

Legal Certainty of Financial Management in Health Facilities at the Ministry of Defense and Indonesian National Army

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ABSTRACT

Central and regional government hospitals need to be managed by the Public Service Agency. Since the enactment of Law Number 24 of 2011 on the Social Insurance Administration Agency (BPJS), there have been conflicting requirements in the Hospital Financial Management Patterns as a Public Service Agency (BLU) stipulated in Law Number 44 of 2009. The conflict involves the management of health facilities within the Ministry of Defense and the Indonesia National Army (TNI) on the hospital financial management due to the enactment of the BPJS Law. This impacts the income received by the TNI Hospital on offering health services to BPJS participants.

Keywords: Public Service Agency (BLU), Social Insurance Administration Agency (BPJS), Indonesia National Army (TNI)

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INTRODUCTION

According to Law Number 44 of 2009 on Hospitals, all health center belonging to the central and regional government needs to be managed by the Public Service Agency. Since the enactment of Law Number 24 of 2011 on the Social Insurance Administration Agency (BPJS), there have been conflicts regarding the Hospital Financial Management Pattern as a Public service Agency (BLU) stipulated in Act Number 44 of 2009. The conflict is mainly related to the management of health facilities within the Ministry of Defense and the TNI. This affects the income received by the TNI Hospital from health services on BPJS participants.

The diversion of the health service program was followed by a Joint Agreement between the Ministry of Defense of the Republic of Indonesia and PT. The Health Insurance Number KB / 04 / M / VII / 2013 deals with the diversion of Health Services and Joint Utilization of Health Facilities under the Ministry of Companies and the Indonesian Armed Forces on the Health Social Security Administering body. In the Joint Agreement, the Ministry of Defense with PT Asuransi Health, which on January 1, 2014, changed to BPJS, decided to cooperate in order to transfer the health service program and the joint utilization of facilities initially managed by the Ministry of Defense to BPJS. Based on Article 4 paragraphs (1) and (2) of Presidential Regulation Number 12 of 2013, members of the TNI and their families are health insurance participants and deserve to be attended to.

The diversion program of health services and utilization of health facilities to BPJS, the Ministry of Defense, the TNI and Polri only provide certain health services according to their operational activities. The classification and dislocation of IT health facilities are regulated by Navy Chief of Staff Regulation Number PERKASAL / II / III / 212 on Classification and Dislocation of TNI Health Facilities AL.

In general, the Navy Health Facilities are divided into two, including Permanent and Non-Permanent/Mobile Health Facilities. Permanent Health Facilities consist of Navy

Hospital (Rumkital), TNI AL Health Institution, Health Center, Medical Center, Health Unit, and Polyclinic. On the other hand, Temporary or Mobile Health Facilities are classified as Hospital Vessels and Field Hospitals. After the operation of the Health BPJS, according to Article 60 paragraph (2) letter of the BPJS Law, the Ministry of Defense, the Armed Forces, and the National Police no longer offer health service programs for participants. The duties and functions of the Ministry of Defense, TNI and Polri, involve carrying out health services related to their operational activities. According to Article 60 of the BPJS Law, these services are controlled in Presidential Regulation Number 107 of 2013 on Certain Health Services Regarding Operational Activities of the Ministry of Defense, the Armed Forces, and the National Police.

Based on article 1 number 1 of the Presidential Regulation, health services organized to providing health support for operational activities and to aid the main tasks and functions of the Ministry of Defense, TNI and Police. These are the services not guaranteed by the Health BPJS. The shifting of the health service program and the utilization of health facilities to BPJS affects their financial management. The financial management pattern is provided for in the Regulation of the Minister of Finance of the Republic of Indonesia Number 109 / PMK.05 / 2016 on the Mechanism of the Implementation of the State Budget. The funds are sourced from Non-Tax State Revenues in the Ministry of Defense and the Indonesian Armed Forces. While the health facilities receive capitation funds, the Financial Management follows the Regulation of the Minister of finance of the Republic of Indonesia Number 88 / PMK., 05/201. This regulation stipulates the Procedures for Managing Non-Tax State Revenues from Capitation funds at the First Level Health Facilities.

