Social health insurance in Indonesia: Are we on the right track?

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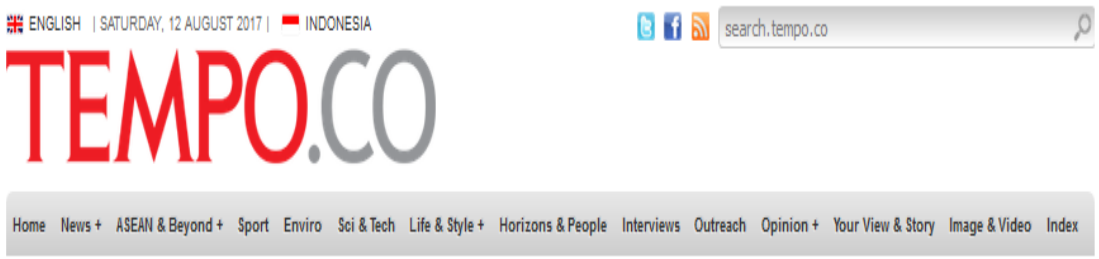
Indonesia Study Group - ANU Indonesia Project
16 August 2017



FRIDAY, 10 FEBRUARY, 2017 | 15:06 WIB

BPJS Faces Major Deficit in 2017

+ Zoom Out − Zoom In A Normal

TEMPO.CO, **Jakarta** - The Social Security Agency for Health (BPJS Kesehatan) projects a deficit of Rp6.23 trillion in 2017. President director Fachmi Idris said that number may rise to Rp10.05 by 2018.

By 2019, he said on Thursday, February 9, a deficit of Rp 12.7 trillion is expected if the state health insurer does not raise its premium and service tariffs.

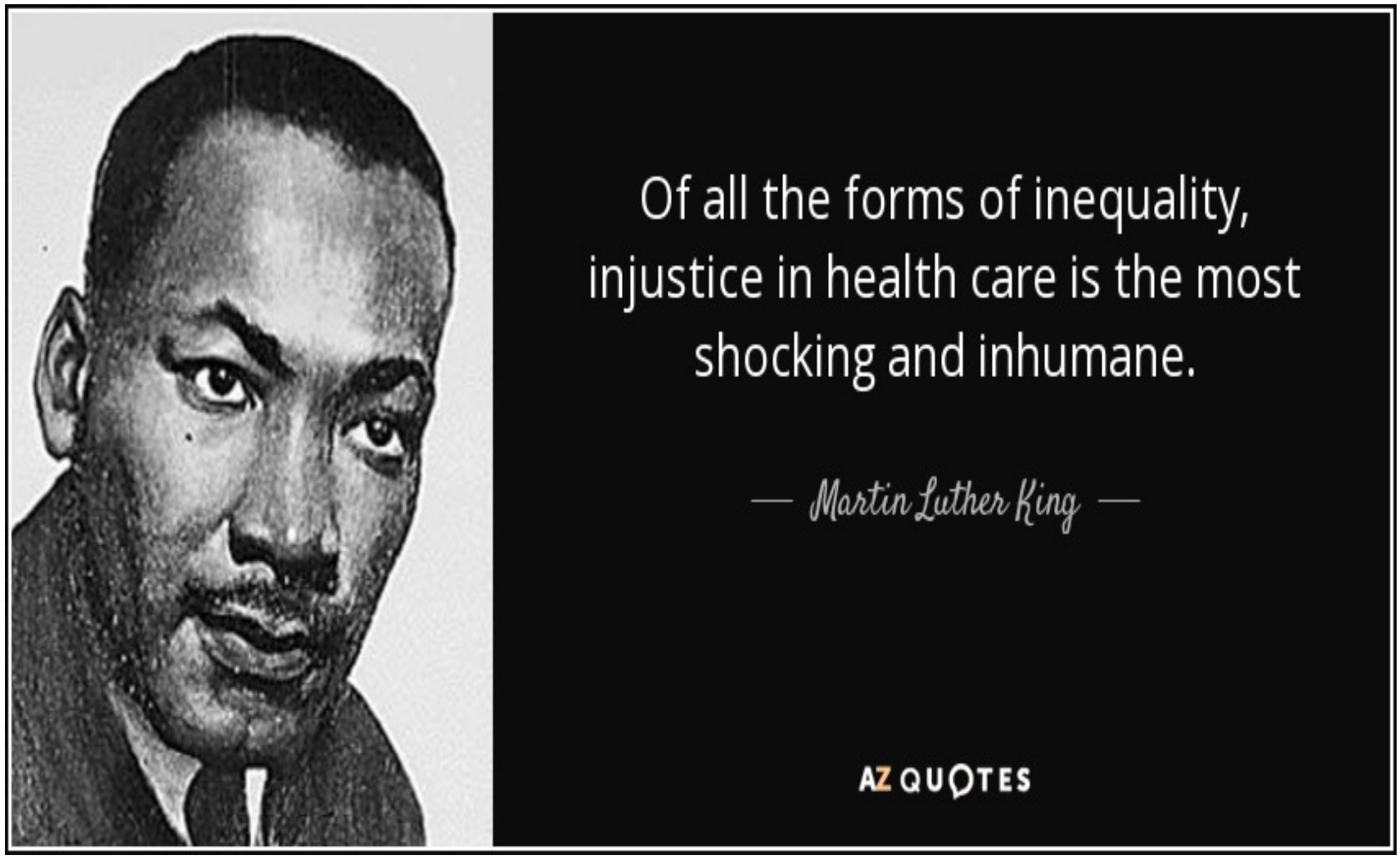
During the sidelines of a hearing session with the House of Representatives' Commission IX yesterday, Fachmi said a deficit swell would be unavoidable if a number of provisions about the JKN–KIS card programs are not revised.

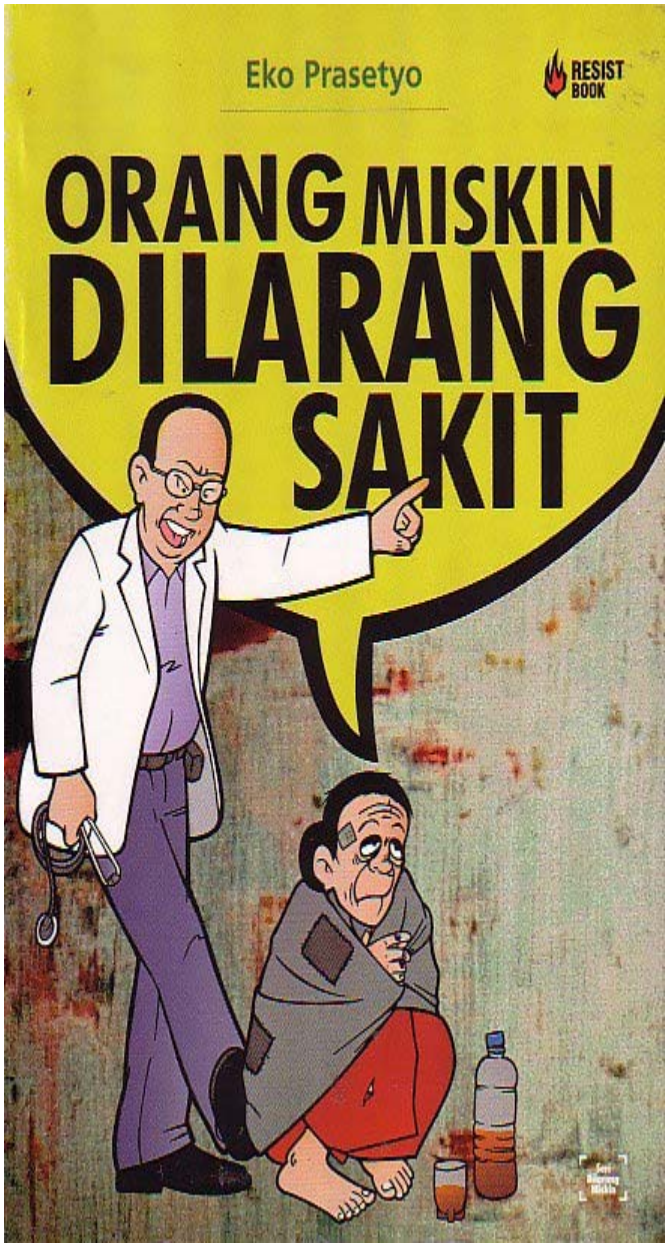
One of said provisions is the amount of premiums that participants must pay, as regulated by Presidential Regulation No.28/2016. Another one is about the medical service rates, as set out in the Health Minister's Regulation No. 59/2014.

- Missmatch between revenue & expenses
- Lack of financial sustainability?

Should we keep moving forward?

