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Maternal Access to Health Services by Pregnant Mothers In Bacoanon, La Union, Philippines
Auta Tinka Titus
151-156

"KalPUS-Godang Beleq" Model as A Strategy to Improve Knowledge and Attitudes of Couples of Childbearing Age against Long Term Contraception Method
Anwan Dramawan, Moh. Aris Desty Emiyani
159-162

Community Empowerment Model Based on Independence in Administration Alert Village Health Sector
Suparifikasarri, Heru Santoso Wihits Naiprha, Sunarto Sunarto
363-368

Socio-Demographic and Cultural Factors Associated with The Occurrence of Low Birth Weight In Kupang
Simplicia Maria Anggraini, Hari Basuki Nizobrotos, Rika Subarniati Trinjaya
369-373

Effects of Purple Sweet Potatoes on Oxidative Stress Biomarkers in Rats Subjected to Exhaustive Exercise
Anindy Matasu, Sheilah Kambang Wijatmadi, Menara Adrani
172-177

The Service Compensation of National Health Insurance and The Performance of Health Workers
Kolopait Likhiri, Aricah Cesar Rika Novi Marchanti, Sebastiana Viphindartin
128-132

Comparison of MICE and Regression Imputation for Handling Missing Data
Selvarina Davinti Putri, Hari Basuki Notobrotos, Arief Widowan
133-136

Brand Image Effect on Selecting Place of Dentures Fabrication at Integrated Specialist Clinic of RSGM FKG UNAIR
Ria Nila Bawati, Stefanus Suprarianto, Sri Widadari
167-191

The Knowledge of Baliado Chips Producers on The Use of Dyes In Campuno Gagah Buluh Village, Builittingi!
Fajrin Hitayati
192-195

The Role of Health Workers in Handling People with Mental Disorders (DDGJ) Physical Restraint
Indahny Maya Arinta, Sri Hardaputri Isu Marufah
196-200
Stimulation Model Growth and Social Personal Development of Children Autism in Health Promotion
Atik Badriah, Rashid Khairul, Ahmad Arman Subjantoro, Difah Hanim
201-207
PDF-full text download: hr202001

The Mussel Shell Powder as Natural Preservation for Swordfish by Using Smearing Method
Demes Nurnayanti, Darjat Darjat, Mardik Marliq
208-211
PDF-full text download: hr202002

The Comparative Study: Self Acceptance, Environmental Development and Depression on Elderly
Pusp. Festy Wifionarini, Iria Rofikin, Dede Nasrailah, Yulianto Yulianto
212-220
PDF-full text download: hr202113

Analysis of Risk Factors of Quality of Snacks Food Sold in Town Squares of Magetan, Ngawi, Ponorogo and Madiun
Derok Indrawati, Djioko Windu F. Irwan, Lili Prathisthi, Sygl Gunawan, Berta Utomo
221-229
PDF-full text download: hr202014

The Effect of Internal and External Factors to The Number of Visits to Sanitation Clinic of Public Health Center of Poncol Magetan Regency
Djioko Winda F. Irwan, Derok Indrawati, Titikwan Herman Wijono Beno Utomo, Subprijardo Subprijardo
230-235
PDF-full text download: hr202015

Factors That Affect Menopause In Women
Widianti Dwi, Sherry Hermani
Preparation of tariffs based on unit cost of surgical action in Balang hospital, using Activity Based Costing (ABC)
Sri Wahyu, Sri Herawati, Stebustina Vihindri

Analysis of Factor Affecting The Willingness of HIV Test on Mariners
Putri Intari Utami, Chatarina Umbul Wahru, Sri Widiati

The Relationship between Maternal Parity and Onset of Lactation on Postpartum Mothers
Triaksa Pirenoha, Winithi Purwono, Rosul Irwan

The Improvement of TNF-α and Inflammation Cell on the Lungs Hyperreactivity Reaction because of Wood Dust Exposure
Isa Marfu, Anta Dewi Prabastuti, Ragi Ito Hartanti

Analytical and Phytochemical Exploration of Bioinsecticide Granules Mixed Betel Leaf Extract (Piper betle) and Srikara Seed Extract (Amosia sonnosa)
Dhiha Ayu Sazani, Ady Susepto, Dwi Wahyuni

Calculating Actual Stature of Elderly through Arms Span and Knee Height Measurements
Julia Pertiwi, Martha Irene Kartasasetya, Djoko Tri Riaadi Lukmono, Henry Setrowan, Martin Martin

Tablets: Added Combination Blood Vitamins C Affects The Increase Of Hemoglobin Levels In Pregnant Women In The Work Area Of Health Center Karang Anyar Beringin District Delt Serdang Regency In 2015
Yunizar Siregar, Irma Linda, Risnawati Lubis