Arrangements regarding financial management of hospitals and health facilities within the Ministry of Defense and the TNI as PNBK conflict with the requirements stipulated in the Hospital Law. In this law, the focus is on conflicts that have occurred since the

enactment of the BPJS Law with the regulation related to the financial management of hospitals and other health facilities within the Ministry of Defense and the TNI.

DISCUSSION

The Development of Legal Regulations on Health Facilities Management Systems in the Ministry of Defense and the TNI

State financial reforms began in late 2003 with the issuance of three new regulations, which include Law no. 17 on State Finances, Law Number 1 the Year 2004 on State Treasury and Law No. 15 of 2005 on Examination of State Finances. This law requires government agencies, whose main tasks and functions include providing services to the public, to apply flexible financial management patterns, such as the flexibility to implement sound business practices in order to maximize services to the public.

On the contrary, according to Law Number 20, the Year 2007, non-BLU work units, which have Non-Tax State Revenue, are required to deposit into the State treasury account as soon as possible. The good thing about the BLU is that it only needs to report the amount of revenue and at the same time, account for the expenditure made through a Letter of Approval for Shopping Accountability (SP3B), at least once every three months (Per-30 / PB / 2011). Apart from not being required to deposit PNBP directly to the State treasury account, the BLU was given the authority to exceed the budget ceiling in order to increase the output volume of activities in one budget period. However, it should be emphasized that its expenditures to be exceeded are only those whose sources of funds come from PNBP, according to with the Budget Business Plan (RBA) document.

It is possible for BLU to have a year-end balance as a cash surplus. This occurs when there is a difference between operating income and routine expenses in one fiscal year. Moreover, BLU leaders may utilize the initial balance as a down payment for the public service process not to experience a shortage of resources before the budget implementation documents are realized at the beginning of the year. These provisions are very different from the rules in financial management based on *the work unit*. Ideally, it is required to deposit the balance in the State cash account at the end of the fiscal year.

Although it is not managed for profit as a primary goal, BLU has the authority to implement business practices as well as for profit-oriented organizations. Its leaders are given authority in matters to do with the management of investment, cash, debt and receivables, and asset.

The PNBP PPK PNBP is based on the Minister of Defense Regulation No. 30/2008 on the PNBP Financial Management Pattern within the Department of Defense and the TNI. It is also based on the Minister of Defense Regulation No. 51 of 2014 on PNBP Financial Management within the Ministry of Defense and the TNI. The Financial Management Pattern of health facilities within the Ministry of Defense and the TNI using the BLU system is provided for in the Minister of Defense Regulation Number 28 of 2011 on the Financial Management of the Health Facility BLU. It is within the Ministry of Defense and the TNI and the Regulation of the Commander of the Indonesian National Armed Forces

Number 53 of 2016 on the Implementation of Financial Management of Public Service Bodies Health Facilities in the Armed Forces Environment. Article 2 states that the BLU aims to improve services to TNI personnel and their families in order to provide flexibility in financial management within the hospital environment based on economic and productivity principles and proper management.

Furthermore, Article 3 states that several principles apply to the operation of BLU within the TNI. These include a) BLU operates as a TNI work unit for providing health services whose management is based on authority delegated by the central agency concerned; b) BLU is a part of the achievement of TNI objectives. Therefore BLU's legal status is not separate from the TNI as the parent agency; c) The Commander in Chief and the Chief of Staff of the Force are responsible for implementing the health service delivery policy delegated to the BLU in terms of the benefits of the services produced; d) The official appointed to manage the BLU is responsible for providing public services delegated in stages to the Chief of Staff of the Force, Commander, and Minister; e) BLU organizes its activities to prioritize the achievement of profits; f) Budget Work Plans, financial reports, and BLU Performance are prepared and presented as an inseparable part of the Budget Work Plan and the financial and performance reports of the TNI, and g) BLU manages public service providers in line with proper management.

