

Moving the Needle for Private Sector Engagement in MNH in Indonesia

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Abstract: A comprehensive assessment for Private sector engagement in Maternal and Neonatal Health care (MNH care) was done in 9 Indonesia provinces in 2016. The objective of the assessment is to map all existing and those private sectors who would like to engage in the MNH care after the introduction of Universal Health Coverage, called as *Jaminan Kesehatan Nasional (JKN)*, in Indonesia. This is important as Indonesia is still challenged by high maternal and neonatal mortalities as compared to peer countries with similar economic development. While the private sector is growing in recent years, information on their characteristics and behaviours toward MNH care is limited. This assessment provides a comprehensive analysis of the existing private sector, their behaviour toward JKN, what the private investors' willingness and challenges to invest in the MNH care, and what type of services that they are going to enter in the near future. This study also recommend to the Ministry of Health and other sector in how to provide good regulatory environment and to incentivize their present to help the country to meet the people demand due to JKN expansion, in particular in the MNH care.

1 INTRODUCTION

Indonesia is a country undergoing growth in a multitude of sectors. The country's middle-income population is on the rise, its democracy continues to become more open, and its economy continues to grow, making Indonesia the largest economy in Southeast Asia with a gross domestic product (GDP) over US\$861.9 billion (World Bank, 2015). Despite these positive developments in the country's economic landscape, it has yet to take a similar lead on many health issues.

One area of health that performs poorly on major indicators is maternal and newborn health. The maternal mortality ratio has been estimated at 359 deaths per 100,000 live births, much higher than both the Millennium Development Goal 4 target ratio of 110 and the ratio in regionally or economically comparable countries (Statistics Indonesia, 2013). The decline in child deaths (Millennium Development Goal 5 target) remains stalled—primarily due to the lack of reduction in neonatal mortality, which has remained around 19 deaths per 1,000 live births over the last two decades.

The government of Indonesia has not traditionally put high levels of funding into healthcare, until the inauguration of *Jaminan Kesehatan Nasional (JKN)*. This national health insurance scheme scheduled to reach national coverage by 2019, has signalled a change in priorities. As of April 2016, 164 million Indonesians were covered under JKN (Jong and Parlina, 2016).

In 2015, Social Security Management Agency for the Health Sector, or BPJS-K received US\$3.7 billion in premiums (Jong and Parlina, 2016). This included US\$2.1 billion (57% of the total) from participants and another US\$1.6 billion (43%) from the state budget for covering the poor and vulnerable, civil servants, and members of the military (Ernst and Young, 2015). Current public sector health infrastructure cannot keep up with the growing number of people gaining financial access to care. Partnership with the bustling private sector would allow the government of Indonesia to meet its universal health coverage goal, and the Indonesian market is primed for such an opportunity.

The growth of Indonesia's economy has led to growing interest from investors, which, importantly, also includes investment interest in health markets.

The establishment of JKN has signalled to the market that the government is committed to financing healthcare and increasing access for its citizens. At the same time, the middle class is growing, estimated to reach 135 million people by 2030, and utilization of private facilities and pharmaceuticals is expected to increase as more people acquire additional resources (Oberman et al., 2012).

The need for improved maternal and newborn health, paired with the now drastically increased market for healthcare in Indonesia, offers a prime opportunity for others to get involved in ensuring that health services are high-quality, equitable, efficient, and effective. Under JKN, reimbursements related to reproductive and newborn health services will total at least US\$720 million per year in additional revenue for healthcare providers. The private sector must all play important roles if maternal and newborn mortality is to be lowered.

While greater investment in the maternal and newborn health arena could be a winning situation for businesses, civil society, and (especially) mothers, it is important to keep in mind the many challenges of operating in Indonesia. Indonesia is home to more than 257.5 million people, a population that continues to grow (World Bank, 2015). While GDP is on the rise, more than 40 percent of the population (100 million people) is considered poor or vulnerable (i.e., living on US\$2 a day or less) (World Bank, 2012). Indonesia's 34 provinces have widely diverse cultures, religions, and natural resources. From the bustling metropolis of Jakarta to the ocean-dependent islands of the Maluku and the indigenous peoples of Papua—each province has its own context and unique considerations when it comes to economic and social development, and thus its own distinct set of opportunities.