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Preparation of Tariff Based on Unit Cost of Surgical Action in Balung Hospital Using Activity Based Costing (ABC)

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ABSTRACT

RSD Balung is a BLUD hospital, but the tariff determination had not been based on unit cost including the operation in the Installation of Hospital Operation Room Service Operations continue to show an increased, so operational expenses were increased. In JKN, there were several surgical actions that have a tariff difference that harms the hospital. The tariff claimed by hospital to BPJS was not as expected because the nominal tariff was less. The purpose of this research was to arrange tariff based on unit cost of operation cost action of room installation room of RSD Balung with Activity Based Costing (ABC) method. This research was a descriptive quantitative. The unit of analysis of this research was the Operation Room in RSD Balung by looking at the cost and service component of the service or the action to be done the operational action tariff analysis. Respondent was taken by purposive sampling. The number of respondents in this study were 13 people. At the service of BPH, SC, and cataract in Operation Room RSD Balung there were difference of tariff either from BLUD tariff, tariff based on unit cost, and INA CBGs tariff. This difference was particularly evident from BPH services. This service was harming RSD Balung. While in SC and Cataract service, unit cost tariff was lower than BLUD tariff.

Keywords: Unit cost, Tariff, BLUD, Operation room, INA-CBG’s

INTRODUCTION

Advanced health care includes service administration, examination, medication, and consultation, specialised medical intervention consisting of surgical procedures and non operative medical intervention, drug service, medical equipment, rehabilitation, blood, forensic, and corpse care. In accordance with Law Number 1 Year 2004 implemented in the Government Regulation Number 23 Year 2005¹ and The Regulation of Minister of Home Affairs number 61 Year 2007 on guidelines of hospitals as public service agency (BLU) and local public service agency (BLUD) optimizing quality for the public², BLU or BLUD hospitals are inter government institution set up to provide public service in the form of provision of goods and services sold without prioritizing profit and are run with efficiency and productivity principles. In order to implement efficiency and productivity principles, information as to unit cost is needed.

Unit cost is a cost spent to produce single product (service). Cost calculated derives from cost imposed on object cost³. One of the elements needed is cost analysis on the basis of unit cost and uses activity based costing (ABC). Furthermore, having found the unit cost, a hospital can stipulate tariff and sees cost positioning on the tariff and real cost received by the hospital including surgical procedures at operating theater (Installation of Hospital Operation Room)⁴.

Agastya & Arifai (2009), explained that public service hospitals have authority to manage their own financial affairs. It enables hospital to flexibly implement healthy business in order to improve public service managed autonomously with corporate-like efficiency and productivity principles. It is a challenge for hospital management to make a breakthrough in order to earn financial income which can be used to meet hospital operation cost and development. It can be done by optimising income deriving from medical service such as income from operating theater through tariff stipulation based on unit cost. Thus, tariff stipulation system is required to enable hospital remain competitive⁵.
Balung general hospital is a type C hospital which has an operating theater (operation room) for performing surgical procedures. Other services the hospital provides include specialised outpatient care, in patient, emergency care, operative care, supporting services such as pharmacy, laboratory, radiology, and ambulance. Balung general hospital is a government owned hospital with public service body status based on the decree of Jember Regent number 188.45/194/102/102/2013 on Balung general hospital as a public service body which aims to improve public service in order to create public welfare and smart society, flexibility in financial management based on economic and productivity principles of healthy business practice. It has been in accordance with article 2 of Government Regulation number 23, 2005 on public service body (BLU). In accordance with Regulation of Minister of Home Affairs number 61, 2007, as a public service hospital, tariff imposed is based on the unit cost.

Although Balung general hospital has been stipulated as public service body hospital, the tariff has not been based on the unit cost including surgical procedures in the operating theater (operation room). The number of surgical intervention keeps on increasing; consequently, operation cost increases too. With JKN (National Health Care), some surgical intervention tariff creates gap against unit cost; as a result, the hospital suffers from financial losses. The tariffs claimed on BPJS can not cover the unit cost. It occurs in most surgical interventions which affect hospital income; consequently it also affects the quality care. Based on the existing problems, the hospital needs further cost analysis which corresponds the hospital ability to survive.

A study conducted at Yogjakarta City Hospital in 2013 on comparison of in patient tariff with unit cost and ABC system in the hospital gives more expensive results in class II and III i.e., 18.45% for class II and 45.06% for class III of the prevailing tariffs. It is due to overhead cost in each product against cost driver, so ABC method has been able to allocate activity cost to every room precisely based on the expenditure of each activity.