Several requirements need to be fulfilled when a health facility in the TNI environment proposes to become a BLU. This is regulated in Article 4 of the Regulation of the Commander of the Indonesian National Army Number 53 of 2016, as follows, (1) Health work unit within the TNI needs to be permitted to manage finances with PK BLU in case they fulfill substantive, technical and administrative requirements. (2) Substantive requirements as referred to in (1) might be fulfilled in case the work unit concerned carries out public services with health facilities, including hospitals, health laboratories, and those related to a) Provision of general goods and/or services; b) Management of certain areas/areas for improving the community's economy or public services; and/or c) Special fund management in order to improve the economy and/or services to the community. (3)

Technical requirements as referred to in (1) are fulfilled in case a) Service performance in its duties and functions deserves to be managed and improved through BLU as recommended by the Commander, in this case, Asrenum in accordance with its authority, and b) The financial performance of the *work unit* concerned is healthy as indicated in the proposed BLU designation document. (4) Administrative requirements, as referred to in (1), are fulfilled in case the concerned Health Unit work unit presents all documents such as a) Statement of ability to improve service performance, finance, and community benefits. B) Governance pattern; c) Business strategic plan;

d) Principal financial statements; e) Minimum service standards; and f) The last audit report or statement is willing to be independently audited. (5) The documents referred to in (4) are submitted to the Commander, in this case, the Asrenum, for approval before being submitted to the Minister of Finance.

According to article 12 and 13, health facilities in the TNI environment did not immediately become BLU, it followed the submission process in advance, the Commander who submitted a request for the *work unit* to become BLU to the finance minister. In case it is deemed that the *work unit* meets the existing requirements, the request is accepted, and it is changed to BLU.

Hospitals as a public service agency based on Act Number 44 of 2009 concerning Hospitals

Law Number 44 the Year 2009 Article 7 paragraph 3 states that Hospitals established by both Governments, as referred to in paragraph (2), need to take the form of Technical Implementing Units and Agencies in charge of the health sector. Certain agencies or Regional Technical Institutions with the management of Public Service Agencies run according to statutory regulations. These provisions clearly state that the management of hospitals owned by both governments needs to use the BLU model Or BLUD. One of the health facilities owned by the government is a clinic in the Ministry of Defense.

BLU is an institution within the Government established to provide services to the community without prioritizing profits, based on the principles of efficiency and productivity. The BLU aims to improve services to the community in order to advance public welfare and educate the nation's life by providing flexibility in financial management, based on economic and productivity principles, and ethical business practices.

BLU operates as a work unit of state ministries or regional governments to provide public services whose management is based on authority delegated by the relevant parent agency. In general, BLU is part of the achievement of the goals of state ministries, institutions, or regional governments, and therefore, its legal status is not separate from the state ministry / local administration as the primary agency. The official appointed to manage the BLU is responsible for public service delivery activities delegated to him by the minister, institution head, governor, regent, or mayor.

BLU is able to collect fees from the community as compensation or goods and services rendered. Generally, rewards for goods and services provided are determined in the form of tariffs Compiled based on the calculation of the cost per unit of service or yield per investment of funds.

A work unit of a government agency may be permitted to manage finances with the Financial Management Pattern of a Public Service Agency ("PPK-BLU") if it fulfills substantive requirements is the relevant government agency providing public services relating to

a. Provision of general goods or services

Examples: health services such as central or regional hospitals, education provision, and research and testing services.

b. Management of certain areas to improve the community's economy or public services.

Example: authority and integrated economic development area (*Kapet*)

c. Management of special funds in order to improve the economy and services to the community.

