

Strategic Leadership Challenges in Hospital Governance Change in the Era of National Health Insurance: Study on Private Class C Hospital In Tangerang

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Abstract. National Health Insurance (JKN) is a National Health Program implemented by the government on January 1, 2014. The Health Program which applies nationally provides dynamic changes to private hospitals which are providers of this JKN program. The dynamics of changes that occur can be anticipated by hospital leaders with strategic leadership in hospital governance. The research method used was qualitative phenomenology with intersubjective analysis with twelve informants from three hospitals in Tangerang City. The results of this research produce three important things that strategic leadership does, namely the ability of a leader to think strategically in the form of (1) the challenge of change is an opportunity, (2) creating superior health services, (3) mitigating risks regarding changes in organizational governance.

Keywords: Strategic Leadership, Social Health Insurance, Private Hospital

1. Introduction

Jaminan Kesehatan Nasional (JKN) is a national health program implemented by the government. This program went through a deeper study before becoming a national health insurance program. Previous health programs were carried out partially such as Jamkeda, Askes, Asabri and so on. The government's commitment to the JKN program was strengthened by Law No. 40 of 2004, which stated the commencement of a health insurance program on January 1, 2014 for all Indonesians called the National Health Insurance (JKN). This program has a target of participation of all Indonesian citizens by December 31, 2019. The presence of JKN shows that the government guarantees the health of all Indonesian citizens.

Long before the implementation of national-scale health insurance in Indonesia, several countries in Asia and beyond had already implemented social health insurance as a whole. Some Asian countries that have implemented social health insurance programs are Sri Lanka (1948), Taiwan (1995), the Philippines (1997), and South Korea (2000). The governments of these three countries have a good commitment to protect their people through national health insurance. These three Asian countries implemented health insurance using a single hospital tariff as well as a uniform and nationally applicable doctor's tariff.

There are many challenges in implementing the National Health Insurance as a health program with national scale coverage. In the implementation of JKN, the Minister of Health, Napsiah Mboi stated that hospitals as health service providers have better order or governance.

"It is time for health services to be provided in a better order to encourage better health service delivery". [1]

Hospitals as health service providers have good quality in services effectively and efficiently and meet existing regulatory standards. Previous researchers' opinions regarding leadership in the world of health, delivered by [2]–[4]. They stated that the complexity of hospitals requires strategic leadership in managing health services and managing human resources. This includes the politics that occur in the health system. Hospitals also experience problems in financial management in the era of national health insurance.

The challenge of JKN as a newly implemented policy requires a leader's ability to communicate and select problems in implementing this new policy. Leadership is a process of imitation, selectivity, role taking and empathy. In addition, how to handle strategy implementation and sources and targets in leadership is very important. Leadership is a process, an effectiveness that creates and communicates teams within an organization. Leaders select the challenges that exist in this new policy and communicate them to stakeholders.

Strategic leadership challenges in complex hospital governance changes in the JKN era, such as financial management, were stated by several national health figures. The financing challenges in JKN are stated [1], [5] that hospitals need to make efficiency, calculate the correct expenditure and adjust to the conditions of the package rate as financing in JKN. Various adjustments in facing these financing challenges need to be communicated by hospital leaders to stakeholders in the hospital.

[6] mention that leadership in setting organizational goals and strategies is reinforced by other studies which state that hospital leaders who have a strategic mindset, think of various steps in managing the hospital. The meaning of strategic according to experts in [7], the word "strategic" is combined with "thinking", "planning", "task management", "view", "goal", "vision" and "mission". In managing the hospital, thinking, planning, delegation, the leader's point of view in the implementation of goals, vision and mission are carried out.

Experts in [7] suggests that the role of leaders or managers is to motivate staff. [7] adds that the sub-category of strategic mindset also highlights the level at which managers operate, which varies from motivating staff to accomplishing mission and strategic planning. Analytical thinking, achievement orientation and the ability to communicate strategy, vision and mission are all included in the strategic mindset sub-category. Leaders not only plan and delegate, but also ensure strategic execution by continuously communicating the direction of the organization's strategy.

Leaders as actors in strategic leadership have a role in bringing organizational success in facing various challenges in this JKN era. Communication between leaders and teams in the organization in dealing with governance changes is also a key to success. For this reason, researchers explored informants in providing information about communication practices and strategic leadership in changing hospital governance in the era of National Health Insurance.

