



# Mechanism of Health Financing in Facing Covid-19 Pandemic in Indonesia

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**Abstract.** The COVID-19 (Coronavirus Disease-2019) pandemic has significantly impacted all corners of the world, one of which is Indonesia. In this situation, many aspects of life are affected, especially in the health sector. Referred to as a deadly virus, Covid-19 has caused many deaths, which makes people feel they have to be more vigilant and try to get the best possible health services. However, seeing the reality where the community's economy is also affected by the ongoing Pandemic makes it difficult for people to get the health services they need. Therefore, through this article, it will be explained about how the form of implementing health financing for the community in Indonesia in facing the Covid-19 Pandemic will be, which is aimed at fulfilling the distribution of health services. In writing, the author uses a descriptive method, which contains a description and explanation of a phenomenon or problem that is currently ongoing. The data collected is actual data and analyzed related to its sustainability. In compiling the data used to write this article, the library study method was used, which obtained information or data from reading sources such as books, articles in journals, or other related authorities on electronic media.

**Keywords:** COVID-19 Pandemic · Health Services · Health Financing

## 1 Introduction

2020 has been a quite difficult year for all corners of the world, where the situation that was running normally has changed suddenly due to the presence of the deadly virus of the year, which is now known as the COVID-19 virus. COVID-19 itself stands for Coronavirus Disease-2019, whose main spread occurred in December 2019, to be precise in Wuhan, China. It said that on December 31, the regional WHO located in Beijing received a report of the presence of a group of patients from the same city, that all of them had pneumonia without knowing what caused it. Symptoms felt by that group of patients include difficulty breathing, fever, and sluggish lungs. Until now, the cause of the existence of the corona virus itself is thought to have come from animals such as bats, snakes, and rats which are sold as a source of consumption at the Wuhan Huanan Market—this is also shown by the number of traders in the market who experienced a

similar symptoms [1]. As one of the countries in the world, the spread of COVID-19 has also reached Indonesia. President Joko Widodo announced that the first COVID-19 case in Indonesia was found on March 2, 2020. The case was experienced by two people, both of whom are a 64-year-old mother and her 31-year-old daughter [2]. In 2022, Indonesia is referred as the country with the highest COVID-19 cases in Southeast Asia—where more than 4.369.000 cases have been found (Fig. 1).

The COVID-19 pandemic has become something that is considered to bring great losses and a decrease in the quality of human life, both in Indonesia and other countries. The impact also affects all aspects, which include the fields of health, social, education, economy, and others [5]. If it is focused on the health sector, then this is the aspect that most affected by the current pandemic. There is not a day without an increase in the number of positive cases and deaths from COVID-19. To date, the World Health Organization (WHO) has stated that the positive cases found have reached more than 500 million, with the global death toll exceeding 6 million. As the number of cases continues to increase, the need for health services is also increasing. The society needs to get equal health services, which in Indonesia itself has been regulated in Article 28 H Paragraph 1 of the 1945 Constitution of the Republic of Indonesia. However, the impact of COVID-19 can also be felt on the economy of every country and the people who live in there, especially since Indonesia itself is a developing country— which causes the effect obtained to be more felt compared to developed countries. The hampered economic growth due to the pandemic has ultimately increased unemployment and poverty rates in Indonesia. In reality, there are so many workers who lose their jobs, then have difficulty getting a new job, as a result of limited employment opportunities. Likewise with entrepreneurs who experienced a decline in turnover in their business, even to the point of bankruptcy [5]. Reflecting on that situation, it makes the community unable to obtain the health services they need, due to the limited funds they have. Hence, in dealing with this, it is necessary to implement health financing that can be carried out by

		Total Cases	New Cases	Total Deaths	New Deaths	Total Recovered	Active Cases
Indonesia		4,369,391	+16,021	144,348	+28	4,143,694	81,349
Philippines		3,569,665	+9,493	54,054	+51	3,339,558	176,053
Malaysia		2,876,324	+5,566	31,978	+13*	2,784,003	54,777
Thailand		2,447,964	+7,422	22,188	+12	2,342,765	83,011
Vietnam		2,275,727	+12,674	37,777	+109	2,022,450	215,500
Myanmar		535,532	+278	19,310	0	513,273	2,949
Singapore		352,811	+4,481	855	+1	332,525	19,431
Lao PDR		134,438	+585	551	+4	128,370	5,517
Cambodia		121,390	+35	3,015	0	117,633	742
Brunei		16,558	+82	59	0	15,964	492
ASEAN		16,699,800	+56,637	314,135	+205	15,740,235	639,821

Fig. 1. Number of Recapitulation of Covid-19 Cases in Southeast Asia in 2022. Source: [4]

the government or non-government. The allocation of health financing has a direction to be able to play a role in providing incentives and resources in the implementation of health services. This is expected to create a further equitable distribution of health services for the community, especially the lower middle class, who have experienced difficulties earning a living since the COVID-19 pandemic.

