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# Productive Waqf for Healthcare Services: Conceptual and Field Evidence from Indonesia

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***Abstract***

*Sustainable healthcare financing remains a major structural challenge in Indonesia, particularly for hospitals serving beneficiaries of the national health insurance system. Persistent financial deficits and claim imbalances within the BPJS scheme highlight the urgency of developing alternative and sustainable financing mechanisms for healthcare services. This study aims to formulate a conceptual model of productive waqf integrated with healthcare services, with a specific focus on hospital-based implementation in the Indonesian context. The scope of the research covers both the theoretical foundation and institutional practices of healthcare-related waqf. The research adopts a mixed-methods approach with a qualitative emphasis. Data were obtained through in-depth interviews with waqf scholars, hospital practitioners, and health insurance expert, supported by an analysis of relevant institutional and policy documents. The findings reveal that existing healthcare waqf practices are fragmented and predominantly semi-productive, with utilization largely oriented toward consumptive purposes and lacking an integrated institutional framework. This condition limits the long-term sustainability and strategic impact of waqf in healthcare financing. This study offers a novel hospital-based productive waqf model that positions healthcare services as the central platform for sustainable waqf management. The proposed model contributes to the theoretical development of healthcare waqf literature and provides practical insights for policymakers and healthcare institutions in designing sustainable alternative healthcare financing strategies in Indonesia.*

***Keyword:*** *Islamic social finance, productive waqf, healthcare financing, healthcare service, hospital*

**الملخص**

لا يزال تمويلُ الرعايةِ الصحيةِ المستدامةِ يُشكِّلُ تحدّيًا هيكليًّا رئيسيًا في إندونيسيا، ولا سيما لدى المستشفيات التي تُقدِّم خدماتها لمستفيدي نظام التأمين الصحي الوطني. ويُبرز استمرارُ العجزِ المالي واختلالِ توازنِ المطالبات ضمن نظام هيئة الضمان الاجتماعي للصحة (BPJS) الحاجةَ الملحَّة إلى تطوير آليات تمويلٍ بديلةٍ ومستدامةٍ لقطاع الخدمات الصحية . تهدف هذه الدراسة إلى صياغة نموذجٍ تصوُّريٍّ للوقف المنتج المتكامل مع الخدمات الصحية، مع تركيزٍ خاص على التطبيق القائم على المستشفيات في السياق الإندونيسي. ويشمل نطاقُ البحث الأسسَ النظرية للوقف المنتج إلى جانب الممارسات

المؤسسية للوقف الصحي .تعتمد الدراسة منهجيةَ البحث المختلط مع غلبة المنهج النوعي، حيث جُمِعت البيانات من خلال مقابلاتٍ متعمِّقة مع خبراء الوقف، وممارسي المستشفيات، وخبراء التأمين الصحي، فضلًا عن تحليل الوثائق المؤسسية والتنظيمية ذات الصلة .وتُظهِر النتائج أن ممارسات الوقف الصحي القائمة لا تزال مجزَّأة، وتتسم في الغالب بطابعٍ شبه منتج، مع هيمنة الاستخدامات الاستهلاكية وغياب إطارٍ مؤسسيٍّ متكامل. ويؤدي هذا الوضع إلى الحد من الاستدامة طويلة الأجل والأثر الاستراتيجي للوقف في تمويل الرعاية الصحية .وتقدِّم هذه الدراسة نموذجًا مبتكرًا للوقف المنتج القائم على المستشفيات، يضع الخدمات الصحية في مركز إدارة الوقف المستدام. ومن المتوقَّع أن يُسهم هذا النموذج في الإثراء النظري لأدبيات الوقف الصحي، وأن يوفِّر دلالاتٍ تطبيقية لصنَّاع السياسات والمؤسسات الصحية في تصميم استراتيجيات تمويل صحي بديلة ومستدامة في إندونيسيا.

