
Article

The Health Economy in Indonesia: Challenges and Opportunities

Muhammad Zia Ulhaq^{1*}, Muhammad Rasyad Al Fajar², Jaitun Afriani³, Nursyafika⁴, Sahfira Handayani⁵, Nurul Wulandari⁶.

¹²³⁴⁵⁶ Universitas Muhammadiyah Bima

* Correspondence: ziaulhaq8816@gmail.com

Abstract: Indonesia's health economy faces many challenging challenges, but also has many promising opportunities to improve people's quality of life. This research examines some of the critical elements affecting the national health system, including lack of access, under-financing, and deficiencies in infrastructure and human resources. Conversely, there are great opportunities in the use of digital technology, the development of a national health insurance system, and increased public-private sector collaboration. This research aims to analyze in terms of public policies that have been implemented. The method used is a literature study of books, national and international journals from the last 10 years. The results of the analysis show that existing health policies and initiatives and emphasize methods that can be used to overcome these challenges and maximize existing opportunities. Creating a more efficient, inclusive, and equitable health system, innovative and sustainable policy reforms are needed. This will aid sustainable economic growth and improve the welfare of the Indonesian people.

Keywords: Health Economics, Public Policy, Welfare.

1. Introduction

Health economics is a field that studies how resources are used in health systems and their impact on public health. In Indonesia, health economics is becoming an increasingly important issue along with economic development, demographic changes, and shifting disease patterns (Pattamatta, 2024). The country faces challenges such as disparities in access to health services between urban and rural areas, inequality in the distribution of health workers, and inadequate financing. However, there are also great opportunities for progress, such as economic growth that can improve infrastructure, availability of medical personnel, technological innovations that offer efficiencies and new business models, and the potential of social insurance to address socio-economic risks and strengthen international collaboration. Public investment in the health sector can also improve the distribution of health system financing and outcomes, providing a solid foundation for improving the accessibility and quality of health services in Indonesia (Bloom, 2024).

Aurelya, Nurhayati, Purba (2022) emphasized that health economics is a field of study that examines the relationship between health conditions and economic growth. Health indicators such as the Health Special Allocation Fund (DAK), exclusive breastfeeding, and the percentage of ever-married women have a positive influence on economic growth in Indonesia (Romero, 2024). Conversely, factors such as the percentage of smokers have a negative impact. The author emphasizes that health is a vital human

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capital to support sustainable economic growth, and investment in the health sector is essential to achieve this goal (Chowdhury, 2024).

Health economics is understood as the study of various microeconomic aspects related to the demand and supply of healthcare resources, and their impact on the population (Grand, 2024). The study of health economics is useful to provide a better understanding of the formulation and implementation of health policies, so that health care decisions can be made more effectively. The importance of health economics lies not only in the direct costs, but also in the long-term social and economic impacts, including high absenteeism and low productivity that can lead to unemployment, and the link between mental health and poverty that can worsen the social situation. Thus, attention to health economics, especially in the context of mental health, is critical to improving people's well-being and supporting sustainable economic growth. (Khoirunissa & Ni Made Sukartini, 2020)

This research aims to analyze the public policies that have been implemented in Indonesia's national health system, focusing on the challenges faced such as lack of access, under-financing, and deficient infrastructure and human resources (Ritika, 2024). In addition, it also explores promising opportunities to improve the quality of life through the use of digital technology, the development of a national health insurance system, and increased collaboration between the public and private sectors. As such, it is hoped that this research can provide a solid basis for policymakers to allocate resources more efficiently and prioritize investments in the health sector to promote inclusive and sustainable economic growth in Indonesia (Dempsey, 2024).

2. Materials and Methods

a. Definition of Health Economics

Health economics is a branch of economics that studies how resources, such as money, labor, and technology, are allocated and used in health systems. It includes analyzing the costs and benefits of health services, health policies, as well as the economic impact of various health factors on individuals and society. The goal is to understand how health-related decisions can affect overall economic welfare, including the efficiency, accessibility, and quality of health services (Latifiani, 2022a).

Health economics is a study that explores the relationship between health conditions and economic growth, where health is seen as a form of human capital that is important for increasing productivity and sustainable economic growth. (Aurelya et al., 2022)

b. Sustainable Health Economy

A sustainable health economy in Indonesia is influenced by various factors and strategies implemented by the government and related parties. One of the main focuses is improving the quality of human resources, where the government seeks to improve the skills and knowledge of health workers through continuous education and training (Azid, 2022). This aims to ensure that medical personnel can provide better healthcare services.

Inclusive and sustainable economic development is also a top priority. Within the framework of the Golden Indonesia 2045 vision, which aims to make Indonesia an advanced, just and prosperous country, health sector transformation is an important part of this strategy. The government supports this transformation by improving access and quality of health services and strengthening the National Health Insurance (JKN) program. (Baharuddin, 2024)

The role of technology in improving healthcare efficiency and access is significant. Innovations such as telemedicine, big data, and artificial intelligence (AI) for diagnosis and treatment are helping to improve healthcare efficiency (Dalapati, 2023). In addition, investment and fiscal policy play an important role,

with the government providing fiscal incentives to motivate investment in strategic industries such as pharmaceuticals and medical devices, including through policies such as Tax Holiday and Super Tax Deduction for research and development. (Kulsum et al., 2024)

The use of the digital economy is also part of an important strategy, especially in the energy, food and health sectors. Making extensive use of the digital economy can improve efficiency and access to health services. Better health infrastructure development is also needed, covering not only physical buildings, but also aspects of health, food and energy to support sustainable economic development (Latifiani, 2022b).

