

Utilization of National Health Insurance capitation funds at puskesmas: A qualitative study in Medan Labuhan Subdistrict, Medan City

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Abstract

The Indonesian National Health Insurance (JKN) system uses a capitation payment mechanism to fund primary healthcare services. However, utilization of these funds has been a subject of concern because of the potential for unutilized funds and inefficient allocation. This study aimed to investigate the utilization of capitation funds in three Puskesmas (primary healthcare facilities) in Medan Labuhan, Medan City, in 2023. Using a qualitative descriptive research approach, data were collected through in-depth interviews, document analyses, and direct observations. The participants included puskesmas heads, technical implementation officers, primary healthcare service team leaders, financial subsection heads, and health office department heads. Triangulation was used to ensure data validity. The study revealed that overall capitation fund utilization was suboptimal, particularly in terms of operational cost support. This was attributed to delays in budget implementation documents, lengthy and bureaucratic procurement processes, and a lack of understanding among capitation fund management personnel at Puskesmas. To optimize capitation fund utilization, this study recommends streamlining bureaucratic procedures, providing training for capitation fund management personnel, and adopting effective financial management practices for public service agencies. These measures can contribute to improved quality and professionalism in healthcare services delivered by Puskesmas in Medan Labuhan.

Keywords: capitation funds, JKN, puskesmas, utilization, healthcare services

Introduction

Capitation fund optimization aims to enhance services for Indonesian National Health Insurance (JKN) participants, reduce referral rates, improve patient satisfaction with facilities and infrastructure, and support regional development through the synergy between capitation funds and existing regional programs.¹ Capitation funds are utilized for the services of healthcare and administrative personnel involved in primary healthcare, promotive and preventive services, examinations, treatments, medical consultations, non-specialist medical procedures (both operative and non-operative), disposable medical supplies, first-level laboratory diagnostic tests, and other operational needs of health centers.² The first-level health facilities (FKTP) as the frontline in health services in Indonesia have experienced changes in financial governance related to the management of JKN Capitation Funds with the issuance of Presidential Regulation No.46 of 2021 and Minister of Home Affairs Regulation No.28 of 2021. Many parties argue that the issuance of the two regulations is an effort by the central government to reduce the deficit space in the BPJS; unfortunately, FKTP as the spearhead of health services will experience budget shortages in providing health services if they are late in carrying out expenditures or activities whose funding sources are from the JKN Capitation Fund. The central government assumes that the management of capitation funds is not

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performance-based, thus encouraging FKTPs to maximize the use of capitation funds to avoid leaving the remaining capitation funds at the end of the relevant budget period.³

The 2021 Regional Revenue and Expenditure Budget (APBD) is expected to be budgeted through amendments to the Regional Head Regulation on the Explanation of the 2021 APBD, which is carried out prior to the 2021 APBD Amendment, in accordance with the provisions of applicable laws and regulations. The Audit Board of Indonesia (BPK) conducted an audit of the Regional Government Financial Statements (LKPD) in 2020 to uncover the remaining budget surplus (SiLPA) in the APBD. Based on the JKN Capitation Fund Remaining Report, BPJS-Health (Badan Penyelenggara Jaminan Sosial Kesehatan/BPJS Kesehatan) made adjustments to the calculations for the payment of JKN Capitation Funds in Fiscal Year 2021. These adjustments affected the payment of the JKN Capitation Fund starting in September 2021. If the remaining balance of the JKN Capitation Fund management is greater than the JKN Capitation Fund for the relevant month, then FKTP does not receive JKN Capitation Fund payments from BPJS-Health starting in September 2021, and BPJS-Health recognizes it as an overpayment. However, if the remaining balance is smaller than the JKN Capitation Fund of the corresponding month, then FKTP receives the distribution of the JKN Capitation Fund from BPJS-Health, starting in September 2021, in the amount of the difference between the remaining and the JKN Capitation Fund of the corresponding month. If the remaining balance is nil, then FKTP receives the JKN Capitation Fund of the corresponding month from BPJS Health in accordance with the provisions of laws and regulations. The excess payment of the JKN Capitation Fund, as intended, is considered by BPJS-Health in the payment of capital funds in the following Fiscal Year. The Regency/City Government reports the remaining JKN Capitation Fund for the 2020 Fiscal Year to BPJS Health and is reused in the 2021 Fiscal Year APBD and the following year.⁴

Studies have shown that the utilization of capitation funds in JKN program is suboptimal, with low actual capitation costs.⁵ The management and allocation of these funds vary across Puskesmas, leading to disparities in service quality and operational challenges.⁶ Issues include delays in staff payments, limitations in infrastructure and medical supplies, and difficulties in drug procurement.⁶ The involvement of BPJS-Health in planning and budgeting is limited, hindering effective monitoring and evaluation.⁵ While some Puskesmas struggle with insufficient funds, others accumulate surpluses (SiLPA), though this doesn't necessarily correlate with better health service standards.⁷ Improved allocation guidelines, continuous monitoring, and evaluation are necessary to ensure the achievement of JKN program goals at the primary care level.^{5,8}

