



STRATEGIC PURCHASING

Governance of a purchasing market
& the role of government

WHAT CAN WE LEARN FROM INDONESIA?

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OUTLINES

Reform Progress

5 Good Governance Indicators

Next Step

REFORM PROGRESS

SOCIAL SECURITY REFORM:

*175, 74 Milions Members
(70,3% population)*

- Mandatory membership to all citizens by 2019
- Social solidarity principle
- Constitutional Right
- Government subsidy for the indigents through membership contribution
- Government's contingency fund to cover deficit

PAYMENT REFORM

Single Pool of fund creating Monopsony power

- **26.347 providers** (clinics, optics, laboratories, pharmacies, hospitals)
 - All public providers - mandatory (40%)
 - Private providers (60%)

HEALTH SYSTEM REFORM

Moving towards integrative system of public health & health services with decentralized health policy

- law harmonization
- Accountable structure of governance
 - Stronger public participation in decision-making.

HEALTH SERVICE REFORM

Moving towards:

- Structural & integrative delivery
- Standardized services
- Regulated healthcare market

**NATIONAL
HEALTH
INSURANCE**

STRATEGIC PURCHASING

5 INDICATORS OF GOOD GOVERNANCE

A Accountability

is the ability to hold legally responsible the institutions who are in charge of the purchasing function

T Transparency

in decision-making process promotes honesty, integrity & competence

P Predictability

the consistent application of the law and its supporting policies, rules and regulations.

P Participation

the active education, engagement and effective involvement of stakeholders to ensure the protection of their interests

