

Exploring the Opportunities and Barriers to Tobacco Tax Reform to Sustain UHC in Indonesia



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Background & Purpose

- Indonesia is regarded as a “*heaven for tobacco*”, in which 1 out of 3 adults are smokers. This has an economic impact on the National Health Insurance (NHI) which needs to pay large claims for diseases caused tobacco.
- Higher tobacco taxes have been used to fund health insurance expansion in other countries like the Philippines, but yet in Indonesia
- We investigate whether tobacco taxes can be used for covering health insurance funding gaps, as well as creating policy to guarantee sustainable tax increase will strengthen the case for tobacco tax reform.

Methods

- We use qualitative methods to assess stakeholders' perception on potential policy change related to tobacco control: taxation and earmarking revenue to health insurance, using thematic analysis approach.
- 15 national level stakeholders were interviewed in-depth separately using a structured questionnaire, between January 7 and 13 2019. Stakeholders from academia, government, and non-government were selected based on expertise.

Results

- Stakeholders believe in sustainable tax increase passage as viable policy options, but **indifferent** on whether the country should pass national earmark for tobacco tax to NHI (figure 2)
- Many believes earmark to the NHI is not feasible, ii) there are other more viable alternative allocation of earmark (rather than to NHI), and iii) alternative policy options to cover Indonesian NHI deficit
- There are **conflicting beliefs** between stakeholders on on how to approach tobacco tax increase
 - It should be increased steeply over year vs. it should be increased gradually over year
 - It does not translate to significant revenue catchment vs. it does translate to significant revenue catchment
 - It has no control over consumption vs. it does have control or consumption
 - It does impact illicit trade vs. it does not impact illicit trade

Conclusion & Policy Implications

- Majority of stakeholders have agreed on putting effort for increasing tax, yet majority does not agree on earmark – stakeholder engagement & sounding is needed on policy alternatives
- Conflicting beliefs on policy nature and solution – build consensus and act not in silo
- Some opportunities and barriers are only short-term – policymakers need to react seize opportunity quickly to the issue

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Results

Figure 1.