## 2 Discussion

Having a reasonably significant role in distributing health services for the community in Indonesia, health financing in its implementation also has principles and goals that form the basis of its existence. Apart from explaining the allocation of health financing in facing the COVID-19 pandemic, this article will also explain the form of health financing in more detail, which also including the objectives and principles attached.

### 2.1. Definition of Health Costs

Health costs are the funds needed by a person or group of people to obtain the health services required. Henceforth, the health costs are handed over by the government or non-government in order to create an equitable distribution of health services in community life. In its existence, health costs are divided into health care costs and medical service costs [6]. Health care costs are funds that must be allocated to increase health rates in people's lives. On the other hand, medical service costs are funds that are earmarked to assist patients in their recovery period. In ensuring health costs, it is necessary to pay close attention to the effectiveness and efficiency that will affect the success of allocating these costs so that the distribution of health costs can be in accordance with the needs required by each individual or group.

### 2.2. Definition of Health Financing and its Forms

Health financing is something that plays a significant role in efforts to improve health in people's lives, which is done by allocating health costs for the distribution of services that are engaged in the health sector. Not only functions for the allocation of funds, but health financing also has other functions to conduct reviews and assessments of the aspects that move in it.

In its implementation, government financing, private financing, health insurance financing, and external sources become a series of things that play the roles of sources of health costs, which will distribute to the community [7]. It is stated that the costs used in government financing are obtained from the accumulation of health costs incurred at each level of government, from local government to central government. Meanwhile, the external sources listed refer to the expenses provided by foreign organizations whose aim is to help increase health financing—among them the WHO, the world bank, and others. Meanwhile, private sources of health costs are obtained from the community or companies that have the same vision as the goal of financing the health itself [8]. However, as a source of health care costs, the government can experience difficulties that limit it in allocating its funds if the place of residence is a country with relatively

low incomes. This also has an impact on the implementation of health insurance as a result of the small population with a high burden of disease.

### 2.3. Principles and Functions of Health Financing

Obtaining good quality health along with the ease of getting its services are the main things to be addressed by the allocation of health costs. In carrying out what has been determined, health financing has a principle used as a basis. The first principle is the principle of efficiency and effectiveness. To obtain an equitable distribution of health services effectively and efficiently, health financing must also pay attention to the allocation and actions taken to continue to run according to these principles. The second principle is the principle of fairness and transparency [6]. As already mentioned, health financing has four primary sources, in which the allocation must be done fairly and equitably so that the community can feel the real benefits of the existence of health financing [8]. In addition, there must be openness to the public regarding the management that has been carried out on the existing health costs. Next, the last principle is referred to as the principle of sufficiency. The meaning of adequacy here refers to the charge of health, the amount of which must continue to be increased with the aim of achieving a perfect distribution of health services according to the needs of each individual.

Not only having principles in its allocation, health financing also has functions that can improve the quality of health for the community. These functions are divided into 3 crucial things, including:

- a. Pooling function, which means that health financing has a position to overcome financial risks that can occur by collecting financial resources as much as possible. In its continuity, this function provides space for the community to be able to take part in conducting health financing, which will affect increasing the community's financial protection.
- b. Fundraising function. In this function, the government is the source of funds allocated to the community to improve health services. Sources obtained by themselves are obtained from mandatory health insurance, direct and indirect taxes, out-of-pocket, loan funds, grants, and medical saving accounts. Referring to the contents of Law Number 28 of 2006 concerning General Provisions and Tax Procedures, taxes became a regular contributor in providing health costs. Because the existing contributions come from the community, they must return to the community. Meanwhile, medical saving accounts are individual savings used to meet the need for health services in the future. In contrast to a medical saving account, out-of-pocket is an individual's health financing in which there is a formal sharing with the government. Public payments can also be made, which are referred to as informal payments.
- c. Purchasing function. This function has the task of determining which community groups will be allocated funds to improve health services.

2.4. Mechanisms and Strategies for Health Financing during Covid-19 Pandemic in Indonesia Referring to the contents of Article 28 H Paragraph 1 of the 1945 Constitution of the Republic of Indonesia, which states that the community has the right to obtain health services that are equal to one another, which leads to a policy, namely health financing. Apart from this article, Article 34 of the 1945 Constitution of the

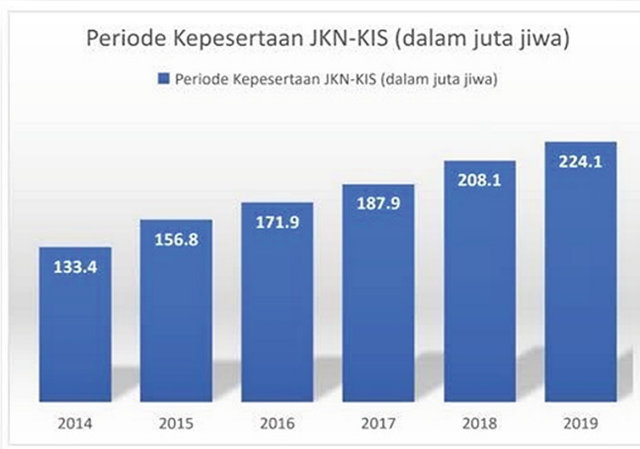
Republic of Indonesia also explains the state’s responsibility for health services for the entire community and social security provided to people who can’t afford it. Health financing in Indonesia obtains the primary sources in its implementation from the APBN, APBD, out- of-pocket, private funds, grants, and company donations. In obtaining one of the sources mentioned, a minimum of 5% of the APBN is taken by the central government, while the regional government takes the APBD as much as 10% [10] (Fig. 2).

