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OPTIMIZING REVENUE SHARING FROM TOBACCO TAX IN INDONESIA

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ABSTRACT

The realization of expenditure related to the revenue-sharing fund for tobacco excise (DBH-CHT) has not been maximized. This study examines the strategic planning and effective distribution of cigarette tax revenue, emphasizing the importance of reducing the adverse health impacts of cigarette consumption. This study highlights the relationship between health funding allocations and improved health services funded by DBH-CHT and local cigarette taxes, with the aim of improving the quality standards of health services in specific areas of need. Increased allocation of health personnel, improved health infrastructure and facilities, and improved standards of health services were identified as key elements to achieve this improvement. Using a qualitative approach through focus group discussions, with the assistance of NVIVO 14 software, this study advocates a comprehensive strategy of firstly, optimizing resource allocation for health services, by incorporating information technology through the ASPAK health application, improved human resources and institutional capacity. Secondly, the comprehensive improvement of health facilities was recognized, focusing on the critical role of medical infrastructure and equipment, effective management, and standardization to optimize health service delivery. In addition, the study underscores the importance of budget harmonization, resource optimization, and capacity building of health workers to improve health service delivery. In addition, this study also proposes the utilization of the Tobacco Excise Revenue Sharing Fund for health infrastructure improvement and medical equipment procurement. The results emphasize the need for a careful approach in allocating aid, taking into account financial dynamics and differences in financing mechanisms between public and private health facilities. Furthermore, the findings emphasize the importance of careful planning, standardization, and collaborative efforts to ensure accessibility and sustainability of health infrastructure, especially in geographically isolated areas or areas with limited access to health facilities.

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1. INTRODUCTION

Many efforts have been made by the government and academics to mitigate the impacts of tobacco consumption in society. The implications of this consumption have been elucidated by [1] in their book "The Economics of Smoking," stating that cigarette consumption contributes to long-term health costs (excess cost for smokers). Additionally, support has prompted the World Health Organization (WHO) to initiate campaigns aimed at reducing tobacco consumption, including through tobacco tax increases due to the potential escalation of smokers' healthcare costs [2].

Moreover, in studying the United States' endeavor to reduce healthcare costs arising from smoking habits, several states in the US and numerous policymakers in other countries have allocated a portion of the revenue from cigarette sales (cigarette tax) as a direct means to promote public health. They have successfully reduced cigarette consumption by an estimated 6.4% and 11.6% in the short and long term, respectively [3]. Furthermore, [3]. also affirm that tobacco control policies have proven effective in reducing tobacco consumption and increasing revenue in both developing and developed countries, as indicated by the studies of [4], Townsend (1996), Shibuya et al. (2003), Baltagi and Levin (1986), cited in [3] p.28.

Previous research on efforts to control the impact of cigarette consumption in Indonesia highlights one of the government's strategies involving earmarking the tax or excise on cigarette sales [5]. In its implementation, the target revenue from tobacco taxes serves as the basis for the Directorate General of

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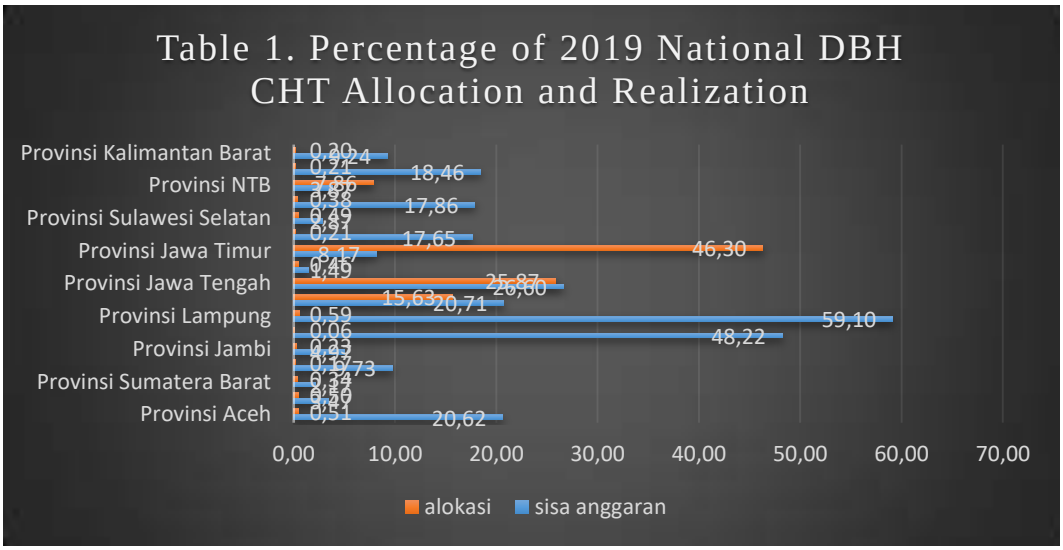
Fiscal Balance (DJPK) to determine the proportion and estimated revenue of cigarette taxes for each province. According to [6], the policy of earmarking, in addition to controlling the impact of consumption, is also expected to promote accountability in local government expenditure and increase regional revenue, providing assurance for specific expenditures and ensuring the principle of benefit in the context of taxation for the well-being of the community.

However, in practice, [5] found that the realization of the Tobacco Excise Revenue Sharing (DBH CHT) in Indonesia has not been able to promote fiscal legitimacy at the regional level in terms of managing DBH CHT, as the management system for the funds remains largely symbolic (budget formalities) and is still categorized as general allocation funds, making it difficult to monitor the allocation and realization of the earmarked taxes for specific purposes. Adding to the findings of [5], [7] proved in their research that the Social Assistance Program (Bansos), using data from the Indonesia Family Life Survey between 2007 and 2014, inadvertently increased tobacco consumption among low-income families, leading to an increase in tobacco consumption and cases of malnutrition and stunted growth among toddlers due to the misuse of Bansos funds.

