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Inclusive, Sustainable, Prosperous and Resilient Health Systems in Asia and the Pacific
INSPIRE Health Forum

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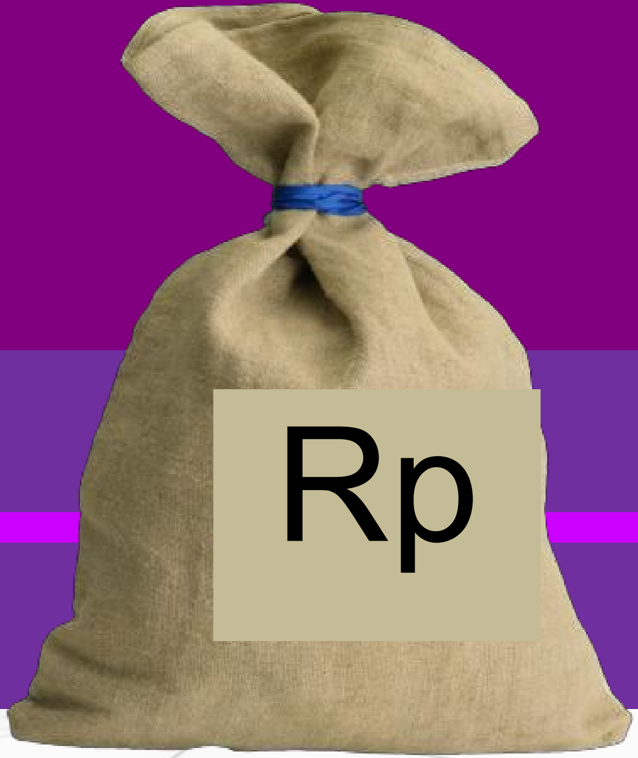
Indonesia’s Private Health Insurance Current Situation



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Content

1. Overview of Indonesian health financing
2. Problems of Social Health Insurance (SHI)
3. Is Private Health Insurance (PHI) can be a safety valve for SHI?
4. The opportunity.

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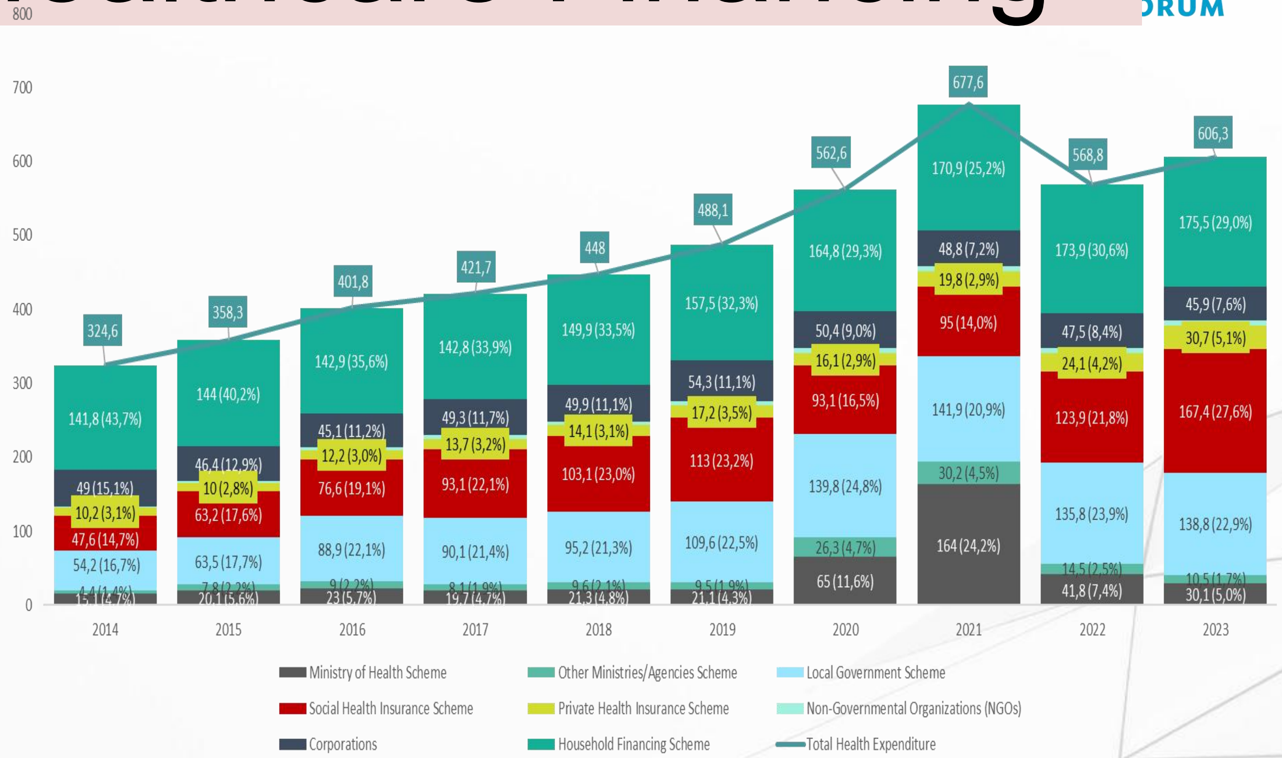
1. Overview of Indonesian health financing