In dealing with the unequal distribution of health services in Indonesia, in 2014, the government established the National Health Insurance (JKN) program. JKN itself, in its formation, was based on Law Number 24 of 2011 concerning the Social Security Administering Body (BPJS) and Law Number 40 of 2004 concerning the National Social Security System (SJSN). In the future, the existence of JKN is expected to make it easier for the community to obtain health services as needed, especially for the lower middle class. To get protection from the JKN program, people must include themselves to register for BPJS first. When the particular card is owned, the community can use it to obtain health services according to what is needed [9, 10]. Until 2019, the number of people who have registered themselves in the JKN program has reached 224 million people. This figure continues to increase until now, which has stepped on the 241 million population [11] (Fig. 3).

When the COVID-19 pandemic appeared, all countries in different parts of the world received new powers to help overcome health problems caused by the virus. As one of the affected countries with a relatively high positive number, The losses obtained by Indonesia can be said to be quite large— especially in terms of health and economics. The increase in the COVID-19 virus has been accompanied by stunted economic growth, which has left most people in severe difficulties. Many of them are trying to get health services following what is needed, but they can’t do that due to their weak economic situation. Therefore, in 2020—precisely in the 2nd and 3rd quarters of COVID-19— President Joko Widodo allocated a total of Rp. 686,20 trillion in the APBN, intended to run a health financing system in handling COVID-19. In 3 years, specifically from



Fig. 2. The Concept of Health Financing System in Indonesia. Source: Trisnantoro, 2014



**Fig. 3.** Graph of The Increase in The Number of JKN Participants in Indonesia. Source: [11]

2020 to 2022, the government has a deficit of more than 3 percent of the APBN, before the maximum amount of the deficit will be returned to 3% in 2023 [12, 13]. In addition, in dealing with the COVID-19 pandemic, the government has also issued Presidential Regulation Number 64 of 2020, which is intended to support the JKN program so that it can continue to run appropriately and sustainably as a guarantee of public health in Indonesia. The regulation also regulates policies that can be taken to maintain health financing during a pandemic, including reviewing and adjusting the fees required by the parties concerned, imposing fines on health services, and reorganizing existing governance. Next, it was stated that the government had distributed funds amounting to Rp75 trillion as BPJS contributions. Henceforth, the contributions given will be allocated to 4 aspects of financing, which consist of [12]:

- a. Costs for health workers who die in their work dealing with COVID-19 patients, which can be given to their relatives for IDR 300 billion.
- b. The cost of tariffs given to Non-Wage Recipient Workers (PBPU) is Rp. 3 trillion.
- c. The costs are given to medical personnel at the center and regional level, which are stated to be Rp. 5.9 trillion.
- d. The cost of providing health services to deal with and cope with the COVID-19 pandemic is IDR 68.5 trillion.

If the allocation of health financing is based on Article 17 and Article 21 of Law No. 40 of 2004, it requires the government to be responsive in allocating health funds to people who can't afford it or workers who have been laid off (PHK) and register themselves as part of JKN.

### 3 Conclusion

Coronavirus Disease-2019 or commonly known as COVID-19, is a deadly virus that originated in Wuhan, China. Until 2022, positive cases of COVID-19 found in all corners of the world have reached 500 million, with 6 million deaths. This impacts all aspects of human life, especially in the health and economic fields.

There is an inseparable link between the health sector and the economy in facing the COVID-19 pandemic. Positive numbers and deaths that continue to increase make people need adequate health services. However, on the other hand, many people are unable to fulfill this as a result of the economic downturn. The COVID-19 pandemic has profoundly impacted the world's economy, including the people who live in it.

Therefore, to distribute health services to the community, a health financing system is used. This system moves by allocating funds from specific sources to meet the community's needs for health services, especially in the lower-middle-class community. Particular sources of health financing are in the form of government financing, private financing, health insurance financing, and external sources.

In its implementation, health financing adheres to the principles on which it is based, namely the principle of efficiency and effectiveness, the principle of fairness and transparency, and the principle of adequacy. Apart from the principles, health financing also has functions in the form of a pooling function, fundraising function, and purchasing function. These functions are used to facilitate and assist the implementation of health financing.

In facing the COVID-19 pandemic, the government has made every effort to distribute health services to the community evenly. Things to do include budget allocations, distribution of BPJS contributions, issuance of laws, and others that are considered to be able to make the country able to survive in the COVID-19 pandemic. As an institution that functions to administer the government system in Indonesia, the government must be able to act in any matter that disturbs the nation's stability, including facing the COVID-19 pandemic. The government must be able to determine clear priorities in each of its actions.

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