Furthermore, [8] emphasizes the urgency of increasing the effectiveness of using DBH CHT by implementing the principles of good corporate governance and enhancing the competence of regional financial management officials to effectively, accountably, and efficiently realize DBH CHT based on clear fund usage standards. These conditions require solutions to address the issues and obstacles in the implementation of DBH CHT effectively, reducing the negative impact of CHT consumption, and increasing government support for healthcare facilities and improving living standards to enhance the productivity of the Indonesian population in the future.

Current conditions concerning the utilization of DBH still reveal several suboptimal aspects. This is evidenced by the relatively low disbursement of DBH by local governments. One indicator is the existence of unused DBH that becomes a source of surplus budget (SAL) in the local budget (APBD). The suboptimal absorption of DBH CHT in Indonesia can be observed in the following Table 1:



Source: Author (2023)

According to the data in Table 1, several provinces in 2019 did not fully utilize DBH-CHT. Specifically, three provinces, namely West Java, Central Java, and some other provinces, had the largest allocations, leaving over 20% or approximately 10% of the total DBH-CHT allocation unused. However, East Java, which had the largest allocation, managed to absorb the funds effectively. Additionally, provinces receiving relatively small DBH-CHT allocations, such as Lampung and South Sumatra, have not been able to fully utilize around 50% of the allocation. Provinces such as Aceh, Bali, and NTT have also faced similar issues, with the absorption of funds still remaining low, ranging from 18% to 21%. Overall, the average unused DBH-CHT allocation amounts to approximately 15% of the total DBH CHT allocation.

In addition, based on previous problems, according to research by [9], there is still a considerable need for funds to provide health facilities, beds, and specialists to support the National Health Insurance (JKN) program, with an uneven distribution across districts and cities. Based on the Financial Report of the Health Social Security Organizing Agency (BPJS) in 2019, it was recorded that a decrease in

participant contribution revenue would have an impact on the decline in health services provided by BPJS Kesehatan.

The phenomenon of an average 15% unutilized funds in DBH-CHT and the decrease in healthcare facilities' equal distribution, collectively suggest the need for optimal utilization of DBH-CHT to support health sector optimization. Several factors could compromise the quality of public healthcare services, including the rising prevalence of smoking, incidents of stunting and malnutrition, unequal distribution of DBH CHT in various regions, and inadequate healthcare facilities. It is inappropriate for any remaining surplus in the utilization of DBH CHT to persist in light of these issues. Solutions to these matters are imperative for the future.

Based on the described content, the following two research problems can be proposed:

1. Inequity in the allocation and utilization of Tobacco Excise Revenue Sharing (DBH CHT) in various provinces of Indonesia: There is an issue of inequity in the allocation and utilization of the Tobacco Excise Revenue Sharing (DBH CHT) in various provinces of Indonesia. This research aims to investigate how this inequity has occurred and what solutions could be implemented to address this issue.
2. Effectiveness and regional management of DBH CHT utilization according to previous study was conducted by [9], there is still a significant need for funds to provide health facilities to support the National Health Insurance (JKN) program, with an uneven distribution across districts and cities.

This study aims to investigate the impact of inequality in the allocation and utilization of Tobacco Excise Revenue Sharing Fund (DBH CHT) in Indonesia. In addition, this study also aims to analyze the impact of the imbalance in fund distribution on the provision of health facilities, beds, and specialists, as revealed by a study by [9]. Ultimately, this study aims to propose appropriate strategies and recommendations to address these pressing issues, aiming to foster a more equitable and effective healthcare system across Indonesia.

Literature Riview

Theoretical Basis

1) Negative Externalities of Taxable Goods

The imposition of taxes on certain goods is an attempt by the government to control the negative impacts resulting from their consumption. According to [5], cigarette consumption leads to the death of over seven million people annually, with six million dying from smoking-related causes, and approximately 12.7% of these deaths being passive smokers (WHO, 2017). Additionally, according to the World Health Organization (WHO) in 2016, more than 1.1 billion people globally were tobacco consumers.

Several studies have attempted to evaluate and identify negative externalities, as noted by [1], but they have encountered various complex challenges. Consequently, [3] recommended that the government, when setting tax rates, should consider national health objectives and social values, such as the extent to which children should be protected from the environmental effects of cigarette smoke.

Aligning with [1] and [3], [10] indicated that the Indonesian government has imposed taxes, allocating 2% of the revenue for tobacco reduction and control. Moreover, the government uses the tax revenue to enhance public services, particularly in the health sector.

2) Taxation and Earmarking Concept

According to Tax Law 39/2007, taxes are levied on specific goods with characteristics defined by the law. These characteristics include the need to control consumption due to the negative impacts, to monitor distribution to prevent potential misuse, and the goods serving as industrial aids, such as alcohol used in hand sanitizers and cough syrups. The usage of these goods can have adverse effects on the community, especially on users and the environment, like polluting the environment. Thus, levying taxes is necessary to protect health, order, and public security (explained in General Provisions letter 4c of Law No. 11 of 1995 on Taxation).

Furthermore, according to [11], earmarking is a budgetary practice that allocates a specific percentage of tax revenue from a particular source to designated expenditures. [12] suggested that the allocation of tax revenue should be spent specifically by the government on public services. However, the concept of earmarking has both pros and cons.

