

CASE STUDY

Working Together to Improve the Health of Workers, Their Families, and the Community in Indonesia

The Partnership of PT Dewhirst, Yayasan Kusuma Buana, Marks & Spencer, and Medika Pratama

Health in Indonesia and the Millennium Development Goals

Indonesia has experienced significant improvements in its health system over the last thirty years, but, according to the World Bank, “is unlikely to achieve several of its health-related MDGs.” Significant challenges include:

- The maternal death rate, which remains one of the highest in East Asia
- Child malnutrition rates that have changed little since 2000, even increasing in some areas despite dramatic declines in infant and child mortality
- Low female literacy
- Limited access to clean water and sanitation among the poor
- Geographic health disparities
- Poor access to skilled health care, especially in remote rural areas.¹

EXECUTIVE SUMMARY



Opening of Rancaekek Clinic, Sept 2003

In 2003, the UK-owned clothing manufacturer **PT Dewhirst (PTD)** and the Indonesian health organization **Yayasan Kusuma Buana (YKB)** established a clinic in Bandung Indonesia to improve worker and community health. Started with seed money provided by **Marks and Spencer (M&S)**, the sole customer of PTD, the clinic reached the breakeven point within two years and continues to be self-sustaining. As of 2008, the clinic was serving over 7,400 workers, family members, and individuals from nearby communities. Key factors in this success include how PTD implements the government-mandated health insurance for its workers, and the quality of YKB services, as well as the willingness of the private health insurance company used by PTD, **Medika Pratama (MP)**, to cover health education. The company

partner has experienced reduced absenteeism and labor turnover, increased production, and improved health among its workers. The NGO partner is expanding the range of services it offers, most recently adding TB treatment, and plans additional high-quality services. Both partners are committed to helping others replicate their approach to ensuring sustainable health care for workers and communities in Indonesia.

THE PARTNERS



PTDewhirst (PTD) Indonesia is solely owned by the Dewhirst Group of the UK, which has operations in a number of developing countries including China, Malaysia, and Morocco. In Indonesia, PTD’s only customer is Marks and Spencer, which it supplies with men and

women’s clothing. The PTD-owned site has been operational for ten years, and women comprise 93% of its 5,200 employees. PTD works actively with employees and 20,000 people in three nearby villages to improve their quality of life. It provides scholarships for local children, employment for disabled individuals, and opportunities for students to gain extensive job experience. It supports three local vocational schools, two local deaf foundations, two foundations for the disabled, and an orphanage.



Yayasan Kusuma Buana (YKB) is a nongovernmental organization (NGO) established

in 1980 to provide low-cost, high-quality health care to women and children in Indonesia. It focuses on reproductive health services, including family planning, maternity care, prevention of sexually transmitted infections (STIs) and HIV/AIDS, and pap smears for cancer detection. In addition to the five clinics it operates, it conducts educational and outreach activities to children (through school health programs), to nearby communities, and to vulnerable groups. It has a long track record of partnering with companies, governments, other NGOs, and domestic and international agencies because it feels that improving community health requires the involvement of all sectors. It also appreciates the systems, structures, and resources that companies have for initiating and sustaining health services, as well as companies' ability to reach large numbers of workers and community members.²



Marks and Spencer (M&S), one of the United Kingdom's oldest and largest retailers, sources from over 2,000 factories, 10,000 farms, and 250,000 workers worldwide.

Throughout its history the company has been committed to improving the quality of lives of those within its reach. Its most recent initiative is a five-year plan launched in 2007 to work with customers and suppliers to combat climate change, reduce waste, safeguard natural resources, trade ethically, and build a healthier world. The company calls its 100-point plan "Plan A" because it believes this is the only way to do business. There is no Plan B.

Medika Pratama (MP) is an Indonesian health care insurer. Indonesian law requires that all companies with ten or more employees provide health care coverage to workers and family members, as part of a package of social security benefits. If a company can demonstrate that it is providing coverage that meets or exceeds the minimum standards provided by the state-owned provider (Jamsostek), it may select a private health insurance company to provide coverage. (See box on Health Insurance in Indonesia.) Part of a burgeoning Indonesian industry, MP joined the partnership in 2005.

INITIATING THE PARTNERSHIP

The partnership was initiated by the PTD manager, Debby Sanderson, following discussions with M&S compliance manager Muriel Johnson. As part of its ongoing corporate responsibility commitment, M&S was offering help to suppliers interested in improving the well being of their workers and nearby communities. PTD's response reflected its concerns about the availability of health services. The company saw sickness among its workers, high infant mortality, and poor health within the wider population linked to high levels of absenteeism and turnover that limited factory productivity (see Figure 1).