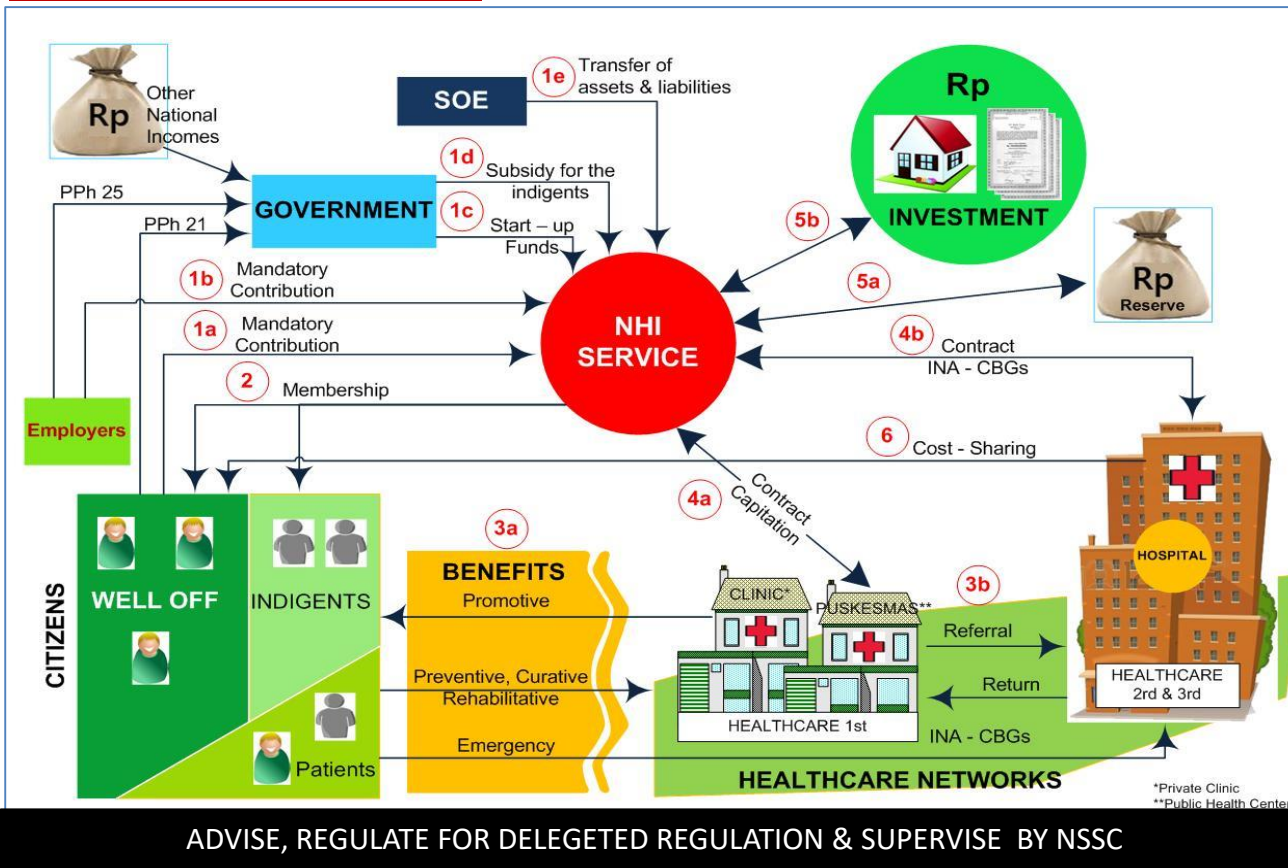
D Dynamism

the element of positive change in governance - *changing and improving on the status quo to create new values*

A

Accountability

POWERS & RESPONSIBILITIES



CHALLENGES:

- Incomplete power shift from MOH to NHIS, led to diminishing power & responsibility of NHIS as strategic purchaser (become passive).

SOLUTION 2018:

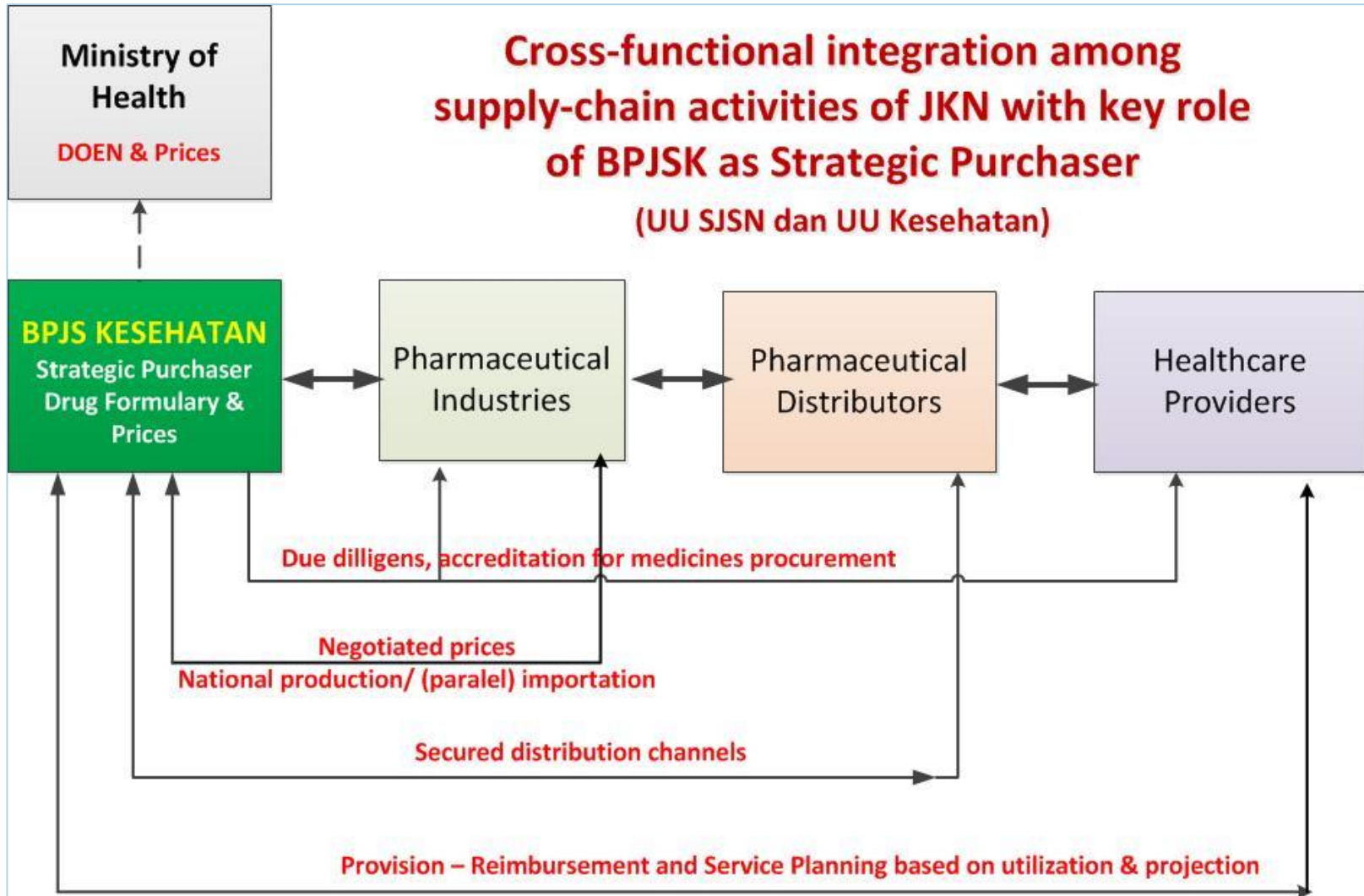
- Revision of Implementing Rules & Regulation of NHI to be harmonized with Social Security Act & the President's Agenda on Regulatory Reform