3) Utilization of DBH (*Revenue Sharing Funds*) in Indonesia

According to [13], revenue sharing funds are a fiscal policy instrument for allocating transfers to regions through the State Budget and Regional Budget. It includes Allocation Fund and Special Autonomy Fund, distributed to regions as a unified fund transfer system from the central government to local governments, addressing income distribution imbalances.

In efforts to control tobacco consumption, the Indonesian government has implemented various policies, including earmarking tax revenue for tobacco and setting the revenue targets for the Ministry of Finance through the Directorate General of Financial Balance (DJPK) to determine the proportion and estimated earmarked revenue for each province, district, and city. However, the effectiveness of these measures has been debated.

4) Utilization of DBH Funds

The Ministry of Health issued guidelines in 2012 for the utilization of revenue sharing funds, which serve as a reference for local governments to use the funds for public health purposes. [10] indicated that some of the revenue from these funds had been utilized for health infrastructure, managing catastrophic diseases like lung and heart diseases, tobacco prevention programs, and handling tuberculosis and AIDS.

Comparatively, [3] highlighted that countries like the United States and China use a portion of tobacco tax for tobacco-related education programs, anti-advertising campaigns, and other tobacco control activities. Similarly, Australia, Egypt, and Nepal have implemented similar policies, indicating the effectiveness of these strategies globally.

5) Earmarking Policy in Indonesia

Although not explicitly addressing health facilities, [5] analysis of the challenges in monitoring expenditure allocation related to the earmarking tax policy on cigarette tax in West Java Province is pertinent to understanding the broader framework of revenue allocation. [5] suggested that the earmarking policy has not successfully reduced smoking prevalence due to its improper utilization. They pointed out that the affordability of cigarettes for low-income families, extensive cigarette advertising, and the mixing of the revenue with other allocations complicate the effective utilization of the funds.

Additionally, [14], underscore the government's budget allocation for the health sector, comprising 5% of the total budget. While not directly tied to revenue from cigarette tax sales, their discussion contributes valuable insights into the general approach to fund allocation for health-related initiatives in the country. Furthermore, [10] specific delineation of budget allocations, including the allocation of IDR 200 million for the TB Program out of a total of IDR 426 billion in Central Java in 2012, hints at the potential link between revenue generated from cigarette tax sales and funding for health-related programs.

6) Optimal Taxation Measures

Regarding optimal taxation, [15] suggested that a 10% increase in cigarette tax would reduce consumption by 4%. However, they emphasized the need for comprehensive considerations when determining optimal taxation policies. They also cited empirical evidence supporting the potential revenue generated from tobacco taxes.

Moreover, the theory of optimal taxation by Ramsey (1927) was used to minimize distortions and identify tax policies inversely related to demand elasticity. Various empirical studies supported the effectiveness of raising taxes to improve economic inefficiencies in the tobacco market, as per [16] and [17]. They noted that higher tax rates would reduce consumption. Furthermore, [18] stated that raising cigarette prices not only reduces smoking participation among youths and adults but also decreases the quantity consumed. They suggested that earmarking funds for healthcare could alleviate public concerns about increased cigarette prices.

Research Framework

Certainly, here is a condensed version of the proposed research framework in three paragraphs: The proposed research aims to investigate the optimization of tobacco excise revenue sharing funds (DBH CHT) for public health initiatives in Indonesia. This study will build upon the theoretical understanding of negative externalities and the role of taxation in controlling harmful consumption behaviors. It will also delve into the concept of earmarking within the fiscal policy framework and its implications for effective revenue allocation. By conducting an extensive literature review and empirical analysis, the research seeks to evaluate the current utilization of DBH CHT funds, its impact on public health programs, and the challenges associated with its implementation.

Through a comprehensive analysis of the effectiveness of earmarking in the context of Indonesian public health, the study will provide valuable insights into the strengths and weaknesses of the current policy framework. By drawing on international best practices and comparative analyses, the research aims to offer policy recommendations for enhancing the allocation and utilization of DBH CHT funds. The study will also critically assess the existing financial management practices and transparency mechanisms to ensure that the earmarked funds are utilized efficiently and in alignment with national health objectives. Furthermore, the research will explore potential strategies for addressing the identified

challenges and opportunities for optimizing the utilization of DBH CHT in the context of tobacco control and public health interventions.

In conclusion, the research framework outlined here presents a comprehensive approach to examine the optimization of tobacco excise revenue sharing funds for public health initiatives in Indonesia. By integrating theoretical frameworks, empirical analyses, and policy implications, the study aims to contribute to the ongoing discourse on effective fiscal policies and their impact on public health outcomes. This research seeks to inform policymakers and stakeholders about the critical factors influencing the utilization of DBH CHT funds and provide actionable recommendations to strengthen the existing policy framework and enhance the efficiency and transparency of fund allocation for improved public health outcomes.

2. METHOD

This research aims to delve deeper into the comprehensive exploration of the root issues surrounding the optimization of DBH CHT in Indonesia, along with other pertinent government policies in support of this endeavor. Considering the budget deficit situation of the Health Care and Social Security Agency (BPJS Kesehatan) and the increasing demand for healthcare assurance and services among the population, the researchers employed a focus group discussion (FGD) as the primary method. This choice was made to enable a concentrated search for solutions to the specific themes or issues under investigation. The moderator, also serving as the first speaker, facilitated interactions among participants, encouraging them to actively articulate their perspectives on the issues at hand [19] p. 470. The participation of key figures from the Ministry of Health and BPJS Kesehatan was essential in helping to identify feasible solutions to the problems discussed. The interviewees included policy observers from PKN STAN, represented by Budhi Setyawan as the primary speaker and former Deputy Director of Customs at the Directorate General of Customs and Excise (DJBC) and a researcher at the Fiscal Policy Agency and lecturer at PKN STAN as the first speaker (Informant 1). Dr. Mujadid, representing the Directorate General of Health Services at the Ministry of Health, was the second speaker (Informant 2). Additionally, Dr. Sandra, representing the Directorate of Prevention and Control of Non-Communicable Diseases at the Ministry of Health, served as the third speaker (Informant 3), and Dr. Indah, representing the Director of Health Service Assurance at BPJS Kesehatan, acted as the fourth speaker (Informant 4).