With the implementation of integrated strategies and investments, Indonesia's health economy has the potential to become more inclusive, efficient and sustainable. The government and various stakeholders must continue to innovate and improve the quality of health services to achieve sustainable development goals.

c. Health Economy Opportunities and Challenges

Opportunities and challenges in Indonesia's health economy can be seen from several interrelated aspects. On the one hand, rising per capita income and health spending provide great potential for improving healthcare infrastructure and increasing the number of doctors and specialists. This allows for the development of better health facilities and networks, thereby improving access and quality of health services for the community (Gerona-Daga, 2022).

Digitalization of healthcare also offers great opportunities. Despite facing some obstacles, digital technology can improve the efficiency and accessibility of healthcare services. Telemedicine applications, for example, allow patients to access doctors and healthcare services without having to visit clinics or hospitals, which not only increases patient convenience but also reduces the burden on healthcare facilities (Lautania, 2024). Advancements in medical technology are another key opportunity, as they can improve the quality of services by offering more accurate and effective treatments. However, a major challenge that needs to be addressed is inequality of access. Some groups of people may experience difficulties in accessing advanced technologies, potentially creating inequalities in the benefits derived from Society 5.0. (Rosmayati & Maulana, 2024)

Data security is also an important issue in the era of healthcare digitization. The need for effective measures to protect patients' personal information is a priority to maintain data integrity and build public trust in digital systems. Another challenge is the shift in job structure that requires adaptive skills and creative thinking. Continuous training programs are needed so that the workforce can adapt to technological changes and utilize new technologies effectively.

The ever-increasing cost of healthcare, largely due to advances in medical technology, is also a challenge (Latifiani, 2022c). While these advancements offer long-term benefits, it is important to develop cost strategies that are flexible and accessible to different segments of society. Finally, the shortage of doctors and specialists remains a challenge. Despite increases in per capita income and health spending, there is still a shortage of adequate medical personnel. This calls for more effective strategies in the development of education and training of doctors and specialists. (Purnama Sari Sir et al., 2023)

By understanding these opportunities and challenges, the government and healthcare industry players can design more effective strategies to improve the accessibility, quality, and efficiency of healthcare services in Indonesia, so that people can enjoy better and more accessible healthcare services.

Methods

The research method in this article uses a literature study to analyze various relevant sources, including books and national and international journal articles published in the last 10 years (2013-2023). These sources were selected through searches in academic databases such as Google Scholar and Sinta, using keywords appropriate to the research topic. The selected literature was evaluated for relevance and quality, and then analyzed in depth to find key themes and important patterns related to the topic. The results of this analysis were then compiled to provide a clearer and more in-depth picture of the research topic.

3. Results

The findings regarding health economic issues are maximizing existing opportunities to be able to improve the quality of life of the community so that the obstacles will be improved and evaluated in the future. Problems related to human resources will be improved and given serious attention in order to have a positive impact for the benefit of the community regarding health economics. In addition, the use of digital technology can make it easier to obtain various information related to developments related to health economic issues. All parties can collaborate from the government, private sector, community and others to improve and solve the problems that occur. Health economic analysis provides deep insight into the problems and solutions that exist in Indonesia's health system. As economic factors are complex and influence health policy, policymakers and stakeholders can consider economic factors and how they influence health policy.

4. Discussion

Research entitled health economic analysis to find solutions to Indonesia's health system challenges, that health economic analysis in Indonesia not only includes economic factors that affect access to and receipt of health services, but also considers the impact of health policies on the country's economy. Solutions to Indonesia's health system challenges, such as accessibility and availability of health workers, include various programs and strategies designed to improve health services and public awareness. In the context of the COVID19 pandemic, effective responses require a joint effort between the government, health sector and technological innovation. Thus, health economic analysis is important in helping make the right policy decisions and effective strategies to improve the health of Indonesians while taking into account relevant economic impacts. Meanwhile, the interpretation of this study is that health economic analysis provides a deep insight into the problems and solutions that exist in the Indonesian health system. As economic factors are very complex and influence health policy, policymakers and stakeholders can consider economic factors and how they influence health policy. There are differences and similarities from the results of the study so that it can provide input and suggestions for further research.

5. Conclusion

Indonesia's major health economic issues include inequitable access to health services, limited budget for health services, shortage of medical personnel, and problems in the management and distribution of health resources. The growing burden of communicable and non-communicable diseases and difficulties in implementing the National Health Insurance (JKN) are other issues that may arise. There are opportunities to improve efficiency through digitization of health services, development of better health infrastructure, and the role of the private sector in complementing government efforts. In addition, there are opportunities to improve the health system through increased education and training. Emphasizing how important it is for several parties including the government, private sector, and communities to work together to address problems and take advantage of opportunities to improve Indonesia's health economy. Existing health

policies and initiatives and emphasized methods that can be used to overcome these challenges and maximize opportunities. Creating a more efficient, inclusive and equitable health system requires innovative and sustainable policy reforms. This will aid sustainable economic growth and improve the welfare of the Indonesian people.

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