But.....


Of all the forms of inequality, injustice in health care is the most shocking and inhumane.
— Martin Luther King —
AZ QUOTES


Eko Prasetyo
RESIST BOOK
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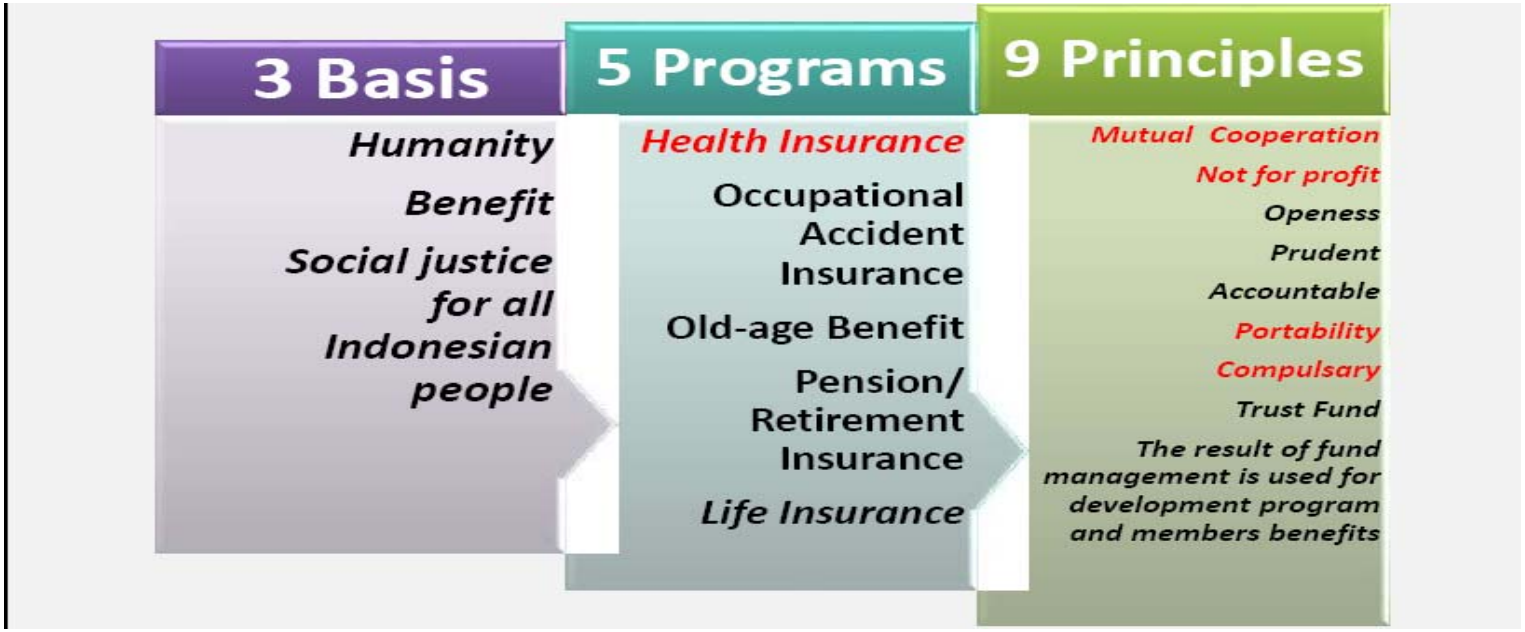
RUMAH SAKIT UMUM
MOHON MAAF
ORANG MISKIN
DILARANG MASUK
JERITAN RAKYAT MISKIN

Milestone: The Law on the National Social Security System No. 40/2004

Goverment introduced health insurance for the poor (ASKESKIN) since 2005 beside of other existing health insurance schemes:

- ASKES (for civil servants & their family, pensioners)
- JAMSOSTEK (for private employee & their family)



2005 2013 2014 - 2019

ASKESKIN

BPJS Kesehatan

JKN – KIS in 2014

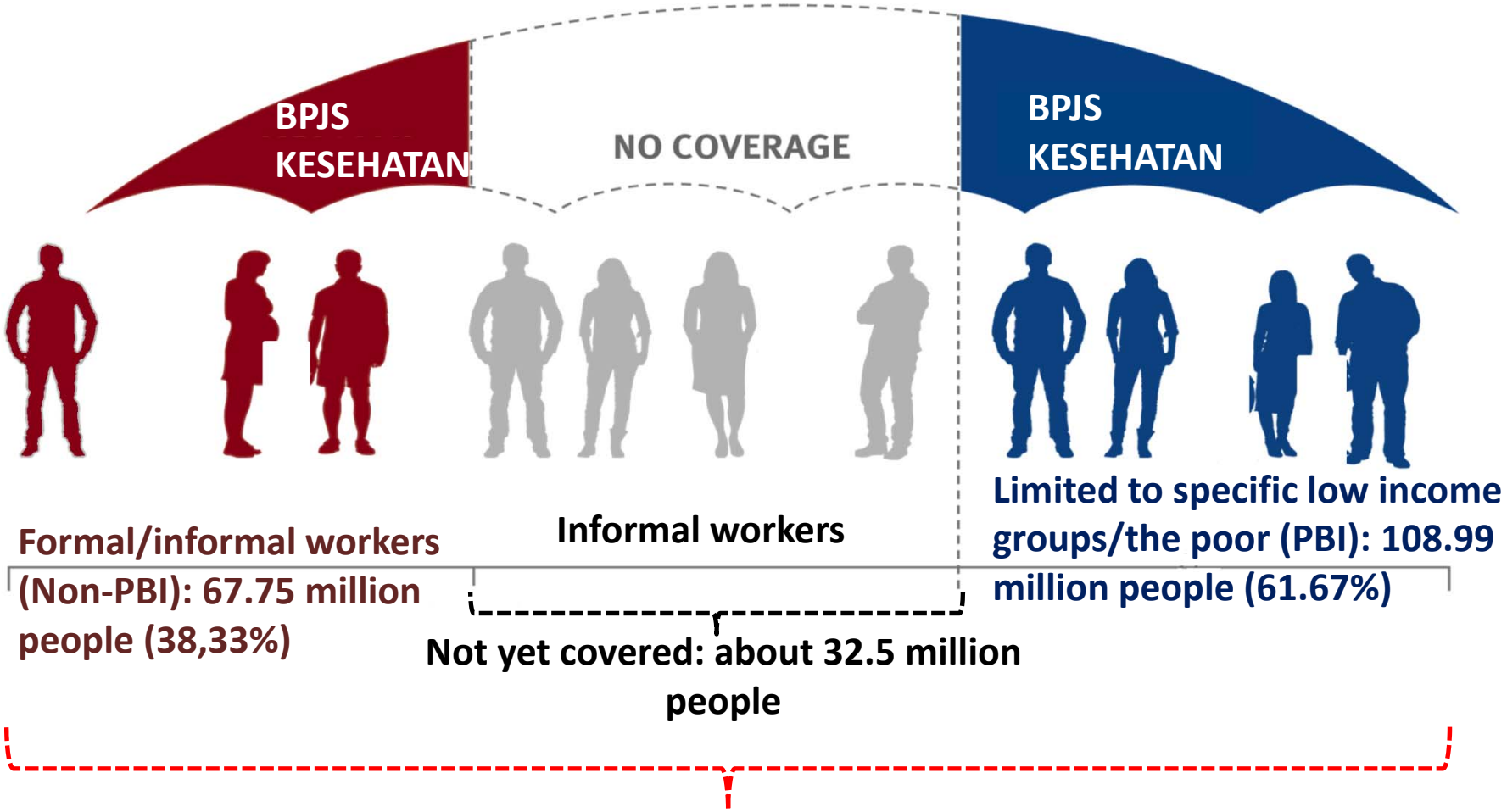
BPJS Kesehatan
Badan Penyelenggara Jaminan Sosial

Universal Coverage 2019

Legal Entity PRIVATE
Under the Minister of SOEs
Originally Health Insurance Just For
Retired civil servants and army / police
+ Pioneers + Veterans Independence

PUBLIC Legal Entity
Directly responsible to the President
To Manage Social Health Insurance
THE ENTIRE POPULATION OF INDONESIA

