



Health is the New Wealth: The Role of The Health Sector in Building a Nation



A Strategic Whitepaper
2025



BUDI G. SADIKIN

*Minister of Health of the
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FOREWORD

Building a strong nation begins with ensuring the health of our people. The performance of our national health system shapes health outcomes, and these outcomes directly influence our economic progress. The links between health, wellbeing, and economic growth are clear: healthier citizens are more productive, and stronger health systems stimulate broader development. Investing in health is therefore not only a social priority but also a strategic driver of Indonesia's economic future.

In 2024, Indonesia's health expenditure reached 628 trillion Rupiah. Globally, health spending typically accounts for around 10–11 percent of GDP, reflecting the central role of health in national development. In Indonesia, the health sector contributes only 2.9 percent of GDP—a gap that represents both a challenge and a tremendous opportunity. A significant portion of our spending still flows abroad, whether in the form of imported medical goods or medical treatment sought overseas. This means that value generated by Indonesia's health needs often escapes our economy instead of reinforcing it.

But this pattern is not inevitable. With the right policies and partnerships, Indonesia can transform its health sector into a dynamic engine of growth. In line with President Prabowo's ambition to achieve 8 percent economic expansion, we must begin to treat health as a strategic industry—one that spans hospitals and clinics, pharmaceutical and medical device production, research institutions, insurers, digital health innovators, logistics networks, and a highly skilled health workforce. Strengthening this ecosystem does far more than improve clinical outcomes; it creates jobs, supports industrial upgrading, accelerates technology adoption, and enhances national resilience.

Every rupiah retained and reinvested domestically—whether through local manufacturing, expanded service capacity, or improved health security—builds additional economic value. A robust and trusted health system boosts productivity, reduces long-term costs, and enhances Indonesia's attractiveness as a destination for investment. It also reduces economic leakages by ensuring that Indonesians can access high-quality care at home.

Ultimately, health must be understood as foundational to Indonesia's long-term competitiveness. A country that underinvests in health underinvests in its own future. Conversely, a nation that places health at the center of its development agenda lays the groundwork for a more innovative, productive, and resilient economy.

I extended my gratitude to all ministries, agencies, industries, and institutions that have contributed to this strategic whitepaper. This collective effort demonstrates that improving Indonesia's health system is not the responsibility of a single actor, but a national endeavor that requires alignment across government, business, and society.

Warm regards,



BUDI G. SADIKIN

Minister of Health of the Republic of Indonesia

FOREWORD



**ANINDYA
NOVYAN BAKRIE**

*Chairman of the
Indonesian Chamber of
Commerce and Industry*

When we speak about Indonesia's future, we often begin with infrastructure, digitalization, energy transition, or industrial upgrading. Yet there is one enabler that quietly underpins all of these ambitions: **the health of our people and the strength of our health system.**

From the vantage point of the business community, this is not an abstract idea. Companies experience firsthand how health shapes absenteeism, productivity, innovation capacity, and investor confidence. A workforce that is healthy, and a system that can be relied upon in times of crisis, are now basic requirements for competitiveness in a global economy.

This is why the health sector deserves to be seen not only as a social service, but as a **strategic industry in its own right.** Hospitals, clinics, pharmaceutical and medical device manufacturers, insurers, digital health platforms, logistics providers, educators, and technology companies are all part of a single, interconnected ecosystem. When this ecosystem is strengthened, its impact radiates across manufacturing, services, and the broader real economy.

In that sense, "*Health is the New Wealth*" is more than a slogan. It is a recognition that the assets which will define Indonesia's success in the decades ahead are not only physical capital or natural resources, but also the health, resilience, and capabilities of our people. A country that underinvests in health underinvests in its own growth potential.

This whitepaper is an effort to make that connection explicit. Developed jointly by **KADIN Indonesia, the Ministry of Health, and a broad network of partners from industry, academia, and the professions**, it brings together economic perspectives, sector insights, and international comparisons to show how a stronger health sector can contribute to jobs, value creation, technological upgrading, and greater self-reliance. It also outlines areas where better alignment between policy and private initiative can unlock this potential more quickly.