Most people in the vicinity of the factory existed on low incomes, standards of the existing government health center were low, government support for health services was limited, and local village leaders had limited interest in health issues.

As PTD already had a health clinic for workers, it decided to set up a clinic to serve the families of its employees and other members of the local community. Initially, PTD proposed setting up the clinic on its own, but was encouraged by M&S to find a partner experienced in running health clinics.

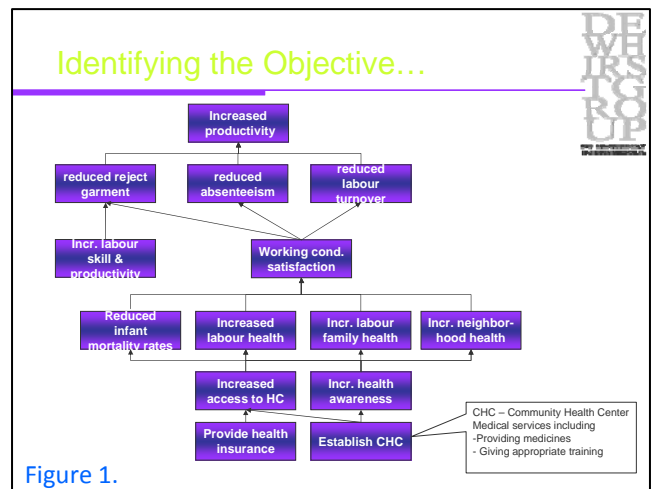


Figure 1.

Health Insurance in Indonesia

Indonesian Government Regulation No. 14/1993 regarding the implementation of the "workers social security programme" states that "A business that employs 10 workers or more or spends on pay at least Rp. 1mill per month is obligated to ensure that there is a social security programme in place for employees."

The social security program minimum standard recommended is Jamsostek, which is run by the government. There are two packages of Jamsostek: A and B.

JAMSOSTEK A (provided only by the Government) consists of:

- Death benefits - Fee is 0.30% of basic monthly wages (paid by the company)
- Pension benefits - Fee is 5.70% of monthly wages (3.70% paid by Company and 2% paid by employees)
- Work accident benefits - Fee is between 0.24%, as for the garment industry, and 1.74% of monthly wages (paid by the company)

JAMSOSTEK B is a health service insurance package provided by the government or a private company approved by the government. Fees include:

- 6% from monthly wages for married employees (paid by the company)
- 3% from monthly wages for single employees (paid by the company)

Coverage includes immediate family members—i.e., spouse and up to three children. Employees are allowed to select and register with a family doctor, clinic, and hospital of their choice from among the participant list issued by the insurance company. Employees/family members only need to show their insurance card when visiting the doctor/clinic/hospital, and do not need to pay for services covered by their insurance program.

The M&S compliance manager introduced PTD to YKB at a workshop at which the medical director of YKB, Dr. Adi Sasongko, gave a presentation on YKB activities to prevent AIDS in the workplace. At PTD's request, YKB conducted an assessment of health needs and provided training on reproductive health, AIDS prevention, nutrition, and hygiene for PTD workers between 2001 and 2002. PTD management was impressed by YKB as a potential partner for its clinic because it had extensive experience in health education, a long track record in running its own health centers, and experience working with organizations in all sectors. YKB was receptive to a partnership with PTD because of the commitment by PTD and M&S to improve the health status of workers and their families, and because they shared its emphasis on health education. It saw a partnership as a way to maximize its resources and improve the quality of clinic services available to workers and communities.

In September 2003, PTD and YKB submitted a detailed financial proposal to M&S for establishing and running a clinic near the factory that YKB would operate. The proposed 10-year plan was based on seed funding from M&S and projected breaking even after five years, based on assumptions about company-paid employee health insurance contributions and income from fee-for-services paid by community members using the clinic. (See box on Financing the Clinic.) M&S gave PTD US\$80,000 for the clinic to rent property, buy equipment, employ staff, and pay running costs for the first few years.

IMPLEMENTING THE PARTNERSHIP

In September 2003, PTD and YKB opened the clinic a short distance from the factory. The clinic is open weekdays from 8am -7pm and on Saturdays from 8am - 2pm. Services include maternal and child health, antenatal care, family planning, immunization, Pap smears, general health care, minor surgery for accidents, and outreach to surrounding communities. Staff members include two physicians, a TB nurse, two paramedics, one public health graduate who serves as clinic manager, a clerk and an office assistant. It uses its own x-ray mobile unit for regular health checkups.