The data analysis method entailed the systematic reduction of FGD-interview data (first coding), followed by data presentation through categorization (second coding), and culminated in the analysis of emerging themes or theories (third coding), leading to conclusive insights [20] p.33. This approach enabled the researchers to derive meaningful conclusions and DBH-CHT and related policy measures in Indonesia.

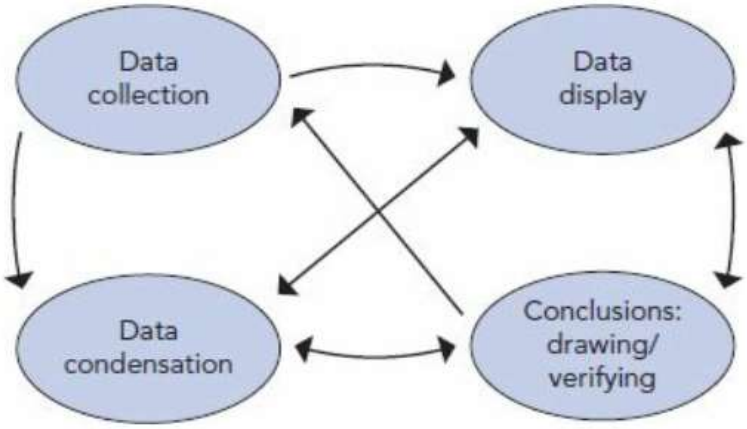


Figure 1. Components of Data Analysis: Interactive Model

The figure above describes the qualitative data analysis cycle, which consists of four fundamental stages. The first step, data collection, involves gathering data and information related to the research problem. Various methodologies, such as surveys, interviews, observations, and experiments, can be used to collect data effectively. Once the data has been collected, the next step, data condensation, entails organizing and concisely summarizing the collected information. This step is critical in facilitating the subsequent analysis process by simplifying the complexity of the data set. Commonly used techniques for

data condensation include coding to assign labels to different categories of data, tabulation to organize data in a structured format, and graphs to visually represent data relationships. Finally, the last step of the cycle, inference/verification, involves extracting meaningful insights from the data analysis. The conclusions drawn should be supported by robust and verifiable data to confirm them [20].

3. RESULTS AND DISCUSSION

In accordance with the background of the problem and previous theoretical reviews, which suggest that the imposition of this tax must consider consumption control and the reduction of its negative impacts, the application of this tax may be deemed unsuccessful or unjustified if consumption increases and diseases caused by smoking habits rise [2]. Further, it is vital to ensure that the management of the Tobacco Excise Revenue Allocation (DBH CHT) is optimized to support community health programs (promotive and preventive) and provide treatment to consumers affected by smoking consumption (curative and rehabilitative). Smoking activities impact two parties: active smokers who suffer from various types of diseases due to declining lung health caused by smoke residues (tar) and repeated nicotine content in cigarettes, and passive smokers who may also experience similar conditions if exposed directly to the activities of active smokers.

Previous research has studied the short and long-term impact of cigarette consumption on health costs. According to [3], smokers will feel the emergence of health costs due to smoking habits in the long run. [4] expanded on this, stating that the health costs felt by smokers have prompted the World Health Organization to campaign to its member countries to begin reducing tobacco consumption. Additionally, (Nor, et al., 2013) reported that some countries in the United States and other countries have enacted Earmarking policies for the revenue from cigarette sales tax to promote public health and cover the social costs arising from smoking activities. In the context of Indonesia, [6] found that the government has imposed taxes and set 2% of its excise revenue to reduce tobacco use and control its impact. However, the price of cigarettes in Indonesia is still relatively affordable for poor families, leading to increased smoking habits [7]. [1] found that social assistance to the poor exacerbates this, as some of their expenses are used to buy cigarettes.

In this research, we have divided the discussion into two distinct sections to delve deeper into the problem, provide comprehensive explanations, and propose potential solutions. The Allocation of Cigarette Tax Sales Revenue: The first part of the discussion explores the allocation of revenue from cigarette tax sales. This section investigates **how these funds can be utilized more effectively** to mitigate the impact of cigarette consumption on public health. This includes the evaluation of existing policies and the proposal of new strategies to ensure that these financial resources are directed towards preventative health measures, public health campaigns, and health services for individuals affected by smoking.

The second part of the discussion addresses the provision of health facilities to support the National Health Insurance (JKN) program. Recognizing the uneven distribution of health facilities across districts and cities, this section proposes strategies to enhance healthcare infrastructure and ensure that individuals, regardless of their geographic location, have access to the necessary health services. This includes an examination of the current challenges faced in the distribution of health facilities and potential solutions to improve accessibility and quality of care.

The first part the optimization of the utilization policy for the CHT (Tobacco Excise Revenue Sharing) is vital in mitigating the health impacts of cigarette consumption. The research evidence by [3] links smoking to morbidity and premature death, prompting several public policies and the dissemination of information related to the dangers of smoking (Chaloupka, F. J., & Warner, 2000:1593) Additionally, (Nor, et al., 2013:16) suggest that the government might consider selecting specific policies funded by earmarking the revenue from tobacco tax increases or sin taxes, using the optimal cigarette tax regression equation on the Laffer curve equation. Furthermore, the study by [8] within (Nor, et al., 2013) predicts that a 25% increase in tobacco taxes in Malaysia would result in a 20.8% increase in tobacco tax revenue. The successful earmarking of tobacco revenue in Malaysia is expected to positively impact reducing cigarette consumption and potentially provide funds for improved healthcare services for the Malaysian population.

