

Analysis of Indonesia's Political Economy Towards the Lack of Health Financing for Promotive and Preventive Efforts

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Abstract: In Indonesia health is one of the most important aspects of state development. This is evidenced by the government's policy that health budget allocation is almost 5% of the state budget and 10% of the district budget. However, health financing that has been implemented in Indonesia is widely used for personal health (curative and rehabilitation efforts) capacity building and support. Meanwhile for prevention and public health services such as health promotion are still lacking. This study aims to analyse the considerations or reasons why the government has not maximised health financing for the purpose of prevention of disease and public health services from the perspective of political economy. This research is conducted descriptively where data obtained from supporting data such as books and publication documents. The results of this study indicate that the interests of different parties, inter-ministerial priority differences, socio-cultural aspects and fiscal limitations has caused the government to not maximise health financing for the sake of health promotion and the prevention of disease.

1 INTRODUCTION

In Indonesia health is one important aspect of state development, because health development is the means of realising that quality human resources is important. Better health means better human resources can be achieved. According to the Presidential Republic of Indonesia Regulation No. 72 of 2012 on the National Health System, health development is a part of national development that raises awareness, willingness and the ability for everyone to live to the highest standard of public health. This health development is the effort of all of the Indonesian nation, whether it be the community, private companies or the government.

National development in the field of health is carried out through the improvement of health efforts, better health supplies, medicines and medical supplies accompanied by increased supervision, community empowerment, and health management. One of the health development efforts is health financing where health funding comes from the Government, Local Government, private donators, the community and community organisations. According to the Presidential Regulation of the Republic of Indonesia Number 72 of 2012 on the National Health System, planning and arranging health financing is carried out with the

excavation and settlement of various sources of funds that can ensure the sustainability of health development financing, allocating it rationally and also effectively (The Law of Indonesian Ministry of Health, 2016).

In the case of excavation and settlement arrangements and the utilisation of funds originating from mandatory contributions, the Government and the Regional Government should make improvements between the sources of funds from mandatory contributions, State Revenue, Expenditure Budget funds, Regional Income and Expenditures, public funds, and other sources. According to Law Number 36 Year 2009 on Health, the Government's Health Budget amounts to at least 5% of the state budget and state expenditure outside of salaries. District/municipal governments have allocated at least 10% of their budget.

However, the health financing that has been implemented in Indonesia both in the state and provincial or district/city areas is widely used primarily for individual health efforts or curative and rehabilitation efforts. For public health efforts such as health promotion and disease prevention financing is still low. According to the Performance Accountability Report (2015), the results of the District Health Account 8 provincial analysis show the largest portion 52% of the funds is for capacity

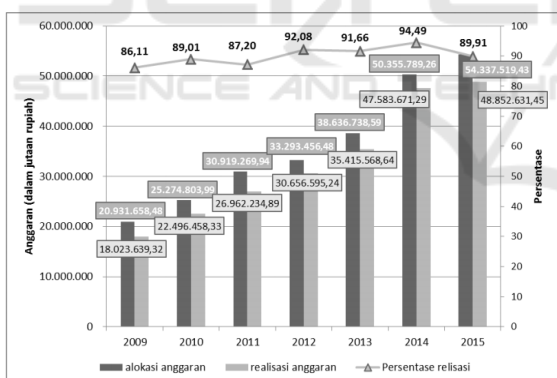
building and support, 42% for curative and only 6% for public health.

There are 6 community health programs in Indonesia is community nutrition, family health development, health and work effort development, management support, health promotion and community empowerment, environmental health (Anung, 2017).

2 METHODS

This research has used a descriptive research design which is retrospective to get a description of the health fund allocation from the State and Regional Budget. The data used has been the secondary data on health financing in Indonesia. Secondary data collection has been done by collecting publication documents such as the Indonesia Health Profile 2015, Performance Accountability Report 2015 and 2016, and the Health Data and Information from the Health Profile of 2016. The secondary data has been taken by reviewing the documents without any interviews with the parties due to the author's limitations in getting the sources.

3 RESULT



Source: Indonesia Health Profile, 2015

Figure 1: Allocation and Realization of The Health Ministry Budget of The Republic of Indonesia 2009-2015

Picture 1 shows that the allocation and realization of the health ministry's budget in the last seven years has increased. In 2009, the Ministry of Health of the Republic of Indonesia had a budget allocation of 20.93 trillion rupiahs with the realization of 18.05 trillion rupiahs and the percentage of realization was 86.11%. The number increased from year to year. In 2015. It was 54.3 trillion rupiah with a realization of 48.9 trillion

rupiah so the percentage of realisation therefore amounted to 89.91%.