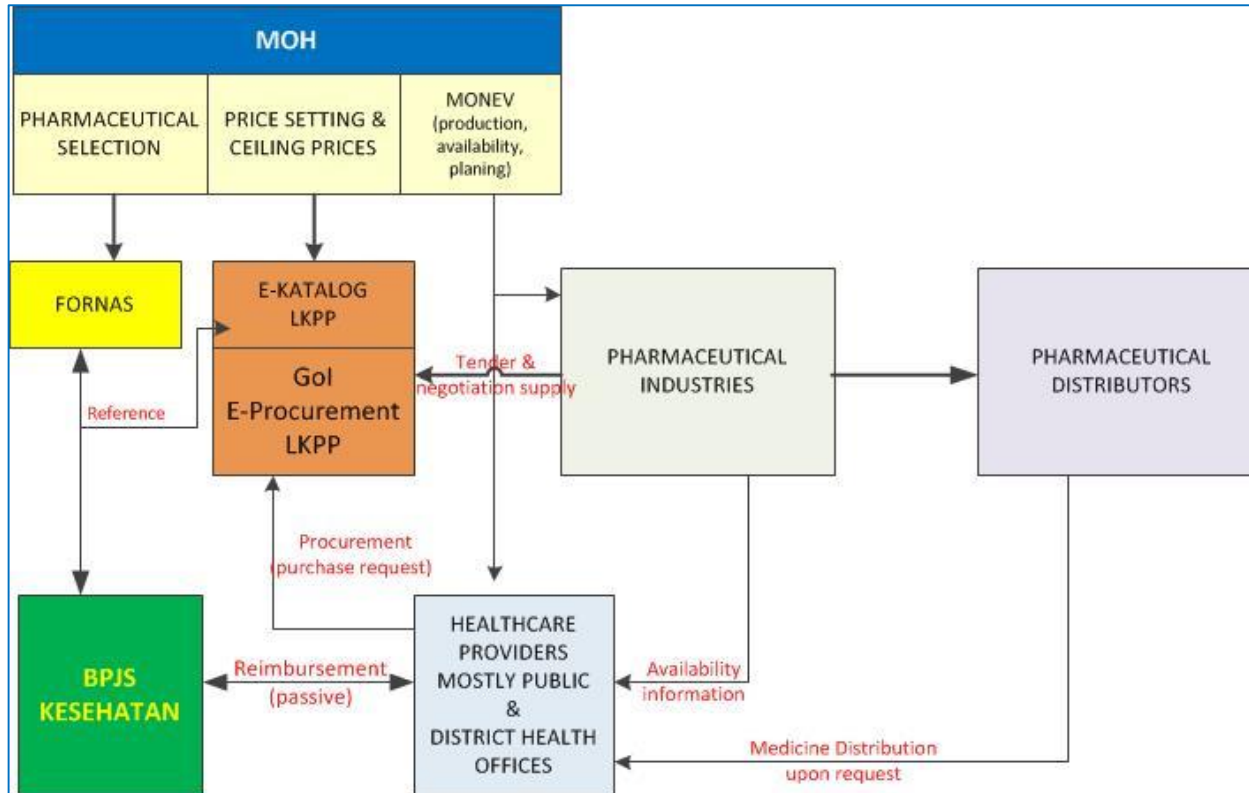
The arrangement of NHI with the central role of BPJS Kesehatan (NHI Services) as fund manager & strategic purchaser --- supervised by the National Social Security Council (NSSC). (Social Security Act of 2004)