For the private sector, the message is clear: participation in building a robust health ecosystem is not just an act of corporate responsibility, but a long-term investment in the stability and dynamism of the Indonesian market. For policymakers and regulators, the message is equally important: a predictable, supportive environment for health investment will pay dividends far beyond the sector itself.

My hope is that this whitepaper will encourage all of us—government, business, and civil society—to think of health as a **platform** for Indonesia’s development, not a separate agenda. The decisions we take today about regulation, financing, talent development, and technology in health will shape our economic trajectory for years to come.

I would like to thank everyone who contributed their time, data, and ideas to this work. May it serve as a useful reference and, more importantly, as an invitation to work together so that Indonesia’s prosperity grows in step with the well-being of its people.

Warm regards,



ANINDYA NOVYAN BAKRIE

Chairman of the Indonesian Chamber of Commerce and Industry

MESSAGES FROM KADIN



**Shinta Widjaja
Kamdani**

*Vice Chairwoman for Human
Development, Culture, and
Sustainable Development
KADIN Indonesia*

Health is central to human development. It shapes whether people can learn, work, and participate fully in society, and it underpins Indonesia's long-term social and economic resilience.

By strengthening the health system, Indonesia advances more than health outcomes alone. It reduces inequality, supports workforce readiness, and ensures that growth reaches communities across regions and generations.

Developed through collaboration between KADIN Indonesia, the Ministry of Health, and cross-sector partners, this whitepaper reflects a shared commitment to sustainable development grounded in human well-being. I hope it encourages continued cooperation to translate insight into meaningful and inclusive progress.



David Utama

*Vice Chairman for Health
KADIN Indonesia*

Indonesia's health sector is entering a decisive phase. Rising demand, demographic shifts, and technological change require the sector to scale not only in capacity, but also in efficiency and competitiveness.

This whitepaper positions healthcare as a strategic economic sector—one that can drive investment, job creation, and industrial capability. It highlights practical levers such as local manufacturing, workforce development, digital integration, and stronger value-chain coordination.

Prepared jointly by KADIN Indonesia and the Ministry of Health, this document is intended as a reference for policymakers, industry players, and investors. Its purpose is to support more aligned decision-making in building a resilient and future-ready health system for Indonesia.

REFLECTIONS FROM HEALTH SECTOR PARTNERS



Ogi Prastomiyono

Chief Executive of Insurance, Guarantee and Pension Fund Supervision, Financial Services Authority (OJK)

Indonesia's healthcare transformation is central to inclusive growth, economic resilience, and better quality of life, with sustainable health insurance essential for equitable access, financial protection, and long-term investment in the health ecosystem. As the guardian of Indonesia's financial stability, OJK works in close coordination with the Ministry of Health, and the broader healthcare ecosystem to ensure health insurance remains fair, resilient, and sustainable amid rising costs and evolving risks.



dr. Bambang Wibowo,
Sp.O.G, SubSp.K.Fm,
MARS, FISQua

Chairperson, Indonesian Hospital Association (PERSI)

"This White Paper can serve as a foundation for setting the strategic policy direction of Indonesia's health sector, while taking into account future trends in diseases and healthcare services."



dr. Zainoel Arifin, M.Kes

Chairperson, Association of Regional Public Hospitals of Indonesia (ARSADA)

"ARSADA welcomes the development of this White Paper as a strategic document that reinforces the role of the health sector in national development. Regional Public Hospitals (RSD) are a key pillar of the health system, contributing to equitable, high-quality, and sustainable healthcare services through cross-government and multi-stakeholder collaboration. This document will serve as an important reference for strengthening the health sector's contribution to national progress."



Dr. drg. ling Ichsan Hanafi, MARS, MH

Chairman of the Indonesian Private Hospitals Association (ARSSI)

“For the private hospital association, health is not merely a service sector, but the main foundation of nation-building and a prerequisite for sustainable growth. A strong and high-quality health system will enhance productivity, competitiveness, and national resilience.”