The percentage of allocation of the regional income and expenditure budget of Health according to the program in Indonesia in 2011 has been shown in Table 1

Table 1: Percentage of the allocation of the regional income and expenditure budget of Health according to the program in Indonesia in 2011

Province	Allocation		
	Capacity building support	Personal health	Public health
All	52 %	42 %	6 %
West Java	51 %	48 %	1 %
Gorontalo	58 %	32 %	10 %
South Kalimantan	55 %	42 %	4 %
Jambi	56 %	40 %	4 %
West Sulawesi	60 %	30 %	9 %
Lampung	29 %	67 %	5 %
Bali	52 %	46 %	3 %
NTT	58 %	30 %	13 %

Source: Performance Accountability Report, Indonesian Ministry of Health in 2015

Table 2: Public Health expenditure on health by service program, 2014

Health care by function	% of public expenditure on health	% of total expenditure on health
Health administration and health insurance**	5.3%	3.9%
Prevention and public health services	13.9 %	6.6 %
Medical services	80.8 %	89.5 %
- Inpatient curative care	44.1 %	37.9 %
- Outpatient curative care	35.6 %	34.4 %
- Rehabilitative care services	0.4 %	0.2 %
- Ancillary services to health care	0.2 %	3.5 %
- Medical goods dispensed to outpatient services	0.5 %	13.5%
Total % of current Health Expenditure***	100.0 %	100.0 %

Source: MoH (Center for Health Economic Policy Studies), AIPHSS in The Republic of Indonesia Health System Review, 2017

Table 1 shows that total public health spending for prevention and public health services reached 6.6% while 85% of health spending for medical services programs from all spending on health services

4 DISCUSSION

An increased allocation and realisation of Indonesia's health funds has been occurring on an annual basis due to the increasing demand for health financing in various health programs in Indonesia. However, the increase has not had the same effect in relation to public health in Indonesia. In the Presidential Regulation No. 72 of 2012 on the National Health System, it states that government funding for health development is directed to finance health programs that have a high amount of leverage on improving the public health status (The Law of Indonesian Ministry of Health, 2016). However, the percentage of allocation of health funds from the regional income and expenditure budget still indicates that the allocation of funds in to public health programs is still lacking and much directed towards the capacity building programs and supporters as well as personal health efforts.

According to the results of the analysis on the accountability report of the health ministry performance in 2015, this is related to Indonesia's commitment to the health sector still being relatively low compared to other countries with the same per capita income levels and Gross Domestic Product.¹ Indonesia always has an outlier status in terms of public health expenditure allocation, i.e. less than 2% of the Gross Domestic Product. The low portion of public health funds is due to the small fiscal capacity; only 12% of the Gross Domestic Product reaching the treasury. In addition to the limited fiscal capacity, the small portion of public health funds is also due to the government's lack of priority towards health compared to other sectors. Indonesia entered the world's 10% lowest decile in the world that gave low priority allocation to public funds for health.

According to the results of the analysis on the accountability report of the health ministry performance in 2015, the low allocation of public health funds is further exacerbated by allocative and technical inefficiencies, namely

1. Indonesia's primary health care allocation is very small compared to more developed countries. As a result, the use of advanced services is soaring. This reflects the dominance of specialist health services.

2. Drug costs sucks out a significant portion (> 40 percent of health costs). This figure is very high compared to similar figures in a number of developed countries that are only around 10-20 percent. The high share of drug expenditure is caused by an irrational drug prescribing pattern and patient demand.

Inefficiencies are also caused by disbursement issues that often occur at the end of the quarter each year. As a result, the use of funds is not suitable to fund programs that have an optimal impact on health outcomes. Delays in disbursement are also the cause of health facilities depending on a rental pattern so it is more expensive.

5 CONCLUSION

Increased allocation and realisation of Indonesia's health funds occurring on an annual basis is due to the increasing demand for health financing in various health programs in Indonesia. However, the percentage of the allocation of health funds from the regional income and expenditure budget still indicates that the allocation of funds in public health programs is lacking and much directed to capacity building programs and supporters as well as personal health efforts.

According to the results of the analysis on the accountability report of the health ministry performance in 2015, this is related to Indonesia's commitment to the health sector being relatively low, limited fiscal capacity, a small portion of public funds for health, and allocative and technical inefficiency.

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