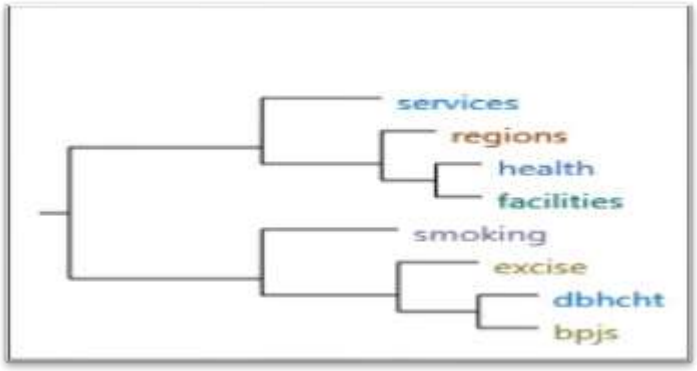
In light of these facts, the government's policy on allocating the CHT for Health, based on the cohort study conducted by BPJS over a considerable period, indicates that poor families with smoking members are 5.5% more at risk of stunting compared to non-smoking families (Source III). Despite the significant risk of stunting, a study using data from the Indonesia Family Life Survey (IFLS) by researchers from the University of Indonesia, [1], has demonstrated that the social assistance funds received by smoking

families, intended to help improve the income of families living below the poverty line, are diverted to continue their cigarette consumption instead of improving their food intake with nutritious items like eggs, meat, and milk.

With this knowledge, the government has directed the use of the CHT for Health to be channeled through alternative schemes, such as the National Health Insurance scheme through BPJS Health. The Ministry of Finance has issued PMK 13 of 2020, which regulates the distribution of tobacco excise revenue sharing, whereby a portion of the collected excise tax is returned to local governments for social functions and community empowerment. The PMK mandates that at least 50% of the revenue sharing is allocated to social development, including specific allocations for health care services. However, despite the increasing trend in the revenue targets, there remain unoptimized portions of the CHT allocation due to the constraints outlined in Article 66A paragraph (1) of the 2007 Excise Law. This situation necessitates alternative options, such as reallocating budgets for health purposes.

During discussions with the respondents, it became apparent that to optimize the use of the CHT for Health, there is a need to focus on social environment development, ensuring equitable access and quality of health facilities, and enhancing health services in the areas of promotion, prevention, and curative-rehabilitative activities. The respondents emphasized the importance of increasing access to health services by enhancing the distribution and accessibility of health facilities across all regions in Indonesia. However, they also highlighted the challenges related to budget constraints, particularly in funding the development of hospitals and community health centers, and the limited allocation provided, which is subject to evaluation based on the absorption rate. Moreover, they stressed the need for investments in advanced medical equipment, skilled specialist doctors, laboratory technicians, and the calibration of health equipment to maintain accuracy.

Additionally, the promotion of public health campaigns aimed at raising awareness about the dangers of smoking and promoting a smoke-free lifestyle is critical. While efforts to promote and prevent smoking-related risks have been made, the allocation of resources has been a limiting factor. The limited budgetary resources have hindered the execution of comprehensive public service announcements and anti-smoking campaigns, highlighting the necessity for increased financial support in this area. Ultimately, the government must consider various comprehensive strategies to effectively utilize the CHT for health, taking into account the multifaceted challenges related to tobacco consumption and public health, as highlighted in previous literature ([3]; [8]; [5]; [9]).



Graph 1. Mind map of FGD findings related to Optimizing the Use of Health Funds from Cigarette Taxes and Excise.
Source: Author (2023)

The first part of the discussion explores the allocation of revenue from cigarette tax sales. This section investigates how these funds can be utilized more effectively to mitigate the impact of cigarette consumption on public health. The allocation of health funds per region should, according to our analysis, be linked to the improvement of health services funded by DBH and local taxes. Health services related to health facilities can be improved by increasing budget allocations sourced from DBH-CHT and JKN BPJS-Kesehatan funds. Improving the quality of health services related to regions includes health services aimed at people in certain areas in accordance with government policies. These services can be in the form of primary health services, secondary health services, or tertiary health services. In addition, it can be used to increase the number of health workers, improve health facilities and infrastructure (health facilities and infrastructure), and improve the quality of health service standards (Yankes).

The initial segment of the discussion centers on the allocation of revenue derived from the sales of cigarette taxes. This investigation is focused on exploring more effective ways to utilize these funds to minimize the detrimental effects of cigarette consumption on public health. For the allocation of healthcare funds distributed per region, our analysis suggests the necessity of linking it with the enhancement of health services funded by both the Regional Transfer Fund (DBH) and local taxes. The quality of healthcare services in specific regions can be improved by augmenting budget allocations sourced from DBH-Cigarette Excise Revenue Sharing and the National Health Insurance (JKN) fund. This allocation could be directed towards increasing the number of healthcare professionals, enhancing healthcare facilities (health infrastructure and facilities), and improving the standard of healthcare services (Yankes) according to government policies.

Improvement of Health Services

Regarding the improvement of health services, our study identified three important aspects in optimizing resource allocation for health services (Informant 2). First, emphasis was placed on a comprehensive strategy, according to Informant 2, to strengthen management and the formulation of standardized guidelines for healthcare facilities. Secondly, the utilization of information technology through the ASPAK health application was suggested to monitor and control the entire healthcare infrastructure. Lastly, the improvement of human resources and institutional capacity, as well as the need for budget alignment, including the utilization of the Tobacco Excise Revenue Sharing Fund (DBHCHT), were recognized as integral components of efficient health facility operations.