Overview Indonesia’s Healthcare Financing

The largest proportion of health financing is Out-of-Pocket/OOP is at **25.2%–43.7%**, with a decreasing trend. The second largest source is **Social Health Insurance**, **(14%–27.6%)**, with an increasing trend over the past ten years.



Private health insurance contributes only around **2.8%–5.1%.**

A tendency to increase.

Problems of Social Health Insurance (SHI)

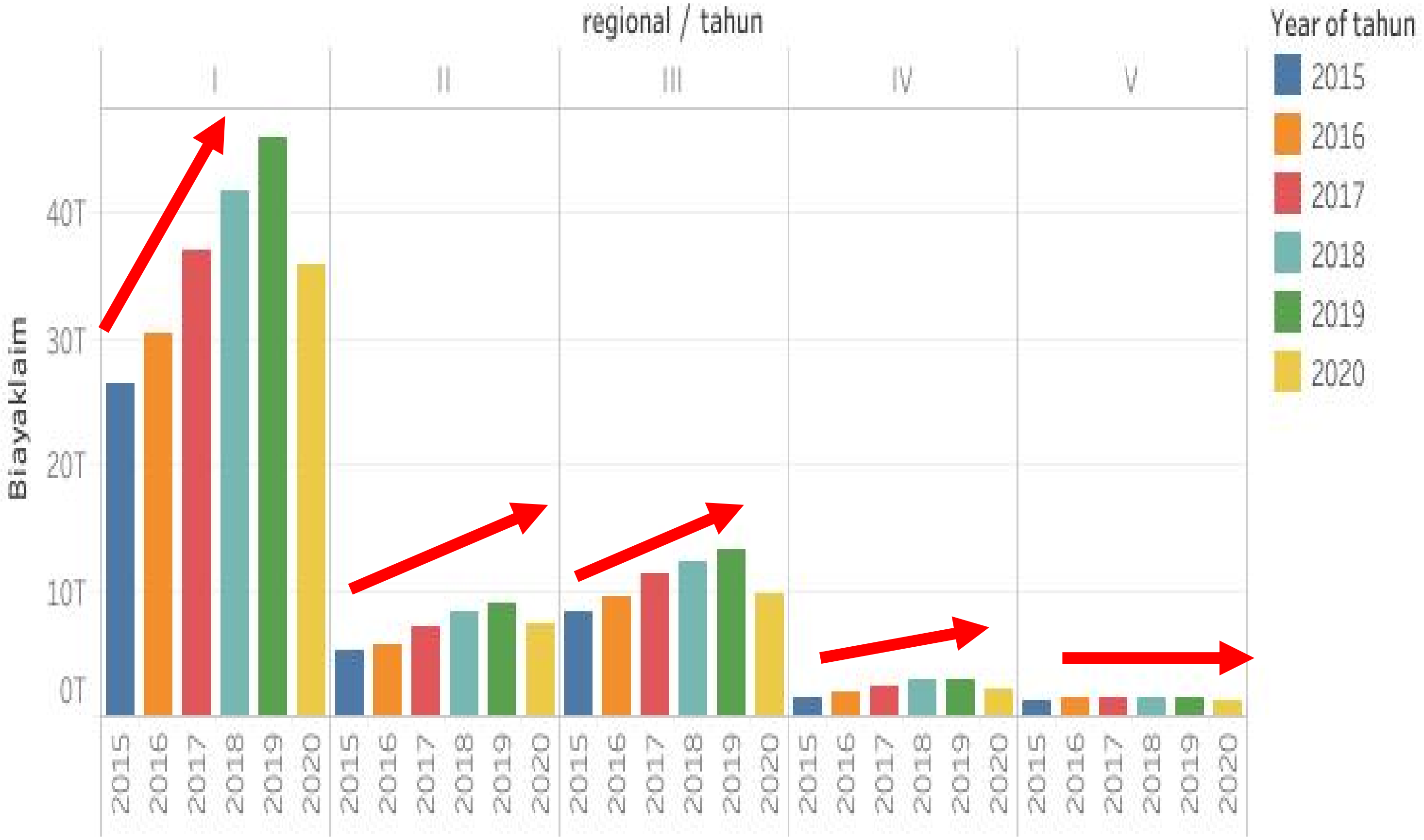
- Inequity: using Social Economy Survey and Routine Data of claims
- Financial Sustainability