Accountability

What Social Security Act says: (example)





FACTS:

Dominant role of MOH

- *Preserve government procurement which is not suitable with contractual market mechanism of NHI.*
- *Ignore the power of business informatics of The NHIS for accurate planing & effective purchasing.*
- *Ignore the fundament of mutual contract between providers & NHIS.*
- *Create passive role of NHIS*
- *Cause unsolved conflict due to lack of medicines*

FRAGMENTATIVE PHARMACEUTICAL SUPPLY-CHAIN OF JKN WITH PASIVE ROLE OF BPJS KESEHATAN, 2014-2016

T Transparency

DECISION-MAKING PROCESS & QUALITY OF RULES, SYSTEM, PROCESS

- **Transparency in the decision-making process**
 - *promote honesty, integrity and competence, and discourages wrongdoing*
- **Clarity and simplicity of rules, systems and processes**
 - *help to limit the areas that would require discretion and arbitrariness in program administration.*

FACTS:

- *NSSC is board of stakeholders for kuarterateral decision making process at strategic level (government,expert, employer, employee) & control*
- *Dialog forum at national & subnational level*
- *Yearly Public report*
- *The effectiveness of rules & regulation is not optimum due to Overregulation & disharmony --- require comprehensive revision*
- *The formula for setting payment model and tariffs are set with minimum consultation with provider association & professional associations*

P

Predictability

FOR MEMBERS & PROVIDERS

➤ For MEMBERS

- *Secure member's right to information on benefits & duties*
- *Securing the availability of services*
- *Protect members from imposing illegal cost-sharing*
- *Provide compensation benefits for accessing health services at underprivileged areas*
- *Organize an effective monitoring, evaluation, grievance mechanism & dispute resolution*

➤ For Providers

- *Secure provider's right to information on payment mechanism & tariffs*
- *Transparent process on claim management by NHIS*
- *Punctual reimbursement schedule to providers*
- *Organize an effective monitoring, evaluation, grievance mechanism & dispute resolution*

P

Participation

PARTICIPATION & MANAGEMENT OF STAKEHOLDERS

PUBLIC/ MEMBERS

The balance between compliance on contribution payment and the right to benefits

MINISTRY OF HEALTH

- Reorientation of stewardship function of MOH in health system and transferring its power to social security institutions for NHIP
- Securing the availability of standardized healthcare providers

National Health Insurance Service

Contribution collection & subsidy, fund management, strategic purchasing

National Social Security Council

Obtaining political support for strengthening the role of NSSC in securing consistent application of the law and its supporting policies, rules and regulations of NHIP.

HEALTH CARE PROVIDERS

Active education, engagement and effective involvement of Healthcare providers in health service reform & payment reform