Analysis of JKN capitation funding at 41 Medan City health centers indicates a significant budget surplus each year. This surplus is the difference between capitation revenue and expenditure. Given the large allocation of capitation funds and the slow pace of budget realization, Puskesmas have the potential to experience excess funds at the end of the fiscal year. The calculation of the Puskesmas capitation budget surplus shows the following trends: 2020 amounted to Rp. 71,676,175,770, in 2021 amounted to Rp. 38,310,571,217, and decreased in 2022 to Rp. 4,528,617,769.11.

A crucial issue in the management of JKN capitation funds for Puskesmas in Medan City lies in the accumulation of the remaining capitation funds, which is fairly large. It is feared that this could hamper the smooth running of the program to improve the quality of services for the community. On the other hand, Puskesmas are required to always be ready to compete with other health facilities, both public and private, in providing excellent quality services.⁹ Realizing this situation, the Medan City Health Office as the supervisor of Puskesmas needs a clear strategy to realize JKN capitation fund management that is accountable and oriented towards excellent service. This excellent service includes not only health aspects, but also quality administrative services. In fact, the realization of capitation funds for improving infrastructure at Puskesmas is still not optimal. This has resulted in the slow realization of the use of capitation funds in the current year. As a result, people who seek treatment at Puskesmas have not felt the real benefits of optimizing the use of capitation funds. This study aimed to analyze the utilization of National Health Insurance capitation funds at Puskesmas in the Medan Labuhan Regency.

Method

This study used a descriptive qualitative approach to explore and describe in depth the phenomenon of capitation fund utilization in Puskesmas in Medan Labuhan Sub-district, Medan City. The research

location was selected considering the three Puskesmas that had the highest, medium, and lowest levels of budget remaining in the utilization of capitation funds in 2022 and 2023. This study was conducted at three health centers in Medan Labuhan Sub-district, Medan City. The selection of puskesmas was based on the criteria of the remaining JKN capitation fund budget in 2022, namely: one puskesmas with the highest remaining budget, one puskesmas with a medium remaining budget, and one puskesmas with the lowest remaining budget. In addition, this study involved the Medan City Health Office to obtain information on policies and regulations related to capitation funds. The study was conducted from September 2023 to February 2024.

This study involved 10 participants, consisting of key and secondary informants. The key informants consisted of three Heads of UPT Puskesmas, who acted as FKTP leaders. They have in-depth knowledge and experience related to the implementation of primary health services in puskesmas. Furthermore, the three PPTK puskesmas act as programs and team supervisors at puskesmas. They have technical knowledge and experience related to the implementation of primary healthcare programs in puskesmas. The secondary informants consisted of the Head of the Health Services Division of the Medan City Health Office, the Head of the Finance Sub-Division of the Medan City Health Office, the Head of the Primary Health Care Team, and the Staff of the BPJS Health Branch's Membership and Participant Services Division. These participants were selected considering that they have important roles in the implementation of primary healthcare in Medan City and have in-depth knowledge and experience related to the research topic.

Data were collected through in-depth interviews and documented observations related to the utilization of capitation funds. Interviews were conducted during the participants' work breaks and relied on in-depth guidelines. In this study, data analysis was performed after field data were successfully collected and well organized. The first stage of thematic analysis was to examine the interview data and then transcribe the audio data into text. At this stage, discussions were held with the research team to resolve differences in opinion, and then an analysis was carried out to obtain valid data. Data coding was performed based on the results of the analysis and the determination of the data to be used. The codes used were based on the emphasis and purpose of the research topic. The researcher used thematic analysis, a method for analyzing qualitative data that involves careful reading of a set of data and looking for patterns of meaning to find themes.

Results and Discussion

Current situation and challenges

The implementation of a capitation funding system in community health centers in Medan City commenced in 2014. In an effort to optimize the management of these funds, the Medan City Government has issued a regulation. This regulation¹⁰ specifically governs the management and utilization of capitation and non-capitation funds for the JKN program at the community health center (puskesmas) level. The Medan City Government has implemented a system for managing and utilizing capitation funds in community health centers (puskesmas) through a Mayor's Regulation that is revised annually. This policy aims to achieve a dual objective: enhancing the quality of primary healthcare services and ensuring sound financial management at the local government level within the context of capitation payments made by BPJS-Kesehatan. The allocation of capitation funds is set at 65% for healthcare services and 35% for operational expenses, including the procurement of medical equipment, drugs, reagents, and other operational costs.