BPJS Kesehatan (JKN –KIS) coverage

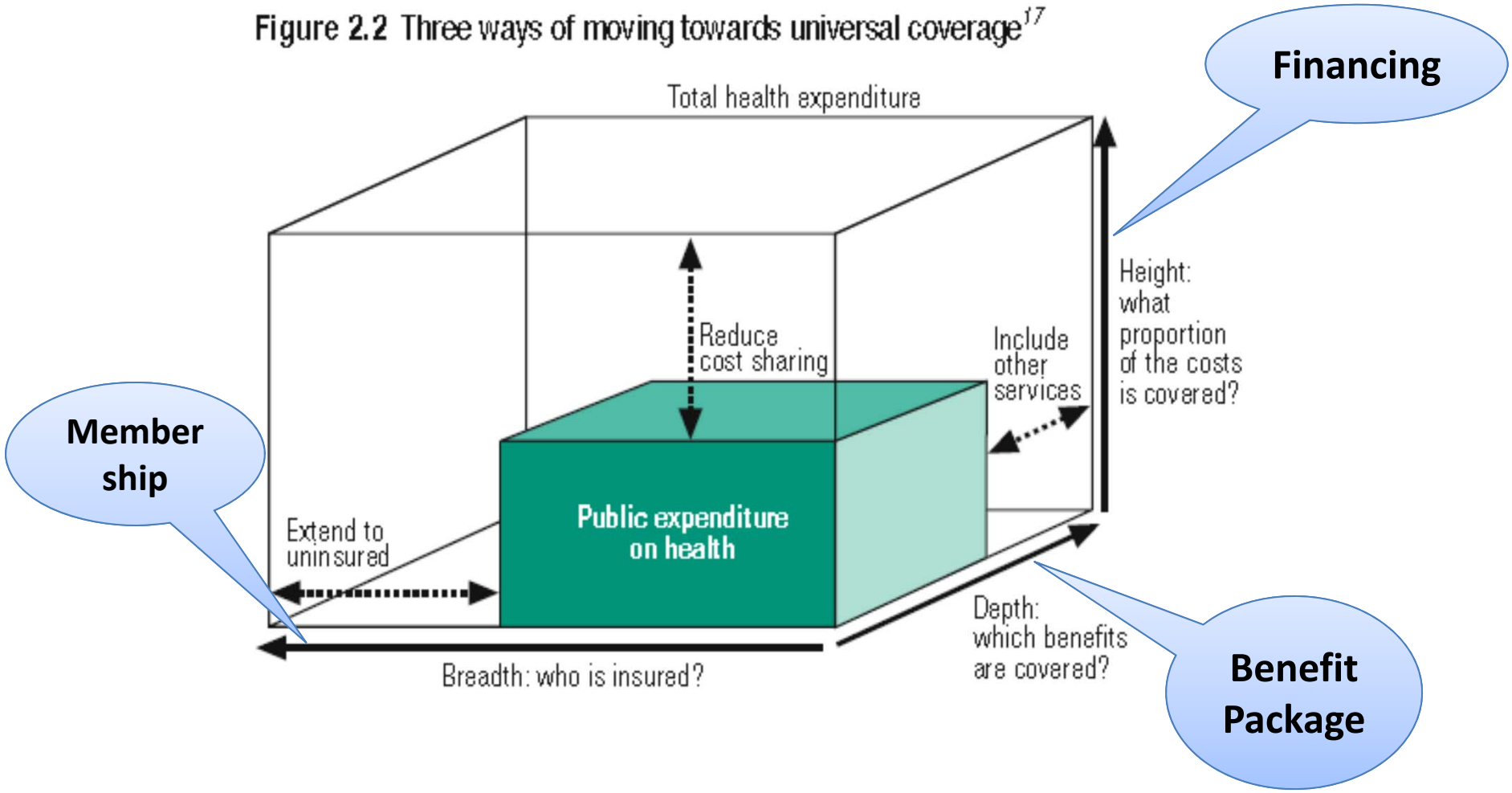


Total BPJS Kesehatan coverage: 176.7 million people (per 1 May 2017) or about 67% of total population

Does it improve healthcare system performance?

Indicators of UHC Achievement

The Universal Health Coverage Dimentions



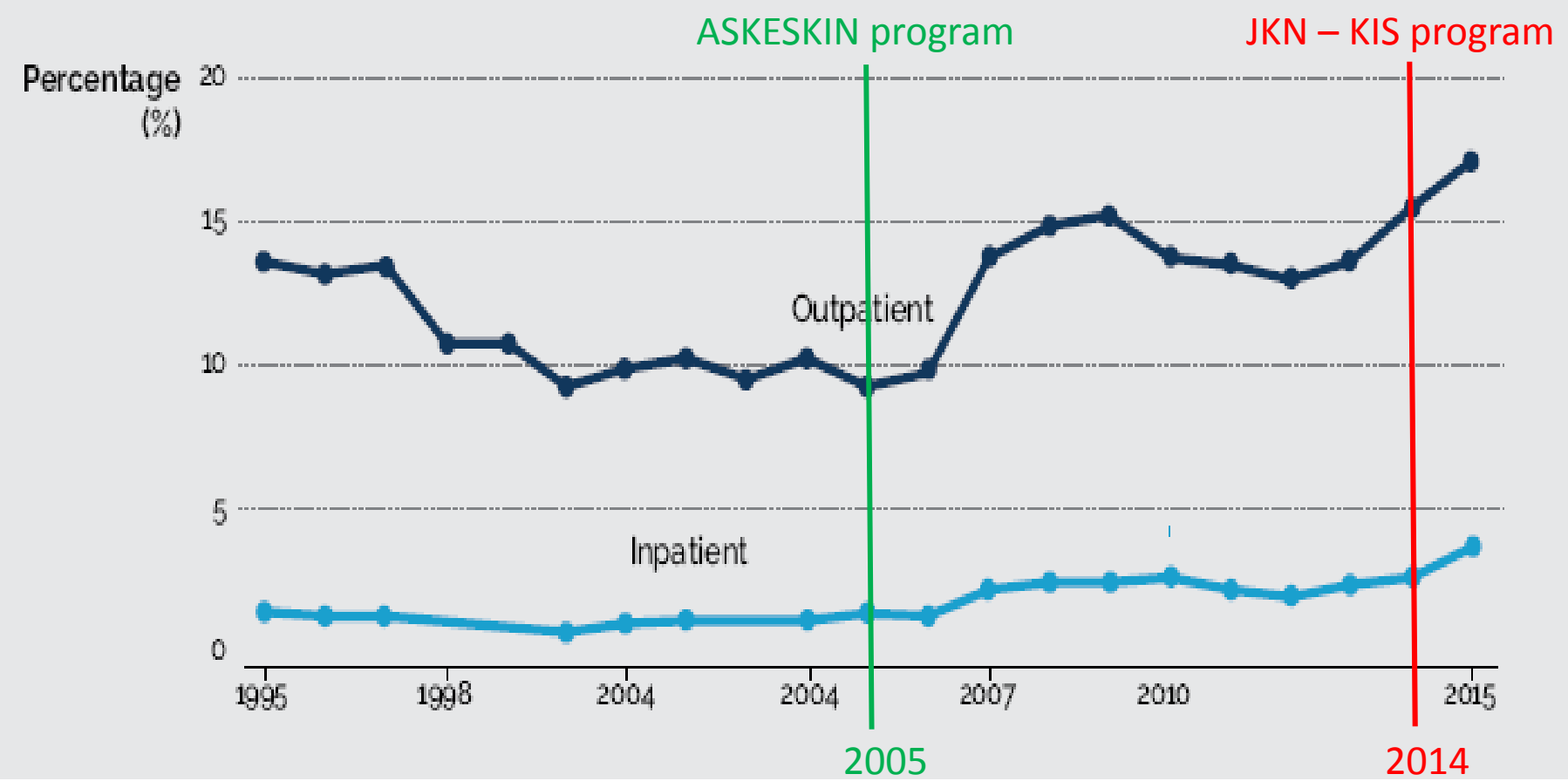
Source: WHO, T*he World Health Report. Health System Financing; the Path to Universal Coverage*, WHO, 2010, p.12

Major Components of UHC Goals

- Access of care
- Equity
- Quality of care
- Efficiency
- Sustainability

Improving access to health care services? Equity?