Examples: revolving fund managers for small and medium businesses, loan forwarding managers, and housing savings managers.

The technical requirements which need to be fulfilled include Service performance as a primary task and deserve to be managed and improved through BLU. This is as recommended by ministers, institutional leaders or heads of regional work units (SKPD) according to their authority, and the financial performance of the relevant work unit agency being healthy as indicated in the proposed BLU designation document.¹⁵

The administrative requirements are fulfilled in case the relevant government agency present all documents include Statement of ability to improve service performance, financial and community benefits, governance patterns, strategic business plans, necessary financial reports, minimum service standards, and final audit reports or statements willing to be independently audited.¹⁶

Hospital Financial Management Using the BLU Model

Hospital Financial Management Using the BLUP Model is conducted based on statutory guidelines, such as the Government Regulation of the Republic of Indonesia Number 23 of 2005 on Financial Management of Public Service Bodies. Other vital guidelines are in Government Regulation of the Republic of Indonesia Number 74 of 2012 on Amendments to Government Regulation Number 23 of the Year 2005 for Financial Management of Public Service Agencies. These provisions contain financial management patterns that provide flexibility in the form of flexibility to implement sound business practices to improve services to the community and advance public welfare and boost the living standards of people

Government Regulation of the Republic of Indonesia Number 23 of 2005 on Financial Management of Public Service Agencies had significant provisions. However, it was amended by the Government Regulation of the Republic of Indonesia Number 74 of 2012. The new provisions relating to financial management are briefly described as follows.

a. BLU Planning and Budget

The preparation of the Business and Budget Plan (RBA) is conducted under the following conditions, 1) BLU prepares a five-year business strategic plan regarding the State Ministry / Institution's Strategic Plan or Regional Medium-Term Development Plan. 2) It prepares annual RBA by referring to the strategic business plan. 3) The RBA is prepared based on performance and cost accounting calculations according to the type of service, taking into account the needs and capability of revenue expected from the public, other agencies, and the APBN / APBD. 4) The calculation of cost accounting is based on cost standards set by the BLU leader. 5) The calculation of cost accounting according to the type of service at least presents the calculation of direct costs and indirect costs. 6) In case of compiling cost standards, BLU uses the cost standards set by the Minister of Finance, governor, regent, or mayor according to their authority. The RBA includes the current BLU performance conditions, macro and micro assumptions, performance

targets (measurable outputs), analysis and estimated costs per output and aggregate, price estimates, budgets, and financial statement prognoses. The RBA also contains forward estimates according to a certain threshold percentage. The intended RBA is a reflection of the programs and activities of the state ministries, institutions, SKPD, or local governments.

Submission of the determination of RBA BLU is carried out on condition that 1) BLU submits RBA to ministers, heads of institutions, or SKPD leaders to gain approval as part of the RKA-K / L or the work plan and budget. 2) RBA is accompanied by proposed minimum service standards and cost standards. 3) RBA BLU approved by the minister/institution head / Head of SKPD is submitted to the Minister of Finance as part of RKA-K / L or to PPKD as material for the preparation of the Regional Regulation on APBD. 4) BLU Budget Ceiling in RKA-K / L or Regional Regulation Draft on APBD, whose source of funds comes from its revenue and budget surplus, detailed in one program, one activity one output, and type of expenditure. 5) The Minister of Finance or the Regional Government Budget Team, according to their authority, examines the RBA as part of the mechanism for the submission and determination of the APBN / APBD. 6) BLU uses the APBN / APBD determined as the basis for adjusting the RBA to make it definitive.

