

Full Length Research Paper

Business Plan for INDERA Hospital Bali, Indonesia

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ABSTRACT: The tragic event of the 2002 Bali Bombing has caused an extreme destructive effect on the lives of Bali society. Various kinds of efforts have been done in order to reconstruct the situation, emphasizing on the aspects of economic and health. In order to show the need for fund which can be justified both strategically and economically, a Business Plan from INDERA Hospital is needed. Operational research for Business Plan was done in two big stages of activity which were interlinked to one another. (1) Feasibility Study from INDERA Hospital which is a study to analyze if indeed that hospital is feasible to be developed or not. (2) Business Plan which would elaborate more on the development of product of that hospital which is feasible to be prioritized. INDERA Hospital ranked in the position that's competent for development. The hospital vision becomes One Stop Shopping - type of hospital service for the need of senses. From the cash flow structure, it is assumed that the early investment needed is around 13,840,336,586 IDR for investment, operational and maintenance for 2 years (the first and second year) which is expected from The Bank, Donors, Communities and the rest to be contributed from the Indonesian Government as counterpart budget. INDERA Hospital is feasible to be developed, with some notes. The Product Development will cover the healthcare services from the inside and the outside of the hospital. (mobile) and emphasizing the service towards the poor, free of charge. Specifically for the hospital service, health insurance for the poor is expected to cover the cost.

Keywords: strategic planning, business plan.

INTRODUCTION

INDERA Hospital is established on February 28th 2002 in Denpasar Bali (1). It initially was built for the treatment of Leprosy patients in the greater Denpasar precinct. Once the disease faded from prominence the function of the site changed to a community health centre. Government seeks to use the property for developing ophthalmological services building on the success of the earlier cataract program. The intention is to augment the scope of treatment with otorhinolaryngology and dermatology services. It is understood that a full range of ophthalmological, otorhinolaryngology and dermatology services are already provided through the provincial referral hospital in Denpasar.

The tragic event of the October 12th, 2002 Bali Bombing has caused an extreme destructive effect on the lives of Bali society. Various kinds of efforts have been done in order to reconstruct the situation, emphasizing on the aspects of economic and health. Many help came from foreign and local government to help strengthen the healthcare services in Bali, including building the Eye Center on INDERA Hospital. The Rotary Club of Australia previously donated a mobile eye surgery clinic used principally for the treatment of cataract related blindness. The service has proved to be successful and a desire to increase the scope of eye treatments has emerged. An architectural plan has been drafted to maximize the use of a very small site (circa 675 sq meters) increase the facility to three levels and including 18 inpatient beds. Initial enquiries have indicated that the facility is being developed under a political imperative and that the ongoing financial viability of the service has not been confirmed. With exceeding services in Community Ophthalmology, Community Otorhinolaryngology and Community Dermatology. INDERA Hospital right now (2005) is at the self-development phase to improve the services by improving the internal problems of the hospital along with adding the medic/non-medical facilities, physical facilities of two Operating Theater, 20 beds, Nursery rooms, Community Dermatology Clinics, Meeting Room and Oxygen Storage Center and human resource capabilities.

ISSUES

The unknown total funding needs for INDERA Hospital in order to improve the performance of health services. In order to show the need for fund which can be justified both strategically and economically, hence a thorough and deep study in the form of a Business Plan from INDERA Hospital is needed. In theory, the process of forming this Business Plan was done in two big stages of activity which were interlinked to one another. i.e. Feasibility Study from INDERA Hospital which is a study to see if indeed that hospital is feasible to be developed or not. If the hospital was found to be feasible for development, then the next stage would be to outline a Business Plan Document which would elaborate more on the development of product of that hospital which is feasible to be prioritized, along with detail of equipment and human resources requirement which would be converted into their economy values.

