

**Third Party Evaluator's Opinion on
Dr. Hasan Sadikin Hospital Improvement Project**

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Relevance, Impact

Indonesia is attempting to provide healthcare services for its population. "Healthy Indonesia 2010" reflected in the national healthcare development plan has emphasized the importance of hospital autonomy and decentralization, and the improvement in the quality of healthcare services. The priority is placed on the development of regional hospital as a referral system. The Ministry of Health has selected the improvement of the Dr. Hasan Sadikin Hospital, in Bandung, West Java province, as a model project for the development of referral hospitals in the country. At the project completion in 2001, the government of Indonesia has spent 4,621 million yen out of 6,276 million yen loan approved by the government of Japan.

Since the project completion in 2001, Dr. Hasan Sadikin Hospital has become a state-owned enterprise under the Ministry of Health. The hospital is now acquiring complete policy discretion over operational and financial management. The project completion strengthened by management reforms has increased the hospital revenues from diagnosis and treatment. The revenues have exceeded the government subsidies in 2002 that indicate the positive impact of the project completion on the hospital financial sustainability.

The state-owned enterprise status does not prevent Hasan Sadikin performing its function as a public facility to improve healthcare services for the poor. Since the project completion, the ability of Dr. Hasan Sadikin Hospital to provide healthcare services for the poor has increased significantly. The hospital management is still exempting low-income patients from fee payment. Under the new status, the hospital management is even able to subsidize the treatment costs of low-income patients by increasing revenues from high-income patients.

The government provides free healthcare services for the poor by distributing "kartu sehat" (health coupon). Public hospital is obliged to provide healthcare services for any patient that registers by using health coupon. Medical fees are waived upon presentation of the health coupon that is issued to the poor. Dr. Hasan Sadikin Hospital has been continuing to host patients using health coupon to register for healthcare services. The proportion of "free/exempt" and "inability to pay" patients varies between 2-5 percent and 15-20 percent respectively. The project completion seems to have enhanced the contribution of Hasan Sadikin Hospital's emergency services to the poor. The contribution is very punctual at the increasing number of the low income patients looking for appropriate healthcare services. In 2002, Dr. Hasan Sadikin Hospital received 16,682 patients using health coupon. In 2003, the number of health coupon received by the hospital increased to 33,475.

The new government under President Bambang Susilo Yudhoyono has issued a policy action to exempt the poor from paying the cost for the third class hospital beds. The project completion has also improved the third class beds at Dr. Hasan Sadikin Hospital. Therefore, the number of low income and poor patients benefiting from improved facilities at Dr. Hasan Sadikin Hospital is expected to increase in response to the new government policy. The project completion seems to provide a significant impact to improve healthcare services for the poor.