2 METHODS

For this landscape analysis, the USAID funded Health Policy Plus team interviewed representatives from 128 private sector entities, including banks, private equity firms, private hospitals, midwives, startup incubators, and transportation and consumer goods firms in the provinces of Jakarta, West Java, Central Java, East Java, North Sumatera, Maluku, North Maluku, Papua and West Papua. The assessment focused on key health system drivers that affect access to, and the quality of, maternal and

newborn health services; it then identified opportunities for private intervention.

3 RESULT AND DISCUSSION

The growing space in the health sector offers opportunities for investment from many sectors. Greater financial access to health services will increase the number of patients seeking care from health facilities and offers the prospect of expanding infrastructure. In addition to guaranteed health services under JKN, a multitude of support services will be needed for public and private providers. This will offer opportunities for innovation from start-up companies, technology companies, and others looking to enter the market. The entry points are manifold depending on the level of innovation that a company can bring to the table and what issues within the system that they want to improve.

The health market in Indonesia is considered highly regulated by the government and technical complex, making it a risky—or higher-cost—space for entry in which funding from development finance institutions, or governments can help to lower risk and catalyse investment. The team identified five themes that provide concrete examples that could be exciting from a profit standpoint, while also offering real solutions to Indonesia's high maternal and newborn mortality ratios.

3.1 Scale Successful Private Facilities to Improve Access

Indonesia's 70 million women of reproductive age are increasingly looking to private providers for reproductive health services (United Nations Department of Economic and Social Affairs, 2015). Only 36 percent of deliveries took place in a private facility in 2007, but this number had risen to 46 percent by 2012, well surpassing the 18 percent who deliver at a public facility. As the number of women accessing health services increases—particularly due to JKN financial coverage—there is increased demand for high-quality facilities that are geographically accessible. This opportunity presents itself in two ways:

1. **Invest in high-quality midwife clinics.** 75 percent of Indonesian women receive antenatal care at midwifery clinics and 62 percent give birth with a midwife (Statistics Indonesia, 2013). A number of midwives were interested in

opening new clinics, expanding existing clinics, or simply investing in improved infrastructure and increased quality for their existing clinics. Investing in these midwives' success holds the potential for both profit and improved health outcomes. However, many loan products on the market are currently seen as unfavourable.

2. **Expand the scope and reach of established health service companies.** Siloam is the largest private hospital chain in Indonesia and is currently working to roll out an "Express" model. This model is intended to function as a primary satellite facility that people can access to receive basic care or seek a referral to a Siloam hospital. "Express" clinics—which have cost structures that differ from Siloam parent hospitals—can function profitably at BPJS reimbursement rates given high use, while also increasing brand recognition. There is plenty of opportunity for other hospitals to establish similar satellite models, or for a new company interested in franchising clinics or moving access outside of urban centres to partner with hospitals for referral purposes.

3.2 Technology Solutions to Improve Communication for Service Delivery

Technology solutions to improve communication for service delivery are potentials for Indonesia rapid growing in internet and mobile phone access. Only 40 percent of the population is currently online and just 15 percent of mobile users use smart phones, projections show that 133.5 million people will be online by 2019. Much of the incubated start-up culture in Indonesia is centred on technology and its application to Indonesian needs. Increasingly, tech deals are included in Indonesian investors' portfolios (Freischlad, 2015). Technology can be focused and used in important ways to help decrease maternal and newborn mortality rates:

1. Increase access to information and improve knowledge sharing for e.g. online training classes could play an important future role in Indonesian health. Leveraging phone and internet platforms to improve knowledge and foster communication between providers and referral systems will also be extremely important. On the other side of the service, the provision of key health information to patients about risky behaviours, disease symptoms, or their rights under JKN is also needed.
2. Expand the reach of providers through applications that allow patients to communicate

with doctors, even when they cannot travel to a clinic, could be an additional solution. *Klikdokter*, *Alodokter* and *TanyaDokter* are some of the models though none have a large market share yet.

3. **Improve the collection and distribution of available data**, from the current government of Indonesia, and private sector actors about the characteristics of the 70 million women of reproductive age in Indonesia, could be effectively aggregated into a rich database. New technology introduced to the health sector in the future can help collect data in a more systematic way and offer a better sense of the gaps that must be filled.

