Indonesia:
Strategic purchasing strategies and emerging results
PROJECT OVERVIEW

SP4PHC

• An investment by the Bill & Melinda Gates Foundation (BMGF) implemented by ThinkWell with country learning partners
• Project duration from 2017 to 2022

Our Goal

• Leverage strategic purchasing to improve primary healthcare (PHC) delivery in 5 countries, with a focus on family planning (FP) and maternal, newborn, and child health (MNCH)
• Facilitate learning on strategic purchasing for PHC, FP and MNCH – and the application of that learning to policy and practice – at the national and global levels
DECK OBJECTIVES

1. Review the Indonesian context in terms of strategic purchasing for PHC, FP, and MNCH
2. Explain SP4PHC strategies
3. Showcase key results and findings to date
Indonesia: Country Context
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>
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<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>
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<tr>
<td>GDP growth (annual %)</td>
<td>5.2</td>
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<tr>
<td>GDP per capita, PPP (current international $)</td>
<td>13,079.60</td>
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<tr>
<td>Poverty headcount ratio at $1.90 USD/day (% of population)</td>
<td>5.7</td>
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<td>Human Development Index Rank (2019)</td>
<td>111 (out of 189)</td>
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Sources: World Bank Development Indicators 2020; UNDP 2019; Embassy of Indonesia in D.C. 2017; IHME 2017
FAMILY PLANNING (FP) CONTEXT: STAGNATION OF PROGRESS

- 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.

Sources: IDHS 2017; Family Planning 2020
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%
- Condom (female): 6.8%
- Pill: 21.1%
- Injectable: 50.6%
- Sterilization (male): 8.2%
- IUD: 8.5%

Source: Family Planning, 2020

LAM = Lactational Amenorrhea Method
IUD = Intrauterine Device

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: IDHS, 2017
There is high variation of MMR across the many islands of Indonesia, from the lowest MMR in urbanized Bali (47 out of 100,000 live births) to the highest MMR in the more rural province of Gorontalo (371 deaths).

The maternal mortality ratio in Indonesia is high compared to other countries in the region.

Maternal mortality ratio by province (per 100,000 live births)

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

Source: IDHS, 2017

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).

Diagram of fund and service flows under JKN
PROPORTION OF HEALTH EXPENDITURE FROM JKN INCREASING, BUT OUT-OF-POCKET (OOP) STILL HIGH

Trends of Indonesia Health Expenditure 2010-2018

Source: Center of Health Financing and Security - MOH, 2019
ORGANIZATION OF SERVICE DELIVERY

- 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 Strategies in Indonesia
SP4PHC IN INDONESIA: KEY STRATEGIES

Strategy 1
- Strengthening the purchasing of MNCH services

Strategy 2
- Strengthening how district health offices (DHOs) purchase services from PHC providers

Strategy 3
- Improving how FP services are purchased

Strategy 4
- Aligning purchasing in the time of COVID-19
Strategy 1: Strengthening the purchasing of MNCH services
STRATEGY 1: STRENGTHENING THE PURCHASING OF MNCH SERVICES

The challenge/opportunity

• While trends in FP and child mortality are positive, the patterns around maternal health are less so
  • Despite a variety of efforts (e.g. high SBA) and the expanded coverage of JKN, Indonesia suffers from stubbornly high maternal mortality (177 per 100,000 live births, SDG is 70 maternal deaths)
• BPJS-K is undergoing potentially significant reforms in 2020
  • MOH and BPJS-K need assistance in “making the case” for JKN
  • There is a need to present evidence on how JKN has impacted OOP spending, especially for the poor
  • There are several purchasing pilots in the country, and there is an opportunity to use their findings to inform the national discussion on reforming health financing policies

Our work

• Conducted a landscaping assessment to systematically understand barriers to PHC providers joining JKN and providing quality services
• Once key gaps and priority areas were identified, 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
  • These include conducting a budget impact analysis, providing technical support and M&E for purchasing pilots for MNCH, and documenting learnings
• Engaging with BPJS-K on implementation of the Global Budget and USAID Health Financing Activity pilots with the aim to incorporate lessons into BPJS-K policy reforms
• Conducting analyses to understand JKN’s impact on MNCH services and on potential policy reforms of the JKN benefits package
STRATEGY 1 RESULTS: COLLABORATION WITH MOH, BPJS-K, AND USAID

Building from the landscaping assessment, ThinkWell is providing technical assistance to the MOH’s MNH strategic purchasing pilot that aims to offer private midwives a greater value proposition for joining JKN. We are supporting the MOH and USAID Health Financing Activity (HFA) with this pilot, and our activities include:

— Integrating with the Ministry of Health’s MNH Technical Working Group (TWG)
  — In coordination with the TWG, we assessed the MNCH situation through fact finding missions in selected provinces in 2019 to better understand purchasing at the PHC level

— Providing technical support for the pilot that sets up PHC service delivery network
  — Providing technical expertise on the M&E plans and coordination strategies for the pilot
  — Continuously supporting government officials in the pilot areas by advocating, communicating, and building capacity

— Engaging with BPJS-K to ensure buy-in and optimal coordination for the pilot and future sustainability
  — In alignment with the other SP4PHC strategies that also engage the main payer in Indonesia
ThinkWell developed a budget impact analysis (BIA) as part of its continued support for the MNH strategic purchasing pilot led by the MOH and USAID HFA.

