HFA supports Ministry of Health to approve comprehensive health financing regulation

With support from the USAID Health Financing Activity (HFA), the Ministry of Health (MOH) brought all levels of government together to share evidence and facilitate consensus around Rancangan Peraturan Pemerintah (RPP) Pembiayaan Kesehatan, a new iteration of the national health financing regulation.

Health Financing in Indonesia

Currently, financing for health in Indonesia is the lowest among middle-income countries. Mobilizing more resources for health, especially public health, has been recommended for many years, but total expenditure on health has remained at 3.1 percent of gross domestic product (GDP). In 2020, the share of public funds allocated to health, including for the national health care scheme, Jaminan Kesehatan Nasional (JKN), was only 1.7 percent of GDP.

Today, 89 percent of the Indonesian population is enrolled in JKN, but the share of total health expenditure dedicated to JKN lags, health indicators are poor, and there are disparities in supply-side readiness to provide quality services and reasonable provider reimbursements. Health financing comes from several tiers of the government—central government, local government, and *Badan Penyelenggara Jaminan Sosial Kesehatan* (BPJSK)—which leads to fragmented and sometimes duplicative financing regulations and local funding untailored to local contexts. Most importantly, the JKN tariff mechanism for health care providers has not been updated since 2014, forcing practitioners to delay or charge patients for care and hindering cost-effective and preventative health care for all Indonesians. A comprehensive regulation on health financing would align and balance objectives and functions of health financing for both public and private health programs and coverage. But it would need to be approved by stakeholders across the government within a year.

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Finding the Evidence

HFA was first tapped to assist Pusjak PDK to finalize a substantive and technical analysis for the formulation and support of the RPP in the form of an academic paper. The scope of the RPP covers sources, allocation, use, performance, and information systems of health financing. Its primary goals are to improve the availability of sufficient and sustainable health financing that is allocated and used equitably, effectively, and efficiently and implement a harmonized source of financing for health development to improve health statuses.

The key policy components of the RPP are as follows:

- At least 5% of the national budget (excluding employee salaries) and 10% of local budgets are to be allocated to health.
- The Sistem Pembiayaan dan Akun Kesehatan (SPAK) will be developed to facilitate health financing analysis and development of health accounts at the national, provincial, and district or city level.
- The MOH will develop performance indicators for health financing for future planning and budgeting at the national and local levels

Bringing Leaders Together

While the development of the academic paper and the policy proposal did not present a huge obstacle, HFA's primary challenge was to use the academic paper to instigate national dialogues and achieve inter-ministerial consensus on the contents of the policy. Under the Indonesian legal system, a government regulation must be approved by all relevant stakeholders from all areas of the government ranging from the Ministry of Health to the Ministry of Legal Affairs to the Ministry of Defense. And while most ministries have a basic understanding of national health services, knowledge varies, and the regulation requires a signature from each ministry confirming that the policy would be in harmony with other relevant laws.

Each stakeholder brought a unique angle on health financing which made the drafting process incredibly labor intensive and complex. In addition to legal differences, certain ministries and individuals interpreted the right to health care in different ways and capacities. To reconcile these differences, with the permission of Pusjak PDK, HFA assembled a task force comprised of the Ministry of State Secretariat (Kemsetneg), Secretariat of Cabinet (Setkab), Ministry of Law and Human Rights (Kemenkumham), Ministry of Home Affairs (Kemendagri), Ministry of Finance (Kemenkeu), and National Development Planning Agency (Bappenas) to facilitate a series of inter-ministerial meetings (PAKs) to create consensus around the regulation. The process is so complex that during the initial approval attempt, the legislation failed to acquire the required approvals before the one-year deadline. In January 2022, the team reconvened and submitted the request to initiate. Three months later, the request was approved and the PAKs were organized. Each of the four multi-day PAKs required detailed planning to guarantee that every policymaker, researcher, economist, and academic was involved in crafting the language of the policy draft.

Now, in its 40th iteration, the RPP sits with the Ministry of Legal Affairs for a legal language review. Once this step is complete, the legislation will be presented to the Secretary of the President for approval to become a law.

In the face of a tight deadline and input from all corners of the government, HFA was an invaluable liaison between each individual involved in the approval process. The team coordinated with every stakeholder to ensure that their voices were heard and reflected in each revision of the legislation. The inter-ministerial network created by HFA may prove valuable moving forward, and this legislation, should it become law, will be comprehensive and representative of the interests related to health of the entire government and the populations they serve. Without HFA, this refined health financing plan may not exist, much less be close to becoming law.