Imam Subagyo

Chairman of the Indonesian Association of Medical Device Manufacturers (ASPAKI)

“This white paper outlines the strategic role of the health sector—particularly the domestic medical device industry—as an integral part of the national development agenda. The Association believes that a strong, independent, and sustainable health system will have a tangible impact on public welfare while also driving inclusive national economic growth.”



RD Kartono Dwidjosewojo

Chairman of the Indonesian Association of Medical Device and Laboratory Companies (GAKESLAB)

“GAKESLAB INDONESIA considers this White Paper to provide a strong and realistic framework for accelerating progress in the national health sector. GAKESLAB believes that strengthening and increasing the capacity of a competitive medical device industry through public–private collaboration, innovation, and digitalization can directly contribute to expanded access to services and improved efficiency of the health system, thereby reinforcing the National Health Security System. The Association is committed to continuously strengthening the contribution of the medical device industry as a strategic component of the health value chain in supporting Indonesia toward an independent, innovative, and sustainable health system as a driver of national economic growth.”



dr. Randy H. Teguh, MM

Chairman of the Indonesian Medical Device Ecosystem Development Association (HIPELKI)

“HIPELKI extends its highest appreciation to the Indonesian Chamber of Commerce and Industry (Kadin) for the Health Sector for its hard work in producing this white paper. We hope that this white paper can serve as a reference and a dynamic working document that can be updated over time to achieve improvements in the governance and trade system of medical devices, in pursuit of the nation’s aspired 8% economic growth, while continuing to prioritize the safety, quality, utility, and availability of medical devices in Indonesia.”



F. Tirto Kusnadi

Chairman of the Central Executive Board of GP Farmasi Indonesia

“This white paper deserves to serve as a positive reference for pharmaceutical business actors, particularly members of GP Farmasi Indonesia, as one of the key components that play an important role in ensuring the availability of medicines that are safe, high-quality, and efficacious.”



FX Sudirman

Chairman of the Bio-Pharmaceutical and Pharmaceutical Raw Materials Association (AB30)

“This white paper underscores the importance of the health sector in supporting sustainable national development. Synergy between the government, industry, and stakeholders is key to strengthening the health system for public welfare and Indonesia’s economic progress.”



Evie Yulin

International Pharmaceutical Manufacturers Group (IPMG)

“This white paper affirms that investment in the health sector has a multiplier effect in strengthening the national economy. IPMG believes that breakthroughs in health financing and funding, as well as value-based procurement, can drive increased availability—currently only at 9%—and access to innovative medicines for patients in Indonesia. Systemic efforts are needed to realize a health system that supports innovation in order to improve quality of life, productivity, and sustainable economic growth, in line with the 8% economic growth target and the vision of Golden Indonesia 2045.”



Budi Tampubolon

Chairman of the Indonesian Life Insurance Association (AAJI)

“In a world where health is the new wealth, insurance is the smartest investment you can make. Health is the new wealth. Insurance is how you protect it.”

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This publication also benefited from the contributions, insights, and support of many other individuals and organizations whose names are not individually listed here. Their engagement and collaboration were essential to the development of this paper, and are gratefully acknowledged.

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The delivery of the study was co-led by L. Rizka Andalusia, Asnawi Abdullah, and David Utama, who shared overall responsibility for its execution and completion..

EXECUTIVE SUMMARY

Indonesia's healthcare sector stands at a pivotal moment—an era of opportunity shaped by demographic shifts, rising incomes, and digital acceleration. Healthcare is no longer just a social imperative; it is a strategic economic driver with the potential to accelerate national growth, create millions of jobs, and strengthen resilience. Yet, this promise comes with challenges: infrastructure gaps, workforce shortages, and financial sustainability pressures. These hurdles, however, are not insurmountable. Through coordinated action and public–private collaboration, Indonesia can transform its health system into a high-value engine for inclusive development.