Inpatient and Outpatient Utilization Rates (1995-2015)



Source: SUSENAS (various years)

But,

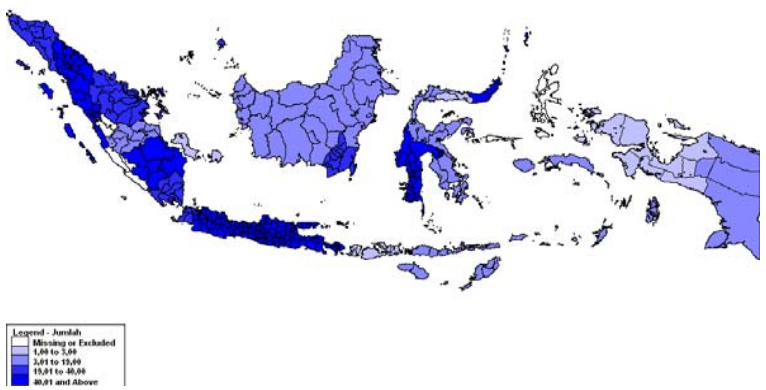
- There is still a geographical inequity

Due to the access to

- Medical specialists
- Hospitals

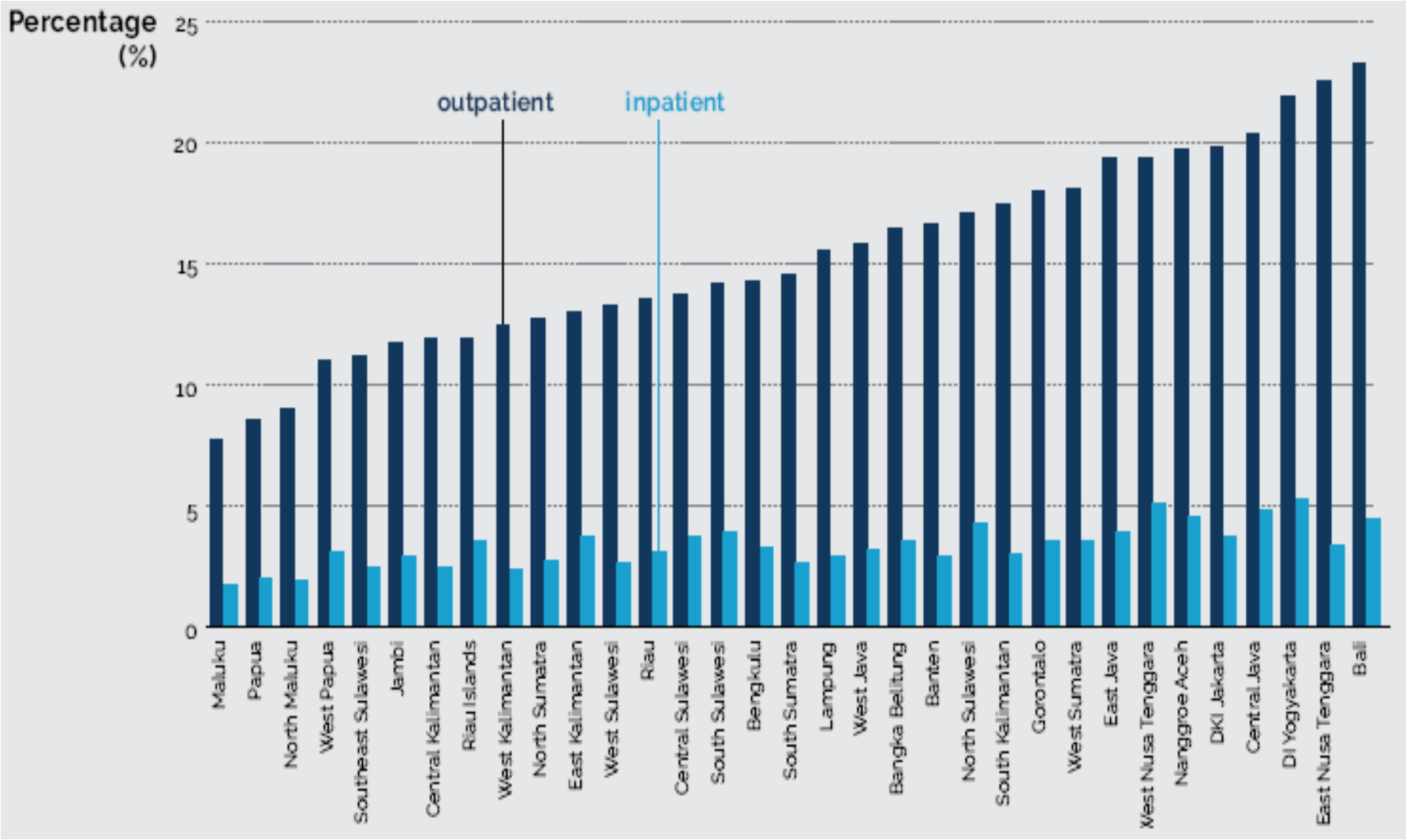
Across Indonesia

Specialist distribution



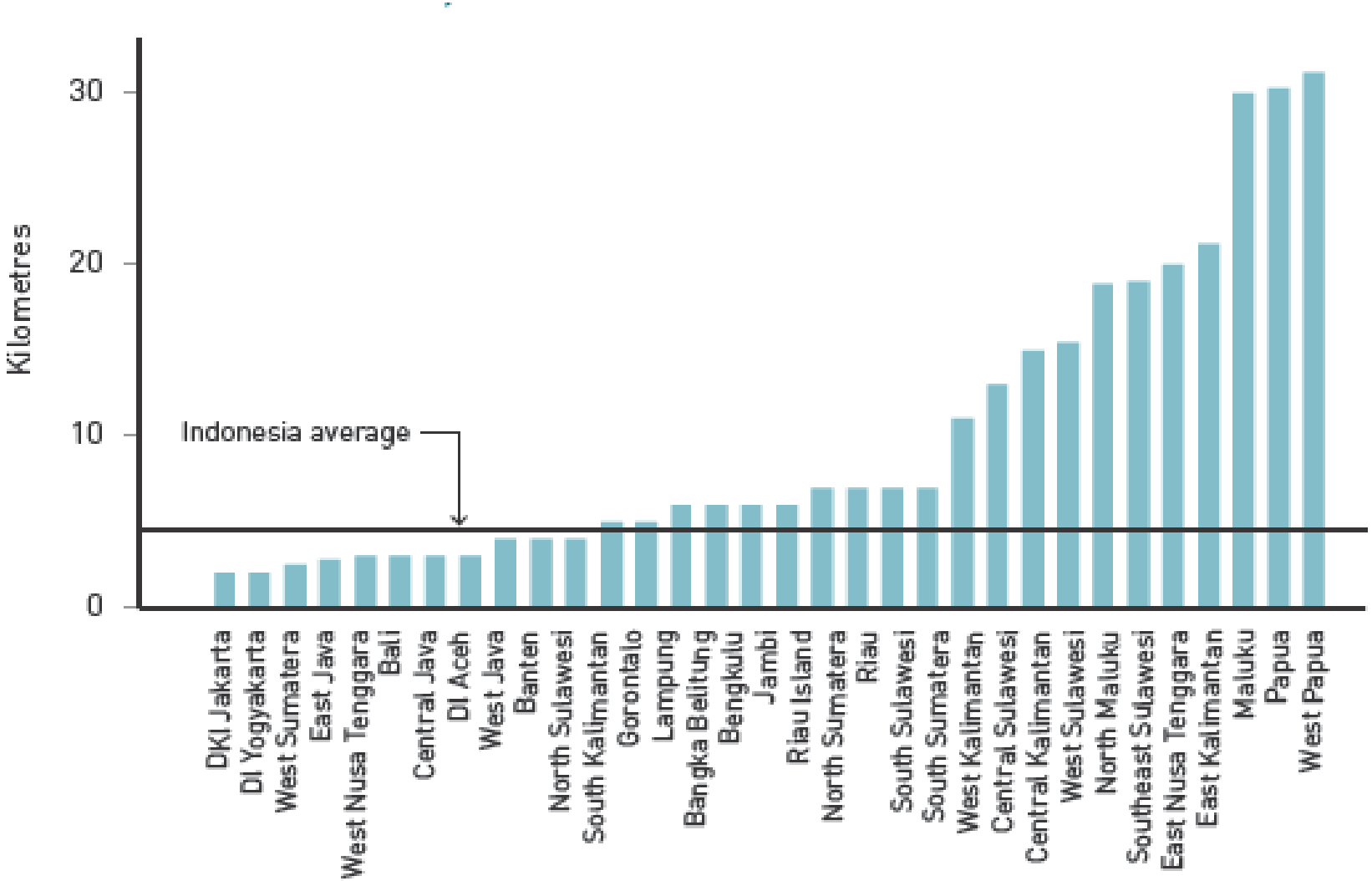
- Jakarta: 24% of specialists, serves around 4% community in a relatively small area
- Provinces in Java: 49% of specialists, serves around 53% community
- Rest of Indonesia: 27% of specialists, serves around 43% community in a very large area

Utilization Rates (by province) (2015)