At the beginning, PTD and YKB faced several challenges:

- Local gangsters wanted a “cut” of the turnover
- Another clinic was set up across the street
- The local government was reluctant to issue permits
- Health insurance companies were reluctant to provide the kind of coverage PTD was seeking for its employees (i.e., more than the basic Jamsostek B standard)
- Workers were reluctant to register with the clinic
- Partners had to establish trust and transparency in reporting and addressing issues relevant to the partnership

To overcome these challenges, PTD sought a health insurance provider willing to give high quality coverage and service to employees, and with good connections with local area doctors, clinics, and hospitals. The first two providers the company worked with did not consistently follow through on their commitment to health education in particular so in 2005, PTD switched to MP. MP was willing to provide larger monthly contributions for health education courses at the clinic.³

PTD organizes its workforce so they can use clinic services,

Financing the Clinic

Four sources of funds enabled the YKB Clinic to become self-sustaining in less than two years and maintain its self-sustainability:

1. *M&S seed funding:* In 2003, M&S gave \$US 80,000; this seed money enabled the clinic to rent property, buy equipment, employ staff, and pay running costs for the first few years.
2. *Capitation fee:* The capitation fee is the amount paid by the health insurance provider to a clinic for each employee registered there per month. For this fee, the clinic provides the doctor/nurse care and basic medicines as specified by MP; there are no additional charges for workers and family members for any services and medicines included in this coverage. As of December 2008, the basic capitation fee for each person is IDR 2,750 for medical services (US\$0.24).
3. *Monthly training cost:* PTD was committed to including coverage for health education (which Jamsostek B does not require) and after its first two private providers failed to provide the IDR 2 million they had agreed on, PTD changed to MP. MP pays IDR 6 million (US\$492) per month to support health education programs in the clinic.
4. *Income from community members using the clinic:* Initial assumptions were that members of local communities would pay a basic fee to use the clinic, and there would be 150 visitors per month. In 2003-2004, 407 community members used the clinic and by 2008 this number nearly doubled to 768.

including health education courses, after its first shift (workers rarely have overtime). YKB courses cover reproductive health (including pre-natal and post natal issues), diarrhea control, infectious diseases such as TB and dengue fever, and dental care. YKB also conducts outreach activities to surrounding schools and pesantren (Moslem schools) and local community organizations such as Qur'an reading and youth groups. It helps posyandu (community health posts run by health volunteers most of whom are mothers) by providing supplemental food to children under 5 to complement health services provided by local government health centers.

In 2007, YKB purchased land with its own funds to build a permanent clinic, replace its reliance on rental facilities, and increase prospects for the clinic's sustainability. Most recently, the clinic became the first private sector “DOT” (directly observed treatment) center in the district through a new partnership with the local “puskesmas” (local health center). The clinic has hired a nurse specializing in TB to provide TB counseling, in addition to medicines and treatment, and to monitor progress. Many in the area consider this a “breakthrough” project, as TB treatment is normally only available from government hospitals and health centers.⁴

RESULTS

By the end of 2008, the clinic was serving over 7,400 clients. It reached the breakeven point by September 2005, three years earlier than originally projected. (See box on Financing the Clinic.) This success is attributable to several reasons:

- PTD organized and helped its workers to use the YKB clinic. As the clinic is conveniently located and provides good quality services, the majority of PTD workers use the

clinic, increasing clinic revenue.

- PTD, YKB, and MP all support preventive health services, including health education. This reduces demands for clinical care, which also reduces costs relative to revenue.
- The new partnership with the local government health center to provide TB treatment has reduced the number of live cases of TB among PTD workers.

While PTD management is pleased with these results, concerns remain, notably the prevalence of infant mortality among its workers.⁵ Meanwhile, PTD has experienced declines in absenteeism related to sickness, absenteeism without permission, labor turnover, rejected production, and increases in production efficiency since the start of the partnership in 2001 (see Figure 2).

KEY SUCCESS FACTORS

Partners share values and a commitment to health prevention and education for communities as well as workers. They also share a commitment to quality services and convenient hours; delivering on this commitment has encouraged a majority of PTD workers to register with the YKB clinic for healthcare. And partners are committed to communicating regularly, so they can address new needs, opportunities, and challenges together.

