



INDONESIA: HEALTH SERVICES



DEFINITION

- The medical-related professional services are:
 - Medical and dental services (CPC 9312)
 - Services provided by midwives, nurses, physiotherapists, and para-medical personnel (CPC 93191)
- The health related and social services are:
 - Hospital Services
 - Other Health Services: Medical Check-up, Clinical Laboratories, Mental Rehabilitation Services, Public Health Maintenance Security services, Medical Equipment Rental, Health aid and Evacuation of Patients in Emergency Conditions, Medical Equipment Testing, Maintenance and Repair Services, Medical Clinic, Mother and Child Care Clinic, Maternity Clinic



Context

- Health System
 - Mixture private and public
 - 24% government financed and 76% private
 - core: primary health unit (puskesmas) -> mostly public financed
 - Secondary health services -> growing role of private sectors



- Structure of Industry
 - Primary->public
 - Secondary ->public and private



Current Problems

- The main problem in public sector is unequal distribution. While the number of health and medical personnel is increasing, there is also a tendency for the public sector losing their employees, especially in the area outside Java. Public health facilities are also poorly developed due to the lack of sufficient fund.
- Private health sector still lacks the attitude toward consumer protection. Although the sector provides better services with sophisticated equipment, protection to consumer's rights have not been developed well. It is related to the fact that Indonesia does not have sufficient minimum standard service for health services. The current standard mostly focuses on the physical requirements instead of providing protection to consumer's rights



Policies for Foreign Presence

- Current
 - In the medical and dental services, for general practitioner, dental, doctor and dental specialist, the mode 1 and 2 (NT and MA) is no regulation, and the mode 3 and 4 (NT and MA) is restricted since the providers must possess license to practice that requires Indonesian citizenship. As for psychologist, it is prohibited to employ foreign psychologist, that is, restriction of mode 3 and 4. The similar regulation applies to pharmacist.
 - For services provided by midwives, nurses, physiotherapist, and paramedical personnel, the mode 1 and 2 (MA and NT) is no regulation, but restricted mode 3 and 4 (MA and NT) as there is prohibition for foreign midwives (and midwives licensing for only Indonesian citizen) and nurses as well as limiting working permit period for occupational therapist.



- As for hospital, mode 1 and 2 (MA and NT) is in no regulation status, but Mode 3 (MA and NT) is restricted. In mode 3, despite the regulations on foreign investment allows the foreign presence, there is a requirement from MOH that that hospitals may only be operated by yayasan (social organization). As for Mode 4, the restrictions refer to the medical-related professional's restriction.
- The current policies for other health services can be divided into two types. First, for Medical Check-up, Clinical Laboratories, Mental Rehabilitation Services, Public Health Maintenance Security services, Medical Equipment Rental, Health Aid and Evacuation of Patients in Emergency Conditions, Medical Equipment Testing, Maintenance and Repair Services, the status is no regulation (mode 1 and 2), unbound (mode 3), and restricted (mode 4) for both MA and NT. The mode 3, based on the foreign investment regulation allows the foreign presence in these services, yet the Government of Indonesia has not yet ascribed this status for WTO-GATS commitments.
- Second, for Medical Clinic, Mother and Child Care Clinic, Maternity Clinic, the status is no regulation (mode 1,2 and 3), and restricted (mode 4) for both MA and NT. The foreign investment regulation does not clearly state whether this type of health services is open to foreign investors. Mode 4 restrictions refer to medical-related professional restriction



Liberalization

- Planned
 - opening up the market in 2010, mainly for Mode 4. Moreover in 2005, mode 1 and 2 (MA and NT) will be open for foreign presence. The main instruments to be made for liberalization are certification (both national and international), licensing and accreditation procedures, and the formation of board or council of professionals – particularly for mode 3.
 - There is a plan to release regulation to open the market for hospital and other health related facilities (mode 3) for foreign providers, given the condition that the hospital should serve in a district level area with more than 400 beds facilities.



Assessment of the Regime

- In medical and health related professional services, the current regulation as well as actual situation is restrictive
- As for hospital and other health services, the actual condition of the hospital service's market is relatively liberal, in spite of relatively restrictive legal measures



Rationales for restriction

- Professional services -> the deterioration of universal health service providing if the market is liberalized. Moreover, it is found that the sub-sector is not yet prepared to allow certification, technical standard, and licensing procedure for foreign providers to be set –the absent of regulatory framework- Indonesian Medical Association, in particular, concerns to the standardization of techniques employed by practitioners; public protection, and malpractice without adequate practice licensing procedure.
- In hospital and other health services:
 - the cream-skimming phenomenon,.
 - heavy reliance of foreign hospital on hi-tech imported equipment that is sensitive on foreign currency stability.
 - the underutilization of medical equipment, due to lack of feasibility study, induces unethical practice of physicians to increase the utilization.
 - the equity concern



What Liberalization Can Bring?

- Liberalization in medical services, particularly mode 3, may help to fill the gap between the need and available health facilities. However, whether the liberalization can make the health services widely more available in the less developed area remain to be seen.
- Indonesia also needs to solve the problem of consumer protection in health services. While the liberalization induces competition between health providers to give better quality of services, it does not necessarily mean consumer have better position in the health services



- potentials ->
 - liberalization may help to fill the gap between the actual figures and the targeted figures stated in Healthy Indonesia
 - may also help to absorb the continuous flows of professional supplies by providing health services unit to absorb that flow; or by opening access to foreign market. .
- Buts,
 - very low price paid by Indonesian customers ->the foreign presence inflow may not incur in desirable speed and size. It aims only the financially able to pay international standard price –that is upper middle incomes inhabitants _>may not cope with the problem of uneven distribution of health services