PIDS ANNUAL PUBLIC POLICY CONFERENCE

Getting Real Value from Multiple Funding Sources

Indonesia's Country Experience in Consolidating Fragmented Primary Health Care Financing

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From Fragmentation to Coordinated Purchasing

Indonesia's country experience — Towards an Integrated Health Financing System

1

The financing landscape

How PHC funding in Indonesia is split across NHI (JKN) and the government budget pool — and why that split fragments at the facility.

2

What fragmentation costs

The consequences for Puskesmas budgets, service delivery, and the patient's experience of care.

3

What regulation says — and where it stops

BLUD (Semi Autonomous) status gives facilities real flexibility. It does not, by itself, fix fragmentation.

4

Two concrete ways forward

A shared Chart of Accounts, and performance-based blended financing — both requiring commitment beyond the Ministry of Health.

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Indonesia's PHC Financing Landscape

A decentralized system: national insurance (JKN), three tiers of government budget, and facility revenue all reach the same front door

10,292

Puskesmas nationwide

35.3%

of total health spending goes to PHC

Source: Indonesia National Health Accounts 2022; Kemenkes, May 2026; ThinkWell/SP4PHC analysis with MOH, 2022–2024.

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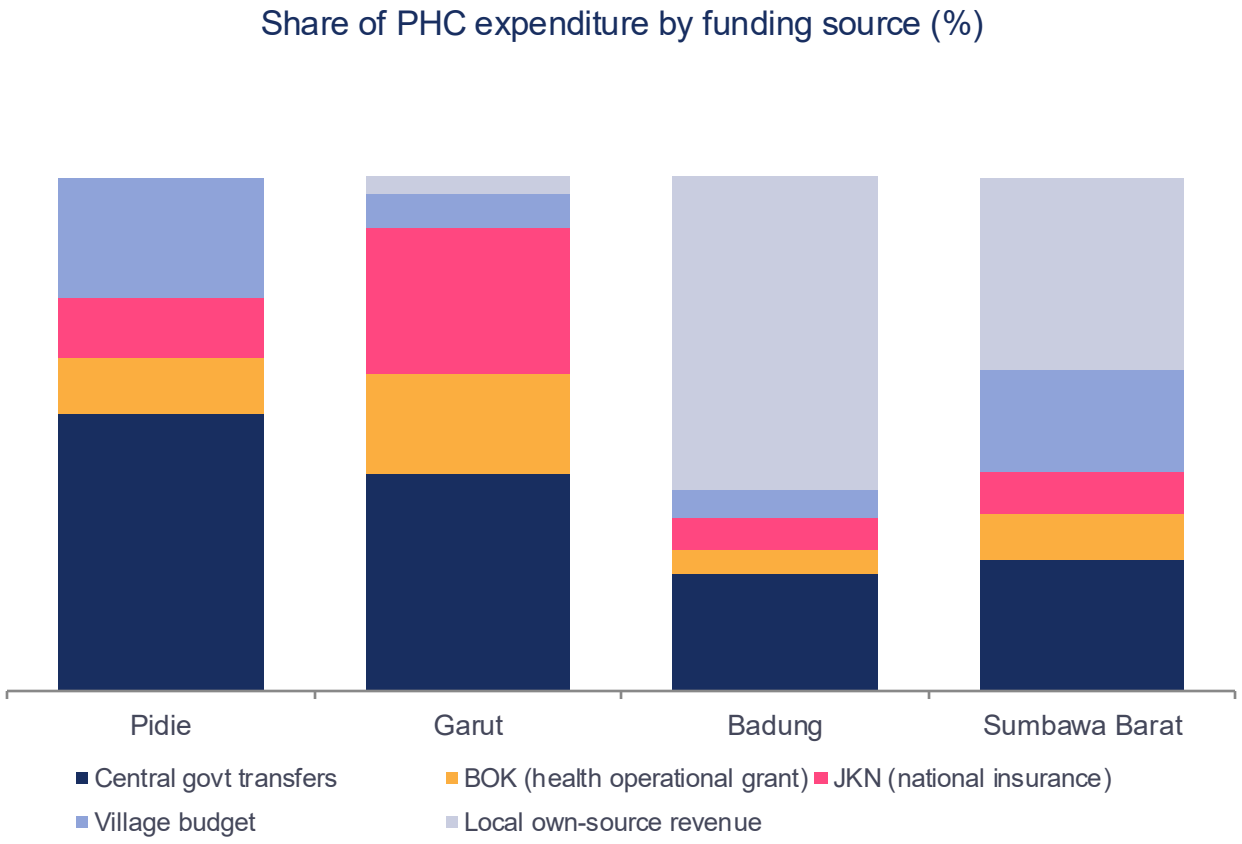
Fragmentation Is Not Just a Diagram — It Shows Up in the Numbers

Evidence from HSI/SP4PHC's expenditure tracking with MOH in four districts (Garut, Badung, Pidie, Sumbawa Barat) – 115 PHC facilities, 2023



Spending per capita is low — and uneven

The four districts spent US$10–37 per capita on PHC in 2023, against a WHO 2030 benchmark of US$59–65 for a comprehensive package.

