

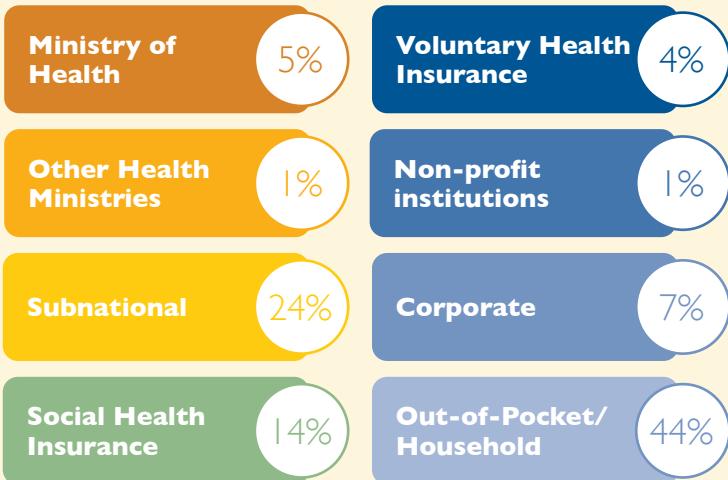
# Primary Health Care (PHC) Financing and Delivery Country Profile



# Indonesia

## Source of PHC funds (2023)

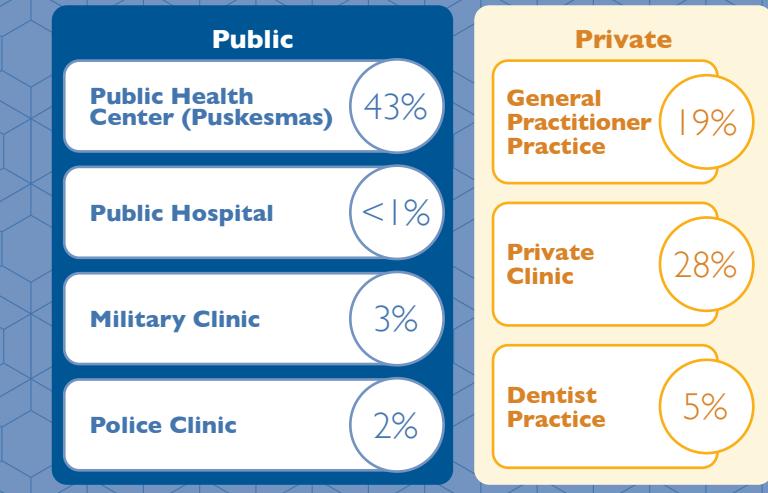
The largest source of pooled funds are allocations from the subnational level and social health insurance – Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan). Out-of-pocket spending made up 44.4% of PHC spending in 2023.