**الكلمات المفتاحية** :التمويل الاجتماعي الإسلامي، الوقف المنتج، تمويل الرعاية الصحية، الخدمات الصحية، المستشفيات

## A. Introduction

Indonesia's national healthcare financing system, administered through the Social Security Administering Agency (BPJS), continues to face complex structural challenges, particularly in ensuring the sustainability of healthcare services for vulnerable and low-income populations. Although the implementation of the National Health Insurance (JKN) scheme through a social insurance mechanism has successfully expanded coverage to more than 220 million beneficiaries, a number of fundamental problems persist. These include structural financial deficits, delays in claim reimbursements to healthcare providers, and regional disparities in service quality and availability, all of which directly affect hospital performance and public access to adequate healthcare services (BPJS Kesehatan, 2023; World Health Organization, 2010). This condition indicates that a healthcare financing approach that relies almost entirely on social insurance schemes has not yet fully addressed the long-term sustainability challenges of the national health system.

From the perspective of public economics and public finance, numerous studies have shown that social insurance–based healthcare financing systems are particularly vulnerable to fiscal pressures, especially in the context of rising chronic disease burdens, population aging, and disparities in fiscal capacity across regions (Savedoff et al., 2012; McIntyre, Meheus, & Røttingen, 2017). These challenges underscore the need to diversify healthcare financing sources beyond government funding and participant contributions

by incorporating alternative financing instruments that are sustainable and socially oriented.

Within the framework of Islamic economics, health is regarded as an integral component of achieving the objectives of Islamic law (maqāṣid al-sharīʿah), particularly the preservation of life (ḥifẓ al-nafs) and wealth (ḥifẓ al-māl). The inability of either the state or individuals to ensure equitable and high-quality access to healthcare services directly undermines these objectives. Accordingly, Islamic social finance instruments are considered strategically relevant in strengthening social protection systems, including in the healthcare sector. One instrument that has attracted significant attention in contemporary discourse is productive waqf, which holds the potential to serve as a long-term source of social financing through the professional and sustainable management of waqf assets (Kahf, 2003; Obaidullah & Shirazi, 2015).

Unlike traditional waqf, which is generally consumptive in nature and limited to religious or basic social functions, productive waqf emphasizes the optimization of waqf assets to generate economic value that can be continuously utilized for public benefit. In the context of healthcare services, productive waqf may contribute not only to the development of physical infrastructure such as hospitals and clinics, but also to the financing of operational costs, medical service subsidies, and health protection schemes for poor and vulnerable populations (Ascarya & Yumanita, 2022; Cizakca, 2011). With these characteristics, productive waqf has the potential to function as a complementary instrument that strengthens the national healthcare financing system without replacing the role of the state.

Previous studies have demonstrated that productive waqf has made significant contributions to the development of healthcare services in various countries, particularly in the Middle East and South Asia. Studies by Mohsin (2019) and Hasan and Abdullah (2021), for example, highlight the important role of historical waqf institutions in financing hospitals, clinics, and free healthcare services for impoverished communities. Nevertheless, much of the existing literature remains normative or historical in nature, focusing primarily on the potential and Sharīʿah legitimacy of waqf, while paying relatively limited attention to institutional arrangements, governance mechanisms, and integration with modern healthcare financing systems.

In the Indonesian context, productive waqf practices in the healthcare sector have indeed emerged, including the establishment of waqf-based hospitals and clinics, as well

as the use of waqf funds to subsidize healthcare services. However, these initiatives tend to operate in a partial and sporadic manner and have not yet been integrated into a systematic and applicable conceptual framework. Moreover, the linkage between productive waqf and the national health insurance system remains weak, resulting in waqf contributions that are often ad hoc and insufficient to generate structural impacts on healthcare financing sustainability (Kasri, 2021; Ascarya & Yumanita, 2022).

Addressing this research gap, this article aims to develop a productive waqf model based on healthcare services through a synthesis of conceptual analysis and field-based findings derived from empirical observations. The proposed model not only seeks to explain the mechanisms of productive waqf management in the healthcare sector but also examines the institutional relationships among nazir, hospitals, regulators, and the national health insurance system. Accordingly, this study is expected to contribute theoretically to the enrichment of healthcare waqf literature and to offer practical insights for policymakers and hospital managers in designing alternative healthcare financing schemes that are sustainable, inclusive, and aligned with the principles of maqāṣid al-sharīʿah.

