



# Definition, Importance, and Formulation of Health Policy and Financing

Salma Azzuhri Rozaqi<sup>1</sup>(✉) and Purwono Sungkowo Raharjo<sup>2</sup>

<sup>1</sup> Faculty of Teacher Training and Education, Sebelas Maret University, Surakarta, Indonesia  
salmarozaqi34441@gmail.com

<sup>2</sup> Faculty of Law, Sebelas Maret University, Surakarta, Indonesia

**Abstract.** Health policy is the implementation of public policies, namely policies that are established with the aim of improving the health status of the community. Health finance refers to how financial resources are used to ensure that the health system can adequately meet the collective health needs of all. A vast amount of knowledge and experience has been accumulated on how to raise medical funds concerning financing. Governments are the preferred choice for fairness, efficiency, and risk-sharing and should play a dominant role in funding or financing health care through tax revenues. Healthcare financing is more than mobilizing additional funding for healthcare. It requires a system view and uses financial resources to reform healthcare institutions and encourage providers to provide efficient and effective healthcare. Things that must be considered in the formulation of health policy include actors, content, context, and process. All policies must be supported by adequate resources, both human and financial. Human resources are the suitability of the quality and quantity of implementers to cover the entire target audience. Financial resources are the adequacy of investment capital for programs and policies.

**Keywords:** Health Policy · Financing · Politic

## 1 Definition of Health Policy and Financing

Health policy is the implementation of public policies, namely policies that are established with the aim of improving the health status of the community. The national health policy aims to improve the health and welfare of the country's population. Health policy includes all decisions that affect the health system and is carried out by stakeholders such as state agencies, organizations and non-governmental organizations.

Medical care can be characterized as an element of public policy. The program has begun and justified the previously highly controversial role of the federal government in funding the health care of some of the population. It escaped the financial insecurity, preventable pain, and premature death of millions of vulnerable citizens. It has facilitated significant innovations in health policy [1].

Health finance refers to how financial resources are used to ensure that the health system can adequately meet the collective health needs of all. This is a fundamental

component that impacts the performance of the overall healthcare system, including the delivery and accessibility of primary health care.

Health care finance is a core function of the health care system that can enable progress towards universal health insurance by improving effective insurance and financial protection. Carefully designed and implemented health financing strategies can help address health-related issues. Contract and payment arrangements can, for example, encourage coordination of care and improvement of quality of care. Proper and timely payment of funds to healthcare providers helps ensure proper staffing and dosing to treat patients.

Health policy and financing are expected to provide and develop robust health financing systems, including income collection, pooling, and overall procurement core functions, as well as nationally coherent and realistic health laws and policies, strategies, and support for powerful development of plans with the purpose to oversee the links between the national and operational levels, and their implementation.

## **2 Importance of Health Policy and Financing**

Health policy is a form of decisions, plans, and actions taken to achieve certain health goals in society. The importance of health policies that are part of public policies is increasing and is a hallmark or characteristic of the health sector. These characteristics exist because they affect the lives of many people, the interests of society, and the uncertainty of medical conditions, thereby adding to the complexity of the health sector.

Health policy is public policy. The concept of public policy can be interpreted as the existence of a strong, authoritative, and legitimate state, representing the people who employ the government and are technically competent financially and implementing in setting policies. The policy is a consensus on an issue in which goals and objectives are aligned with priority goals and provide important directions for achieving them. Without agreement or coordination, the expected results are in vain.

Health policy is a policy that could be categorized as an important part of public policy. This categorization is due to the fact that the health sector is an essential part of the economy. The health sector requires a lot of resources so the state budget will certainly be allocated more there. Innovation and investment in the health sector have resulted in health policy being said to be the driver of the economy. Health policy is an issue in which human life and death are involved so it can be said that health policy is the goal and instrument as well as implementation and assessment. Communities at various levels, from local, national, and international levels are strongly influenced by health policies which are the strength of the political aspect.