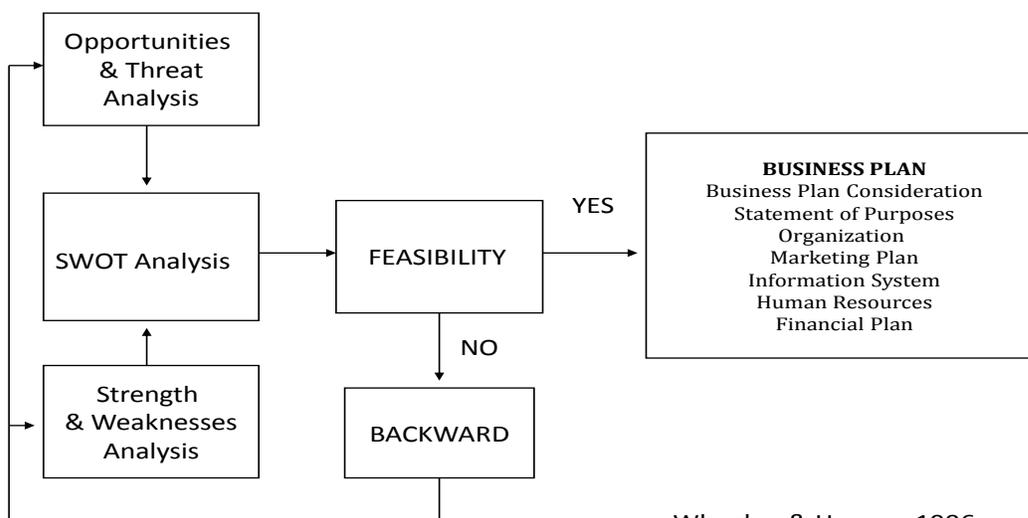
RESEARCH OBJECTIVES

INDERA Hospital needs a business plan especially to improve the hospital's internal variable on cases like equipment, physical facility and human resource. The improvement is going to be done in the hospital services and the mobile services on the community, by emphasizing to the poor. The business plan is needed promptly in order to achieve the target of a more proper state of hospital situation desired by the end of December 2006. By formulating the business plan, INDERA Hospital would be able to operate better, more profitable and efficient, and able to focus on its exceeding services so it would benefit the user of INDERA Hospital services.

THEORITICAL FRAMEWORK

The process of forming this Business Plan was done in two big stages of activity which were interlinked to one another (2). i.e. Feasibility Study from INDERA Hospital which is a study to see if indeed that hospital is feasible to be developed or not. If the hospital was found to be feasible for development then the next stage would be to outline a Business Plan Document which would elaborate more on the development of product of that hospital which is feasible to be prioritized, along with detail of space, equipment, and human resources requirement which would be converted into their economy values.

Figure.1 A Road map to Business Plan



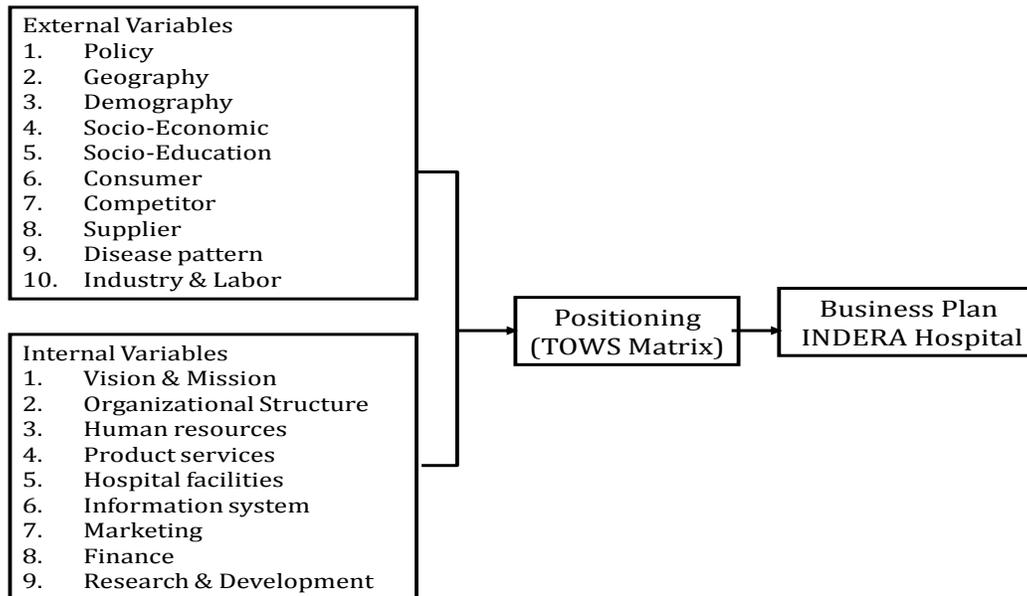
Wheelen & Hunger, 1996

A Business Plan is a strategic planning document that has been described on the business plan / business activity's systematical sequence that will describe some issues as follow: 1) Business Plan Consideration that would be proposed, 2) Statement of Purposes from the owner, 3) The Organizational Planning, 4) Marketing Plan in order to achieve the marketing target, 5) Human Resource Plan, 6) Management of Information System, 7) Financing Plan and documents, and 8) Other supporting documents needed.(3) (4) (5)

CONCEPTUAL FRAMEWORK

SWOT Analysis can be applied to a unit / organization who would like to know whether it is feasible to develop or not. By analyzing the opportunities and threats as well as its strengths and weaknesses, the position of the units / organizations will be able to look at on the TOWS Matrix quadrants, where each quadrant will have strategic options that can be used in future development (6) (7) (8). If the unit / organization is already feasible to develop, then the Business Plan will be documented in detail, so it can be used as a tool for the road show to the donor.

