

# Health Financing Management Patterns Influence in Making Health Policy Decisions

Kurnia Rizqi Wardani

*Faculty of Public Health, Universitas Airlangga, Mulyorejo, Surabaya, Indonesia*

*kurniarizqi.wardani@yahoo.com*

**Keywords:** System financing, Health policy, Health care.

**Abstract:** Current health reforms regarding financing systems and health management patterns are still at issue and socioeconomic imbalances in access to healthcare continue to grow throughout the region. These uneven development are characterized by the difficulty of local government in providing medical services in sectors of the wider community, which causes the community also difficulties in accessing optimal health services. This report is based on an in-depth analysis of healthcare-related funds in public institutions. Respondents were asked to answer a series of questions related to health financing which enables the achievement of legislative developments in policy making. The literature study is also used to reinforce this report. Cost awareness is slowly evolving. A narrative and synthesis review is conducted, including providing an accurate and comprehensive description of the current extent and legislative framework. Policymakers will benefit substantially from health-based economic decision-making to address increasing difficulties in funding and provide the best medical care on the market with the increasing demand for health services.

## 1 INTRODUCTION

Almost all countries of the world are facing difficult challenges and choices in financing their health systems. Simultaneously, macroeconomics, demographics and fiscal limitations limit the extent to which governments can simply allocate more public income for health. Combinations of upward pressure on costs and the limited ability of the government to increase purchasing power for countries requires consideration of reforms to the way their health systems are financed. This gives direction whereby reforms should seek to encourage the system. Thus, the proposed policy objective is also a criterion for indicating how the impact of reforms on the health financing system can be assessed.

A conceptual framework for analysing national health finance organizations system is used to describe the function and policies associated with all health financing system, regardless of the model or label used to classify it. The use of such descriptive frameworks is crucial to tailor analysis with specific considerations of reform in the context of a particular country, because of the method of health

financing. The system that is currently structured provides the starting point from which any reforms begin. The descriptive framework is also based on the 2000 world health report, which identifies health financing as one of the four functions of the health system. Health financing refers to the “function of a health system concerned with the mobilization, accumulation and allocation of money to cover the health needs of the people, individually and collectively, in the health system. The health financing system consists of several sub functions and policy – income collection, pooling, service purchases and benefits policies and the obligations of patient cost sharing. One of the important concepts described here is health. The financing system does not act on its own in affecting the intermediate and final goals.

Coordinated policies and implementations throughout the health system function are essential to achieve the desired result. Effective decision-making at various levels is a prerequisite for high performance in healthcare and it is, therefore, important to understand the factors that shape these decisions so that implementation of the policy will produce the best results and with policies related to the health system can provide funds and provide

appropriate financial incentives to service providers to ensure that individuals can have access to effective public health and personal healthcare.

## 2 METHOD

This research uses a study of supporting literature. A total of 15 articles from international journals are systematically reviewed to determine the factors that determine system financing and health policy decisions. By reviewing the results of international journals, it is expected to provide an overview of the issues of health financing system and policy decisions that impact on the equitable distribution of health services in the community.

## 3 RESULT

One of the priorities of health reform is improving and distributing quality services to communities in remote and island areas through their various action plans. The formulation of this action plan is expected to meet the basic health services needs so that people in remote areas and islands will be guaranteed health. Health policy in Boundary and Disadvantaged Areas (DTPK) is an integral part of Indonesia's health development plan policy on public health. Currently, the cost of funding and health in Indonesia is still far behind compared with neighboring countries, although adjusted for per capita income level. This report provides an overview of health finance management patterns that influence policy decision-making in the progress to achieve health services across the areas. The pattern of health financing management is the management of health financing which not only pools sufficient funds for health, but also considers how people use the necessary health service without the risk of severe financial difficulties so as to meet the individual and collective health needs of the health system.

Based on literature studies, the WHO outlines that the reforms implemented should focus on their impact on the population and the system as a whole. With the first principle, all health financing systems (other than pure out-of-pocket payments) are insurance systems, and operate in accordance to according to requirements (i.e. financial capital, access equity, etc.). If someone requires healthcare, they should not have to go through long and difficult requirements. Reforms should be policy-oriented and the descriptive framework is used as a

"checklist" to ensure that the reform instruments are aligned with the stated objectives. Therefore, promoting efficiency does not imply a narrow focus on budget cuts.

