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The Effects of Health Insurance Schemes on Out-of-Pocket Expenditures in Indonesia: A Mixed Methods Study Approach

Promotionsfach: Public Health

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Out-of-pocket payments and the role of health insurance programs in Indonesia were the central issues in this study. By using both quantitative and qualitative approaches, this study addressed four research questions:

1. Did health insurance play a role on reducing out-of-pocket payments in Indonesia?
2. What types of out-of-pocket payments were insured households still had to expense for health services?
3. What strategies did insured households use to address a financial hardship due to higher out-of-pocket payments?
4. To what extent did financial hardship due to higher out-of-pocket payments influence insured household's economic resources?

To answer these research questions, in the first stage, this study developed and tested empirically the econometric model by using panel data from the four waves of the Indonesian Family Life Survey (IFLS) from 1993, 1997, 2000 and 2007. In addition, in-depth interviews with 19 carefully selected patients were conducted to better understand the perceptions of out of pocket expenditures and how households coped with them.

The main findings that were concluded from this study are summarized as follows:

1. The two largest health insurance programs (i.e., *Askeskin* and *Askes*) significantly decreased household out-of-pocket expenditures by correcting endogeneity (selection on unobservables). These findings are consistent with the basic argument that health insurance reduces financial risk.

2. Insured household members hospitalized due to chronic and acute illnesses were greatly affected by high cost treatment for direct and non-direct medical costs and other additional costs such as transportation and accommodation.
3. Households relied on internal resources for covering hospital bills as the first strategy to offset the high cost of health care services, such as mobilizing their savings, selling their assets, or borrowing money.
4. In general, insured households showed positive expression towards their insurance schemes. Insured households realized the advantages of being insured, particularly when they needed expensive medical care. The reduction of the medical expense burden was the main perceived gain from insurance.

This study demonstrated that health insurance schemes have resulted in financial protection among their members. However, the results also revealed the economic burden among insured households for severe acute and chronic illnesses. Therefore, a government policy is needed to increase cost coverage and thus reduce the large out of pocket expenditures of insured households.