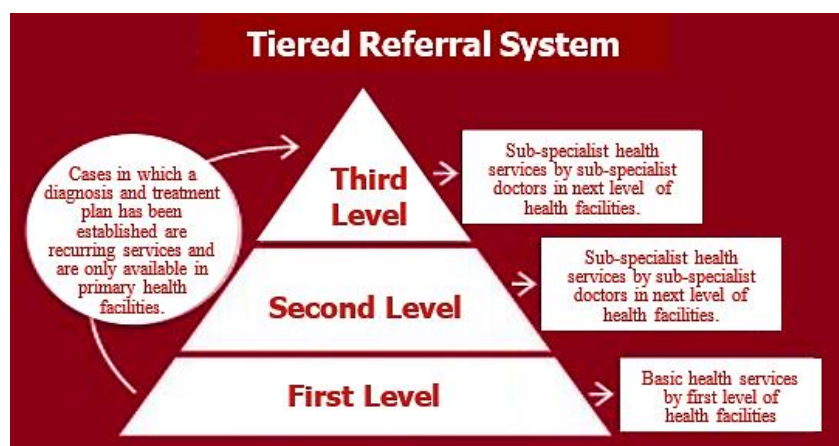
2. Theoretical Foundation

This research has several theoretical foundations, namely the National Health Insurance program, communication and strategic leadership.

2.1. National Health Insurance

Law 40 of 2004 on the National Social Security System. This law regulates the implementation of the National Social Security System, which includes health insurance, work accident insurance, pension insurance, old age insurance, and death insurance for the entire population through compulsory worker contributions. The executor of the National Health Insurance Program is the Health Social Security Agency (BPJS). Meanwhile, work accident insurance, pension insurance, old age insurance, and death insurance are included in the Employment Insurance with BPJS Employment as the executor.

The implementation of the National Health Insurance (JKN) program applies a tiered referral system in providing health services. First-level health facilities (FKTP), namely puskesmas or private clinics, treat patients with mild complaints. Patients who experience more severe complaints are referred to advanced health facilities (FKTL), namely hospitals. FKTL is determined by the Ministry of Health through the establishment of health service standards that are carried out in a measurable and accredited manner and are designated as class A, B, C and D.



Source: BPJS Health Practical Guide

Figure 1. Tiered Referral System

Figure 1 illustrates the JKN service pattern for patients who require health services. The referral system for health services in the JKN era takes place from first-level health facilities, namely puskesmas, private clinics or class D hospitals. If the patient has a more severe condition and needs specialist services, they are first referred to class C FKTL, which is a class C hospital. However, if the patient requires sub-specialist treatment, the patient is referred to the next level of FKTL class B and A, which are class B and A hospitals.

Hospitals provide health services first, then the cost of services is claimed by BPJS Health using the INA-CBG system. The hospital payment process with the INA-CBG system has changed from the beginning of the hospital being paid using the retrospective payment method and the prospective payment method. The retrospective payment method is a method of payment made for health services provided to patients based on each service activity provided. The more health services provided, the greater the fee that must be paid. An example of a retrospective payment pattern is *Fee for Services (FFS)*.

Prospective payment forces hospitals as providers to improve their ability to survive in the JKN era. Prospective payment management, in this case the hospital leadership, needs to anticipate these shortcomings.

2.2. Organizational Governance

Governance can be defined as: "The system by which an entity is directed and controlled. It is concerned with the structures and processes for decision-making, accountability, control and behavior at the top of an entity. Governance influences how organizational objectives are set and achieved, how risks are monitored and addressed, and how performance is optimized.

Governance is a system and process, not a single activity and therefore the successful implementation of a good governance strategy requires a systematic approach that incorporates strategic planning, risk management and performance management. Formal organizations are institutions that are incorporated and recognized by law as legal entities. Its governance practices are carried out by leaders who have been determined with full legitimacy by the owners or representatives of the organization's management. Organizational leaders bring the organization in accordance with the vision, mission and goals of the organization in the face of various political, economic and social challenges.

The existence of governance has implications for economic development and social welfare. First, related to incentives and performance assessment measures. Second, related to organizing mechanisms for assessing accountability and transparency to ensure that the increase in welfare as a result of increasing company value has been distributed evenly and can be accounted for [8]. In addition, governance relates to controlling the balance between economic and social goals that include individual goals as well as common goals. The governance framework is aimed at increasing the efficiency of resource use and the need for accountability in running these resources, the goal of which is to align as closely as possible between the interests of individuals, companies and society [9].