In addition to other literature, which states that, in ensuring financial protection for balanced health, no households contribute to or cause health costs that go down and cannot cope with poverty (ILO / STEP, 2002). Achieving adequate levels of financial protection and promoting equity in the health financing system requires maximized upfront payments for "insurable" health risks (risks associated with large and unpredictable costs); achieving the greatest possible pooling of health risks in a population, thus facilitating the redistribution between high- and low-risk individuals and ensuring equity in healthcare systems and developing purchasing arrangements that promote the delivery of quality services efficiently and evenly so that all regions can experience services that meet their needs.

Ensuring financial protection and promoting equality requires specific government action. The focus of health policy makers states that minimizing health service inequalities is the goal of health policy itself, but the Government's commitment to that goal is lacking; therefore, there needs to be a clearer action so that the Government can strengthen its commitment to health improvement services. Based on several health studies dealing with inequalities indicating that large disparities in health and health care use among the poorest and most vulnerable and wealthy citizens living in urban areas are caused by one of the factors that health cost are not reached by the poor, have difficulty accessing health services. It's therefore necessary to ensure that a financing policy ensures access to the required services can simultaneously protect people from severe financial consequences for paying.

## 4 DISCUSSION

Based on the above, results indicate that financing factors play an important role in shaping decisions and even policy interventions for health services for cost-ridden communities. Health financing is defined as an increase of revenue collection to pay for the operation of the health system. It has three functions: collection of revenues from various sources, fundraising and risk dissemination to all of the larger population groups, and the allocation or use of funds to purchase services from public and private healthcare providers. The purpose of health

financing is to maintain and improve human welfare. At the extreme, without the necessary funds, no health workers would be employed and no health promotion or prevention would take place. However, financing is much more than simply generating funds. To understand the nature of the indicators that can be used to monitor and evaluate health system financing requires explicit assessment of what it is expected to achieve. Instead, it suggests a broad approach to ensuring that whatever is issued for health results in the greatest returns, in terms of policy progress, so as to improve treatment performance.

The health financing policy here is a guide for decision-makers in which service providers can respond appropriately to signals generated by the financing system. While health services justice is something whereby health services and resources should be distributed according to their needs and not because of the community's ability to pay for health services, it has been argued that recent healthcare reforms regarding financing systems and health management patterns are still a problem. Socioeconomic imbalances in access to healthcare continue to expand throughout the region, especially for remote areas. There is a significant gap between treatments that touch the poor and remote and those for people in urban areas and there needs to be the existence of financial protection from the cost of disease provided by the community through a mechanism of private insurance that cannot be reached by remote communities in particular. This means that the capacity of the paying poor must be no higher than the rich because it is related to solidarity aimed at justice. These factors not only affect the proportion of the poor, but also increase the cost of healthcare and hamper productivity and economic growth in the region.

Health policy here is needed because, with the existence of a strong health policy, the health service gap between rural and urban will not have a too significant difference. In addition, financing policy must grapple with questions of how to raise funds equitably, which usually implies a degree of progressiveness (whereby the rich contribute a higher proportion of their income than the poor).

Based on several studies it's found that each country needs to develop a clear and pro-poor health financing policy and a comprehensive health financing strategic plan with a clear road map. The strategic plan should contain policy interventions aimed at strengthening the health financing function. The key policy challenge is to ensure that health

financing instruments are aligned with one another with the goals to be achieved.

Governments have an important role in health policy decisions, so the Government should be able to realize policies that look at the actual situation to avoid differences and be fair in providing health services in both urban and remote areas. As we know, local people actually need health services that are more adequate and not complicated in their financing system and this may be the main factor people do not choose the existing health services. Moreover, with a World Bank study finding substantial inequalities in the use of healthcare proving to play a role in health policy, it remains inaccessible to reach all urban populations from urban to remote villages. Citizens now need and apply more health services.

