



The Concept of the Hospital as a Business Institution in Health Services: Study during the Covid-19 Pandemic

Elli Ruslina

Universitas Pasundan, Bandung, Indonesia

Email: elli.ruslina@unpas.ac.id

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ABSTRACT

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Hospital institutions are reflected in the enactment of Law Number 44 of 2009 concerning Hospitals. Article 18 of the Hospital Law divides the types of services and their management, the management of which is Public Hospital and Private Hospital. Public hospitals are managed by the government, local governments are non-profit. A private hospital in the form of a limited liability company is profit-oriented. This model actually refers to the behavior of companies that maximize profits. The form of Hospital by Laws can be Hospital Regulations, Standard Operating Procedures (SOP), Decrees, Assignments, Announcements, Notifications and Agreements (MOU). The arrangement is in line with Law Number 23 of 1992 concerning Health and its derivatives. How do public services against the emergence of the COVID-19 pandemic have an impact on daily life, which includes public services in the health sector. The purpose of this study is to analyze how hospital management with the concept of a profit-oriented business institution does not deviate from the concept of hospital social functions; and how can a hospital with a business model model provide good and affordable services to all levels of society, during the covid-19 pandemic? The method uses a normative juridical approach to the study of secondary data in the form of laws and regulations, research results, and articles. Data analysis was carried out in a juridical qualitative way. The results of the study, an important goal in hospital change is to increase efficiency and guarantee for the poor to get hospital services, so that changes will be measured by economic indicators and other indicators including the social function of hospitals. Covid-19 referral hospital services continue to serve Covid-19 patients, according to the strategy of the central and regional governments, the hospitals are selected based on the region.

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1. Introduction

Discussions on the institutional nature of hospitals need to be analyzed using the standard business model model. Hospital institutions are reflected in the enactment of Law Number 44 of 2009 concerning Hospitals. Article 18 of the Hospital Law explains that hospitals can be divided based on the type of service and management. Based on the management, hospitals can be divided into public hospitals and private hospitals (Chio & Chen, 2009; Tuan, 2012). Public hospitals as can be managed by the Government, Regional Governments, and non-profit legal entities. Article 21 of the Law on Hospitals, explains that private hospitals are managed by a legal entity with the aim of profit in the form of a Limited Liability Company or Persero. This private hospital in the form of a Limited Liability Company may eliminate the hospital's social function. This model actually refers to the behavior of companies that maximize profits. Traditionally, profit is the main indicator of the performance of business institutions. However, in terms of business institutions, it is currently known as for-profit business institutions and non-profit business institutions (Priest & McCarty,



2019).

There are three types of hospitals, namely private for-profit, non-profit private and government hospitals which are of course non-profit. In Indonesia, there are already hospitals in the form of a Limited Liability Company (PT), although the number is still small. Thus, most hospitals in Indonesia are non-profit. The separation between owners and managers is one of the characteristics of modern business institutions. In a system that refers to good corporate governance, there are regulations that explain the roles of managers and the board of directors. Some non-profit hospitals in Indonesia have become institutions with confusing financial forms and processes. From a historical point of view, the foundation that owned or managed hospitals in the past (especially during the Dutch colonial era) had a function as a fundraiser for hospital activities (Haryanto & Dewi, 2018). Sources of financing can come from the government, the community or community groups in the form of donations of humanitarian funds. However, at a time when Indonesia was undergoing a process of becoming more modern, hospitals became a source of financing to carry out foundation activities or provide some kind of residual income for foundation owners. It is possible that the foundation has activities not only in hospitals but also in education or orphanages. In this context, usually the hospital is the main activity for raising funds which are then used for foundation activities or used for profit-seeking purposes. Thus, sick people subsidize activities for healthy people. Practically, the hospital foundation is actually a company with the owners of the foundation members.