Table 2. Coding Results with The Theme of Health Services

Aspect	Phrases / Codes	Supporting Excerpts from Transcript	Related Theory/ Study
Health Infrastructure and Resource Management	ASPAK Application Monitoring	"**we have an application** called ASPAK" (Informant 2)	Crowley, George R. Hoffer (2018), Buchanan (1963), Rostina, (2014), Fadli et al., (2020)
	Budget Harmonization Strategies	"necessary to **harmonize the budget**" (Informant 2)	
	Standard Guideline Preparation	"we also **prepare prototypes of infrastructure buildings**" (Informant 2)	
	Infrastructure Fulfillment Prioritization	"we have the main task of how to **improve health services**" (Informant 2)	
	Resource Allocation Optimization	"**synchronization of different funding resources**" (Informant 2)	
Promotion of Preventive Health Measures	Public Service Campaign Challenges	"the main **increase in smoking is not in adults**" "smoking that greatly affects children's **perceptions of smoking itself"** (Informant 3)	Nor, Abdullah, et al., (2013), Atsani & Murwendah (2019)
	Smoke-Free Advocacy	"encouraging 380 city districts that have succeeded in **issuing regional regulations**" (Informant 3)	
	Rising Youth Smoking Rates	"highest increase occurred in **children of junior and senior high school age**" (Informant 3)	
	Healthy Lifestyle Promotion	"efforts for promotion will be **strengthened to prevent or not to become smokers**" (Informant 2)	
	Smoking Cessation Support Services	"developed **smoking cessation services for smokers**" (Informant 3)	
Collaborative Efforts for Improved Health Services [10]	Institutional Role in Advocacy	"**strengthening the role of FKTP** in basic services" (Informant 2)	[10]
	Data Accuracy Emphasis	"**examining the scheme that includes a preventive promotive**	

Aspect	Phrases / Codes	Supporting Excerpts from Transcript	Related Theory/ Study
		program" (Informant 2)	
	Enhanced Service Access Strategies	"efforts in **building border health centers** in remote areas" (Informant 2)	
	Primary Care Facility Optimization	"strengthen the management of **the capacity of health workers from FKTPs** " (Informant 2, 4)	
	Chronic Disease Service Costs	"**costs incurred for chronic disease services**"(Informant 4)	

Source: Author (2023)

Table 2 summarizes the results of the thematic analysis relating to the health services domain, illustrating three main aspects: Health Infrastructure and Resource Management, Promotion of Preventive Health Efforts, and Collaborative Efforts for Health Service Improvement. In the area of Health Infrastructure and Resource Management, ASPAK Application Monitoring emerged as a focal point, as articulated by Informant 2. This is in line with the theoretical underpinnings of Crowley, George R. Hoffer (2018), Buchanan (1963), Rostina (2014), and Fadli et al. (2020). In addition, Budget Harmonization Strategy, Standard Guideline Development, Prioritization of Infrastructure Fulfillment, and Optimization of Resource Allocation were identified as important subthemes, which explain the various strategies used to improve health resource management.

The Preventive Health Measures Promotion dimension revealed nuanced challenges and initiatives. Informant 3 highlighted the Public Service Campaign Challenge, emphasizing the impact of smoking on children's perceptions. This is in line with the research of Nor, Abdullah, et al. (2013) and Atsani & Murwendah (2019). Advocacy for Smoke-Free initiatives and the alarming increase in smoking rates among young people were also highlighted. The holistic approach is extended to Healthy Lifestyle Promotion and Smoking Cessation Support Services, reflecting a comprehensive strategy to address public health challenges.

Collaborative Efforts for Improved Health Services consist of various elements, including Institutions' Role in Advocacy, Emphasis on Data Accuracy, Improved Service Access Strategies, Optimization of Primary Care Facilities, and consideration of Chronic Disease Service Costs. The findings provide an overview of concerted efforts to strengthen the role of primary care facilities in basic services and improve the accuracy of health-related data. In addition, strategies aimed at improving access to care, optimizing primary care facilities, and managing costs for chronic disease services were identified, indicating a multidimensional approach to improving healthcare quality.

The Preventive Health Measures Promotion dimension revealed nuanced challenges and initiatives. Informant 3 highlighted the Public Service Campaign Challenge, emphasizing the impact of smoking on children's perceptions. This is in line with research by Nor, Abdullah, et al. (2013) and Atsani & Murwendah (2019). Advocacy for Smoke-Free initiatives and the alarming increase in smoking rates among young people were also highlighted. The holistic approach is extended to Healthy Lifestyle Promotion and Smoking Cessation Support Services, reflecting a comprehensive strategy to address public health challenges.

Healthcare Facility Improvement

Regarding the theme of healthcare facility improvement, our thorough review of the FGD transcript reveals that enhancing healthcare facilities is a multifaceted issue involving several critical elements. Particularly, Informant 2 (encompassing 1.82% of the transcript) underscores the vital role of infrastructure and medical equipment in healthcare facilities, emphasizing the importance of effective management and standardization to ensure optimal functioning and service delivery. Further, Informant 2, with significant coverage of 6.65%, expound on various strategies aimed at enhancing healthcare facility management. These strategies encompass budget harmonization, resource optimization, and the enhancement of healthcare workforce capacity, all of which are integral to the efficient operation of healthcare facilities.

