and December 2020 on the Social Health Protection Network (P4H) on how MOH and BPJS-K leveraged their purchasing strengths to coordinate their COVID response and its effects on local hospitals.

Activities continuing to 2021

- Assessment on how the national government’s budget reallocation for the pandemic response will impact public financial management at the district level.
- Providing technical support to USAID HFA on their study costing treatment for moderate and severe cases of COVID-19 from the PHC to hospital level.

Leveraging the strengths of a mixed purchasing system for COVID-19: a perspective from Indonesia
FINAL REFLECTIONS: SP4PHC’s CONTRIBUTION

Against the backdrop of COVID-19 and imminent JKN reforms, provide support and targeted analytics on how the purchasing system in Indonesia can ensure effective coverage of the most vulnerable populations while maintaining long-term sustainability.

Former lead in the new Minister of Health’s office aiding to tie support and analytics to the government’s latest purchasing priorities, including making district purchasing of PHC services more efficient and infuse evidence into JKN policy reform discussions.

Support multiple government agencies as they implement policy reforms around FP and MNH purchasing, especially around how to crowd-in and incentivize the oft-used private sector to improve quality and facilitate integration into provider networks.
Pivoting to the Pandemic

As the COVID-19 pandemic rapidly spread around the world in 2020, the SP4PHC project pivoted to incorporate activities to respond to the crisis even as it continued to work towards its original mission.

In all five project countries, ThinkWell staff responded to government requests for support and more information on our COVID-related activities and learnings can be found here.

To stay updated on all the latest insights and events from the SP4PHC team, visit our Latest News page.
Thank you

https://thinkwell.global/projects/sp4phc/indonesia/