Stakeholders' Characteristics

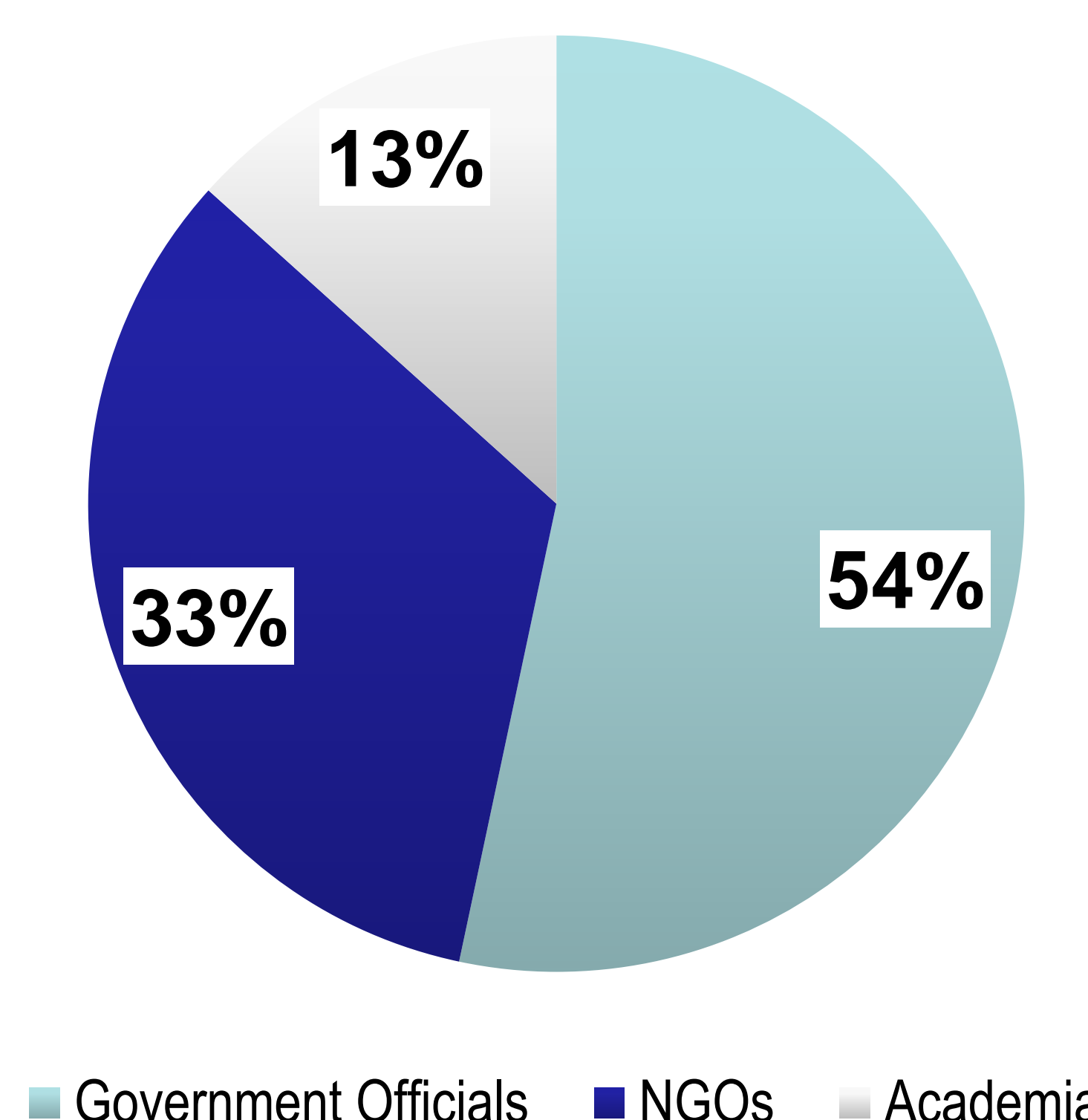
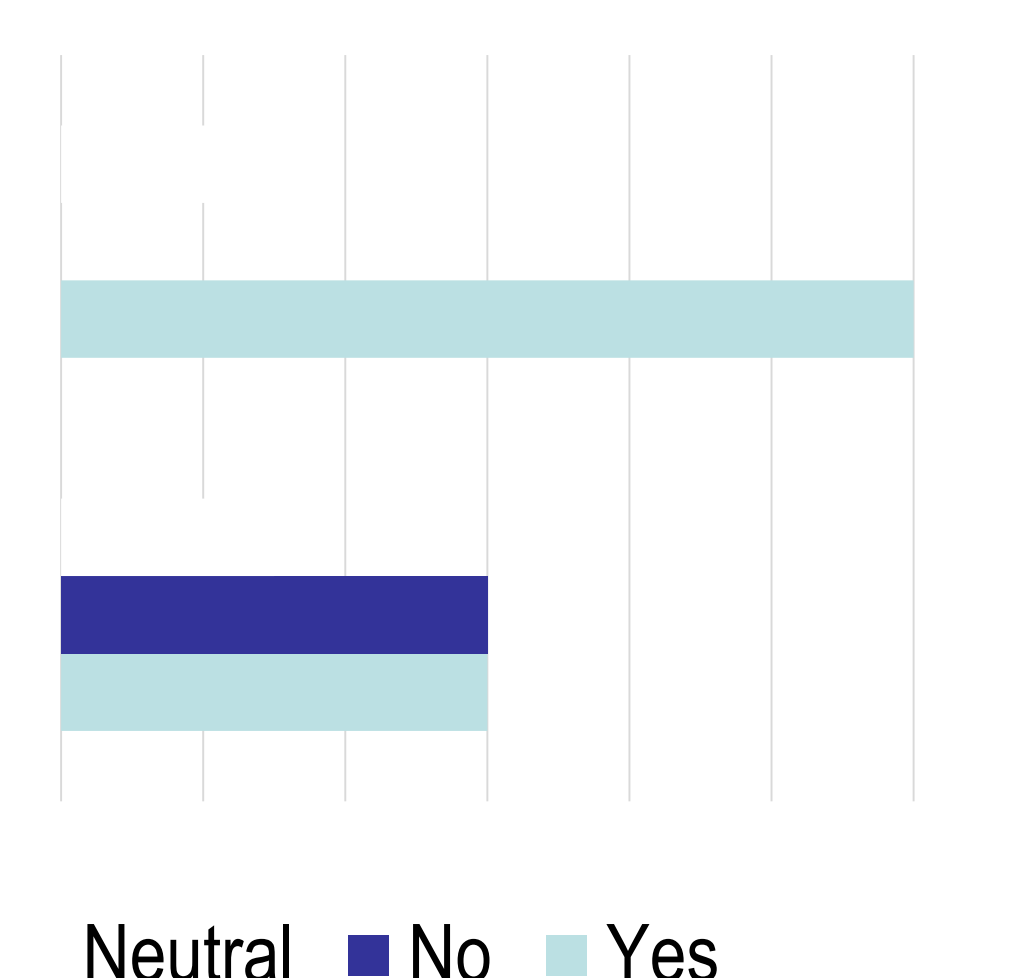


Figure 2.

Perceived Input on Policy Change



■ Government Officials ■ NGOs ■ Academia

“... our country is unique because our industries are one of the biggest in the world. Their interference to policy environment is also strong; even many politicians are backed up by them in local election”

Stakeholder A

“Raising tax is a non-populist approach, which I think is why the government decided to lay back this policy overseeing next April election”

Stakeholder B

Stakeholder consensus on policy environment for tax reform

Opportunities	Threats
National exposure on both issues: tobacco and health insurance	Fundamental Disagreements (on Definitions)
International Support	Influence of Tobacco Industry
Policy Coherence	Unforeseen Gap
Policy Congruency	Political Willpower
	Fundamental Disagreements (on Definitions)
Presents as Opportunities and Threats	
Public Opinion	