Inequity issues using National health insurance (BPJS) claim spending data

Since 2015, there has been an increase in BPJS claim costs in

- **Region I. Very sharp.**
- **In Regional 5: Flattening**

In 2020, in all regions, claim costs decreased due to the impact of the COVID-19 pandemic



Region 1: DKI, Jabar, Jateng, DIY, Jatim, Banten
Region 2: Sumbar, Riau, Sumsel, Lampung, Bali, NTB
Region 3: NAD, Sumut, Jambi, Bengkulu, Kep. Bangka Belitung, Kepri, Kalbar, Sulut, Sulteng, Sulsel, Sultra, Gorontalo, Sulbar
Region 4: Kalteng, Kalsel, Kaltim, Kaltara
Region 5: NTT, Maluku, Malut, Papua Barat, Papua

Source: Sample 1% routine data BPJS

Poor distribution of specialists and health facilities

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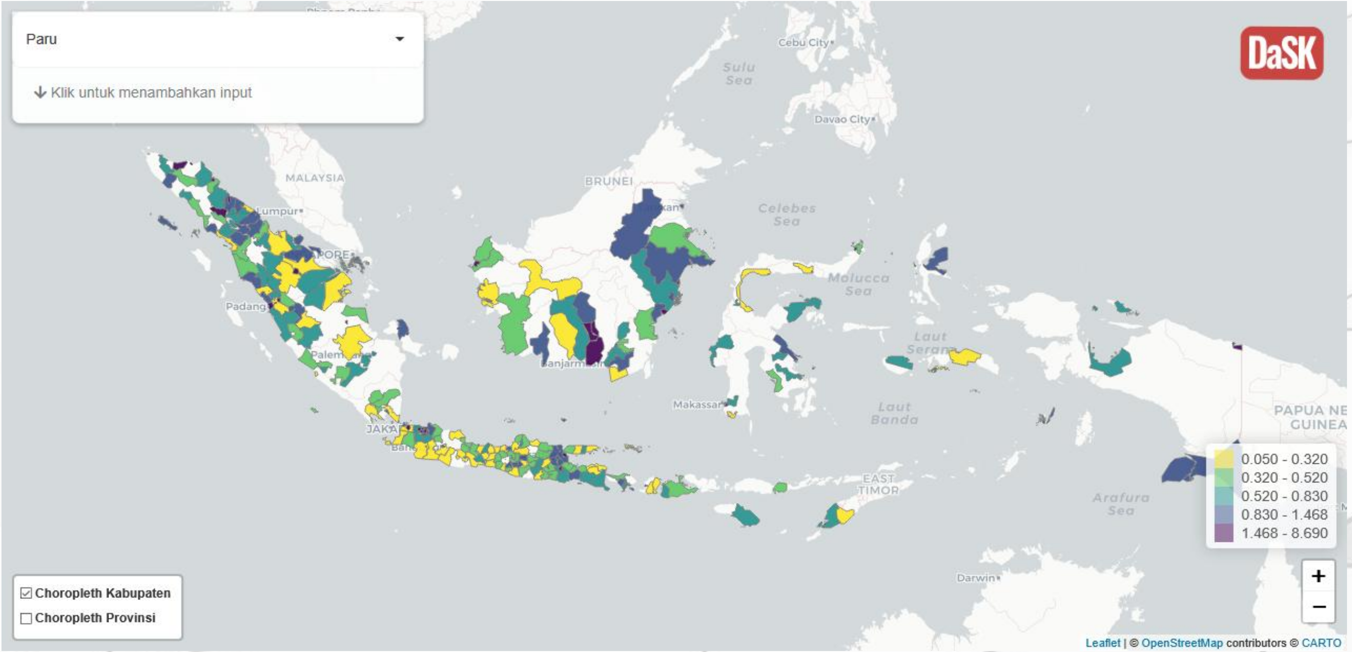
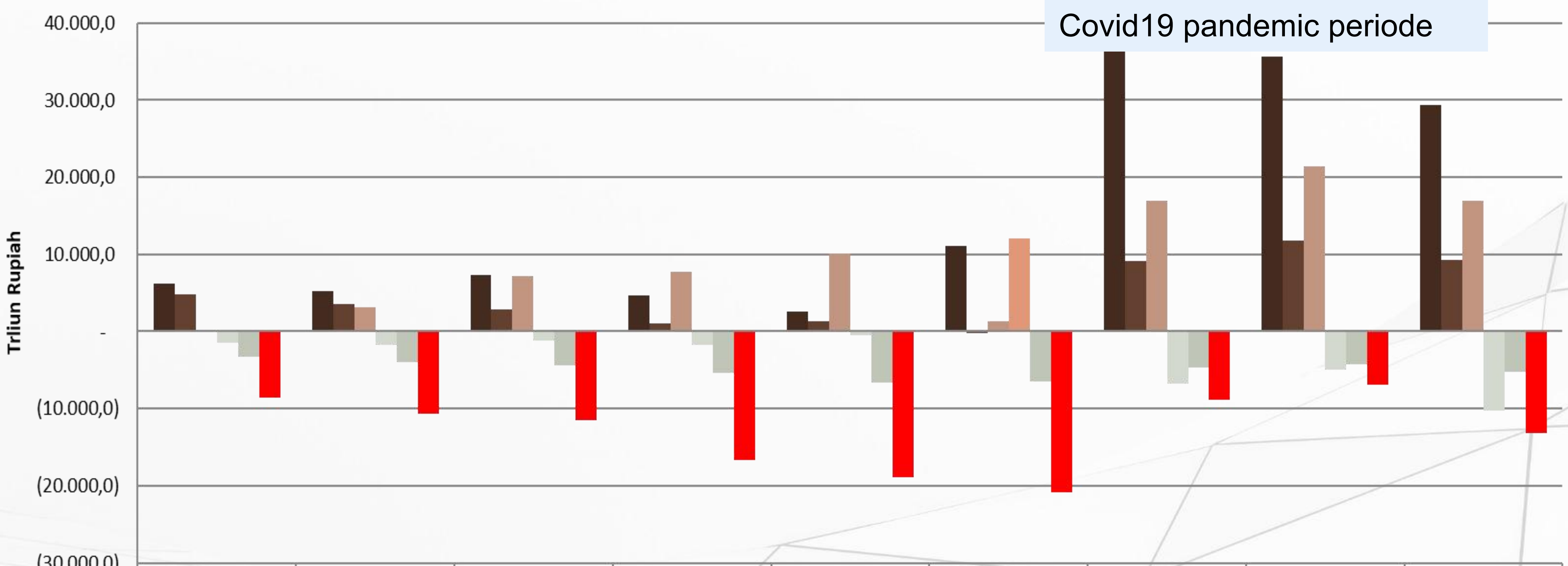
Cataract, SC, certain surgeries cannot be performed where there is no specialist and proper health facilities



Source: RS Online Kemenkes, Juni 2020; divisualisasikan dalam: https://pkmk-ugm.shinyapps.io/sdmkesehatan/