3.3 Transportation Solutions

Transportation solutions could fill gaps of limited public service transportation in many areas, addressing current serious barrier to access care. Road conditions often prevent women from attending check-ups at their local clinic; at other times, ambulances are not procured by local facilities for emergency situations. Furthermore, there is no national emergency dispatch service in Indonesia. With the growing culture of ride-share applications in Indonesia, there is an opening to use existing networks to provide scheduled and emergency transportation.

Midwives have noted the growing demand for transportation services by women who prefer to pre-schedule transport for upcoming deliveries rather than procuring a ride in the moment of need, but there is also a need for emergency transportation. Leveraging the spread of mobile infrastructure, a business operating an innovative technology platform to connect local resources could increase access to health services, and could save the lives of women in emergency obstetric situations.

3.4 Improve Quality of Midwifery Care Through Private Sector Training Institutions

At present, demand for midwifery training is high and schools are saturated with students. Additionally, midwives must be relicensed every five years, a process that involves continuing education. Major opportunities in this area include the following:

1. Expand education institutions outside of the urban market into peri-urban areas. Most midwives are educated through private

- institutions, most of which are located in urban areas. Only graduates from schools rated A or B under national system are hired by the civil service to work in public facilities. This has led to a saturation of A and B schools in urban areas. The private institutions take in as many students as they can for the sake of profits, which may compromise teaching quality, and students often graduate without ever performing a delivery because not enough deliveries occurred to accommodate each student. The shift of private institutions out of urban areas will move students to a wider area, increase access to smaller classes, and offer greater opportunities for hands-on study.
2. Grow access points for continued medical education. Midwives require 25 credits of continuing medical education to renew their license every five years. These credits can be achieved through a number of avenues, including writing journal articles or attending seminars. The study team's interviews found that a number of midwives are very interested in attending continuing education seminars on topics like infection prevention, but that these courses are sporadically delivered and not readily accessible, making it costly to attend. These problems offer two solution areas. First, private training institutions can leverage their network of trainers across the country to offer consistently high-demand courses through a low-cost, high-volume model. Second, financiers investing in the expansion of private hospitals and clinics into peri-urban and rural areas could also invest in developing e-learning courses to ensure that staff can maintain their skills and knowledge. The courses could be made available for a fee to providers outside of their network to generate revenue. In many areas, the growth of internet access is also providing this opportunity for the first time.

3.5 Tailor Financial Products for Maternal and Newborn Health

Tailor financial products for maternal and newborn health could expand the reach of Indonesia's banking system to currently only 21.9 percent of the poorest two quintiles (poorest 40%) of the population holds savings in a financial institution. The study team suggests banks to increase their market share while helping mother and newborn care:

1. Offer specialized loans for healthcare providers. Microfinance institutions could provide capital for successful private midwives hoping to scale their businesses. Specialized loans for midwives, with a consistent stream of patients, could be quite profitable, as midwives have historically been preferred providers for reproductive health services. Additional benefits to the loan product (like managerial technical assistance) could entice more businesses to take out loans.
2. Introduce banking products tailored to improving access to healthcare for women. Although BPJS reimburses medical costs, women often endure significant transportation costs or lost income associated with maternity leave. Maternity savings accounts can bring women into banking and help them save for costs associated with pregnancy that are not reimbursed by BPJS. Loyalty incentives such as free ultrasounds, check-ups, etc. for banking clients could entice more women to open accounts, while also improving the quality of antenatal clinic visits.
3. Offer supplemental insurance for maternal health. Private health insurance companies can offer private insurance packages that bundle services associated with maternal and newborn health costs filling the gaps of JKN reimbursement and pulling more clients into the market.

4 CONCLUSIONS

As JKN is rolled out, Indonesia's health system will grow, demand for services will increase, and more money will flow into the health sector. These changes provide an opportunity for actors outside of government to get involved in improving access to, and quality of, maternal and newborn health services. There are many opportunities for the private sector to finance and develop new or growing ideas. These opportunities hold the promise of profit and market expansion, but also the potential to save lives and lower maternal and newborn mortality ratios.

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