This suggests that policymakers should be able to respond systematically and comprehensively, including some changes in health financing systems and strategies to reform health service delivery and to strengthen coordination between health and social care so that there will be no significant returning gaps. Therefore, the impact of Indonesia's health financing system on the use of services should be addressed with financial objectives. The contribution of health financing policies should be more about how financing is used for health systems. Therefore, there must be justice in the use or utilization of health services as an objective call for justice in distribution.

## 5 CONCLUSIONS

Today's society tends to need and demand more health services, while the current funding and health costs in Indonesia are still far behind compared with neighbouring countries. The financing factor or health funding plays an important role in shaping decisions and even policy interventions, so that health services can be reached by people in remote areas. This report uses the literature review method so as to get a clear picture of the health financing management pattern that influences policy making which can represent Indonesia in improving the health of its people. Each country needs to develop clear and pro-poor health financing policies and comprehensive health financing strategic plans as well as Indonesia.

Government has an important role in health policy decision-making so that it should be able to objectively make policies that look at the actual situation and also consider the financing system

balance, so that there is no difference and it can be fair in providing health services in both urban and remote areas. As another suggestion, several approaches can be used: firstly, using policy objectives to guide the direction of health of financing reforms; secondly, to understand the existing system in terms of functions and policies to establish the starting point from which reforms should begin; and, finally, to understand the fiscal and other contextual factors for set realistic limits in order that achievement of policy objectives is sustainable and reachable by policy.

This suggests that policymakers should be able to respond systematically and comprehensively including in some changes in the health financing system and strategies to reform the provision of health services and to strengthen coordination between health and social care so that there will be no significant gap in the utilization of health services.

## REFERENCES

- Ciumara, T. 2014. Factors Influencing Individual Financial Decisions: A Literature Review. *Economy and Management*, pp.420-427.
- Davis, S. L. 2015. Measuring the Impact of Human Right on Health in Global Health Financing. *Health and Himan Right Journal*, 97-110.
- Economou, C., Kaitelidou, D., Kentikelenis, A., Sissouras, A. and Maresso, A. 2014. *The Impact Of The Financial Crisis On The Health System And Health in Greece*. Denmark: The European Observatory on Health Systems and Policies.
- Gilson, L. 2012. *Introduction to Health Policy And System Research*. United Kingdom: University of Cape Town, South Africa and London School of Hygiene and Tropical Medicine.
- Gottret, P. and Schieber, G. 2006. *Health Financing Revisited*. Washington DC: The World Bank.
- Kutzin, J. 2008. *Health Financing Policy : A Guide For Decision-Makers*. Europe: The Regional Office for Europe of the World Health Organization.
- Kuziemy, C. 2015. *Decision-making in Healthcare As a Complex Adaptive System*. SAGE journals.
- Maeda, A., Harrit, M., Mabuchi, S., Siadat, B., & Nagpal, S. 2012. *Creating Evidence for Better Health Financing Decisions : A Strategic Guide for the Institutionalization of National Health Accounts*. Washington, D.C.: The World Bank.
- Mossialos, E. and Wenzl, M. (eds.), 2015. *International Profiles Of Health Care Systems*. London.
- Naidu, A. 2014. Factors Affecting Patient Satisfaction And Healthcare Quality. *International Journal of Health Care Quality Assurance*, 22(1), pp.8-31.
- Santilli, J., & Vogenberg, F. 2015. Key Strategic Trends that Impact Healthcare Decision-Making and Stakeholder Roles in the New Marketplace. *American Health&Drug Benefits*, 15-20.
- Souliotis, K., Agapidaki, E., Peppou, L. E., Tzavara, C., Samoutis, G., & Theodorou, M. (2015). Assessing Patient Participation in Health Policy Decision-Making in Cyprus. *International Journal of Health Policy and Management*, 461-466.
- WHO. 2008. Health System Financing. *Toolkit on monitoring health systems strengthening*, pp.1-14.
- WHO. 2010. Analysing Health Financing And Expenditure. *Analysing Disrupted Health Sectors*, 6, pp.154-88.
- Williams, L. and Brown, H. 2014. *Factors Influencing Decisions Of Value In Health Care : A Review Of The Literature*. University of Birmingham: Health Services Management Centre.