Why Healthcare and Why Now

- **Healthcare = Strategic Economic Sector**

Healthcare already contributes significantly to Indonesia's economy, with total health expenditure (THE) reaching **IDR 614.5 trillion in 2023, equivalent to 2.94% of GDP**. This positions healthcare among the top 10 sectors, but the **real story lies in its untapped potential**. Compared to regional peers, Indonesia's per capita health spend—**USD 138 versus Malaysia's USD 458 and Singapore's USD 4,320**—underscores a vast headroom for growth. Every rupiah invested in healthcare generates **IDR 2–3.2 in GDP output**, with the highest multiplier in government health services (3.2), creating ripple effects across construction, manufacturing, education, and logistics.

- **Shifting Demand Drivers**

Demand fundamentals reinforce this trajectory: an aging population (elderly share rising from **10.7% in 2024 to 25% by 2050**), a decisive shift toward non-communicable diseases (NCDs now account for **68% of disease burden**), and rising consumer expectations for quality care. These structural drivers ensure healthcare remains a non-cyclical growth sector—one that can deliver both better health outcomes and sustained economic returns if strategic reforms and investments are made today.

- **Healthcare Delivery: Elevating Standards Nationwide**

Indonesia has a unique opportunity to transform care delivery and achieve world-class standards. Expanding hospital networks, scaling ambulatory care, and building centers of excellence can dramatically improve access and reduce outbound medical tourism—currently costing **USD 11.5 billion annually**. To realize this vision, Indonesia must address critical capacity gaps. Hospital bed density stands at **1.36 per 1,000 people**, far below WHO's benchmark of 2.7, requiring **approximately 500 new hospitals** and an estimated **IDR 125 trillion investment**. Workforce shortages are equally pressing: Indonesia has only **171,198 doctors**, based on the projection with population-based and

health service needs analysis, it will require **205,219 doctors**, leaving a gap **~34,000** by 2025. Specialist gaps are severe, with deficits projected to exceed **70,000 by 2030**. Closing these gaps demands accelerated training, equitable deployment, and innovative PPP models to ensure timely, high-quality care for all Indonesians.

- **Healthcare’s Direct and Indirect Role in the Economy and Jobs**

The healthcare sector plays a pivotal role in Indonesia’s economy, both through its direct contributions to GDP and its indirect impact across multiple industries. Directly, healthcare generates economic value through a broad supply chain encompassing hospitals and primary care providers, pharmaceutical and medical device manufacturing, health insurance, and other supporting services. Indirectly, investment in healthcare stimulates growth in several related sectors—most notably trade, food production, professional services, products pharmacy, and basic chemicals—underscoring healthcare’s strong multiplier effect on the wider economy.

Currently, Indonesia employs around **2.5 million people** in the health and social work sector (BPS, 2025), including approximately **2.16 million licensed clinical professionals** registered with the Ministry of Health. If healthcare spending continues to expand at its recent **8–10% compound annual growth rate (CAGR)**, direct employment in the sector is projected to rise proportionally—reaching **3.5 to 4 million jobs by 2030**.

This trajectory implies the creation of **1 to 1.5 million new direct jobs** over the next five years, particularly in **nursing, primary care, diagnostics, and digital health services**. These emerging roles will be driven by demographic aging, ongoing health-system strengthening, and the continued rollout of universal health coverage.

By 2030, healthcare’s share of national employment is expected to increase from about **3% today to nearly 5%**, positioning Indonesia closer to countries like **Malaysia and Thailand** in healthcare workforce intensity. This expansion reinforces healthcare’s status as one of Indonesia’s most dynamic and reliable engines of **formal, high-skill job creation and inclusive economic growth**.

- **Innovation: Digital Health and AI as Game-Changers**

Digital health and AI offer a leapfrog opportunity to overcome geographic barriers and improve efficiency. With spending projected to reach **IDR 113 trillion by 2030**, telemedicine, remote monitoring, and AI-powered diagnostics can transform chronic care and preventive health. Yet, scaling these solutions demands robust data governance, reimbursement frameworks, and workforce readiness to ensure equitable adoption across urban and rural settings.