The form of Hospital by laws can be Hospital Regulations, Standard Operating Procedures (SOP), Decrees, Letters of Assignment, Announcements, Notifications and Agreements (MOU). Hospital internal regulations (HBL) between hospitals do not have to be the same in content, it depends on: its history, establishment, ownership, situation and conditions that exist in the hospital. However, the hospital's internal regulations must not conflict with the regulations above, such as Ministerial Decrees, Presidential Decrees, Government Regulations and Laws. In the health sector, these arrangements must be in line with Law Number 23 of 1992 concerning Health and its implementing regulations.

The world is being shocked by the emergence of the Corona Virus Disease (Covid-19) Pandemic, which has a significant impact on changing the world. Starting from the economic, social aspects, to everyday life, almost nothing can escape the emergence of the Covid-19 virus, including public services since the corona virus first appeared at the end of December 2019 (Ciotti et al., 2020; Daniel, 2020; Pfefferbaum, & North, 2020). Since the announcement of a positive case of the Covid-19 virus in Indonesia on March 2, 2020, the government has stepped up measures to deal with the global pandemic of Covid-19. Prior to that, the government had also increased the alertness of many hospitals and equipment in accordance with international standards, including the budget specifically allocated for all prevention and treatment efforts.

With so many public service providers limiting services, initiating online services and even eliminating temporary services, it is a phenomenon that must be done. With the limitation of public services, the benefits obtained by the community in obtaining public services are slightly reduced. However, the community still has the right to get good public services, and the community has a role in supervising the restrictions on public services carried out by public service providers. The role of the community in accordance with the law is to supervise the running of public services organized by public service providers. Based on this description, the purpose of this study is to examine and analyze how hospital management with the concept of a business institution whose goal is profit does not deviate from the concept of the hospital's social function; and how can a hospital with a business model model provide good and affordable services to all levels of society, during the covid-19 pandemic?

2. Method

Specifications The research uses a descriptive analytical approach, which is a study that aims to describe the state or symptoms of the object under study without the intention of drawing generally accepted conclusions. It means to explain or describe the problems that are the object of research and then analyzed. The approach method used is normative juridical, namely a legal research using secondary data, namely, data obtained through library research, in the form of legislation, books and research results. The research is focused on examining the application of the rules or norms in positive law. Data collection techniques, carried out through secondary data inventory, equipped with a study of literature and sources that are



correlated with research, this study is intended to obtain a sufficient theoretical basis to support the research results. Data Collection Tool, all the data obtained, the researchers analyzed in a qualitative juridical way.

3. Results and Analysis

Some health services and hospitals have the characteristics of public goods that are non-excludable. The meaning of this feature is that it is impossible to limit the services provided by the non-paying public. For example, in the hospital sector, non-excludable hospital services are Emergency Unit services. With this nature, the source of public goods budget usually does not come from the private sector. In providing services to the public that have aspects of externalities and the nature of public goods, the government has a budget as a manifestation of the political attitude of the welfare state (Sumarni, 2020; Ferina et al., 2021). Thus the government has a budget source for hospital services that can be provided to government hospitals or non-profit private hospitals. The grant is in the form of a subsidy.

The presence of Law Number 16 of 2001 concerning Foundations, when it is associated with the concept of corporate governance, creates two extreme choices for non-profit private hospitals. The first possibility is that a non-profit foundation hospital turns into a Limited Liability Company. This policy will have three benefits, namely, first, hospitals can avoid the form of "foundations" with unclear management systems and indicators. The second benefit is that the corporate governance structure can easily be used. The third benefit, by using a good management system and having clear performance indicators, hospitals can become more efficient. Hospitals are de facto business institutions that have two characteristics. First, the hospital has competitors who provide similar services (Wiryawan, 2020; Listyadewi & Setyaningsih, 2020). Second, the public is free to choose the hospital or health service place that is considered the best. However, the hospital with the concept of a business entity institution still provides opportunities for public health services, because it changes social functions into profit. Many hospitals established by the private sector can take the form of legal entities whose business activities are concentrated in the hospital business. Therefore, the related business activities that will hedge the risks posed by other activities owned by legal entities are only engaged in the business of private hospitals. Meanwhile, hospitals that are operated by the private sector cannot carry out their management individually (individual/naturlijk person) but must be run as a legal entity (rechtspersoon) which can be formed through a foundation or limited liability company. In Indonesian law, the laws and regulations governing hospitals are contained in Law Number 44 of 2009 concerning Hospitals.

