Implications of Changes in Hospital Financial Performance Assessment as Public Services

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Abstract: Assessment of the financial performance of the Public Service Agency (BLU) of the Hospital as an important public service. The results of the study became a measure of hospital success in implementing BLU Financial Management Patterns (PPK-BLU). The study was conducted at 31 hospitals using APBN 2013-2016. This study examines the impact of policy change/performance appraisal regulations according to the Decision of Minister of Health (Kemenkes) number 1981/MENKES/SK/XII/2010 and the Treasury Director General Regulation number 34/2014 on the level of independence of Hospitals. Financial performance is measured based on financial ratios which are the criteria in the two regulations. The results of this study are expected to contribute to BLU/BLUD Hospital, especially Hospital BLU under the Ministry of Health in an effort to achieve the level of independence from the use of APBN funds.

1 INTRODUCTION

Government-owned hospitals, whether central or regional based on Law (UU) number 44/2009 must be managed in the form of a Public Service Agency (BLU). With the enactment of UU number 44/2009, then in early 2012 hospitals were required to apply the Public/Regional Service Agency Financial Management Pattern (PPK-BLU/D). PPK-BLU/D provides flexibility in the form of flexibility for managers to implement sound business practices to improve the quality of public services.

The implementation of PPK-BLU/D provides an opportunity for hospitals to act more responsively and aggressively in facing the demands of society and rapid changes in the health sector by implementing effective and efficient economic principles, but not leaving the social mission to meet the needs of public health services. For this reason it is necessary to pay attention to the source of financing and the availability of hospital funds. This indicates that financial aspects are one measure of hospital success in achieving its performance.

In 2010, since the government-owned hospital turned into BLU, the government issued a Decree (SK) through the minister of health, namely Kepmenkes number 1981/MENKES/SK/XII/2010 concerning accounting guidelines for BLU hospitals replacing the Kepmenkes number 156/Menkes/SK/I/2003.

Then in 2014 the Ministry of Finance of the Republic of Indonesia issued Treasury Director General Regulation number 34/2014 concerning BLU performance assessment guidelines in the field of health services so that BLU accounting policies will be even better. Implication from PPK-BLU makes BLU especially hospitals must pay attention to their financial performance as an important part in prioritizing excellent service.

This paper is to examine the financial performance of BLU hospitals in Indonesia based on financial ratios by comparing the assessment system based on the Kepmenkes number 1981/MENKES/SK/XII/2010 with Treasury Director General Regulation number 34/2014 on the level of hospital BLU independence. The level of independence of the hospital shows how well the hospital can finance all expenditures from its operating income, both operational expenditure and capital expenditure. Findings of Madjid et al. (2009) of 26 hospitals that use funds from the State Budget (APBN) show that the level of hospital dependence on the APBN is an average of 42%, and without injections from the state budget some of the BLU is unable to run its operations.

This research is important to see the level of financial development of the hospital as a user of

APBN funds, before and after the implementation of changes in the regulation of the Treasury Director General Regulation number 34/2014 on the level of independence. This condition is also motivated by not all hospital BLUs applying the regulation changes in the same year.

Based on the description that has been explained, the Problem Formulation in this study are: 1) How is the financial performance of BLU-hospitals in Indonesia towards the level of independence measured by financial ratios based on Kepmenkes number 1981/Menkes/SK/XII/2010; 2) How is the financial performance of BLU-hospitals in Indonesia to the level of independence measured by the ratio of funds based on the regulation of Treasury Director General Regulation number 34/2014; 3) How is the comparison of BLU-hospital financial performance in Indonesia measured by financial ratios based on Kepmenkes number 1981/Menkes/SK/XII/2010 and the Treasury Director General Regulation number 34/2014 on the level of independence of BLU-hospitals in Indonesia.

2 LITERATURE REVIEW

2.1 Understanding of BLU

Public Service Agency (BLU) in the attachment of Permenkeu RI number 217/MK.05/2015 concerning Statement of Accrual Based Government Accounting Standards (PSAP) number 13 (PSAP 13), stated as follows: Public Service Agency, hereinafter referred to as BLU, is an agency within the central/regional government and which is established to provide services to the public in the form of the provision of goods and/or services sold without prioritizing profit seeking and in carrying out its activities based on the principles of efficiency and productivity.

2.2 Financial Performance

This study uses financial ratios referring to Kepmenkes number 1981/Menkes/SK/XII/2010 and the Treasury Director General Regulation number 34 of 2014. Financial ratios based on Kepmenkes number 1981/Menkes/SK/XII/2010 concerning Agency Accounting Guidelines General Hospital Services (BLU), contains four financial ratios, namely:

1. Liquidity Ratio
2. Activity Ratio
3. Solvency Ratio
4. Profitability Ratio

Based on the Treasury Director General Regulation number 34/2014 Regarding Guidelines for Assessing the Performance of Public Service Agencies in Health Services, there are several financial ratio techniques:
1. Cash ratio
2. Current ratio
3. Receivables collection period
4. Fixed asset turnover
5. Rewards for fixed assets
6. Equity payments
7. Inventory turnover
8. Ratio of PNBP income to operational costs
9. Patient cost subsidy ratio

2.3 Level of Independence

The level of independence is measured by a ratio that shows how well the hospital can finance all expenditure from its income. BLU's operating income is the income earned (in this study, the hospital) from the operational activities carried out. Based on Kepmenkes number 1164/Menkes/SK/X/2007 concerning Guidelines for Preparing Business Plans and Hospital Budgets for Public Service Agencies.