- **Public Equity and ESG: Health as a Social Contract**

Universal coverage under National Health Insurance (JKN) has reduced out-of-pocket spending from **48.5% in 2013 to 28.6% in 2023**, signaling progress toward equity. Embedding ESG principles—green hospitals, inclusive workforce policies, and community-based care—can amplify this impact and align Indonesia with global sustainability standards. The challenge lies in bridging rural access gaps and ensuring that ESG commitments translate into measurable outcomes.

- **Mitigating Medical Inflation and Securing Access**

Localizing production and reforming procurement can curb rising costs and strengthen resilience. Innovative financing models and value-based purchasing will be key to sustaining affordability while expanding access. Without these measures, medical inflation and import dependence risk eroding fiscal stability and widening inequities in care.

Value Chain Deep Dive: Opportunities and Bottlenecks

- **Pharmaceuticals: A Market with Room to Grow**

Indonesia's pharmaceutical market reached **IDR 145.7 trillion (≈USD 8.3 billion)** in 2024, growing at a healthy **7.5% CAGR**. Ethical drugs dominate with a 70% share, while generics are expanding rapidly (+24%). The opportunity is clear: **only 9% of global innovative drugs are available locally**, signaling vast headroom for faster access and formulary inclusion. Import dependence remains high—**90% of APIs are sourced internationally**—creating a strategic case for local manufacturing and R&D investment. Phytopharmaceuticals and herbal medicines offer another growth lever, with the global herbal market projected at **USD 652 billion by 2031**, positioning Indonesia to leverage its biodiversity advantage. Yet, bottlenecks persist: slow regulatory approvals, price-centric procurement that undermines TKDN goals, and limited clinical trial capacity.

- **Medical Devices: Localizing a High-Growth Segment**

The medical device market is projected to reach **IDR 38.1 trillion (≈USD 2.3 billion)** by 2025, growing at **12% CAGR**, well above global averages. Public procurement spending hit **IDR 30 trillion in 2023**, with local share improving from **32% to 48%**, signaling progress in compliance of Local Content (TKDN) policy. There is significant opportunity in localizing high-demand consumables and mid-tier instruments, thereby reducing dependence on imports, which currently account for 76% of the market, and leveraging PPPs and technology transfer for advanced devices such as imaging and surgical equipment. However, bottlenecks include price-driven eCatalogue tenders, fragmented investment concentrated among a few large players, and regulatory complexity.

- **Diagnostics and Labs: Unlocking Preventive Care Potential**

Indonesia's IVD market is valued at **IDR 4.8 trillion (≈USD 297 million)** in 2024 and is projected to reach **IDR 5.8 trillion by 2029** (CAGR 2.7%). The broader lab diagnostics market stands at **IDR 26 trillion**, expected to grow to **IDR 40 trillion by 2028** (CAGR 5.5%). Opportunities include increasing health consciousness, expanding molecular and genetic testing, optimizing diagnostic networks through hub-and-spoke models, and integrating lab systems with SATUSEHAT for real-time data. Scaling reagent production and reducing import reliance can further strengthen resilience. Bottlenecks remain in uneven distribution, reagent stock-outs, slow regulatory approvals for advanced diagnostics, and underutilized installed capacity.

- **Providers: Scaling Infrastructure and Specialized Care**

The hospital and clinic segment is the largest in the value chain, with a market size of **IDR 371 trillion in 2023**, projected to reach **IDR 563 trillion by 2030**. Private hospitals are

growing faster (CAGR 7–9%) than public facilities (4–7%), driven by demand for specialized services and foreign investment. Opportunities include expanding Ambulatory Surgical Centers (ASCs), developing bundled care models, and building centers of excellence in oncology, cardiac, and orthopedics—critical to recapturing **USD 11.5 billion in outbound medical tourism**. PPPs for **500 new hospitals** represent an investment of **IDR 125 trillion**. Bottlenecks include geographic maldistribution (54% of beds concentrated in Java), severe specialist shortages (>70,000 by 2030), and financing delays that strain provider liquidity.