Furthermore, a comprehensive examination of the transcript sheds light on insights into the utilization of the Tobacco Excise Revenue Sharing Fund for healthcare infrastructure improvement and the procurement of expensive medical equipment. Informant 2 (comprising 1.39% of the transcript) discuss these critical aspects, highlighting the potential implications of such allocations on the overall healthcare service landscape. The transcript also alludes to the differences in financing mechanisms

between government-owned and private healthcare facilities. Reference 24, covering 0.60% of this report, delves deeper into the complexities surrounding the allocation of assistance channeled through DBHCHT, emphasizing the financial dynamics at play.

Table 3. Coding Results with the **Health Facility** Theme

Theme	Phrases or Codes	Excerpts from Transcript	Related Theory/ Study
Health Facility Management and Infrastructure	Infrastructure and medical devices, Budget harmonization, Resource optimization, Capacity building for health workers	"We can find out where, what is the number of what is the name of the room and then the medical equipment in a health service facility, both at the Puskesmas even in the hospital." (Informant 2)	(Atsani & Murwendah, 2019)
Funding and Financing of Health Facilities	Utilization of revenue sharing funds, Allocation of assistance through DBHCHT, Differences in financing between government-owned and privately-owned facilities	"Maybe it can be included in relation to the Tobacco Excise Revenue Sharing Fund."(Informant 1)	(Fadli et al., 2020), (Rostina, 2014)
Preventive Promotion and Optimal Service Delivery	Strengthening preventive promotion, Optimization of infrastructure and competence at health facilities, Smoking cessation services, Non-smoking areas in communities	"We also encourage in accordance with the direction of the Minister of Health to what is called encourage to utilize domestic production." (Informant 2)	Rostina, (2014), Atsani & Murwendah, (2019)

Source: Author (2023)

Table 3 illustrates the coding results under the broad theme of Health Facility Management, which covers important aspects such as Infrastructure and Medical Devices, Budget Harmonization, Resource Optimization, Capacity Building of Health Workers, and Funding and Financing of Health Facilities. Thematic analysis rooted in qualitative data from informant interviews is essential in explaining the intricacies of health facility management.

Under Health Facility Management and Infrastructure, the coded quotes explain the importance of understanding the intricacies of healthcare facilities, which include Puskesmas and hospitals. The informant (Informant 2) emphasized the importance of detailed knowledge of the number and nomenclature of rooms, as well as the inventory of medical equipment within the health facility. This is in line with Atsani & Murwendah's (2019) research, which provides a theoretical framework for understanding the intricacies of health facility infrastructure management.

The second aspect, Health Facility Funding and Financing, explained the utilization of revenue sharing funds, allocation strategies involving the Disease-Based Health Center Development Revenue Sharing Fund (DBHCHT), and differences in financing between public and private health facilities. The informant (Informant 1) touched on the potential link with the Tobacco Excise Revenue Sharing Fund (DBHCHT), which provided insight into the financial dynamics of health facilities. This aspect refers to studies conducted by Fadli et al. (2020) and Rostina (2014), which provide theoretical underpinnings for understanding the financial intricacies of health facility management.

Finally, the Prevention Promotion and Optimal Service Delivery dimension emphasizes strategies such as strengthening prevention promotion, optimizing infrastructure and competencies in health facilities, offering smoking cessation services, and establishing smoke-free areas in communities. Informant 2's reference to encouraging domestic production is in line with the Minister of Health's directives, as discussed in studies by Rostina (2014) and Atsani & Murwendah (2019). This dimension underscores the holistic approach required for optimal service provision, incorporating preventive measures and infrastructure optimization.

Health Infrastructure Provision

Regarding the theme of health infrastructure provision, after a thorough review of the transcripts we found that health infrastructure provision plays an important role. Firstly, that the improvement of healthcare facilities, is linked in its effectiveness to the presence of robust infrastructure, well-functioning medical equipment, and a skilled workforce. Second, comprehensive initiatives to build health facilities in

remote and less accessible areas, including community health centers (Puskesmas) at the border and main hospitals. This strategy needs to be complemented by a strong emphasis on strengthening overall health infrastructure management and formulating standardized guidelines.

Such careful planning and standardization were identified as a critical component in efforts to improve the quality and accessibility of health services, especially in areas that are geographically isolated or have limited access to medical facilities. In addition, the FGD results underscored the importance of integrating domestic production in the health sector, advocating for the utilization of local medical device providers capable of producing essential equipment. This push for self-reliance is supported by efforts to develop prototype designs, highlighting a progressive approach to medical device innovation and self-sufficiency. In addition, the utilization of tobacco excise is recognized as an important contributor to the provision of a wide range of health services, with a particular focus on the promotion, prevention, and treatment of health conditions. This utilization is seen as integral in supporting the maintenance and sustainability of health infrastructure, which is a collaborative effort involving the Social Security Organizing Agency (BPJS).