## B. Literature Review

Productive waqf refers to a model of waqf asset management that is oriented toward generating sustainable economic and social benefits without diminishing the principal value of the endowment. In classical Islamic literature, waqf has long been positioned as a flexible social instrument that adapts to societal needs. Contemporary scholarship further emphasizes the necessity of transforming waqf from a predominantly consumptive and charitable practice into a socio-economic development instrument managed in a professional, transparent, and sustainability-oriented manner. Kahf (2003) highlights that productive waqf holds strategic potential for enhancing social welfare when managed through modern institutional approaches. This view is reinforced by Cizakca (2011), who demonstrates that the historical development of waqf in the Muslim world has been closely linked to its productive function in supporting education, healthcare, and public services. In the Indonesian context, Ascarya and Yumanita (2022) assert that productive waqf constitutes a key pillar of Islamic social finance, particularly when integrated with accountable governance structures and the national financial system.

In the healthcare sector, existing literature indicates that waqf has played a historically significant role in the provision of medical services, especially through the establishment of hospitals and clinics offering free or subsidized care to impoverished communities. Mohsin (2019) reveals that waqf institutions in many Muslim countries traditionally served as the primary backbone of public healthcare services prior to the emergence of modern state-based healthcare systems. Hasan and Abdullah (2021) further argue that contemporary healthcare waqf models extend beyond physical infrastructure development to include operational financing, procurement of medical equipment, and subsidies for healthcare service costs. This shift reflects the adaptive capacity of waqf in responding to the demands of efficiency, sustainability, and professional management within modern healthcare systems.

Despite this potential, studies on productive waqf—particularly in relation to the healthcare sector—remain largely dominated by normative and conceptual approaches. Most research emphasizes the Sharīʿah legitimacy and social potential of waqf, while paying relatively limited attention to its operational dimensions and integration with contemporary social security systems. Kasri (2021) identifies governance weaknesses, institutional coordination challenges, and accountability deficits as major constraints in waqf management in Indonesia, which in turn limit the structural contribution of waqf to the social protection system. Similarly, Obaidullah and Shirazi (2015) note that although Islamic social finance possesses substantial potential, its implementation remains fragmented and insufficiently integrated with public policy frameworks.

From a normative perspective, waqf is positioned as a critical instrument in achieving the objectives of Islamic law (maqāṣid al-sharīʿah), particularly in preserving life (ḥifẓ al-nafs) through equitable access to healthcare services and preserving wealth (ḥifẓ al-māl) through sustainable financing mechanisms. Chapra (2008) emphasizes that Islamic social and economic policies should be directed toward protecting and strengthening the fundamental dimensions of human well-being, including health. A more systematic maqāṣid-based approach is further developed by Auda (2015), who underscores the importance of integrating Sharīʿah values into institutional design and public policy, including in the domains of healthcare and social finance.

Based on this body of literature, it can be concluded that while productive waqf holds considerable potential to support healthcare financing, significant research gaps remain—particularly in the formulation of integrated conceptual models linking waqf,

healthcare services, and the national social security system. Accordingly, this article seeks to address this gap by synthesizing the theoretical frameworks of productive waqf and maqāṣid al-sharīʿah with empirical field findings from Indonesia, thereby proposing an applicative and context-sensitive healthcare-based productive waqf model that is relevant to the sustainability challenges of the national healthcare system.

## C. Research Methodology

This study employs an exploratory mixed-methods approach with a qualitative dominance, aimed at developing and reconstructing a conceptual model of productive waqf based on healthcare services. This approach is selected because the research problem is complex, contextual, and multidimensional, requiring an in-depth understanding of institutional practices, stakeholder perspectives, and the surrounding policy dynamics. In the context of socio-religious research in Indonesia, an exploratory mixed-methods design is considered appropriate for systematically integrating conceptual frameworks with empirical field findings (Sugiyono, 2019; Creswell & Plano Clark, 2018).