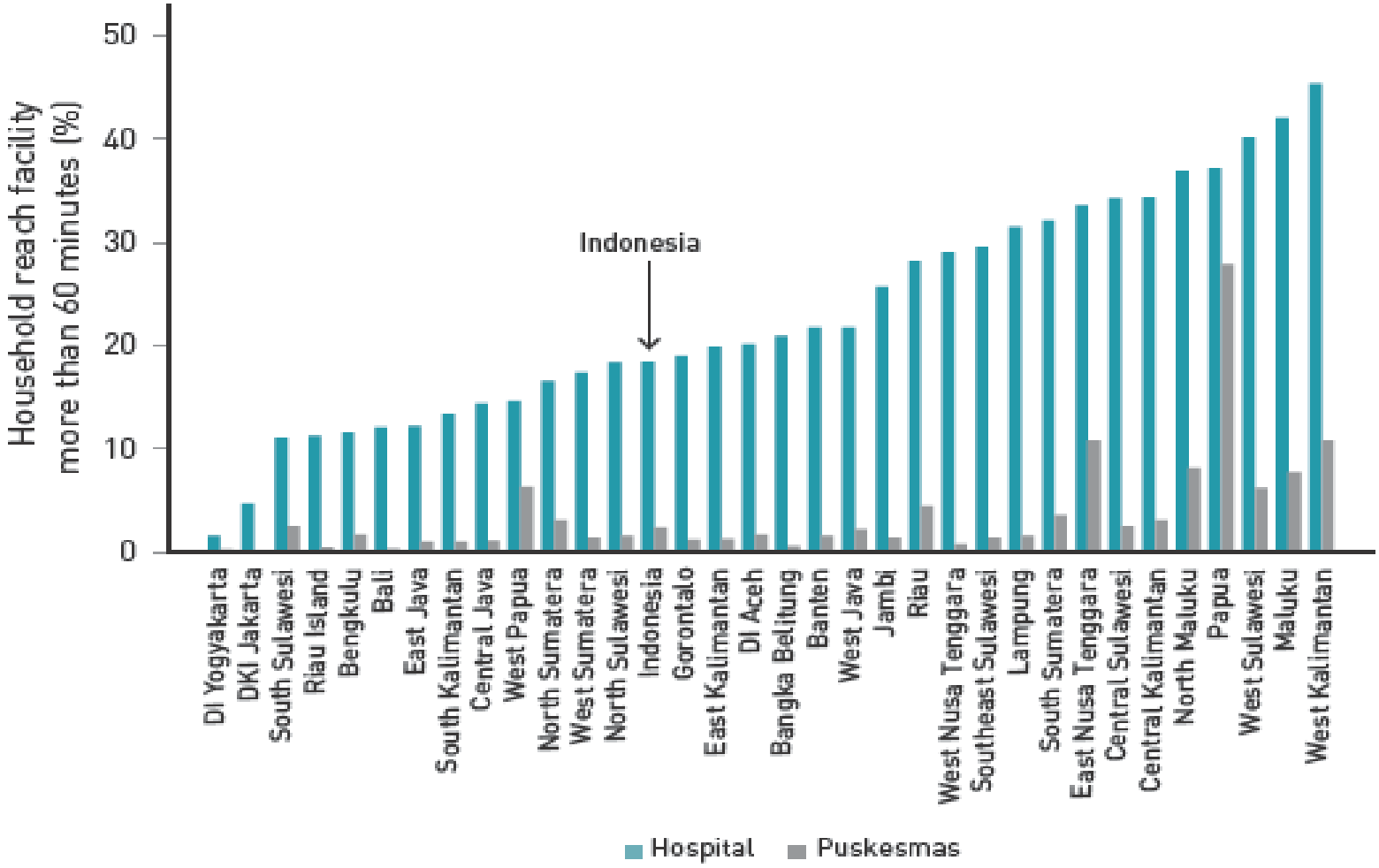
Source: SUSENAS 2015

Median distance to nearest health facility by province of Indonesia, 2011



Source: Ministry of National Development Planning (2014)

Time to reach nearest public hospital and *puskesmas* by province of Indonesia, 2013



Source: Riskesdas, 2013.

Therefore:

- **Health finance reform should be linked (at least) with Human Resources Reform**

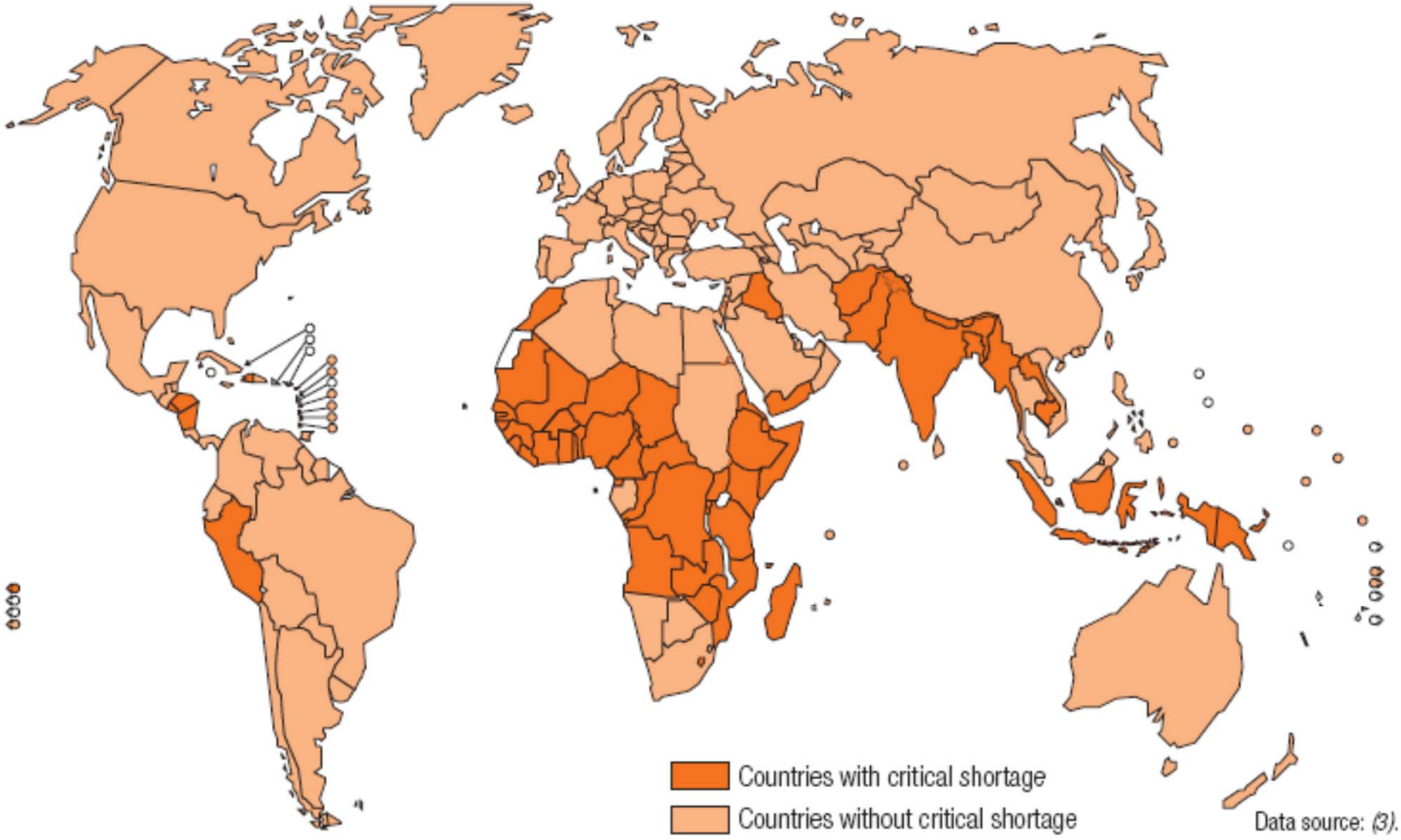
- How is the condition of health human resources in Indonesia?