Interview findings indicate that the Medan City Health Office has consistently conducted socialization efforts on capitation fund utilization policies since 2014, accompanied by ongoing monitoring and evaluation activities. A technical meeting mechanism has also been established to address potential challenges. The utilization of capitation funds within the Health Department is supported by the formation of an implementing team tasked with overseeing and verifying the use of these funds by all community health centers. The disbursement process for expenditures using JKN capitation funds at health centers adheres to strict procedures. Expenditure proposals are submitted by primary healthcare units and subsequently verified by the Health Office's finance division before payment is made.

In 2022, it can be seen that Puskesmas Martubung has the highest remaining capitation funds (IDR 35,391,663.96) and Puskesmas Pekan Labuhan the lowest (IDR 3,711,044.59). The percentage of remaining

capitation funds against budget realization varies, with Puskesmas Pekan Labuhan having the highest percentage (0.27%) and Martubung having the lowest (0.02%).

Table 1. Remaining capitation funds in 2022

Puskesmas	Realization		Remaining (IDR)	Liability (IDR)	Remaining capitation fund (IDR)
	Revenue (IDR)	Expenditure (IDR)			
Martubung	1.941.438.370,96	1.869.830.092,00	71.608.278,96	36.216.615,00	35.391.663,96
Medan Labuhan	1.713.782.242,26	1.589.914.873,00	123.867.369,26	14.822.077,00	109.045.292,26
Pekan Labuhan	1.358.412.525,59	1.352.083.051,00	6.329.474,59	2.618.430,00	3.711.044,59

In 2023, there was an increase in the total remaining capitation funds for all puskesmas compared with 2022. Puskesmas Martubung still has the highest remaining capitation funds (IDR 254,011.96) and Puskesmas Pekan Labuhan the lowest (IDR 129,925,405.59). The pattern of the percentage of remaining capitation funds against realization is similar to that of 2022, with Puskesmas Pekan Labuhan having the highest percentage (0.07%) and Puskesmas Martubung the lowest (0.01%). The value of liabilities in all puskesmas decreased compared to that in 2022.

Table 2. Remaining capitation funds in 2023

Puskesmas	Realization		Remaining (IDR)	Liability (IDR)	Remaining capitation fund (IDR)
	Revenue (IDR)	Expenditure (IDR)			
Martubung	2.584.067.811,96	2.580.335.421,00	3.732.390,96	3.478.379,00	254.011,96
Medan Labuhan	1.893.107.524,26	1.599.656.723,00	293.450.801,26	12.092.160,00	281.358.641,26
Pekan Labuhan	1.760.430.394,59	1.544.678.160,00	215.752.234,59	85.826.829,00	129.925.405,59

An evaluation of three community health centers in Medan Labuhan subdistrict revealed suboptimal utilization of capitation funds, manifested by substantial unspent balances in their accounts. This finding underscores the need for prompt interventions to prevent recurring end-of-fiscal-year surpluses. The root cause of this issue is the underutilization of operational support funds allocated to these health centers. Uncommitted capitation funds from the current fiscal year must be reported to the Medan City Government and will be reallocated as capitation payments for the subsequent year. It is crucial to distinguish these uncommitted funds from any outstanding obligations or debts incurred within the current fiscal year.

One of the primary challenges encountered is the delay in the submission of documents related to the utilization of capitation funds, such as the Budget Implementation Document/ Dokumen Pelaksana Anggaran (DPA), Mayoral Regulation, and Decree on the JKN Fund Management Team at Puskesmas/Tim Pengelola Dana JKN Puskesmas. Consequently, the realization of expenditures, which should ideally commence at the beginning of the fiscal year, is often postponed until April or May. For instance, in 2022, Puskesmas Medan Labuhan, Pekan Labuhan, and Martubung initiated their expenditures on May 19th, 24th, and 18th, respectively.

In-depth interviews revealed that a significant proportion of Technical Implementing Officials Managing National Health Insurance funds/Pejabat Pelaksana Teknis Kegiatan (PPTK) have yet to fully grasp the capitation fund management system, particularly concerning the processes of expenditure proposals, procurement, and realization reporting. Furthermore, the dual workload of personnel managing JKN funds at Puskesmas has resulted in suboptimal understanding of Standard Operating Procedures (SOPs) for expenditure, procurement processes, and the preparation of accountability documents. The process of accounting for JKN expenditures is also hindered by the substantial time required to remind suppliers to complete documentation, verify the completeness of documents, and obtain signatures from various parties, including the head of the Puskesmas as the authorized user of the budget.