Financial Deficits in BPJS by members group



	2014	2015	2016	2017	2018	2019	2020	2021	2022
PBI-APBN	6.198,0	5.256,8	7.351,4	4.689,6	2.620,7	11.100,0	36.800	35.700,0	29.400,0
PPU-ASN	4.869,1	3.531,1	2.809,2	1.028,8	1.262,9	(200,0)	9.100	11.800,0	9.300,0
PPU-BU	175,1	3.157,5	7.195,3	7.742,2	10.055,8	1.300,0	16.900	21.400,0	17.000,0
PBI-APBD	(1.454,7)	(1.683,2)	(1.227,9)	(1.684,2)	(516,5)	12.100,0	(6.700,0)	(5.000,0)	(10.300,0)
BP	(3.210,7)	(3.979,9)	(4.459,2)	(5.353,9)	(6.655,8)	(6.500,0)	(4.700,0)	(4.200,0)	(5.300,0)
PBPU	(8.515,6)	(10.674,5)	(11.552,2)	(16.620,7)	(18.939,0)	(20.900,0)	(8.800,0)	(6.900,0)	(13.200,0)

COVID-19 and Temporary Financial Relief

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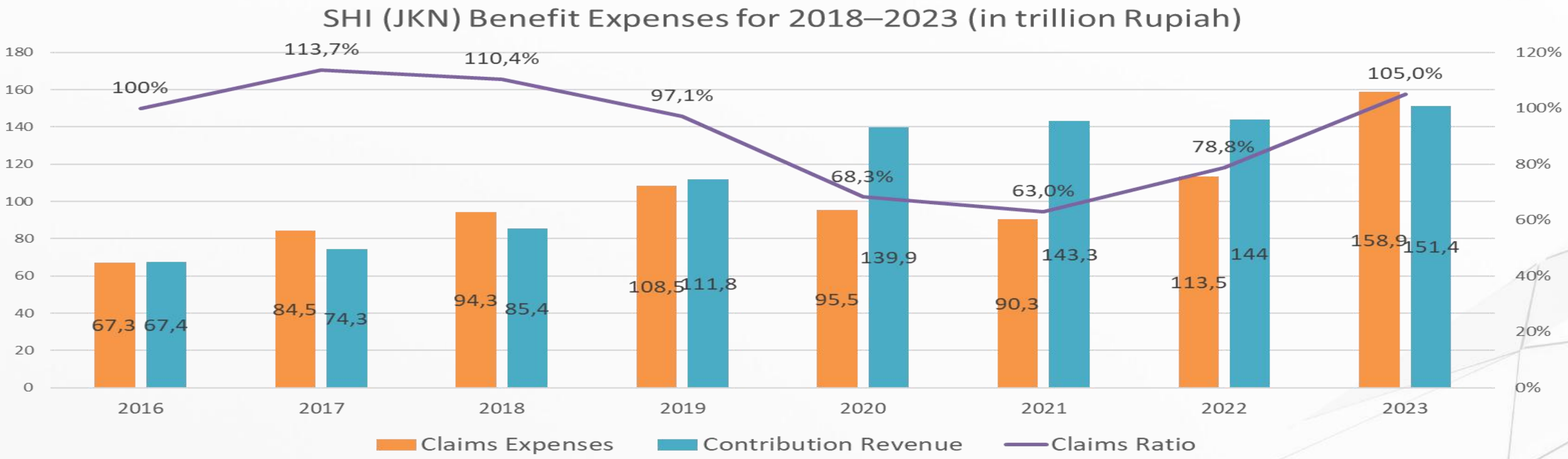

Since it began, SHI has faced annual financial deficits.

During the COVID-19 pandemic (2020–2023), SHI reported a surplus—not due to improved efficiency, but because COVID-related claims were paid by the Pandemic Fund, not by SHI.