According to studies on unit cost, activity based costing focuses on patient care. Thus, with the existing problems at Balung general hospital in which operating theater ranks the second in term of hospital income, researcher suggests that it is necessary to conduct a study on the operating theater department of Balung general hospital. The problem at operating theater department of Balung general hospital is whether or not the cost imposed on patient can cover the entire expenses incurred by surgical procedures and whether or not the cost has been efficient and effective in performing the surgical procedures.

**METHODS**

This study was descriptive qualitative study with study case design formulating tariffs based on activity based costing (ABC) for surgical procedure at Operating Room of Balung Hospital. Secondary data used included investment cost, operation cost, and maintenance cost.

This study was conducted at Balung general hospital of Jember Regency. It took 2 months to complete this study commencing in July as of August 2017 at Finance department and operating room of Balung hospital. Data utilized was taken during the period of 1 January 2016 up to 31 December 2016. Variables of this study include tariff based on the unit cost calculation, current tariff, INA CBGs tariff and gap tariff.

Sample taken was purposive sampling technique. Respondent of this study included staff of Finance Department, Asset Department, General Department, Head of Laundry Department, head of Central Sterile Supply Department, Head of Waste Management, Head of Security, Head of Pharmacy, Head of Integrated Administration Department, Head of MIS and Medical Record Department, Head of Maintenance Department, and medical staff at Operating Room of Balung General Hospital.

Primary data of this study was taken from interviews guided by interviews and observation with the help of check list. Secondary data of this study was obtained from documentation study by using check list sheet. Data collection was taken through interview, documentation, and observation.

**RESULTS**

**Description of Tariff at Balung Hospital**

Table 1. Description of total cost and average cost at Balung Hospital based on the BLUD tariff

<table>
<thead>
<tr>
<th>No</th>
<th>Service</th>
<th>Total cost</th>
<th>Average cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Benign prostate hyperplasia surgery</td>
<td>260.120.639</td>
<td>8.670.688</td>
</tr>
<tr>
<td>2</td>
<td>Cesarean Section Surgery</td>
<td>203.308.572</td>
<td>6.776.952</td>
</tr>
<tr>
<td>3</td>
<td>Cataract surgery</td>
<td>62.263.343</td>
<td>5.408.778</td>
</tr>
</tbody>
</table>

Based on the table 1, types of service studied included BPH, CS, and cataract surgery. The highest total cost was BPH surgery counting for Rp. 260.120.639. The highest average cost per patient was BPH surgery counting for Rp. 8.670.688
Description of Tariff Based on The Unit Cost

Table 2. Description of total cost and average cost of service at Balung General Hospital based on the unit cost by using ABC method

<table>
<thead>
<tr>
<th>No</th>
<th>Service</th>
<th>Total cost</th>
<th>Average cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Benign prostate hyperplasia surgery</td>
<td>337,070,606</td>
<td>11,235,687</td>
</tr>
<tr>
<td>2</td>
<td>Cesarean Section Surgery</td>
<td>163,158,805</td>
<td>5,438,627</td>
</tr>
<tr>
<td>3</td>
<td>Cataract surgery</td>
<td>97,392,054</td>
<td>3,246,402</td>
</tr>
</tbody>
</table>

Based on the table 2, types of service studied included BPH, CS, and cataract surgery. The highest total cost was BPH surgery counting for Rp. 333,070,606. The highest average cost per patient was BPH surgery counting for Rp. 11,235,687.

Description of Tariff Based on INA CBGs

Table 3. Description of total cost and average cost of service at Balung General Hospital based on INA CBGs

<table>
<thead>
<tr>
<th>No</th>
<th>Service</th>
<th>Average cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Benign prostate hyperplasia surgery</td>
<td>5,570,600</td>
</tr>
<tr>
<td>2</td>
<td>Cesarean Section Surgery</td>
<td>4,022,100</td>
</tr>
<tr>
<td>3</td>
<td>Cataract surgery</td>
<td>6,306,900</td>
</tr>
</tbody>
</table>

Based on the table 3 types of service studied included BPH, CS, and cataract surgery. The highest average cost per patient was BPH surgery counting for Rp. 6,306,900.

