

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

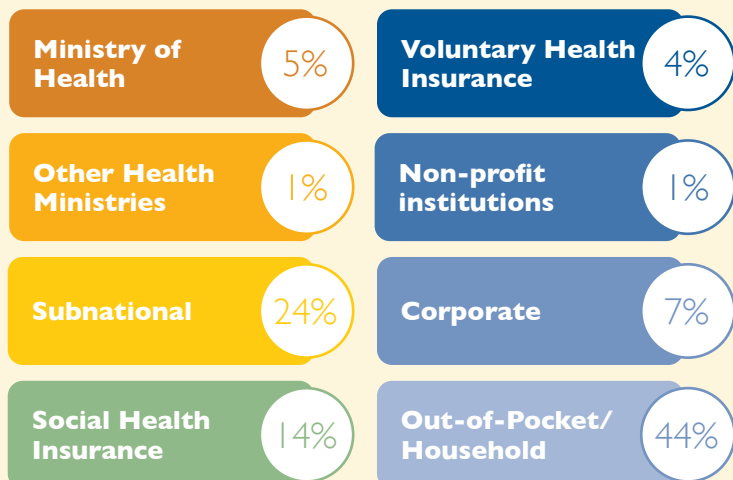


## Indonesia

Stronger, more effective Primary Health Care (PHC) provides a critical backbone for universal health coverage (UHC). There is consensus that public funding should be the predominant source of health funding including funding of PHC services. In this series of country profiles, we describe how public funding is allocated to the health sector (resource allocation), how those resources are transferred to health providers (provider payment) and the decision space primary care providers have to use PHC funds.

### Source of PHC funds (2023)

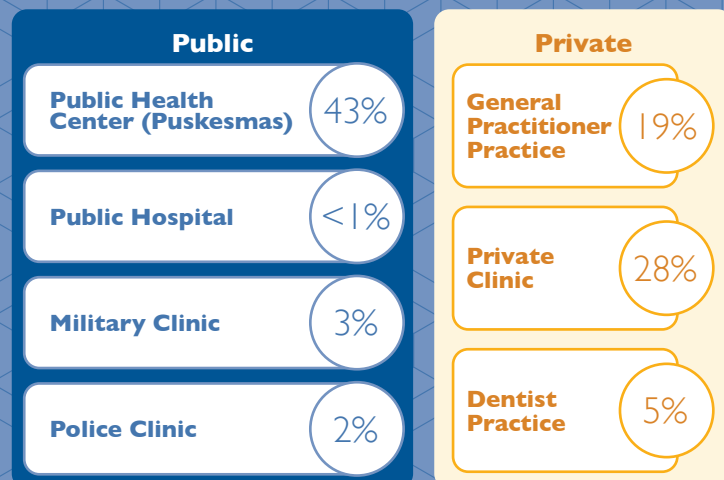
The largest source of pooled funds are allocations from the subnational level and social health insurance – Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan). Out-of-pocket spending made up 44.4% of PHC spending in 2023.



Source : Indonesia NHA 2023

### Providers of PHC services (2025)

Source: SHI monthly report 2025



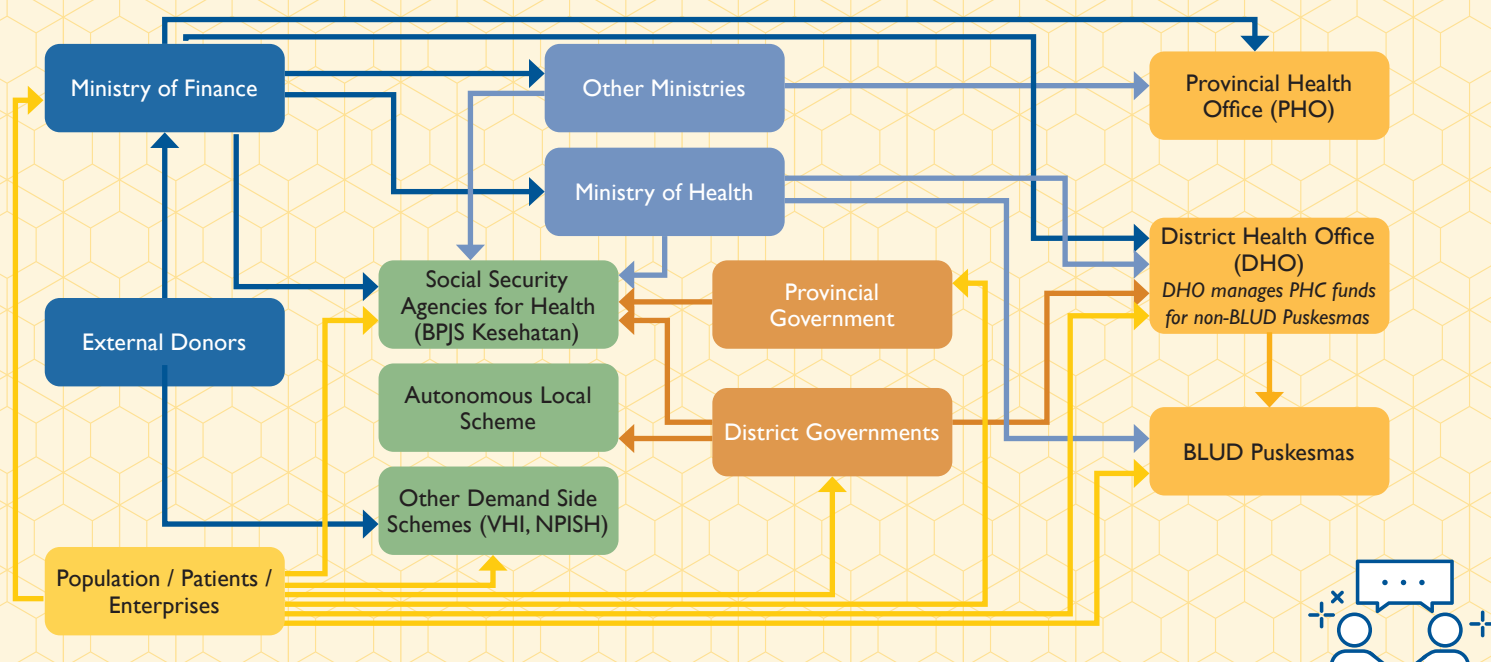
### How are public funds allocated to PHC?

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.