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The Business Entity Model Development in the Market-Driven Health Sector

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***Abstract*---**The business entity model development in the market-driven health sector must be carried out on a condition that the poor and other need a help are guaranteed the health service access. In this case, the Social Safety Net (JPS) concept is known. In addition, a lot of experts argue, including Anthony Culyer from the University of York stating that various public services in health services are still obliged to be provided by the government that determining the fair budget distribution. The financing system for the poor must still be maintained through various mechanisms, for example by: (1) the government subsidy through the central tax mechanism, local revenue, foreign assistance; or (2) from humanity fund. In order to develop a fund source for health services that lead to the mutual cooperation principle, the capable central or regional government can enact the regulations that order the community having a health service assurance. The health assurance membership is a mandatory, because the Indonesian culture is still unfamiliar with the disease risk management. Currently, the voluntary health assurance and Community Health Care (JPKM) entity tend to experience difficulties developing widely, especially in operating the low-income segment.

***Keywords*---**business, community health care, government, health sector, hospital.

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Introduction

People who want the health assurance service that is higher than the basic package has an opportunity to participate in voluntary (commercial) health assurance without leaving their mandatory health assurance membership (Kusmayadi et al., 2020). Although it is not sure system, it hopes that the cross-subsidy will be from the rich healthy people to the poor underprivileged people. For people who cannot afford a health assurance premium or are not covered by the health service, the government guarantee is needed to get the health service (Ridha et al., 2020). Diagrammatically, this situation can be described as follows

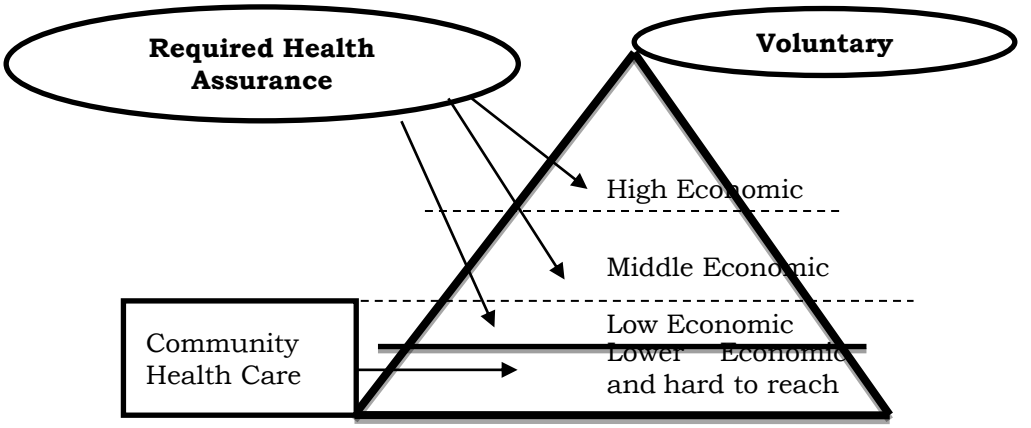

Figure 1. Community health assurance framework

In the hospital change period, it needs a measurement to assess whether the entity is running well or not. The indicator use such as the Balanced Scorecard is a combination of clinical, non-clinical, and economic indicator. It is important to note that the comprehensive indicator use must be practically applicable so that the success of the hospital can be measured (Yunus & Indrasari, 2017). The use of performance indicator management system is part of the entity control process, including a hospital. The standard is the result or target that will be a value compared to a performance.

The right indicator used in measuring performance

In the hospital, there are many indicators used in measuring performance. Until now, various clinical indicators are known, such as those produced by the Ministry of Health and WHO, management indicator, and hospital performance indicator by using the Barber-Johnson model. The important questions here are; what indicators will be used? Does it use Barber Johnson charts? Or is it a Cost Recovery, or what? In more detail, what is the hospital indicator as a business entity that has a social function? For this discussion, see the case below.

A Regional General Hospital (RSUD) in Karangombo has been implementing a self-financing policy for 3 years. A year after, it started a self-financing policy, the class I ward tariff was increased 100% to IDR 35,000.00 per day, and last year, it built a VIP ward. The VIP ward tariff is set at IDR 100,000.00. Class III tariff is

not increased (IDR 7,500.00) but the number of rooms is relatively decreased from 60% to 45%. Physically, after the self-financing policy, the hospital got better, more magnificent, cleaner, and the employees were more productive, and the public complaint decreased. The total hospital BOR increased from 57% to 85%.