- **Supply Chain and Distribution: Driving Efficiency and Access**

Indonesia’s healthcare distribution network is vast yet fragmented, with **2,900+ licensed pharmaceutical distributors (PBFs)** and **6,900+** of medical device distributors. Opportunities include digitalizing logistics through SATUSEHAT for real-time inventory tracking, consolidating networks, and leveraging enterprise resource planning (ERP) systems and e-commerce integration. Village cooperatives can play a role in last-mile delivery, improving access in remote areas. Bottlenecks persist due to archipelagic geography, high logistics costs, multi-tier structures that inflate prices, and limited transparency and compliance enforcement.

Moving Forward: Action Plan for PPP

Indonesia’s healthcare transformation requires a multi-dimensional roadmap. The proposed action plan spans diverse subjects—from regulatory reform and infrastructure expansion to digital integration, preventive health, and industrial innovation. It involves multiple stakeholders across public and private sectors and is structured over short-, medium-, and long-term horizons. Each initiative carries different levels of urgency and complexity, yet all are achievable with coordinated effort. Below is a high-level summary grouped by key themes:

- **Regulatory Acceleration and Market Access**

Indonesia can unlock immediate impact by fast-tracking drug and device approvals and digitalizing BPOM processes—critical to improving access to innovative therapies and clinical trials. These steps are high urgency and relatively low complexity, making them ideal quick wins. Complementary reforms include centralized procurement with local content policy (TKDN) optimization to strengthen domestic manufacturing and reduce import dependence.

- **Infrastructure and Service Expansion**

Closing capacity gaps requires bold moves: PPP frameworks for **500 new hospitals and ambulatory centers** and expanding teaching hospitals from **26 to 200+ sites** will address bed shortages and specialist deficits. These initiatives are transformative but complex, demanding multi-stakeholder coordination and significant investment. In parallel, scaling Ambulatory Surgical Centers and eldercare models will prepare Indonesia for an aging population and rising chronic disease burden.

- **Digital Integration and Data Interoperability**

SATUSEHAT interoperability for private hospitals and labs is a medium-term priority that will enable unified health data for policy, insurance optimization, and digital health adoption.

Workforce mapping through a digital human resources for health (HRH) registry and telemedicine-linked logistics can further enhance efficiency and equity. These initiatives rank high in urgency and moderate in complexity, making them strategic enablers for system modernization.

- **Preventive Health and Population Wellness**

Launching a national NCD screening and prevention campaign is among the most urgent and achievable actions, reducing BPJS costs and improving early detection. Complementary measures include OTC safety regulations and pharmacist integration to support self-care trends. These steps are low complexity and deliver immediate health and economic benefits.

- **Innovation and Industrial Policy**

Long-term competitiveness hinges on creating an Indonesia Health Innovation Hub, embedding outcome-based financing, and scaling Fitofarmaka for global certification. These initiatives position healthcare as a GDP growth engine and export sector but require sustained investment and governance. Similarly, accelerating clinical trials through a dedicated task force offers a medium-term opportunity to attract foreign R&D and strengthen Indonesia's role in global innovation.

Conclusion

Healthcare is more than a public necessity—it is a strategic lever for Indonesia's long-term prosperity and global standing. The sector offers immense potential to accelerate economic growth, create skilled jobs, and deliver better health outcomes. But this promise will only be realized through decisive, coordinated action. The priorities are clear: modernize regulation, expand infrastructure, embrace digital innovation, and embed equity and sustainability at the heart of every initiative. These steps require collaboration across government, industry, and civil society. Delay risks widening gaps in access and competitiveness; progress will strengthen resilience and position Indonesia as a regional leader in health and innovation. The moment to act is now—by aligning on this roadmap, stakeholders can transform healthcare into a powerful engine for inclusive growth and national advancement.

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