Methodologically, the study is directed toward identifying, mapping, and reconstructing productive waqf models in the healthcare sector through a synthesis of productive waqf theory, maqāṣid al-sharīʿah, and empirical practices observed in the field. The research does not focus on quantitative measurement of waqf financial performance; rather, it emphasizes understanding management processes, operational mechanisms, and institutional relationships among nazir, hospitals, and the social health insurance system. A qualitative approach is employed as it enables the exploration of meanings, interaction patterns, and policy rationales that cannot be adequately captured through quantitative methods alone (Moleong, 2017).

Qualitative data were collected through semi-structured interviews with key informants selected using purposive sampling. These informants included national waqf experts, practitioners managing hospitals grounded in Islamic values, as well as regulators and practitioners within the social health insurance system. Semi-structured interviews allowed the researcher to maintain focus on the core research issues while providing flexibility for informants to articulate their perspectives, experiences, and critical reflections on productive waqf practices in the healthcare sector (Sugiyono, 2019; Bungin, 2015).

The research site was centered on an Islamic Hospital in Bogor City, which was selected as an institutional case study. The choice of this case was based on the consideration that the hospital represents healthcare service practices grounded in Islamic values and has institutional linkages with the management of religious social funds, including waqf. A case study approach enables an in-depth and holistic analysis of organizational context, governance structures, and interactions among waqf institutions, hospitals, and the national health insurance system (Yin, 2014; Bungin, 2015).

The collected data were analyzed using thematic analysis, involving stages of data reduction, coding, categorization, and the identification of key themes. The analysis was conducted in a gradual and iterative manner to ensure that the resulting conceptual patterns accurately reflect the empirical findings. This qualitative analysis technique aligns with interactive data analysis approaches widely applied in qualitative research in Indonesia (Miles, Huberman, & Saldaña, 2014; Sugiyono, 2019).

To ensure data validity and credibility, this study applied source triangulation and data triangulation. Source triangulation was conducted by comparing information obtained from waqf experts, hospital practitioners, and social health insurance regulators, while data triangulation involved the review of policy documents, waqf regulations, hospital institutional reports, and official publications from relevant agencies. This strategy was intended to enhance the trustworthiness of the findings and minimize researcher subjectivity bias (Moleong, 2017; Bungin, 2015).

The primary output of this research is a conceptual model of productive waqf based on healthcare services that is contextualized within the Indonesian healthcare system. The model is developed through a synthesis of empirical findings and theoretical frameworks and is expected to possess both academic relevance and practical applicability as a reference for policymakers, waqf managers, and hospital administrators in designing sustainable alternative healthcare financing schemes.

## D. Result and Discussion

Based on in-depth interviews with the management of Bogor Islamic Hospital (RSIB), waqf experts, and institutional document analysis, this study finds that productive waqf practices at RSIB have been implemented in various forms but have not yet been structured within an integrated and sustainable operational model. At RSIB, waqf is generally utilized to support the development of hospital physical facilities,

provide healthcare service subsidies for underprivileged patients, and partially cover service financing needs when deficits occur in National Health Insurance (JKN) claims. These findings indicate that waqf has played a strategic role in sustaining healthcare services, although it has not yet been optimally managed in a productive manner.

In terms of waqf sources, RSIB manages cash waqf, immovable asset waqf, and institution-based waqf originating from individuals, communities, and religious organizations. However, waqf fundraising practices remain largely conventional and are not supported by well-planned productive waqf fundraising strategies. This condition aligns with the findings of Kasri (2021), who emphasizes that most waqf institutions in Indonesia continue to face limitations in innovation and professional management of waqf asset mobilization.

From a governance perspective, waqf at RSIB is managed by internal nazir within the hospital in collaboration with external waqf institutions. Although, normatively, this management complies with Sharīʿah principles and national waqf regulations, institutionally there is no dedicated professional waqf unit that operates independently from the hospital's general management structure. The absence of such a specialized unit constrains planning capacity, the development of waqf-based investments, and systematic performance monitoring of waqf assets. This finding reinforces the argument of Ascarya and Yumanita (2022) that governance weaknesses and limited nazir professionalism remain key barriers to optimizing productive waqf in Indonesia.

