Public health insurance can be an institution that reduces the poverty risk of illness as well as contributes to a country’s strive for Universal Health Coverage. We investigate whether this holds true for the introduction of the population-wide health insurance JKN in Indonesia, which primarily addresses the meeting theme “building institutions for sustainable development”.

In 2014, the government of Indonesia merged its previously fragmented health insurance schemes and extended it to cover the entire population by 2019 as part of a broader reform of the social security system. At this scale, the reform is a pioneer across LMICs and therefore, it is worth tracking its effects to date.

Using the four most recent rounds of the nationally representative Indonesian socioeconomic survey (Susenas 2013-16), we perform a difference-in-difference estimation at district level exploiting the differential exposure to previous health insurance schemes. This way, the reform’s causal effect on health facility usage (by type) and out-of-pocket health expenditure (by expenditure category) can be determined. We find that after two years of implementation, the proportion of the population with health insurance has increased by 10 percentage points to 67.5%. This increase in coverage already seems to affect the outcomes: we find a small but significant increase in the use of public inpatient care and a decrease in the average monthly health expenditure, whereas the effect on outpatient care usage is indecisive.

The analytical framework allows comparison with previous studies on smaller scale health insurance schemes and adds first insights on the national scale-up of such a scheme in a LMIC. Furthermore, the use of the dataset as a panel at district level allows to go beyond previous studies that used the cross-sectional data or more limited household panel datasets. Our findings can inform the ongoing reform process in Indonesia and other LMICs that are striving to implement similar systems.

Overall, our study hints that the introduction of JKN reduced the financial risk of illness in Indonesia and can contribute to relevant sub-targets of SDG 3. Questions regarding its relative effectiveness and the potential to persist in the long run, invite further research.