In another perspective, [10] place governance as an effort to maintain the relationship between three important actors in every company, namely owners, management, and *board of directors*. Furthermore, the relationship between the three actors will determine the direction and performance in accordance with the established mechanism. The absence of emphasis on the control aspect in this definition implies that a harmonious relationship in accordance with their respective domains will ensure the effective running of corporate control mechanisms in accordance with the objectives of governance.

2.3. Strategic Leadership

Strategic leadership was preceded by various issues that emerged at the beginning of the 21st century. Some turbulence occurred due to increasing globalization and technology, and was further exacerbated by several other factors such as the substantial volatility of the terrorist attacks that occurred on September 11, 2001. The terrorist attacks on the World Trade Center, New York and the Pentagon, Washington, took many lives. This was a point of change for current politics and business into the future. The terrorist acts changed the way business was done globally, causing supply chain problems, travel delays and communication breakdowns. The global economic downturn, unstrategic leadership, lack of oversight of business enterprises worsened the economic situation at the time. Analyze from various observers at the time, that the leadership was not very strategic, as seen from the orientation of loans is short-term, does not lead to long-term investment.

Effective strategic leadership is needed to turn things around. This model of strategic leadership, began to be developed in the late 1990s. [11] mentions that strategic leaders must have global thinking, leaders must have a complete understanding of their organization that fits the global competitive landscape, although competing globally, strategic leaders must pay attention to global multinational competitors".

Strategic leadership according to [12]–[16], regarding strategic leadership is that the leader translates the institutional mission, vision and goals. This mission states the specific purpose or reason for the organization. This strategic leadership has the ability to anticipate, has the ability to see the future, has flexibility, thinks strategically, creates and initiates changes to excel in competition by empowering every individual in an organization or company. Leaders create strategies that adapt to changes in the situation at hand and changes in organizational governance.

Nutt in [11] states, "strategic leaders must take care to manage human capital and social capital effectively to achieve an agile organization and stay ahead of competitors. Flexible to be proactive to the competitive actions of other organizations, while being mindful of business ethics". McGrath & MacMillan in [11] state, "effective strategic leaders must operate under conditions of uncertainty, view turbulent environments as opportunities and adopt an entrepreneurial mindset. This mindset identifies and capitalizes on opportunities".

The key word in some of the previous researchers' statements about strategic leadership is the ability of a leader to organize individuals and groups in their organization to compete and achieve organizational goals. Strategic leaders bring their organizations can continue to operate in the face of changes in organizational governance.

3. Research Methods

This study used a qualitative phenomenological approach with intersubjective analysis. The research explored informants' experiences regarding hospital governance in facing the dynamics of change in the era of National Health Insurance. The selection of informants was based on their relationship with strategic leadership in running the National Health Insurance program.

1. Informants as hospital leaders are leaders who make the decision for the hospital to choose to become a National Health Insurance provider.
2. Informants as hospital management. Consisting of Medical Services Manager, Finance, HR. This management team knows the background of strategic leadership in An-Nisa, Bhakti Asih and Melati hospitals in Tangerang City.
3. The informant as the Head of the Casemix team coordinates with JKN hospital implementers who are directly involved in the JKN implementation process and reimburses all hospital health services to the service payer institution.

4. Results

Researchers asked informants about their experiences with strategic leadership in hospital governance change. Research questions about the challenges faced by informants in implementing JKN. Research questions about governance changes that occurred in the JKN era. Questions about possible risks. Each informant's statement was given meaning by the researcher.

Each of these interpretations resulted in these themes of strategic communication and leadership practices: There are themes from each informant's statement regarding strategic

leadership practices. The themes in strategic leadership are: (1) Challenges are opportunities; (2) Studying governance changes in the JKN era; (3) Mitigating risks by mapping problems and solutions. These sub-themes illustrate the strategies that leaders carry out in implementing the JKN program in the hospitals they lead.