FUTURE PLANS AND EXPECTATIONS

Partners anticipate continuing to extend clinic service hours and expand the range of services available at the clinic to

include birth delivery, prenatal care, baby day care, home visit counseling services, and additional health education topics. YKB anticipates continuing to assist PTD identify causes of health problems among its workers and address them. For example, by working with PTD, YKB is reaching many more pregnant women and mothers with children under age 5, two groups particularly vulnerable to health problems, than would normally be the case. This allows YKB to develop training activities to meet the special needs of these women. Partners remain committed to maintaining the communication needed to work on issues and new challenges, such as how to manage costs associated with adding new services.

Partners are also interested in sharing information about their partnership with others. PTD has already shared its experience with other factories, including those in the M&S Indonesia Supplier group (about 15 factories). YKB hopes to replicate with other companies the approach to health insurance coverage that PTD has developed.

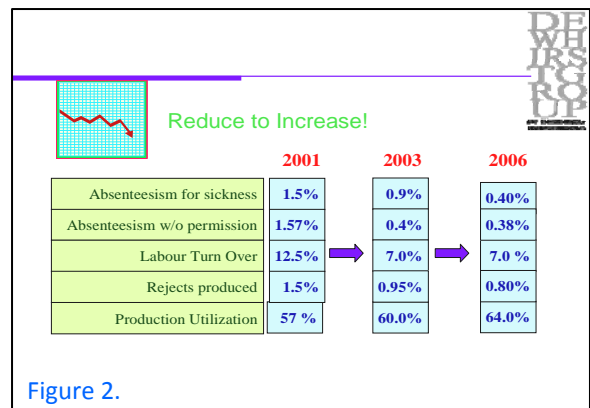


Figure 2.

About this Case Study

This is one in a series of case studies based on presentations by partners at sessions of the Health and Business Roundtable Indonesia (HBRI). HBRI is an activity of *Company-Community Partnerships for Health in Indonesia (CCPHI)*, a project led by the Public Health Institute, implemented in partnership with The Fund for Peace, and funded by the Ford Foundation.

This study is based on presentations by Debby Sanderson, PTD factory manager, and Dr. Adi Sasongko, Medical Director of YKB, at the 1st HBRI Session. Dr. Alene Gelbard, CCPHI project director, prepared the study in consultation with the presenters and Muriel Johnson, former M&S compliance manager.

Footnotes

1. World Bank, 2008. *Investing in Indonesia’s Health: Challenges and Opportunities for Future Public Spending*. Jakarta, Indonesia.
2. YKB has worked with Pfizer and Johnson and Johnson on school health programs; with Nike, Levi Strauss, Panasonic, Krakatau Steel, Gajah Tunggal, BP, Unocal, and others on AIDS prevention in the workplace; with PT Bukit Asam on intestinal parasite control; and with BHP Billiton on community health. YKB also has agreements with five other insurance companies that provide health coverage to factories in Indonesia.
3. Partners meet regularly to discuss objectives and strategies for their partnership and develop action plans to address specific health issues. Recent concerns include pregnancies, women with children under age five, those suffering from the loss of their babies, and TB.
4. This partnership resulted from an information exchange between HOPE worldwide (an international NGO working with the Indonesian Ministry of Health on TB), PTD, and YKB, initiated during a session of the Health and Business Roundtable Indonesia (HBRI).
5. In spite of health insurance, many pregnant workers still use local midwives who lack training and equipment. PTD is concerned about the impact of infant deaths on the morale of workers and their families, the health of the mother, and productivity. Women who suffer an infant death lose three months of work and often get pregnant again within a short time. Pregnancies too closely spaced are one of the four “high-risk” pregnancy categories that increase the risk of death to women and their children. PTD sees good antenatal care as a solution.

For more information on this partnership see

Sanderson, Debby and Dr. Adi Sasongko presentations at the PSP-One Expert Panel Event at Global Health Council Conference, Washington, D.C. May 29- June 1, 2007 at www.psp-one.org.

Business for Social Responsibility, October 2006. *Women’s General and Reproductive Health in Global Supply Chains*, www.bsr.org/CSRResources/HumanRights/WomensHealth_Report.pdf.

For further information on the CCPHI Project and the Health & Business Roundtable Indonesia please contact **Kemal Soeriawidjaja**, CCPHI Representative, at kemal.soeriawidjaja@ccphi.org or **Dian Rosdiana**, CCPHI Communication Officer, at dian.rosdiana@ccphi.org, or **Dr. Alene H. Gelbard**, CCPHI Director, at alenegelbard@ccphw.org or visit www.ccphw.org