All policies must be supported by adequate resources, both human and financial. Human resources are the suitability of the quality and quantity of implementers to cover the entire target audience. Financial resources are the adequacy of investment capital for programs and policies. Adequate calculations are required for both of these resources when implementing state programs/policies. Without the expertise of implementing the policy, energy is lost and runs slowly and quite well, but funding ensures the sustainability of the program/policy. Without sufficient financial support, the program cannot achieve its goals and objectives effectively and quickly [2].

Higher health care costs do not necessarily mean better health results. The funding path or financing chosen is very important as it determines the risk bundling and cost burden diversification. It also delegates financial decision-making authority to specific organizations, decides on the allocation and distribution of service resources, and chooses payment methods to incentivize providers. If the organization is a political organization such as a government agency, an independent social security fund, many private insurance companies operating in a competitive market, or thousands of individual patients who pay directly to a provider, it is big. It makes a difference.

Political decisions determine how to fund the national health system. Health finance methods also play an important role in cost control, which is a major concern in most countries. Most countries are under cost pressure for well-known reasons such as emerging infectious diseases, rising patient expectations, and new but expensive technologies and medicines.

New threats to healthcare finances are discovered currently. In recent years, two new threats have emerged that could further impede the ability of low and middle-income countries to turn money into efficient and effective health care. First, the enormous injection of international funding for specific diseases has created a vertical program that drains more capable staff and fragmented the basic health system. This means that less health care is available for basic prevention, maternal and child health, and treatment of common illnesses. The second new threat concerns the brain drain from many low and middle-income countries to high-income countries. The increased outflow of talent will affect the ability of these countries to provide effective health care to their populations. In summary, a vast amount of knowledge and experience has been accumulated on how to raise medical funds concerning financing. Governments are the preferred choice for fairness, efficiency, and risk-sharing and should play a dominant role in funding or financing health care through tax revenues.

Healthcare financing is more than mobilizing additional funding for healthcare. It requires a system view and uses financial resources to reform healthcare institutions and encourage providers to provide efficient and effective healthcare. National methods of health care financing are the key to achieving equitable and efficient health care. Ignoring the systematic aspects of healthcare, countries will repeat the costly mistakes of their predecessors [3].

### **3 Formulation of Health Policy**

Things that must be considered in the formulation of health policy include actors, content, context, and process [4].

#### **3.1 Actor**

An actor is an individual, group, or organization that is influenced by the context, namely the environment in which the actor lives and carries out his work. Actors as stakeholders are at the heart of the health policy framework. An actor is a term used to refer to individuals, groups, or organizations that influence a policy. Actors fundamentally influence policy, but the extent to which they influence the policy depends on their power.

Power is a mixture of personal wealth, knowledge, and authority. Actors who participate in the policy-making process can be divided into two groups, namely formal actors and informal actors. Formal actors or official participants include government officials (bureaucrats), the president (administrative), the legislative, and the judicial. They are called formal or official actors because they have powers recognized and legally binding by the Constitution. On the other hand, informal actor groups, or parties without legal authority, include stakeholder groups, political parties, and individual citizens.

### **3.2 Content**

Content is the content of a policy that details the main parts of the policy.

### **3.3 Context**

The context is influenced by a variety of factors, including political, ideological, historical, cultural, economic, and social at the national and international levels that influence health policy.

### **3.4 Process**

The policy-making process is influenced by actors as stakeholders: their positions, values, opinions, and personal expectations in the power structure. Policy content reflects these aspects.

## **4 Conclusion**

Health policy and financing are expected to provide and develop robust health financing systems. The health sector is an essential part of the economy and requires a lot of resources so the state budget will certainly be allocated more there. All policies must be supported by adequate resources, both human and financial. Without sufficient financial support, the program cannot achieve its goals and objectives effectively and quickly. Political decisions determine how to fund the national health system. Healthcare financing requires a system view and uses financial resources to reform healthcare institutions and encourage providers to provide efficient and effective healthcare. Formulation of health policy needs to consider these things: actors, content, context, and process.

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