However, suddenly there was criticism from the Regional House of representative in Karangombo, Drs. Subroto. On one occasion, the health budget hearing, Drs. Subroto strongly criticized the Regional General Hospital (Mohammed, 2016; Astiti & Surya, 2020). In his speech before the court, Drs. Subroto stated that Regional General Hospital had implemented a self-financing policy that had deviated from its main mission in helping the poor. By providing the accurate data, Drs. Subroto evaluated that the BOR class III was increasing. Before self-financing, the BOR was 78% and currently it is 95%. Drs. Subroto stated that this high BOR indicates that the poor access to Regional General Hospital (RSUD) is difficult, because the class III room is often full so that the patient is transferred to the Public Health Service (Puskesmas) with inpatient care facility which are 10 km from Regional General Hospital (RSUD). By other data, Drs. Subroto pointed out that the BOR of VIP wards is relatively low, at around 45% and the construction of VIP ward has subsidies in the form of building construction and land prices. At the conclusion as the Regional House of Representative member, Drs. Subroto suggested that the Regional General Hospital comprehensive evaluation should be carried out, including its commitment to the social service (Sim et al., 2010; Sicotte et al., 2002).

Various perspectives emerge in assessing the hospital performance

This case shows that various perspectives emerge in assessing the hospital performance. The hospital needs to think through the comprehensive indicator (Dalevska et al., 2019). Drs. Subroto as the Regional House of Representative used the poor access perspective, while the hospital director uses a self-financing policy which is not only based on the people perspective, but also from the hospital human resource perspective. Meanwhile, the self-financing policy in building the VIP ward and reducing the class III attempts to improve the working atmosphere in the hospital so that the doctor can get more compensation. In this case, it seems that there is a conflict between stakeholders. There are various stakeholder motivations in assessing a hospital as shown in Table 1.

Table 1
The difference of Government-Owned Hospital stakeholders behavior and interest

Stakeholders	Behavior and interest
Community	expecting the hospital providing the poor service access in a fair and good quality
Government as regulator	It is as same as the community, because the democratic government was voted based on the community willingness, expecting the hospital providing the poor service access in a fair and good quality.
Government as the hospital owner	The hospital can run well by providing results in accordance with the business principle and there are no deviations

Hospital Board of Trustees	Working based on the hospital regulation
Hospital Manager	Working based on the job. The directors must be able to do the job so that the results can satisfy various other stakeholders.
Professionals working in hospital	Working well according to their respective professional standards and get a comfortable working atmosphere, including good compensation.

By considering the table above, it is possible that there is a conflict between the stakeholders. The important question is, by reducing the class III ward, can the poor access be guaranteed? In this case, the Director of Regional General Hospital (RSUD) stated that the Regional General Hotel collaborated with various Public Health Services (Puskesmas) inpatient care facility around the hospital in the referral system, because there were about 30% of class III inpatients who did not need to enter the hospital. This type of patient disease can be handled at the Puskesmas Inpatient care facility with the same quality, but the cost is cheaper and the distance is closer (Brownstein et al., 2005; Tountas et al., 2005). Thus, it will benefit the community. As a result of the policy recommending patients with certain diseases to seek treatment at Puskesmas Inpatient care facility, the class III BOR will decrease so that queues do not occur. By this policy, the access problems can be overcome.

The case of Regional General Hospital shows that the hospital needs to be measured from various perspectives (Hilorme et al., 2019). To combine these various perspectives, the Balanced Scorecard concept has various overall indicators that can be used to assess the hospital. First, the human resources perspective measures the empowerment and development of human resources with indicators such as: the amount of compensation for human resources, the ratio of employees amount who have been trained and those who have not, employee performance (discipline, achievement loyalty) who are trained and those who have not, employee performance change (increase or decrease), employee complaint (Gryshova et al., 2019).

Without the satisfied employees on their work performance, Regional General Hospital will not own the good quality. In this case, it is necessary to set the employee standard condition, including compensation (Dalevska et al., 2019). Before the self-financing policy, employees, especially doctors spent a lot of their time during the service hours in the private hospital. As a result, the quality of the service process has decreased.

The service process perspective, for example in the Inpatient Installation of Regional General Hospital strives to achieve all quality measures of inpatient services according to the Ministry of Health standards which include the number of decubitus patients, infusion needle infection, complication of blood transfusion infection, delays in emergency department, outpatient recurrence, and various other things. It should be noted that the clinical and nursing quality indicators are currently being developed by the Indonesian Ministry of Health. In addition, there are also indicators for inpatient care facility processes, for example various

kinds of rates, quick to respond rates: quick to fulfill calls, quick complaint handling, and minimal waiting time (Maseleno et al., 2019).