The role of the research model plays a very important role in analyzing how BLU Hospital Financial Performance in Indonesia is based on Kepmenkes number 1981/Menkes/SK/XII/2010 and the Treasury Director General Regulation number 34/2014 and its comparison to the Level of Independence of Hospital BLU based on Kepmenkes number 1164/Menkes/SK/X/2007.

3 RESEARCH METHODOLOGY

3.1 Objects and Types of Research

The object of this research is BLU-hospital's financial performance and the level of BLU-hospital independence measured by financial ratios that use two different rules while the level of independence is measured by the criteria of Kepmenkes number 1164/Menkes/SK/X/2007 (very good, good, not good).

This study was included in a comparative descriptive study. is intended to obtain a description of the financial performance of BLU-hospitals by using the assessment system of Kepmenkes number 1981/Menkes/SK/XII/2010 and the Regulation of

Treasury Director General Regulation number 34/2014 on the level of BLU-hospital independence and findings of assessment rules/systems which is more contributing and meaningful to the level of independence.

3.2 Population and Research Sample

The research population is a hospital in Indonesia using APBN funds that apply PPK-BLU. Sampling techniques with saturated sampling techniques. Thus the total population is the same as the number of samples studied, namely as many as 31 BLU hospitals in Indonesia. Unit of observation is an overview of BLU-hospital financial statements for the period 2013-2016 (audited).

4 RESULTS AND DISCUSSION

4.1 The Financial Performance of BLU Hospitals in Indonesia towards the Level of Independence based on Kepmenkes Number 1981/Menkes/SK/XII/2010

Based on Kepmenkes number 1981/Menkes/SK/XII/2010 stipulates that the assessment of Hospital BLU's financial performance is done through liquidity, activity, solvability and profitability ratios.

Based on the results of data processing seen in the unstandardized coefficients column, the obtained multiple linear regression equation model as follows:

$$Y = 2,982 + 0,302X1 + 0,263X2 + 0,367X3 + 0,104X4 + e \quad\quad .... (1)$$

Based on the conclusion knows that the ratio of liquidity, activity, solvency and rentability has a relatively strong relationship of 55.3% and shows the effect of 30.6% contribution to the variable BLU-Hospital Self-Reliance in Indonesia in 2013-2016.

4.2 The Financial Performance of BLU Hospitals in Indonesia towards the Level of Independence based on Treasury Director General Regulation Number 34/2014

Treasury Director General Regulation number 34/2014 stipulates an assessment of BLU Hospital's financial performance through the cash ratio, current

ratio, receivable collection period, inventory turnover, fixed asset turnover, fixed asset benefits, equity benefits, PNBP revenue against operating costs and patient cost subsidy ratios. In this study researchers only used 6 ratios of financial performance appraisal ratios, namely the cash ratio, current ratio, fixed asset turnover, fixed asset benefits, equity rewards and PNBP revenue against operating costs.

The beta section of the unstandardized coefficients column, the multiple linear regression equation model is obtained as follows:

$$Y = 57,067 + 0,608X1 + 0,608X2 + 0,400X3 + 0,679X4 + 0,556X5 + 0,438X6 + e \quad\quad ......(2)$$

Based on the results of the regression analysis as a whole shows that between the cash ratio, current ratio, fixed asset turnover, fixed asset benefits, equity rewards and PNBP revenue against operating costs has a relatively strong relationship of 51.6% and shows a contribution effect of 27.3% on the variable level of BLU-Hospital Self-Reliance in Indonesia in 2013-2016.

4.3 Comparison of BLU Hospital Financial Performance in Indonesia

Correlation value on paired samples correlation test shows a value of 0.328 which states that there is a not too strong relationship between before and after the change in regulatory policy guidelines for preparation of BLU-Hospital financial statements in Indonesia and these changes also have no significant impact because of the significance value obtained that is 0.072 or more than 0.05.

T count value in paired samples T test is seen that t count 2.991 is greater than t table 2.042 which states that there is a difference in the level of independence between before and after the change in regulatory policy guidelines for BLU hospital financial report preparation, with a significant level of 0.006 less than 0.05.

5 CONCLUSION

The financial performance of BLU-hospitals in Indonesia towards the level of independence is measured by the Financial Ratio based on Kepmenkes number 1981/Menkes/SK/XII/2010, namely the liquidity, activity, solvability and profitability ratios

have a relatively strong relationship of 55.3% and shows the effect of contribution of 30.6%.

The financial performance of BLU-hospitals in Indonesia towards the level of independence is measured by the financial ratio based on the Regulation of the Director General of Treasury number 34/2014 namely cash ratio, current ratio, fixed asset turnover, fixed asset benefits, equity benefits and PNBP revenues against operating costs have a relatively strong relationship of 51.6% and show a contribution effect of 27.3%.

Comparison of BLU-hospital financial performance in Indonesia is measured by the financial ratio based on Kepmenkes number 1981/Menkes/SK/XII/2010 and Regulation of the Director General of Treasury number 34/2014 on the BLU-Hospital Self-Reliance Level in Indonesia, which has a difference, but the value of the relationship is not too strong or only 32.8% between before and after the change in regulatory policy guidelines for BLU-Hospital financial report preparation in Indonesia.

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