LOCAL GOVERNMENT

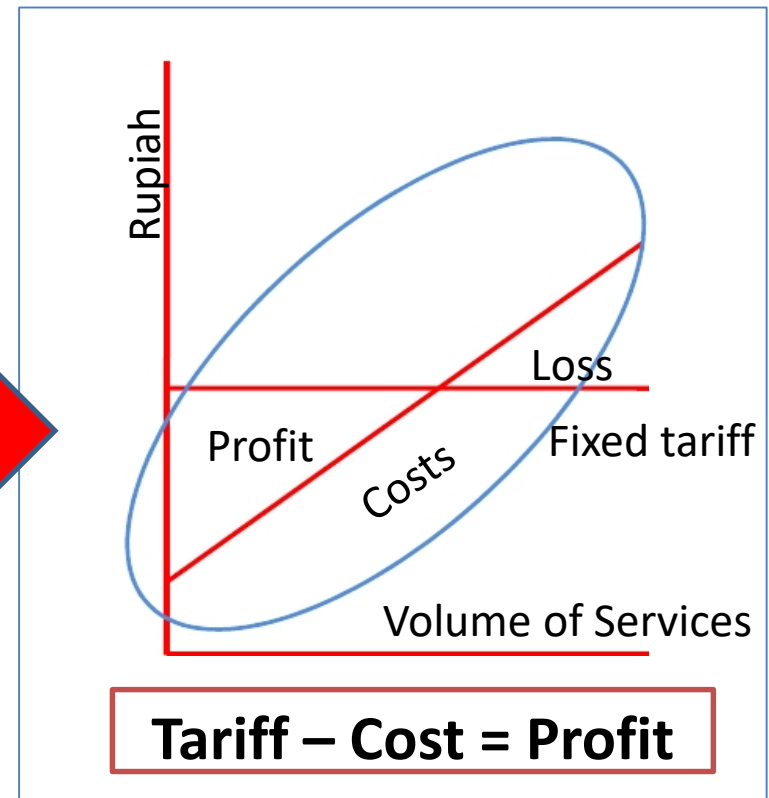
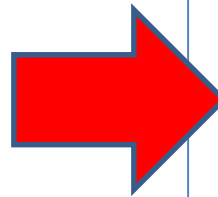
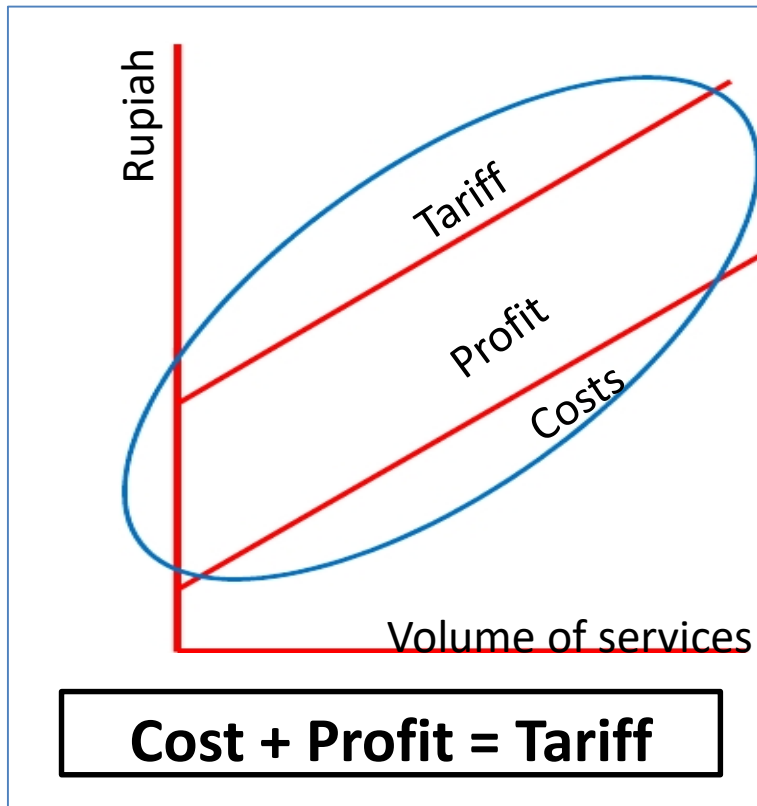
- Securing the availability of standardized healthcare providers
- Integration of local health insurance schemes with NHIP
- Mobilizing the citizen to participate continuously to NHIP