The BIA estimated the cost of the pilot interventions and the potential cost-savings to the government if the pilot was implemented in the proposed sub-districts of Serang District.
- Our algorithm incorporated the current system in Serang District and the pilot’s proposed processes for MNH service access
- Fully calculated two BIAs based on different assumptions that the pilot’s impact will be conservative or significant

ThinkWell presented findings on November 10, 2020, and the BIA was well-received by the TWG
- TWG members include the President’s Office, MOH, BPJS-K, Ministry of Finance, and Ministry of Home Affairs
- The government requested SP4PHC to train them on how to conduct future BIAs like this themselves
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%)

Source: Susenas 2018
Strategy 2: Strengthening how district health offices (DHOs) purchase services from PHC providers
STRATEGY 2: STRENGTHENING HOW DHOS PURCHASE SERVICES FROM PHC PROVIDERS

The challenge/opportunity

• Purchasing at the district level in Indonesia is complex
  • Decentralization in the early 2000s has given districts increased health authority
    • the introduction of JKN in 2014 has re-centralized some of the major purchasing signals sent to health facilities
  • There are a myriad of funding streams that flow from the Central level to the DHO, and then down to health providers
  • The Indonesian DHO often lacks the capacity and ownership to optimally manage these funds to maximize allocative efficiency and balance the purchasing signals sent to facilities
  • The opportunity is to strengthen the DHO as a purchaser of health services at the PHC level
    • By identifying key problem areas and potential policy or management changes that can help the DHO be a more strategic purchaser of health services that fit the unique needs in their district
    • For this purchasing to be aligned with the more centralized purchasing signals sent by JKN

Our work

• First, we are mapping this complex situation at several districts
  • To better understand what types of fund flows are coming into the district, what purchasing signals they are sending out to their facilities, and identify areas for better alignment and management
• Then, we are helping these districts address the pain points identified; this includes:
  • Helping districts improve their PFM capacity to improve their budget revision process
  • Better align signals to incentivize improved balance of public health and curative service delivery across PHC facilities
  • Analyzing the relationship between supply side readiness and the health development index at the district level
STRATEGY 2 ACTIVITIES

- Identifying actionable policy recommendations for efficient public financial management (PFM)
  - Engaging representatives from DHOs and PHC facilities (both public and private) to map how they currently purchase PHC services and identify opportunities to improve processes
  - Especially important as both national and sub-national governments continue to adapt their budgets to the COVID-19 response efforts

- Analyzing potential policy options to improve service delivery at PHC facilities
  - Exploring if redistributing JKN participants to private PHC facilities that are enrolled in JKN will strengthen overall service competencies in selected districts
  - Estimating the budget necessary, including unit cost and quantity of services, to improve preventive and promotive efforts at selected districts

KEY LEARNING AREAS

- How are PHC services purchased at the district level? How has devolution impacted DHOs’ ability to determine what services to buy? How is accountability measured?

- Links between the budgeting process and effective purchasing: Can certain types of budgeting mechanisms affect service provision? Are there any unintended consequences?
Strategy 3: Improving how FP services are purchased
STRATEGY 3: IMPROVING HOW FP SERVICES ARE PURCHASED

The challenge/opportunity

• Indonesia’s current mCPR of 43.5% is higher than the mCPR for Southeast Asian nations at 38.9%.
  • Unfortunately, this number has remained relatively stagnant since 2012.
  • It is not clear how funds for FP programs flow through the system to providers and what roles different stakeholders play
• Private providers could be better integrated into the JKN scheme
  • In particular, private midwives provided 41% of all FP services in Indonesia (National Population and FP Board 2018)
  • However, as stated in strategy 1, many private midwives do not participate in the JKN scheme and there is currently no mechanism to routinely check the quality of the services they provide
• JKN reform debates have the potential to affect FP access, while COVID-19 is disrupting the current provision of these services.
  • FP services may be removed from JKN’s benefits package due to ongoing reform debates
  • The central agency for FP, the National Population and FP Board (BKKBN), predicts that unintended pregnancies can increase to as much as 32.5% nationwide in 2021
• Therefore, there is an immediate need to understand how funding is currently collected and distributed for FP and how a greater public-private partnership can be formed to ensure all women can access FP in the future.