Health workers in Indonesia per 1000 population, 1990 to latest available year

Indicators	1992	2002	2010	2011	2012	2013	2014
Physicians	0.15	0.17	0.37	0.39	0.41	0.43	0.46
Nurses	0.52	0.50	0.67	0.91	0.99	1.16	0.70
Midwives	0.12	0.26	0.41	0.51	0.53	0.55	0.54
Dentists	0.02	0.02	0.04	0.04	0.05	0.05	0.02
Pharmacists	0.00	0.03	0.03	0.04	0.13	0.16	0.05
Sanitarian	0.03	0.01	0.09	0.07	-	-	-
Nutritionists	-	0.03	0.05	0.07	-	-	-
Physiotherapists	-	-	0.01	0.01	-	-	-

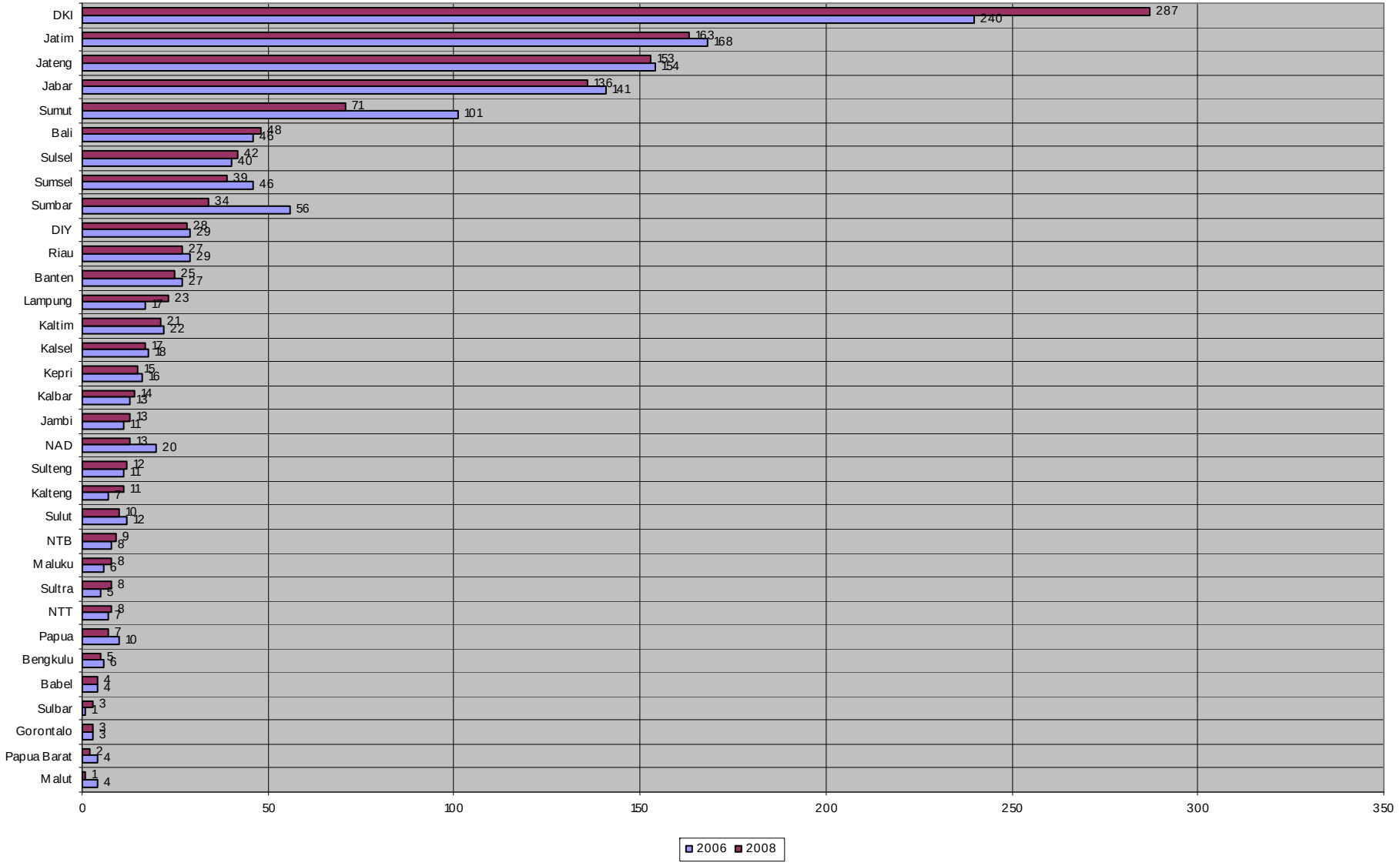
Source: Indonesian Health Profile, MoH

Indonesia is experiencing critical shortage of doctors, midwives and nurses



Sumber: WHR 2006

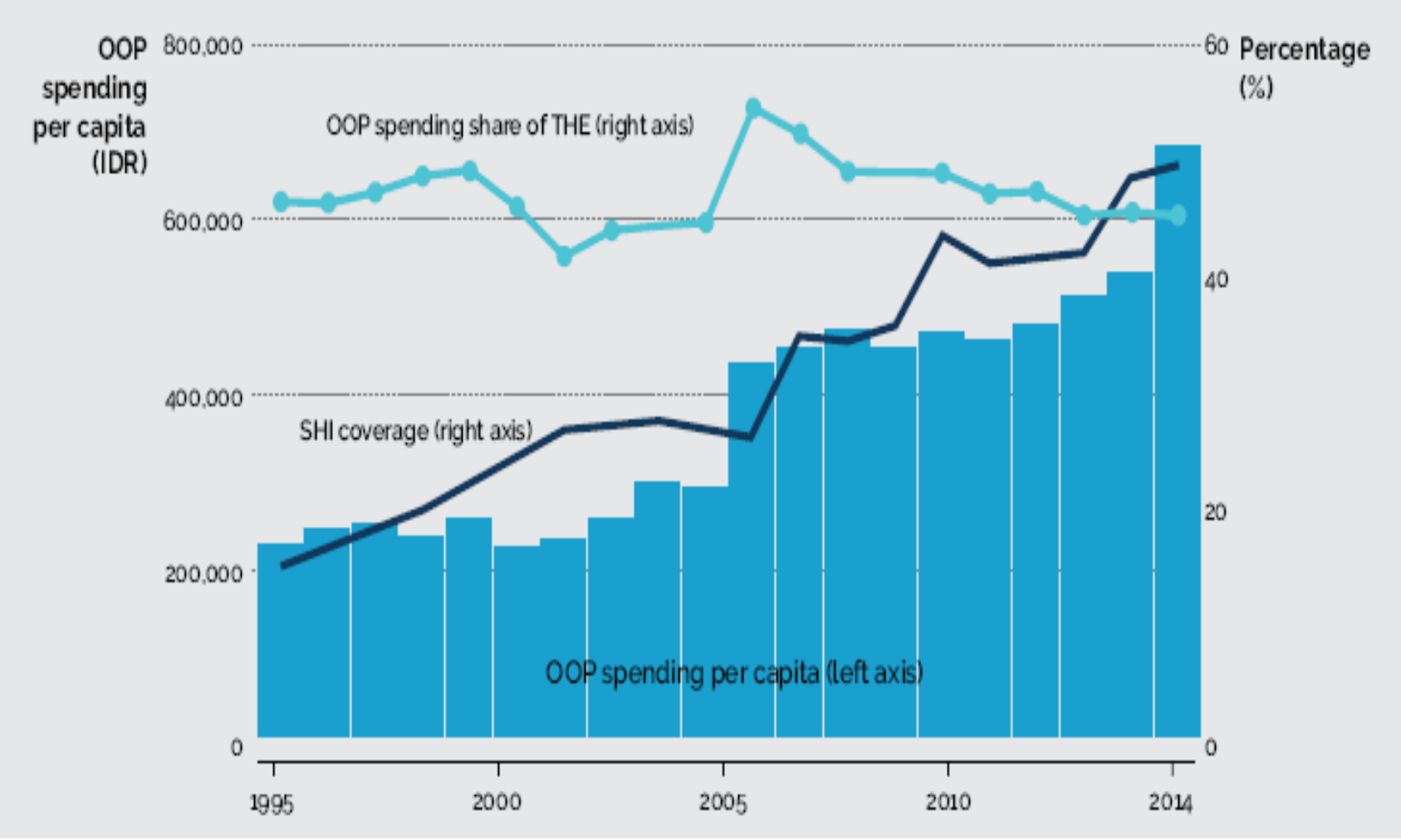
Obstetric and Gynecologist



Typical graphic description of medical specialist distribution

Equity in financing

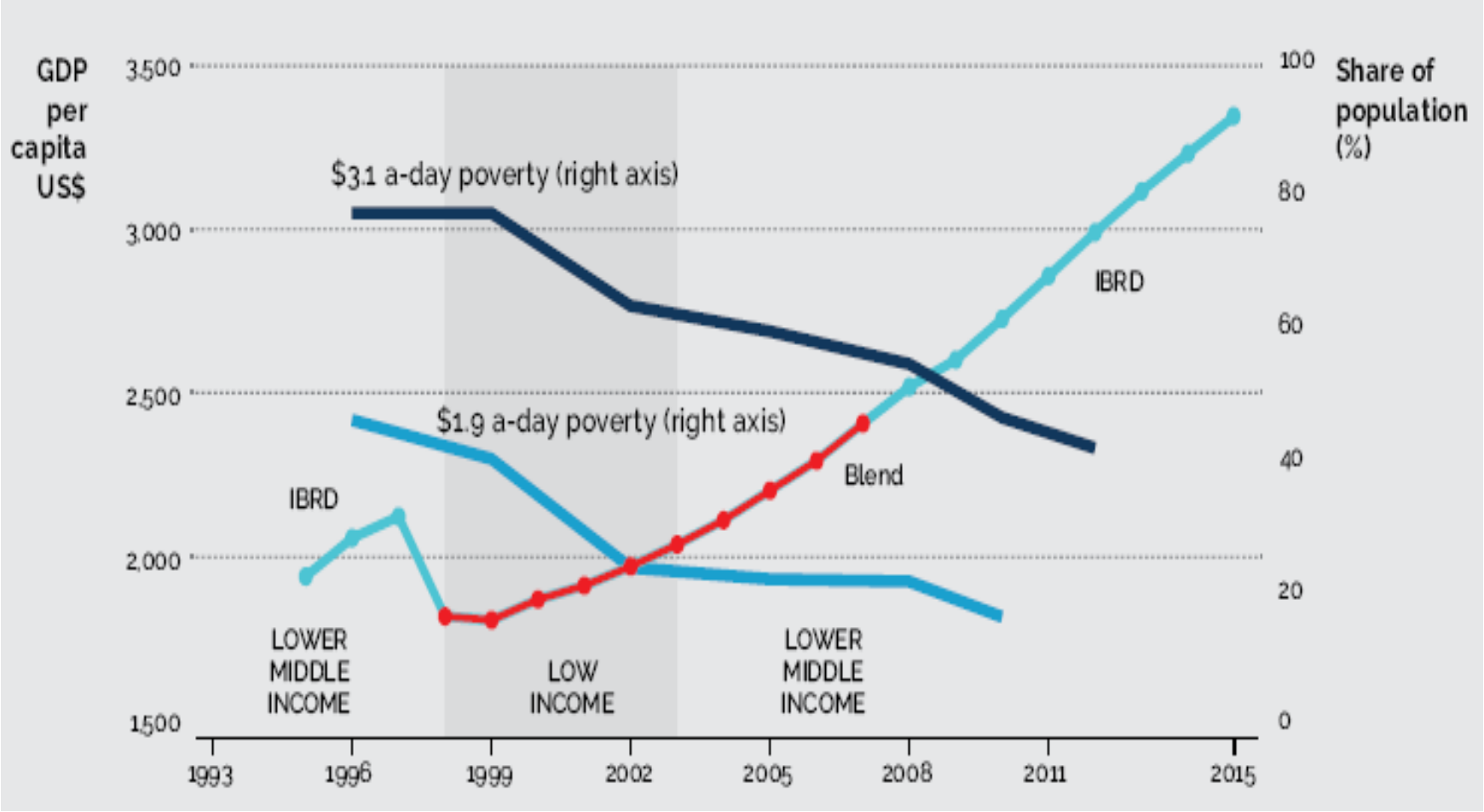
SHI Coverage and OOP Share of Total Health Spending (1995-2014)



Source: World Development Indicators database and SUSENAS (various years).

Associated with the poverty?

GDP per capita and Poverty Trends in Indonesia (1995-2015)

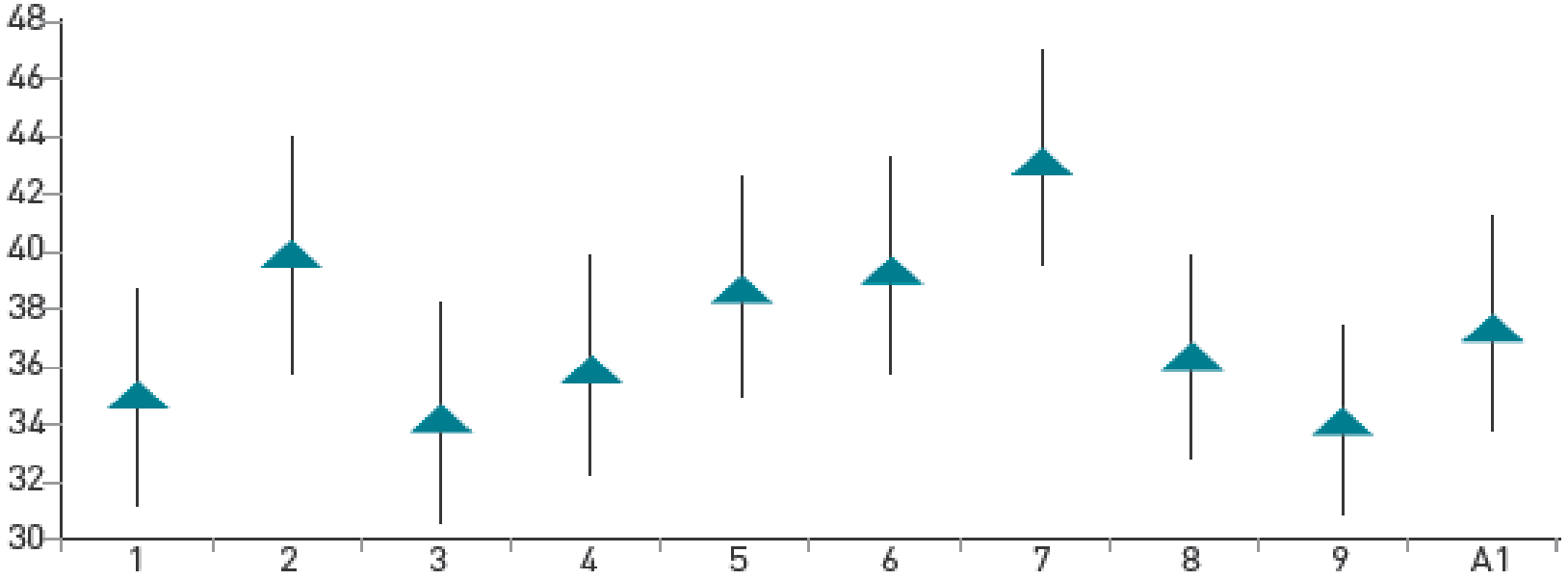