The preparation of the BLU RBA is carried out with the following conditions: 1) RBA BLU is used as a reference in preparing budget implementation documents to be submitted to the Minister of Finance PPKD according to their authority. 2) The BLU budget implementation document covers at least all revenue and expenditure, cash flow projections, as well as the amount and quality of services and goods to be produced. 3) The Minister of Finance/ PPKT ratifies the BLU budget implementation document no later than December 31 before the beginning of the fiscal year. 4) In budget execution documents not approved by the Minister of finance or PPKD, BLU makes the highest expenditure as much as last year's budget implementation document. 5) The budget implementation document approved by the Minister of Finance / PPKD becomes an attachment to the performance agreement signed by the minister, institution head, governor, regent, or mayor, according to their authority. 6) Budget execution documents approved by the Minister of Finance / PPKD, according to their authority, are the basis for withdrawing funds sourced from the APBN / APBD by the BLU.

Further provisions regarding the preparation, submission, stipulation, amendment of RBA, and BLU budget implementation documents are regulated by Regulation of the Minister of Finance/governor/regent/mayor according to their authority.

b. Income and Expenditure

Income management at BLU is carried out under the following conditions: 1) Budget revenues from the APBN / APBD are treated as BLU revenue. 2) The income earned from services provided to the public and unrestricted grants obtained from the community or other entities constitute BLU operational income. 3) Restricted grants obtained from the community or other entities constitute income which must be treated according to the designation. 4) The results of BLU's collaboration with

other parties and other business results are revenue for BLU. 5) The income of the budget revenue from APBN / APBD, services rendered to the community, the grant is not tied to that gained from the public or other agencies, and in cooperation BLU with other parties and/or the results of other business needs to be managed directly for finance BLU spending according to the RBA. 6) The income earned from services provided to the public and unrestricted grants obtained from other communities or bada, income sourced from bound grants earned from the community or other entities, and the results of BLU's collaboration with other parties and / or other business results are reported as state / departmental non-tax state revenue or local government non-tax revenue.

Expenditure management at BLU is carried out under the following conditions: 1) BLU expenditure consists of cost elements according to the cost structure as outlined in the definitive RBA. 2) BLU expenditure management is held flexibly based on equality between the volume of service activities and the amount of expenditure, following sound business practices. 3) The flexibility of expenditure management applies within the threshold, according to those stipulated in the RBA. 4) Expenditure of BLU exceeding the threshold of flexibility must have the approval of the Minister of Finance, governor, regent or mayor of the proposed spell/institution/ SKPD head, according to their authority. 5) In the event of a budget shortage, the BLU submits additional budget proposals from the APBN / APBD to the Minister of finance / PPKD through the minister/institution head / SKPD leader. 6) BLU expenditure is reported as goods and services expenditure of the state ministry/agency/ SKPD / local government.

c. Cash Management

Cash management at BLU is carried out as follows 1) In managing cash, BLU organizes a) Plan cash receipts and disbursements; b) Collect income or bills; c) Keep cash and manage bank accounts; d) Make payments; e) Obtain sources of funds to cover short-term deficits; and f) Utilizing short-term cash surpluses to obtain additional income. 2) BLU cash management is carried out based on sound business practices, 3) Withdrawal of funds sourced from the APBN / APBD is carried out by issuing a Payment Order (SPM) according to the statutory provisions. 4) BLU leaders open bank accounts in the framework of cash management at commercial banks. The utilization of cash surpluses is carried out as a short-term investment in financial instruments with low risk.

d. Management of Receivables

Management of receivables at BLU is carried out as follows: 1) BLU provide receivables in connection with the delivery of goods, services, and / or other transactions that are directly or indirectly related to BLU activities; 2) BLU receivables are managed and settled in an orderly, efficient, economical, transparent and responsible manner and provide added value, according to ethical business practices and based on regulatory requirements; 3) Receivables BLU might be removed or conditional by a competent authority, whose value is determined by berjunjung; 4) The authority to write off debts in stages is determined by Regulation of the Minister of Finance/governor/regent/mayor, taking into account the provisions of the laws and regulations.