Tariff Comparison

Table 4. Description of gap of service tariff at Balung General Hospital

<table>
<thead>
<tr>
<th>Service</th>
<th>BLUD Tariff</th>
<th>Unit cost tariff</th>
<th>INA CBGs tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPH</td>
<td>8,670,688</td>
<td>11,235,687</td>
<td>5,570,600</td>
</tr>
<tr>
<td>CS</td>
<td>6,776,952</td>
<td>5,438,627</td>
<td>4,022,100</td>
</tr>
<tr>
<td>Cataract</td>
<td>5,408,778</td>
<td>3,246,402</td>
<td>6,306,900</td>
</tr>
</tbody>
</table>

Based on the table 4 comparison of the highest gap was BPH surgery. Tariff of BPH surgery by using unit cost was Rp. 11,235,687, BLUD tariff was Rp. 8,670,688, and INA CBGs tariff was 5,570,600. The gap shows that tariff for BPH surgery at Balung General Hospital was under unit cost calculation or insecure position. It could pose losses for the hospital if tariff adjustment was not immediately done.

DISCUSSION

Tariff based on unit cost is calculated by involving direct and indirect cost plus service fees. Tariff based on unit cost in a hospital is an important aspect addressed by both private and government hospitals. Tariffs of government hospitals are stipulated with by laws and tariffs for private hospitals are established by Regulation of Health Minister (7). BLUD tariffs of Balung General Hospital are established by law of Jember Regency. INA CBGs tariff is a model used by BPJS Kesehatan to pay the claims from hospitals. The analysis found that lower INA CBGs tariff causes hospital loss. Otherwise, higher INA CBGs tariff generates hospital profit. Each hospital will stipulate tariff according to its own mission. Calculation of hospital tariff is generally based on retrospective cost calculation which means cost is paid after service is given. It definitely does not encourage health care provider to make efficiency while INA CBGs tariff as we know is composed based on prospective method. Thus, researcher will suggest that tariff calculation is no longer based on retrospective cost calculation. It is important that hospitals determine standard operating procedures by using clinical pathways so that in JKN era hospital team can deliver optimum, efficient, and effective care.

INA CBGs tariff is not perfect because some tariffs are too low and some others are too high. So, can be concluded that tariff is unstable. In addition, it uses a top down method in which overhead cost is imposed on production unit divided by the total number of patients which is strongly determined by which hospitals used as the samples for tariff calculation. If the hospital cost is high, tariff will be high too. Otherwise if the hospital cost is low, tariff will be low too. Calculation of unit cost by using BC method is not entirely determined by the number of patients; thus the result is more valid.

BPJS tariff is obtained by INA CBGs software which is a patient data entry device used to group tariff based on data deriving from medical record. INA CBGs software is installed in the hospital delivering care for
Inferring from the document, INKJ members. To use INA CBGs software, a hospital must have a hospital registration code released by Directorate General of Bina Upaya Kesehatan. Subsequently, the software will be activated based on the hospital types and region. Process of patient data entry is carried out after the patient is discharged. The data is gained from medical record. The amount of INA CBGs tariff is determined by coding. Coding is an activity of giving code for primary and secondary diagnosis based on ICD 10 and to give code for procedures based on ICD 9 CM. Precision of diagnosis and procedures coding strongly affects result of group in ANA CBGs software. To obtain correct group result, good cooperation between doctors and coders is definitely required.

Damayanti (2016) revealed that unit cost calculation for CS is lower than INA CBGs claim tariff. It does not correspond unit cost calculation of Balung general hospital in which unit cost for CS is higher than INA CBGs claim. Tariff based on unit cost for CS is lower than tariff based on by law. It means that hospital can still generate profit from out of pocket patients as per BLUD hospital tariff

Unit cost calculation by using ABC method can help reduce unnecessary cost more effectively and reduce non added value cost, and even remove cost from activity which does not require activity analysis. ABC system can give information to maximize resources and relate cost and performance as well as outcome measurement. Policy makers can utilise ABC information to increase efficiency without negatively affecting quality care and can also increase sustainable quality care.

Tariff control is essential to health care provider especially a hospital to maintain financial sustainability with in economic competition. In addition to tariff, improvement of quality health care must also be addressed by health care providers and policy makers. If claim is too low, it can not finance treatment cost which has been spent. Therefore, health care providers (Hospitals) will reduce expenditure by reducing quality. If claim is too high, health care providers will not attempt to make efficiency. It will definitely neglect the available resources.

**CONCLUSION**

Tariff for BPH and CS surgery tend to pose losses while tariff for cataract surgery tend to generate profit because either BLUD tariff or unit cost tariff is lower than INA CBGs. Thus claim for cataract surgery is higher. Meanwhile claim for BPH and CS surgery is lower than the cost spent by Balung general hospital.

One of the recommendations of this study is that Balung general hospital is expected to review its tariff policy for surgical procedures especially tariff that poses losses compared to INA CBGs tariff and to compose clinical pathway and guidelines for clinical practice to which medical staff can refer for delivering patient care that correspond the circumstances of Balung general hospital to prevent the hospital from suffering further losses.

**REFERENCES**

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Thank you very much

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