Strategic leadership practice is the ability of a leader to learn the regulations in JKN quickly, then the leader prepares himself and his team in the JKN era. (1) Leaders interpret the changes that occur in health services as an opportunity for private hospitals. Leaders take into account the risks that will be faced. Leaders together with the team mapped the problems and solutions. The strategy of creating superior health service products while still paying attention to regulations in the JKN era is analyzed in strategic leadership practices.

Informants' experiences of health insurance organized by the government are similar in their understanding of the concept of government health insurance in strategic leadership practices. JKN is supported by the Indonesian Hospital Association (PERSI), as stated by the chairman of PERSI, Kuntjoro below:

PERSI welcomes policies that favor the common interests of both JKN participants, hospitals and of course the Government. PERSI explains the complexity of the issue of quality and access to health services, especially hospitals. The existence of hospital class levels based on service capabilities also indicates differences in the ability of available resources.

PERSI's presentation emphasized that JKN is a good program because it favors the common interest. Hospital class levels such as type D, C, B and A are levels of resources that hospitals have. Hospitals prepare themselves in the quality and access to health services.

The same thing was stated by the Secretary General of ARSSI regarding the readiness of private hospitals in participating in the JKN program by working together with BPJS Health, namely:

Preparing to work with BPJS was initially a bit complicated, considering that private hospitals are for-profit. So there are many habits that must be changed in private hospitals. First of all, the internal staff had to undergo a lot of training. All officers must be trained.

The private hospital association reminds private hospitals that participate in the JKN program to change their habits. Hospital leaders must have a strategic plan to prepare a team that serves health. Mapping the needs of hospitals so that they can survive in the JKN era.

This empirical statement delivered by the Chairman of PERSI and the Secretary General of ARSSI is illustrated in the statements of informants from three private hospitals. They think strategically about the National Health Insurance. Facing the challenge of JKN as a political rule from the government applied to the entire population of Indonesia and inevitably followed by all hospitals even though the Minister of Health Regulation is only required for government, regional and army hospitals. But for private hospitals this political challenge is an opportunity.

Strategic leadership is when a leader thinks strategically, interpreting that (1) challenges are opportunities; then participation in JKN is an opportunity because the ownership of the program is the government, very clear payers. Then this program already has permanent participants, namely all Indonesian residents and foreign nationals who live in Indonesia for more than 6 months. The JKN program has the spirit to improve hospital governance and maintain service quality.

Visionary leadership in responding to JKN challenges is also applied to the next element (2) Studying JKN regulations and creating superior products. Leaders and the team studied JKN regulations while maintaining service quality. Leaders analyze patient visits and services to create superior programs. Equipment and supplies that are not owned by the hospital are collaborated with other parties such as higher-level hospitals and first-level health facilities. The creation of these flagship products is through communication from the medical and finance teams. Decisions from a medical perspective and the operational costs incurred are discussed in depth so that service programs are created. Existing service programs are communicated by the hospital marketing team to be delivered to BPJS Kesehatan, cooperating private insurance and to patients.

The next strategic leadership practice is (3) Mitigating risks by mapping problems and solutions. Leaders conduct tiered communication from unit to department level. Leaders and teams mitigate risks from services, finance and operations. They mapped the problem, the possibility of risk. Every problem that may arise is prepared with alternative solutions. Each stage of this alternative solution is communicated to prepare patient service procedures.

5. Conclusion

The Health Insurance Program established on January 1, 2014 is a government program that has changing dynamics in the application of health services in hospitals. Strategic leadership in private hospitals in facing the dynamics of change by inviting leaders to think strategically, interpreting that (1) challenges are opportunities; then participation in JKN is an opportunity, this program has clear legislation and is a mandatory government program.

In its implementation, various JKN regulations are faced by strategic leadership by (2) studying JKN regulations and creating superior health service products. Leaders and their teams studied JKN regulations while maintaining service quality. Leaders analyzed patient visits and services to create flagship programs. Equipment and supplies that are not owned by the hospital are collaborated with other parties such as higher-level hospitals and first-level health facilities. The creation of excellent health services is communicated between the medical and finance teams. Decisions on medical and operational costs create quality and efficient service programs. The hospital marketing team continues to communicate superior service products to BPJS Kesehatan, private insurance partners and patients.

The next strategic leadership practice is to do (3) risk mitigation by mapping problems and solutions. Leaders conduct tiered communication from the unit level to the department. Leaders and teams mitigate risks from services, finance and operations. They map the problems and look for alternative solutions.

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