Source : Indonesia NHA 2023

## Providers of PHC services (2025)

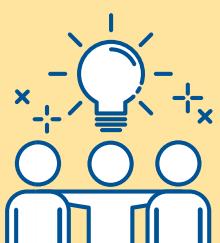
Source: SHI monthly report 2025



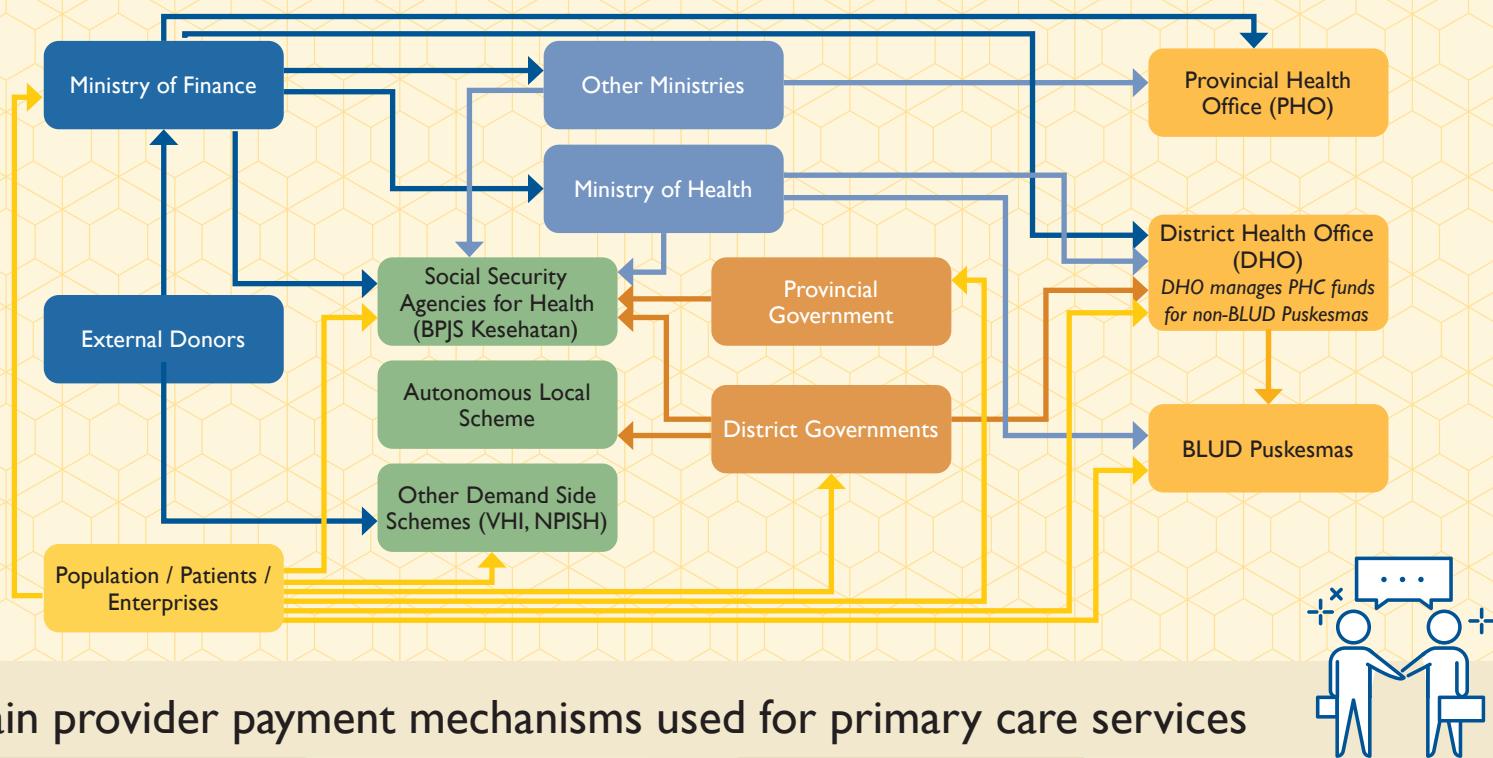
## How are public funds allocated to PHC?

Resource Allocation describes the rules and criteria to distribute public funds to various sectors including health.

- » Indonesia has 514 kabupaten districts organized under 34 provinces.
- » The Ministry of Finance transfers public funds from the central government to provinces and districts, through ministries, including the ministry of health. The provinces and districts manage their own budgets.
- » The allocation to the district is based on formulas set annually and considers geographical size, population, and district utilization in the previous year.
- » The district receives two types of grants from central government. The district has autonomy to determine how to allocate the non-specific grant.
  - + **Specific grant** to the district for public health services
  - + **Non-specific grant** to the district which can be allocated to any sector
- » The Ministry of Health transfers additional resources and inputs for delivery of vertical programs.



# How do PHC funds flow to the primary care providers?



## Main provider payment mechanisms used for primary care services

BPJS Kesehatan (social health insurance)	Capitation Fee-for-service	Sub-national (local government)	Line-item budget
Ministry of Health	Line-item budget	Individuals/Households	Fee-for-service



## Primary care facilities autonomy for financial management

Primary care is delivered in Puskesmas and private clinics. Puskesmas are categorized in two groups:

### BLUD Puskesmas

- » Puskesmas that have autonomy to manage their resources referred to as Badan Layanan Umum Daerah Puskesmas (BLUD-Puskesmas) which constitute 57% of Puskesmas.
- » They can retain fee-for-service and capitation funds across financial years.
- » A procurement plan is developed monthly and submitted to the District Health Office for approval.
- » Capitation funds can be used directly against the annual expenditure plan.

### Non-BLUD Puskesmas

- » Puskesmas that do not have the autonomy to manage their resources constitute 43% of Puskesmas.
- » Local governments oversee these Puskesmas and receive their PHC funds in an account managed by the District Health Office.
- » They can only retain capitation funds across financial years, but the following year's budget allocation is usually reduced.

## Accountability mechanisms for Puskesmas

### BLUD Puskesmas

- » There are different reporting platforms for each source of funds.
- » BLUD Puskesmas prepares an annual business plan with a budget and income and expenditure plan. The business plan is approved by the local government and submitted through the District Health Office.
- » Use of PHC funds must follow procurement guidelines and reported against the business plans.
- » Annual audits are performed by an independent auditor at the end of the year expenditure plan.

### Non-BLUD Puskesmas

- » There are different reporting platforms for each source of funds.
- » Reporting is carried out by the District Health Office on their behalf against the annual budget plan.
- » Reports are generated for non-capitation funds monthly and annually for capitation funds.
- » Annual audits are performed by the internal government auditor at the end of the year.