Source: World Development Indicators 2016.

Demand for quality of care

- Low levels of satisfaction
- Two tier system

Patient satisfaction, normal delivery, nine hospitals (hospital average scores ranged from 34% to 43%)



Source: HAPIE baseline study (USAID, 2014)

Two tier system?

VIP class “private“ : in the capital

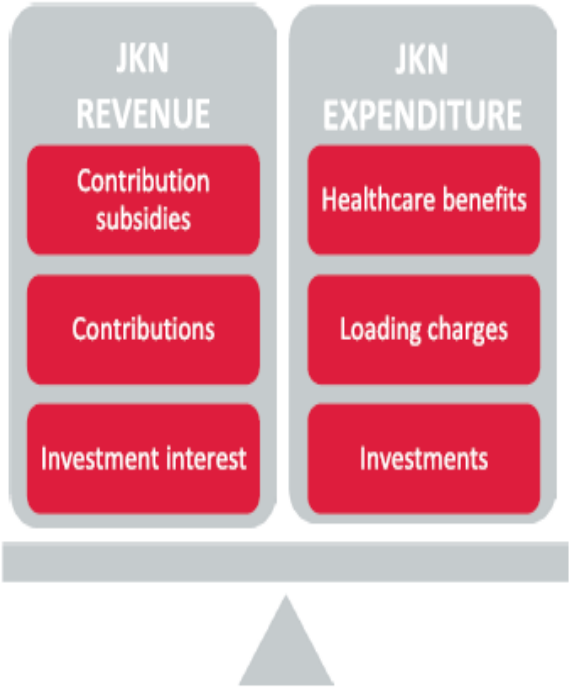
3rd class ward “free“: for poor people

Health system efficiency

- Allocative efficiency:
  - Public expenditures on health < 5% of GDP
  - Higher spending on curative care
- Technical efficiency
  - Occupancy rate of hospital: 55-65%
  - No-ceiling or cap for insurance claim
  - Poor prescribing practices of antibiotic

Financial sustainability

- A positive financial state in which fund revenues exceed fund expenditures
- JKN-KIS contribution of member
  - PBI (poor people), subsidized: IDR 19,255 increase to IDR 23,000 in 2017
  - Salaried formal employees: 5% of salary
  - Non-salaried workers in the informal sector:
    - 1st class of hospital ward: IDR 80,000
    - 2nd class: IDR 51,000
    - 3rd class: IDR 25,500



Expenditures vs Revenue?