e. Debt Management

Debt management at BLU is carried out as follows: 1) BLU has debts for operational activities and lending agreements with other parties; 2) BLU debts are managed and settled in an orderly, efficient, economical, transparent, and responsible manner, following ethical business practices.; 3) Utilization of debt originating from short-term loan agreements is intended only for operational expenditure; 4) Utilization of debt originating from long-term loan agreements is intended only for capital expenditure; 5) The loan agreement is carried out by the competent authority in stages based on the loan value; 6) The lending authority is regulated by a Regulation of the Minister of Finance, governor, regent or mayor; 7) Repayment of debts is the responsibility of BLU; 8) Claims rights on BLU debts expire after 5 (five) years since the debt is due, except as determined by law.

f. Investation

Investation management at BLU is carried out as follows; 1) BLU cannot make long-term investments, except with the approval of the Minister of Finance, governor, regent or mayor. The profit gained from the long-term investment is BLU income. 2) Long-term investment in question includes but is not limited to equity participation, long-term bond ownership, or direct investment (establishment of a company). 3) If the BLU establishes/buys a business with legal status, the ownership of the entity is with the Minister of Finance, governor, regent, or mayor.

g. Accounting, reporting, and financial responsibility.
BU recording financial transactions carried out under the following conditions: 1) Every BLU financial transaction must be accounted for and supporting documents managed in an orderly manner; 2) BLU accounting and financial reports are conducted in accordance with Financial Accounting Standards issued by the Indonesian accounting profession association; 3) In the absence of accounting standards, BLU apply specific industry accounting standards after obtaining approval from the Minister of Finance; 4) BLU develops and implements an accounting system with reference to applicable accounting standards according to the type of service and is determined by the minister, head of institution, governor, regent or mayor.

BLU financial reporting is carried out with the following conditions: 1) BLU financial reports include at least the budget realization report / operational report, balance sheet, cash flow statement, and notes to the financial statements, accompanied by reports on performance; 2) Budget realization report / operational report is adjusted to the provisions in the accounting standards applicable to BLU; 3) The financial statements of business units organized by BLU are consolidated in the financial statements; 4) The cover sheet of the financial statements of business units is contained as an attachment to the BLU financial statements.³¹ 5) BLU financial reports are submitted periodically to ministers, institutional leaders, governors, regents or mayors, according to their authority, to be consolidated with the financial statements of the state ministries/institutions/ SKPD / local governments; 6) Financial reports shall be submitted to the minister/institution head / SKPD head and the Minister of Finance/governor/regent/mayor according to their

authority, not later than 1 (one) month after the reporting period ends; 7) BLU financial reports are an inseparable part of the financial accountability reports of the state ministries/institutions/ SKPD / local governments; 8) Merging of BLU financial reports in the financial statements of the state ministries/institutions/ SKPD / regional governments are carried out according to Government Accounting Standards; 9) BLU's financial accountability report is audited by an external examiner according to statutory provisions.

Since there is an increasing demand for hospitals to improve their services, many companies have emerged. This is due to the limited budget available for hospital operations, bureaucratic flow, which is too long in disbursing funds and financial management rules that hinder the services.

CONCLUSION

Legal certainty regarding Financial Management Patterns Health facilities within the Ministry of Defense and the TNI are based on the rules contained in Law of the Republic of Indonesia Number 44 of 2009 on Hospitals. Article 7 paragraph (3) which states that Hospitals established by the Nation and Regional Governments need to be in the form of Technical Implementing Units of Agencies in charge of the health sector, certain Agencies. Also, it should be based on Regional Technical Agencies with the management of Public Service Agencies or Blood Public Service Agencies according to the provisions of the legislation. In line with public administration reforms and State financial reforms, as stipulated in Law No. 17 of 2003 on State finance, Law No. 1 of 2004 on State treasury and Law No. 15 of 2005 on Examination of State Finances, agencies whose primary duties and functions are providing services to the public apply flexible financial management patterns while emphasizing productivity, efficiency, and effectiveness through Public Service Agency.

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