Our work

▪ Working with local learning institution, the Center for Reproductive Health at Universitas of Gadjah Mada (UGM) to map the FP landscape
  ▪ Identifying how funds for FP flow through the Indonesian health system from source to provision.
▪ Analyzing the relationship between OOP payments and JKN enrollment status
  ▪ Observing how variables like age, SES, parity, marital status, and geography plays a role in this relationship
▪ Applying landscaping analysis to actionable policy recommendations and contribute to ongoing discussions on JKN reforms & COVID
  ▪ Estimating the private market’s share of contraceptives and current purchasing arrangements with the government
  ▪ Demonstrating the role of the private sector in the purchasing and provision of FP and identifying opportunities for stronger public-private partnerships
STRATEGY 3 ACTIVITIES

— Analyzing the current funding flows for FP from payers to providers
  — Conducting qualitative and quantitative analyses to validate the availability of FP commodities, even if it is removed from the JKN benefits package
  — Analysis will contribute to ongoing JKN reform discussions with government stakeholders and a global capstone study led by SP4PHC comparing how different countries fund FP

— Identifying opportunities for private providers to increase access to FP commodities
  — Conducting qualitative analysis to better understand how FP services are being provided through the private sector and identify key gaps
  — Exploring opportunities for greater public-private partnership to provide quality FP services and incentivize a wider range of method mix (especially long-acting reversible contraceptives – LARCs)

— UGM as a knowledge hub
  — Partnering with local research institution to act as a knowledge hub for strategic purchasing of FP-related services

KEY LEARNING AREAS

Institutional set-up: How are current policies encouraging or hindering people from accessing or providing FP? How are various government institutions working together (e.g. BPJS-K, BKKBN, MOH, and sub-national authorities) to ensure efficient delivery systems for FP services?

How can we tap into the private sector for expanded access of FP: Identifying the major barriers to the provision of FP services by the private sector and how they can be removed; especially related to method choice and the routine availability of LARCs to Indonesia women.
STRATEGY 3 RESULTS: 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.

JKN effect’s on OOP spending for long-acting FP (compared to uninsured)

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Effect (compared to uninsured)</th>
<th>Statistical Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public hospital</td>
<td>-48%</td>
<td>Significant</td>
</tr>
<tr>
<td>Private hospital</td>
<td>-53%</td>
<td>Significant</td>
</tr>
<tr>
<td>Public PHC</td>
<td>-25%</td>
<td>Significant</td>
</tr>
<tr>
<td>Private PHC</td>
<td>-8%</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Public midwives</td>
<td>-60%</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Private midwives</td>
<td>-4%</td>
<td>Insignificant</td>
</tr>
</tbody>
</table>

Source: IDHS 2018
Strategy 4: Aligning purchasing in the time of COVID-19
STRATEGY 4: ALIGNING PURCHASING IN THE TIME OF COVID-19

The challenge/opportunity

- COVID-19 has greatly disrupted the Indonesian health system, including how it purchases routine essential services (FP, MNCH, nutrition, and immunizations), as well as COVID-related services
- Challenges include:
  - Impact on essential service utilization and purchasing
  - PFM capacity issues leading to poor budget revision and execution at the district level
  - Coherence of purchasing between MOH, JKN, and the DHOs
  - Low absorption of COVID-related funds by hospitals

Our work

- The government needs critical inputs to grapple with the new priorities and challenges that the virus presents to its system
- This includes:
  - Clarifying how funds flow to frontline providers for COVID-19 services
  - Understanding how purchasing of essential services (FP, MNCH, nutrition, and immunizations) were revised and affected
  - Demonstrating how PFM challenges related to budget refocusing and reallocation had an impact at the subnational levels
  - Consistent documentation to capture learnings and inform policy reforms to deal with future pandemics
STRATEGY 4 RESULTS: 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

Note: DKI = Special Capital Region; 2 districts removed due to data issues; FP could not be separated from MNCH
STRATEGY 4 RESULTS: 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 blog in October 2020 on the Social Health Protection Network (P4H) on how MOH and BPJS-K leveraged their strengths in health purchasing to coordinate a strategic response to financing COVID-19 care: [https://p4h.world/index.php/en/node/9706](https://p4h.world/index.php/en/node/9706)

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
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!
Terima kasih!

Recommended Citation: ThinkWell Strategic Purchasing for Primary Health Care. 2020. “Indonesia: Strategic Purchasing Strategies and Emerging Results.” Washington, DC: ThinkWell.

SP4PHC is a project that ThinkWell is implementing in partnership with government agencies and local research institutions in five countries, with support from a grant from the Bill & Melinda Gates Foundation. For more information, please visit our website at https://thinkwell.global/projects/sp4phc/. For questions, please write to us at sp4phc@thinkwell.global.