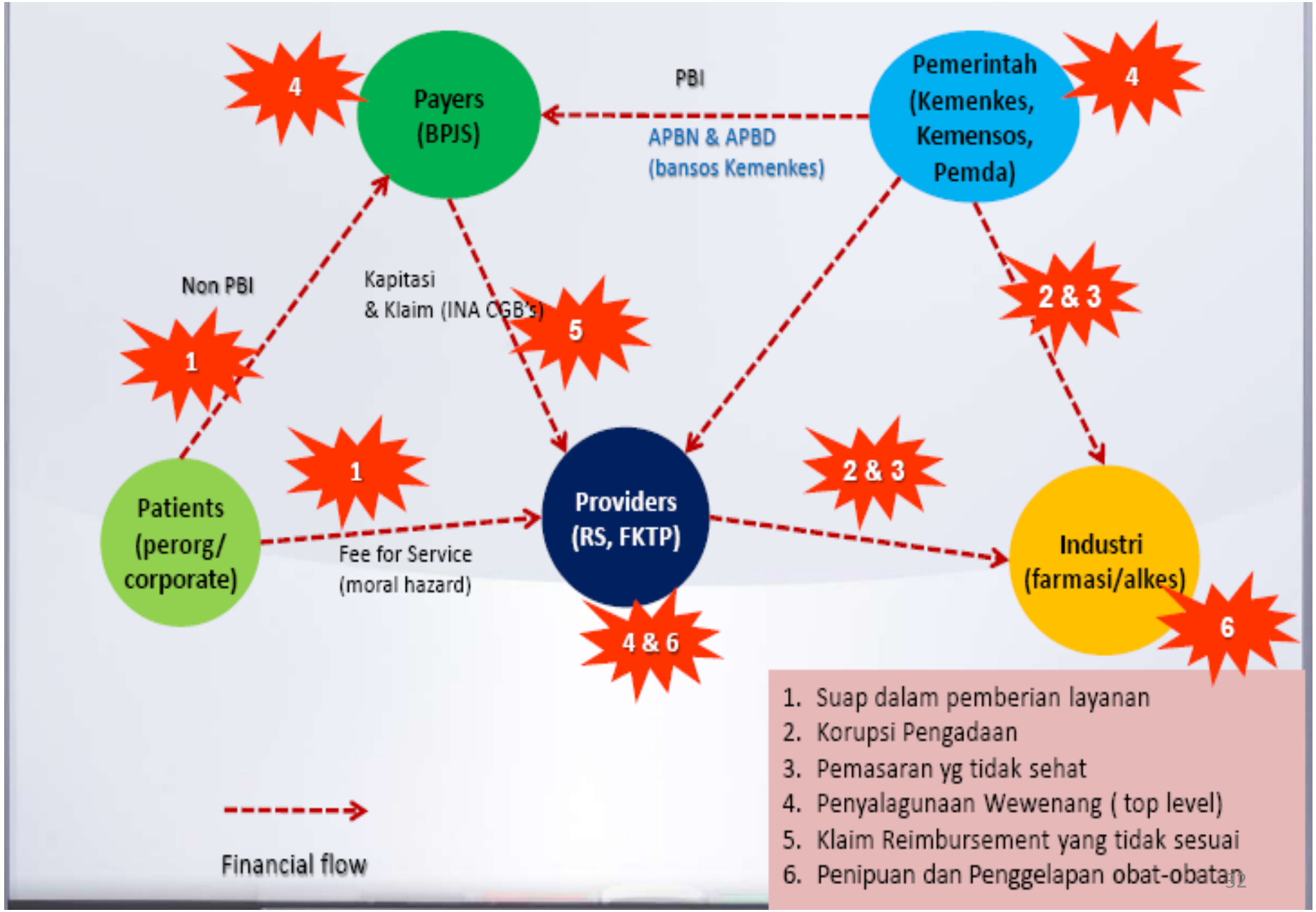
In fact JKN-KIS goes to deficit

- Deficit accumulutated in 2014 (IDR 3.3 Trillion), 2015 (5.7 T) and 2016 (6.4 T)
- Premium revenue in 2016: IDR 67.4 T
- Expenditures in 2016: IDR 73.8 T
- Government had to pay a bailout of IDR 6.4 T

Issues related JKN – KIS deficit

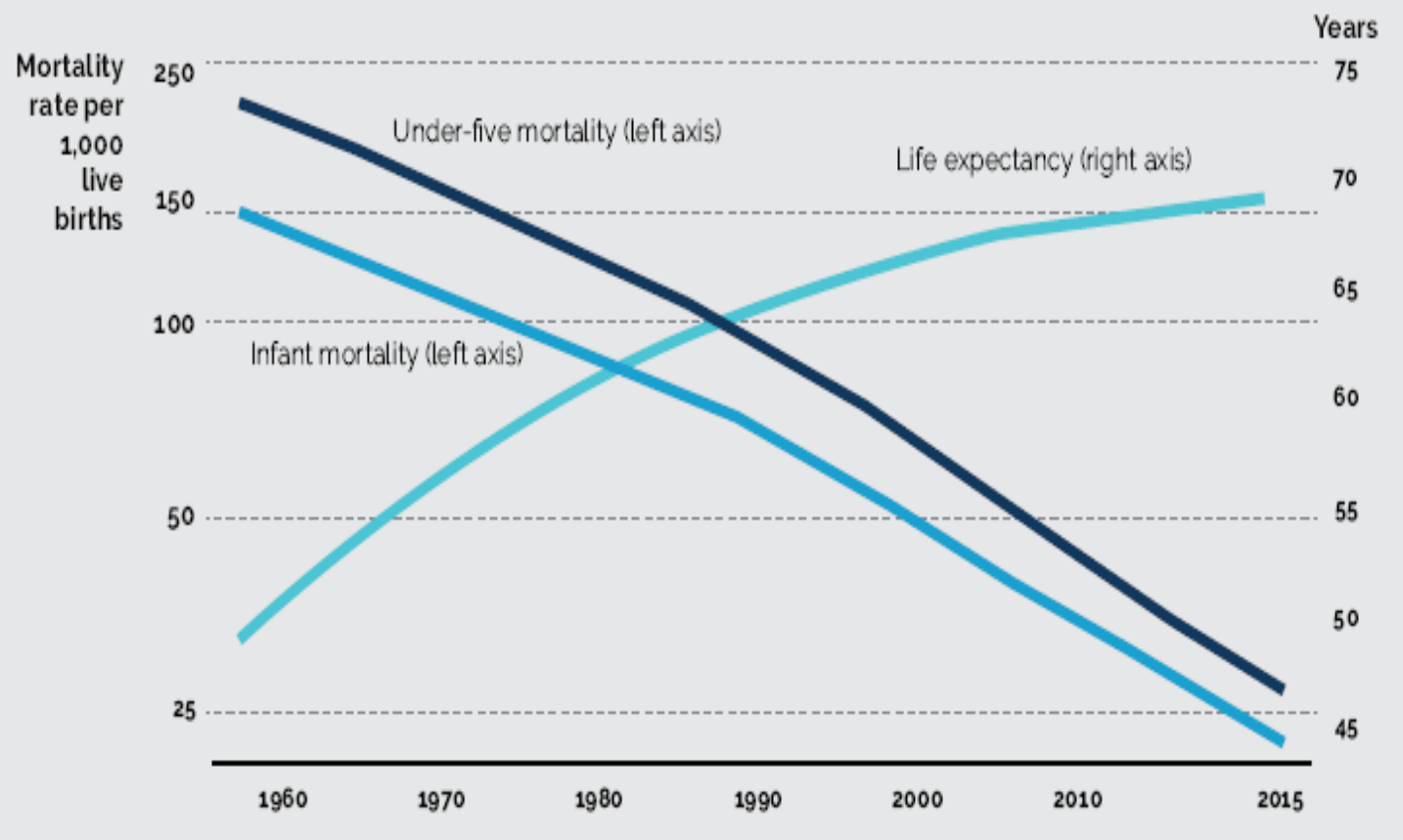
- Insufficient contribution: real actuarial analysis for PBI (subsidized) IDR 36,000 per member per month, GOI only pay IDR 23,000
- Adverse selection issue: “the sicker“ tend to join rather than “the healthier“
- “The missing middle“ problem: informal workers
- Fraud and abuse

The Indonesian Corruption Eradication Commission (KPK) study: potential corruption in JKN-KIS



Are we on the right track?

- Improved key population health outcome



Source: World Development Indicators 2016

Policy implications

- Improving supply side readiness: facilities, human resource & public-private partnership
- Improving premium revenue: tax-based, sin tax (tobacco tax)
- Promoting efficiency: cost & quality control
- Cross-cutting strategy in health insurance program campaign among informal sector will make an adequate dissemination of the information
- Re-designing BPJS Kesehatan structure?
  - From monopoly to oligopoly payers
  - Opening the door for private insurance for chronic illnesses (catastrophic expenditures)


NEXT
12 MILES

Thank you

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