Not a reflection of SHI improvement, but a temporary funding shift

Post-Pandemic: Return to Deficit

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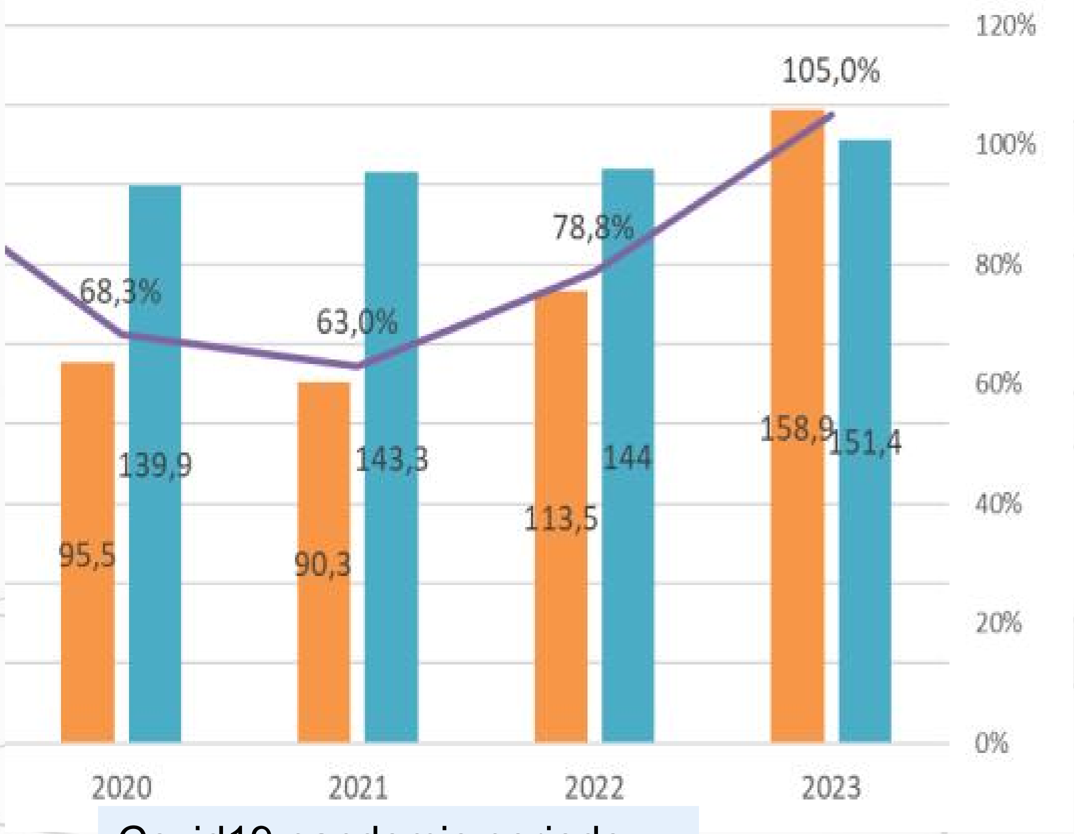
1. After 2023, SHI's financial deficit returned to pre-pandemic levels
2. Structural weaknesses remain unresolved
3. Reliance on government subsidies reemerges

Claim Ratio: in 2023 is 105%
Benefit expenses



Covid19 pandemic periode

Government Fiscal Constraint in 2025

1. Indonesia faces limited fiscal space for welfare and health spending
2. Government may be in difficulties in covering SHI deficits
3. Urgency to find complementary financing solutions

3.

Is PHI can be a safety valve for SHI?

The Role and Limitations of PHI

1. Currently, PHI plays a limited and unclear role in Indonesia’s health system.
2. It is regulated under life insurance laws, which are not well-suited to address the unique risks and needs of medical insurance.
3. There is also inadequate infrastructure to handle challenges such as fraud.
4. Many PHI providers are operating at a loss, which makes expansion difficult without reform.

PHI Market Performance (in Total)

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1. Many PHI companies operate at a financial loss.
2. Adverse selection is happening

4.

The opportunity for Private Health Insurance

A need for a Sustainable Mixed Financing in the Future

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1. SHI alone is not financially sustainable
2. PHI can complement SHI if properly developed
3. Public-private synergy is essential for long-term resilience

Conclusion & Way Forward

Indonesia's healthcare system cannot rely solely on SHI, especially with fiscal constraints tightening.

The private sector—particularly PHI—must step up. This requires clear regulation, better oversight, and aligned incentives.

A balanced public-private system is essential for the future sustainability of universal healthcare in Indonesia.

Thank you