Dynamysm

CHANGING & IMPROVING ON THE STATUS QUO TO CREATE NEW VALUES

1. MAJOR CHANGES at OPERATIONAL LEVEL OF PURCASING:
Securing Incentives work effectively at primary clinics & hospitals



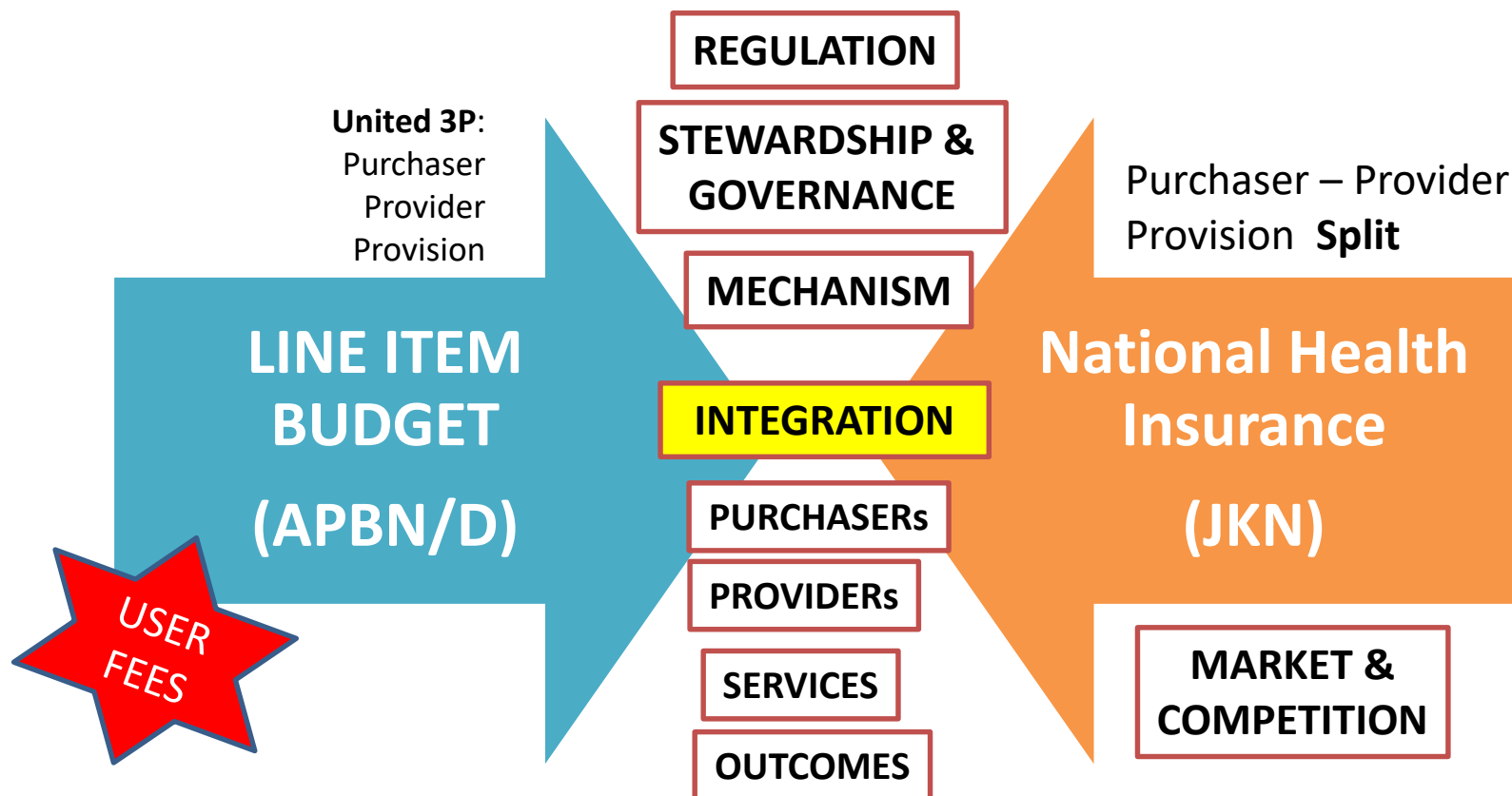


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CHANGING & IMPROVING ON THE STATUS QUO TO CREATE NEW VALUES

2. MAJOR CHANGES at OPERATIONAL LEVEL OF PURCASING:

- *Secure the effectiveness of incentives at government owned health providers*
- *Secure the availability of medicines, vaccines, contraceptives jointly delivered by government programs and national health insurance program.*





NEXT STEPS

1. REGULATORY REFORM

- President's Agenda
- Harmonization of Health Laws & Social Security Laws
- Secure the fulfilment of social security principles & obtaining health system performance

2. HEALTH SYSTEM REFORM

- Integrated agendas for reforms

3. DEVELOPMENT OF HEALTHCARE INFRASTRUCTURES & SERVICES

- *Implementing roadmap on healthcare services and pharmaceutical industry development*

4. EMPOWERMENT OF NHIS for Strategic Purchasing Functions

Terima Kasih
THANK YOU