Table 4. Coding Results with the **Health Infrastructure Provision Theme**

Themes	Phrases or Codes	Supporting Excerpts from the Transcript	Related Theory/ Study
Infrastructure Development	Strengthening the management of health infrastructure	"So, we have a program that is building border health centers here in DTPK..." (Informant 2)	Rostina (2014), (Atsani & Murwendah, 2019)
	Utilizing domestic production for medical devices	"We also encourage in accordance with the direction of the Minister of Health to what is called encourage to utilize domestic production..." (Informant 2)	
	Building border health centers in remote areas	"We have a program that is building border health centers here in DTPK, remote border areas and islands..." (Informant 2)	
	Development of prototype designs for health facilities	"Then the development of Prototype designs..." (Informant 2)	
Funding and Financial Management	Utilization of tobacco excise tax in the health sector	"Furthermore, the use of tobacco excise tax in the health sector includes the field of health services..." (Informant 3)	Inayati et al. (2018), Cnossen (2005)
	Harmonizing the budget for equitable access to healthcare	"To increase the competence of health service facilities, it is influenced by infrastructure and medical devices..."(Informant 2)	
	Coordination of requirements and licensing for infrastructure development	"We also provide health facility infrastructure which includes buildings, medical equipment rooms, medicines, consumables or reagan..."(Informant 3)	
	Optimization of funding resources from various sources	"It is hoped that there is indeed what is called optimization or synchronizing the sources of funding resources in the regions both from DAK data..."(Informant 2)	
Health Service Enhancement	Training of health workers for improved services	"Then the training of health workers and / or administrative staff at health facilities in collaboration with BPJS..."(Informant 3)	Rostina (2014), Atsani & Murwendah, (2019)
	Increasing the institutional capacity of Health Facility Security Centers	"We also encourage …. what is called encourage to utilize domestic production..."(Informant 2)	
	Enhancing the use of	"We also encourage in accordance with	

Themes	Phrases or Codes	Supporting Excerpts from the Transcript	Related Theory/ Study
	information technology in healthcare	the direction of the Minister of Health to what is called encourage to utilize domestic production..." (Informant 2)	
	Providing health facility infrastructure for promotive, preventive, curative, and rehabilitative services	"Next, we also provide health facility infrastructure which includes buildings, medical equipment rooms, medicines, consumables or reagan..." (Informant 3)	

Source: Author (2023)

Table 4 presents the results of the coding centered on the Health Infrastructure Delivery theme, which includes key subthemes such as Infrastructure Development, Funding and Financial Management, and Health Service Improvement. Under Infrastructure Development, health infrastructure management is highlighted, exemplified by the informant's statement, "So, we have a program that builds border puskesmas in DTPK..." (Informant 2). This is in line with research by Rostina (2014) and Atsani & Murwendah (2019). In addition, the table emphasizes the utilization of domestic production for medical devices, the construction of Puskesmas in remote areas, and the development of prototype designs for health facilities.

Under Improved Health Services, the table captures training of health workers to improve services, quoting, "Then training of health workers and/or administrative staff at health facilities that cooperate with BPJS..." (Informant 3). This aligns with the findings of Rostina (2014) and Atsani & Murwendah (2019). This theme also highlights improving the institutional capacity of the Health Facility Safety Center, encouraging the use of information technology in healthcare, and providing health facility infrastructure for promotive, preventive, curative, and rehabilitative services, as articulated by informants.

In the area of Funding and Financial Management, the table explores the use of tobacco excise in the health sector, quoting, "Furthermore, the use of tobacco excise in the health sector includes the area of health services..." (Informant 3). This is in line with research conducted by Inayati et al. (2018) and Cnossen (2005). This theme further explores budget harmonization for equitable access to health services, coordinating requirements and permits for infrastructure development, and optimizing funding resources from various sources, as expressed by informants.

Regarding the theme of healthcare infrastructure provision, our comprehensive review of the transcript reveals the crucial role of healthcare infrastructure provision. Firstly, the enhancement of healthcare facility provision is linked to its effectiveness through the presence of robust infrastructure, well-functioning medical equipment, and skilled workforce. Secondly, comprehensive initiatives to build healthcare facilities in remote and underserved areas, including community health centers (Puskesmas) in border regions and major hospitals, are essential. These strategies need to be complemented by a strong emphasis on strengthening overall healthcare infrastructure management and the formulation of standard guidelines.

Thoughtful planning and standardization have been identified as crucial components in efforts to enhance the quality and accessibility of healthcare services, especially in geographically isolated areas or regions with limited access to medical facilities. Additionally, the findings from the Focus Group Discussion (FGD) underscore the importance of integrating domestic production in the healthcare sector, advocating for the utilization of local healthcare equipment providers capable of producing essential equipment. This drive for self-sufficiency is supported by efforts to develop prototype designs, highlighting a progressive approach to innovation and self-sufficiency in medical equipment. Furthermore, the utilization of tobacco excise is recognized as a significant contributor to the provision of various healthcare services, with a specific focus on the promotion, prevention, and treatment of health conditions. This utilization is regarded as an integral part of supporting the maintenance and sustainability of healthcare infrastructure, which is a collaborative effort involving the Social Security Organizing Agency (BPJS).

4. CONCLUSION

Based on the results of the discussion, the author can draw the following conclusions: First, the allocation of cigarette tax revenue requires strategic planning and effective distribution to reduce the adverse impact of cigarette consumption on public health. In addition, this analysis also emphasizes the

importance of linking the allocation of health funds to improvements in health services funded by the Regional Transfer Fund (DBH) and local taxes, which can improve the quality of health services in certain areas. This improvement can be achieved through increased allocations for health personnel, improved health infrastructure and facilities, and improved health service standards. Optimizing resource allocation for health services requires a comprehensive strategy, including the use of information technology through the ASPAK health application, as well as improving human resources and institutional capacity. These components are essential for the efficient operation of health facilities. In addition, health facility improvement was identified as a multifaceted issue, emphasizing the critical role of medical infrastructure and equipment, effective management, and standardization for optimal health service delivery. This study highlights the importance of budget harmonization, resource optimization, and health workforce capacity building for improved health facility management. Furthermore, utilization of the Tobacco Excise Revenue Sharing Fund for health infrastructure improvement and procurement of medical equipment. The results emphasize the need for a careful approach to aid allocation, taking into account the prevailing financial dynamics and differences in financing mechanisms between public and private health facilities. Overall, the findings highlight the need for careful planning, standardization, and collaborative efforts to ensure the accessibility and sustainability of healthcare infrastructure, especially in geographically isolated areas or areas with limited access to health facilities.

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