10-11 separate streams, eleven sets of rules

Each funding source carries its own planning, reporting, and accountability requirements — reflecting limited trust in facility-level financial capacity.

Over-regulation slows the money down

Complex, duplicative reporting delays disbursement and leaves resources under-utilized. BOK funds face especially heavy administrative requirements.

Source: ThinkWell/SP4PHC PHC expenditure tracking with MOH, 2022 (categories grouped from 8 original line items for clarity); Stenberg et al., 2019.

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What Fragmentation Costs — for Facilities and for Patients

Root causes	Fragmented funding	Consequences
• Budget constraints at district level for PHC	• Insufficient funds to finance PHC needs	• Inadequate services — including for priority ILP screening programs
• Individual (UKP) vs. community (UKM) services are budgeted separately	• Administrative burden for every funding source	• Sources can't be combined for the same spending item, for fear of “double funding”
• Funds are earmarked by source for specific spending items	• Inflexible, earmarked use of funds	• Inflexibility blocks the efficiency integration is meant to deliver

“Fragmented financing often means a fragmented experience for patients.”

Many patients must navigate multiple programs and funding sources just to access care and pay for services — confusing, time-consuming, and costly, particularly for poor and vulnerable households.

Source: ThinkWell/SP4PHC analysis with MOH (root-cause mapping); PIDS-HEFP Forum Theme 1 message house.

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What Regulation Says: Two Tracks of Puskesmas Financial Governance

How a Puskesmas may use the funds it receives depends on its ownership and legal status

NON-BLUD PUSKESMAS · 27% of facilities

Perpres 32/2014, Art. 12

Capitation funds: at least 60% for jasa pelayanan (health-worker service pay); remainder for operational support.

Permenkes 28/2014

Governs use of non-capitation JKN funds.

Perpres 46/2021

Unspent capitation balance (SiLPA) is deducted from next year's capitation payment.

BLUD PUSKESMAS · 73% of facilities

Permendagri 79/2018 on Regional Public Service Bodies (BLUD)

Grants full flexibility in financial management: funds can be used directly, budgeting is flexible, and staff pay is set through performance- and responsibility-based remuneration — not a fixed ratio.

MOH review, 115 BLUD Puskesmas / 4 districts (BKPK, 2024)

38%–85% actual range of JKN capitation spent on health workers incentive— not a fixed 60:40

Both tracks answer the same question: how should funds be spent once they arrive? Neither one addresses whether they should arrive through eleven separate pipes in the first place.

Flexibility in use ≠ integration of sources

Source: BKPK/Pusat Pembiayaan Kesehatan, Telaah Pola Belanja Puskesmas BLUD dan Non-BLUD (Agustus 2026); Permendagri 79/2018; Perpres 32/2014.

Ways Forward

A single, harmonized chart of account across all funding sources and governance levels, linked to current information systems

TODAY

JKN	BOK	DAU	DAK
Village	Local rev.	Otsus	+4 more

Separate ledgers, separate reports — no single view of how a Puskesmas actually spends

WITH AN INTEGRATED COA

1 chart of accounts across every funding source

Gives DHOs and Puskesmas one consistent view of spending, regardless of source

Combine budget planning and execution into one account, without differentiating by funding source — and pay for performance, not inputs

Blended, performance-based financing

Ministry of Health

Sets service standards & ILP performance indicators

Ministry of Finance

Redesigns DAU / DAK / BOK transfer rules

Home Affairs (Kemendagri)

Governs BLUD & regional budgeting (APBD)

BPJS Kesehatan

Links JKN capitation to performance

Bappenas & local govts

Aligns planning & budgeting cycles

No single ministry can fix this alone.

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Source: ThinkWell/SP4PHC recommendations to MOH; BKPK spending-pattern analysis, 2024.

Key Takeaways

1. Integration doesn't require a single pool. It requires funds that work toward the same goal

2. Facility-level flexibility is necessary but not sufficient. BLUD's Permendagri 79/2018 flexibility is real — but the fragmentation lives upstream, in how funds are planned and transferred, not in how a facility spends what it already has.

3. Two concrete instruments are ready to move: an integrated Chart of Accounts, and performance-based blended financing. Both are technically feasible — what they need now is coordinated commitment across ministries, not just within the health sector.

Terima Kasih — Thank You – Salamat Po