Regarding utilization, waqf funds and assets at RSIB are primarily allocated to cross-subsidizing healthcare services, developing infrastructure, and providing financial assistance for JKN patients when discrepancies arise between service costs and reimbursement claims received by the hospital. This utilization pattern demonstrates that waqf functions as a form of buffer financing for the hospital; however, it remains dominated by short-term consumptive orientations. Productive waqf mechanisms based on social investment—such as the development of hospital-supporting business units or Sharīʿah-compliant investment portfolios—remain very limited. This condition suggests that healthcare waqf at RSIB is situated at a semi-productive stage, positioned between traditional charitable waqf and a fully sustainable productive waqf model (Mohsin, 2019).

Another significant finding is the absence of formal integration between waqf management at RSIB and the National Health Insurance system. Waqf has not yet been

designed as part of a structured healthcare financing scheme to support the sustainability of JKN services; rather, it functions primarily as an ad hoc solution when the hospital experiences financial pressure. This situation highlights the disconnect between Islamic social finance instruments and public healthcare policy, as also identified by Obaidullah and Shirazi (2015) in the broader context of Islamic social finance in developing countries.

Based on a synthesis of these field findings, this study develops a conceptual model of productive waqf based on healthcare services that positions hospitals as the central actor (hub) in healthcare waqf management. In this model, hospitals function not only as beneficiaries of waqf but also as active institutions that integrate healthcare service delivery, productive waqf asset management, and social protection for vulnerable groups. This approach extends the existing healthcare waqf literature, which has largely positioned waqf institutions as passive philanthropic entities, by offering a more dynamic and applicable institutional perspective within the Indonesian healthcare system.

Conceptually, the proposed model reflects an effort to strengthen the role of waqf in achieving the objectives of Islamic law (maqāṣid al-sharīʿah), particularly the preservation of life (ḥifẓ al-nafs) through sustainable access to healthcare services and the preservation of wealth (ḥifẓ al-māl) through productive and accountable waqf management mechanisms. Accordingly, the findings of this study not only provide empirical contributions to healthcare waqf practices in Indonesia but also offer a conceptual framework that may serve as a reference for policy development and the design of alternative waqf-based healthcare financing models.

As summarized from the in-depth interviews and document analysis at Bogor Islamic Hospital (RSIB), productive waqf practices have been implemented in several forms; however, they remain fragmented and have not yet been consolidated into a single integrated operational model. Waqf management is primarily directed toward facility development, subsidization of healthcare services for underprivileged patients, and strengthening the hospital's financial sustainability.

## E. Conclusion

The sustainability of healthcare financing in Indonesia continues to face substantial structural challenges, particularly for Islamic hospitals that play a crucial role in serving vulnerable populations and social health insurance beneficiaries. In this

context, productive waqf represents a strategic Islamic social finance instrument with the potential to provide long-term financial support, moving beyond charitable functions toward a sustainable healthcare financing mechanism.

This study demonstrates that productive waqf can contribute to hospital operational financing, subsidization of healthcare services for low-income patients, and improvement of service quality. However, its implementation within the healthcare sector remains constrained by weak governance structures, limited professionalism of waqf managers (nazir), fragmented regulatory frameworks, and insufficient integration with the national health insurance system. These challenges have prevented productive waqf from functioning optimally as a complementary healthcare financing instrument.

In terms of novelty, this research reframes productive waqf as a policy-oriented component of healthcare financing rather than merely an auxiliary philanthropic practice. The integration of productive waqf with Islamic hospital institutions and social health insurance systems offers a promising pathway toward a more inclusive, equitable, and sustainable healthcare financing model. Consequently, institutional reforms, capacity building for nazir, and supportive public policies are essential to fully harness the potential of productive waqf in strengthening national healthcare financing systems.

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