The consumer perspective is how consumers who buy will be satisfied and become customers and recommend services to others. For example, the satisfaction indicators for buyers are the scores based on the satisfaction survey, the number of complaints, the wider users of health services (Zhu et al., 2019; Priadko et al., 2021; Alforova et al., 2021). In addition, there must also be indicators that measure the satisfaction of humanity fund donor and subsidy. For the donor and subsidy, the success indicator is in accordance with requirement. The donor and subsidizer satisfaction is the hospital social mission. This perspective is used by Drs. Subroto in the above case (Ali et al., 2020; Radhakrishnan et al., 2014).

From a financial perspective, there are various indicators that can be used, for example various tariff for the company health, the percentage of hospital funds that will be used for humanity activities, the income increase and decrease in operating costs and various other things (Zucchella & Previtali, 2019). In this financial aspect, there are indicators that can be used to measure the hospital social mission, for example, the expenditure percentage for poor people who are hospitalized. In this indicator, it can be discussed how the sources of financing for the poor. If it is necessary, the class III wards can be expanded, but it is necessary to find the financing source.

Such the cockpit or dashboard of a car, there will be a debate; How much indicator is used? If too little, there may be a lack of information, but if too much, there will be a waste of energy and attention that the entity does not need as a means of control. Therefore, the Key Performance Indicator has emerged, which show the expected key indicator to be optimal in assessing the entity performance (Bezpalov et al., 2019). In this case, the Balanced Scorecard can be used as Key Performance Indicators. With the Balanced Scorecard, hospital indicators also include the economic and non-economic indicators. Agreement to set standards and indicators is important to achieve the hospital's goals as a business and social entity.

Use of performance indicator reports in hospital

In hospital activities, the performance result assessment must be followed up with various possibilities. Without follow-up, the use of indicator does not reach the target. By using the performance indicator, a control process can be carried out which can be strategic or operational (Prodanova et al., 2019). The strategic control will be related to the most essential thing in the hospital. For example, after conducting an evaluation based on the work results with various indicators, a hospital that was previously a foundation has transformed into a for-profit hospital. The change expects a better management system, transparent, and clear indicators of success occur.

Operationally, various indicators will be used to assess hospital performance (Jaeger & Bertot, 2010; Morris et al., 2005). For example, in the economic indicator for the financial status of a hospital, there are various reports, such as

accounting reports, cash-flow reports, and annual profit and loss accounts. In the hospital for-profit report with economic value, various financial ratios will be stated, for example: Return on Investment (ROI), Return on Equity (ROE), profit margin, debt to equity, earning per share, revenue growth, and asset growth.

Practically speaking, the big problem in using these indicators is finding a balance between the various indicators (Ostaev et al., 2019). For example, if there is too much emphasis on the benefits or social value then it is possible to reduce the employee or patient satisfaction indicators (Sohl et al., 2020). The Regional General Hospital case shows that to increase the doctor satisfaction, it has been criticized by other parties. However, if the hospital employee does not meet their expectations, the quality of activities will be decreasing (Sohl et al., 2020). This balance really depends on the context of the owner and the business environment of each hospital.

The Business Entity Model Development in the Market-Driven Health Sector article, supported by many previous articles and relevant variables including: Alliance Strategy: Yacob et al. (2020); Brand Image: Ali & Mappesona, (2016), Competitive Advantages: Desfiandi et al. (2017), Competitive Strategy: Prihartono, (2020), Competitive Advantage: Sutiksno et al. (2017); Octavia et al. (2020), Product Quality: Riyanto et al. (2017); Maisah, 2020, Service Quality: Limakrisna & Ali (2016); Ali et al. (2016).

Conclusion

In the hospital management, a lot of actions require an economic evaluation of health services. For example, will the hospital buy a new CT scan? Will you include new drugs in the hospital formula list? Is it necessary to give antibiotics before surgery? Or the surgery cost-effectiveness per day for hernias. This economic evaluation is often needed, because the health service technology is developing very rapidly, including the hospital health service. These things require information concerning the most efficient way from the various existing service alternatives (Bocken et al., 2014; Ophuis & Van Trijp, 1995). For example, if the hospital chooses the wrong CT scan, it is possible that the results will be unsatisfied while the cost is very high. As a result of using this ineffective technology, the hospital has less service quality.

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