Since the announcement of a positive case of the Covid-19 virus in Indonesia on March 2, 2020, the government has stepped up measures to deal with the global pandemic of Covid-19. Prior to that, the government had also increased the alertness of many hospitals and equipment in accordance with international standards, including the budget specifically allocated for all prevention and treatment efforts. However, even though it has become a phenomenon that may be called common, refusal to test or treat Covid-19 patients, of course, cannot be seen as commonplace. What's more, as stated by the government spokesman for the Corona virus, Almutataqi (2020), the reason various hospitals in Indonesia rejecting Covid-19 patients is not an acceptable reason, such as a lack of medical facilities, but has a business motive, namely the fear of a decline visitors if known to treat Covid-19 patients.

Currently, the Covid-19 pandemic is testing the resilience of health care systems around the world, including Indonesia. The ability to respond quickly and appropriately is the key so that we can get through this crisis well. As of July 15, Covid-19 cases in this country have reached around 80,000 cases and daily cases continue to grow. This figure has almost caught up with the number of cases in China when it reached its peak of transmission (about 85,000 cases) and the figure there has been steadily declining since last March. Therefore, the government, local governments, the hospital industry, hospital associations, and hospital managers must be prepared to respond to a series of waves of the current and future Covid-19 pandemic.

The latest survey by the World Health Organization shows that health services for people who need examination and treatment other than Covid cases have been disrupted due to the corona virus. More than half (53%) of the 155 countries surveyed stated that access to and public services for hypertension treatment was delayed. Similar effects were seen in 49% for diabetes treatment and diabetes-related complications, 42% for cancer treatment, and 31% for cardiovascular emergencies. Even prevention programs such as

screening (breast and cervical cancer) are also disrupted in more than 50% of countries. During the pandemic, health workers work long hours in a tough environment. Many potential traumas they have to face. Like they are traumatized by patients or their co-workers who died, fear of contracting or transmitting to their families. There is also public pressure for them to provide the best service, to a lack of experience or equipment.

The workload of health workers is also predicted to increase sharply. there is a phenomenon of delay in seeking care by people with chronic diseases such as cancer, heart disease, kidney failure and stroke. In the long term, delaying treatment can have serious consequences because of the severity of the pain. Globally, according to BBC research data, 130,000 non-Covid 19 patients died because they did not receive proper health care.

For Indonesia, there is no data regarding the number of people who have died as an indirect result of the corona virus outbreak. However, several cases of death suspected to be an indirect result of the pandemic have occurred in the community, such as the case of a child in Ambon who died because he had to go back and forth in several hospitals for treatment, a pregnant woman in Makassar who miscarried, to a kidney failure patient in Jabodetabek who died. allegedly due to the delay in getting dialysis services.

The government and hospital stakeholders must begin to prepare with appropriate and fast responses to deal with these four waves. Strategies must begin to be formulated and implemented immediately, so that the health care system does not collapse. The main strategy is to immediately suppress the growth of new Covid-19 cases in the community so that hospitals are not overwhelmed with accommodating patients. Furthermore, the government and hospital management must start thinking about strategies so that access for people who need health services is not hampered due to the pandemic. Rebuild public trust so that they are not afraid to access health services when they need it. Of course, this must be followed by the safety protection provided by the government and hospitals to the community. Separating infectious and non-infectious services or establishing special infection hospitals in various regions and accelerating the implementation and regulatory support for telemedicine services are strategies that can be taken.

4. Conclusions

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