Centralization of budget proposal and disbursement within the Health Office has led to a protracted and complex bureaucratic process, impeding the timely release of funds. The convoluted structure of the JKN capitation fund budget, allocated to FKTPs but budgeted within the Health Office's Budget Implementation Document, further complicates the process. The Finance Division's dual role in managing both the Health Office's and the JKN capitation funds, coupled with inadequate administrative preparation, has resulted in delays in accountability document completion and hindered financial verification.

The implementation of an e-catalog-based procurement system for medical equipment, pharmaceuticals, and operational needs in community health centers has replaced direct procurement

methods. However, the placement of Procurement Officers from community health centers at the city government level has resulted in challenges in communication and coordination of the procurement process at the community health center level.

Recommendations

However, challenges in managing these funds have resulted in significant unspent balances (SiLPA) across various regions.¹¹ To minimize SiLPA of capitation funds at community health centers (puskesmas), expediting the budgeting process is paramount. A strategic measure would involve requesting the City Government to accelerate the issuance of the Budget Implementation Document (DPA) at the beginning of the year, ideally in February. This would enable the procurement process to commence promptly, aligned with pre-established plans. Furthermore, expediting the issuance of Decision Letters (SK) for capitation fund management officers, such as Technical Implementing Officials (PPTK), Commitment Making Officials (PPK) at puskesmas, and streamlining the process of obtaining SK for Capitation Fund Cashiers at banks would significantly contribute to the efficiency of budget management. Consequently, capitation funds could be promptly utilized to enhance the quality of healthcare services at puskesmas. The literature suggests several recommendations, including increasing capitation funds, developing clear guidelines aligned with central policies, and conducting continuous monitoring and evaluation to ensure JKN program objectives are met at the primary care level.¹²

The next proposal advocates for a shift to annual budgeting. This would facilitate more comprehensive, year-long planning for procurement of goods and services such as pharmaceuticals, reagents, and office supplies.¹³ Furthermore, coordination with the Regional Development Planning Agency (Bappeda) is necessary to align expenditure codes that are not yet accommodated within the Regional Financial Management Information System (SIPD). This step will streamline financial recording and reporting processes. Lastly, budgetary flexibility is crucial. A reallocation mechanism would allow funds initially allocated to less priority activities to be diverted to more pressing needs, thereby optimizing the utilization of capitation funds. Implementing direct procurement for purchases below IDR 10,000,000, in accordance with existing regulations, can reduce bureaucracy. Additionally, streamlining through online verification of expenditure documents will expedite the procurement process. These measures are anticipated to maximize the utilization of capitation funds and enhance healthcare services at community health centers.

Enhancing the capacity of human resources should also be a top priority. One strategic step is to conduct regular training and technical guidance for all health center staff, especially those directly responsible for financial management.¹⁴ This training will equip them with the knowledge and skills necessary to effectively and efficiently plan, manage, and account for the use of capitation funds.¹⁵ In addition, regular performance evaluations of capitation fund management at each health center should be conducted. The utilization of an integrated information system should be considered to facilitate the monitoring and evaluation of fund usage. Equally important is collaboration with relevant parties such as BPJS-Kesehatan, the Health Office, and other stakeholders to develop better planning.

Another strategy that can be implemented is to increase the percentage of services provided. Given that the availability of medical equipment in community health centers generally meets the standards, increasing this percentage can be an effective solution. Prior to increasing the percentage of services, a thorough analysis of the community's healthcare needs in the area should be conducted.^{16,17} This is essential to ensure that the additional types of services offered align with the community's requirements. Additionally, the conversion of community health centers into Public Service Agencies (BLUD) should be considered. BLUD status will provide greater flexibility for community health centers in managing capitation funds, thereby enabling the maximization of their use to improve the quality of healthcare services. The conversion to BLUD requires support from various relevant parties, such as local governments, the National Health Insurance Agency (BPJS Kesehatan), and the community. Effective collaboration will facilitate the conversion process and ensure the sustainability of BLUD.¹⁸

Conclusion

The implementation of capitation funding in Medan City's community health centers (puskesmas) faces significant challenges hindering optimal fund utilization and service delivery. Despite the Medan City Government's efforts to regulate and monitor capitation fund management, persistent issues such as delayed budgeting, bureaucratic processes, human resource capacity gaps, and suboptimal fund utilization have resulted in substantial unspent balances.

To address these challenges and improve capitation fund management, several recommendations are proposed. These include expediting the budgeting process, enhancing human resource capacity, increasing service provision, and considering the conversion of puskesmas into Public Service Agencies (BLUDs). By implementing these recommendations, Medan City can significantly enhance the utilization of capitation funds, improve the financial management of puskesmas, and ultimately enhance the quality of primary healthcare services for its citizens.

In essence, effective capitation fund management is crucial for ensuring the sustainability and efficiency of primary healthcare services. By addressing the identified challenges and implementing the proposed recommendations, Medan City can optimize the use of capitation funds to improve the health outcomes of its population.

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