Figure.2 Development Feasibility Study & Business Plan



METHODOLOGY

As an Operational Research (9), Feasibility Study will refer to the Strategic Planning theory – scanning-monitoring-forecasting-assessing & positioning, by using primary and secondary data both from internal and external hospital variables which are gathered from the public and also other related institutes. Quantitative data will be forecasted for the next 5 years ahead. For the qualitative data, an analysis by using trend analysis will be done. Furthermore in accordance with TOWS Matrix, the positioning of the hospital will be observed in order to formulate a strategic planning along with its Product Development for the future. Eventually, this detailed Business Plan document from INDERA Hospital will elaborate on the economic aspect of the above mentioned strategic planning by taking into consideration the value of investment, operational, and maintenance. Based on that estimation on Cash-Flow - for both the existing and future development, Break Even Point period, Internal Rate of Return, and Net Present Value can be outlined.

RESULT AND DISCUSSION

Feasibility Study of INDERA Hospital

From the external aspect of INDERA Hospital (10), it is shown that the variables a)Policy, b)Demography, c)Geography, d)Socio-Economy, e)Socio-Education, f)Costumer, g)Supplier, h)Disease Pattern, and i)Industry and Labor are Opportunities, while the Threat for INDERA Hospital only came from one variable which is Competitors. From the internal aspects, it is shown that the variables a) Vision and Mission, b) Human Resource, c) Service Product, d) Facilities, e) Information System and f) Financial aspect are Weaknesses, while the Strengths came from g) Organizational Structure, h) Marketing and i) Research and Development. Referring to the External and Internal analysis, where the Opportunities are greater than the Threat and the Weaknesses are greater than the Strengths, the early positioning of INDERA Hospital is at the Internal Fix-It Quadrant (TOWS Matrix) (6) (7) (8). By noting many improvement from the internal variable, at the end the positioning would be at the Future Quadrant with the best option for Product Development.

The Product Development Plan

Related to the Feasibility Study that has been done, Product Development is a strategic option that could be used by INDERA Hospital as an effort to survive in the future (11). In Consensus Decision Making Group (CDMG)(12), Product Development here can be described as a breakthrough in making a new product that has never been made before, or could be a more interesting repackaging from an existing healthcare service product of INDERA Hospital. Theoretically, the Product Development has to be able to be separated from the Market Penetration that technically would be different in description. The Product Development will cover the healthcare services from the inside and the outside of the hospital. The outside/mobile service is specifically dedicated for the poor. The Local Regulation no.4 line 12 Year 2003 of the Province of Bali mentioned about Healthcare Service Retribution, that the poor is dispensed from the obligation to pay for any Healthcare Services cost, on the condition that they own and able to show the Health Card or Poor Card, legitimated by the local government officer. Its meaning that the poor could have the healthcare services for free, but the transportation cost to the hospital is considered to be expensive, and therefore the healthcare service utilization by the poor is very low. Besides, the poor on the Province of Bali is spreading on all 9 (nine) districts, and caused the transportation cost to be quite high. Responding to the condition, INDERA Hospital developed the Hospital Without Walls (HWW) concept that emphasizing to the poor. This concept is a way of Self Approaching by giving mobile services of Screening, Hunting, INDERA Mobile Clinics, Physiotherapy, Leprosy Treatment, Social Work and Mobile Cataract Surgery. This program includes : (1) Screening, a preventive action by conducting healthcare screening activities on eye, ear, nose, throat and skin on elementary children, foster homes, elder people and others. (2) Hunting, or what sometimes called the Active Case Finding is an effort to help the Primary Healthcare to find patients with primary health problems (eye, ear, nose, throat and skin) includes blindness, deafness and skin disorder on every town and district in the Province of Bali. (3) INDERA Mobile Clinics is a medical consultation and rehabilitation activity and also mobile surgical activity for the community who has primary health disorder. (4) Mobile Physiotherapy, is a mobile curative and rehabilitative activity as a mean of reducing the number of primary and secondary disability on people who either had or have been diagnosed with leprosy. (5) Leprosy Treatment, is a routine visit for healthcare check-up/screening and for providing the food needed by the leper at their nursing home. (6) Social Works here is the consultation, curative and rehabilitative activity along with the mobile surgery held by the hospital referring to their commitment on maintaining the community's Primary Healthcare on such events as The National Health Day, Local Government Anniversary, and by request from the community/instances.(7) Mobile Cataract Surgery on North of Bali, The mobile cataract surgery is usually held on the local Primary Healthcare or Community Center in cooperation with the Primary Healthcare. Aside from the mobile services, the Product Development also covers the service inside the hospital, where it will be emphasizing on the better economic patients (13). Both services is greatly needed by INDERA Hospital Bali, because as mentioned above that the poor is compensated with free services, INDERA Hospital would need an income that comes from the better economic patients to guarantee them financially and for the cross subsidy to be possible to execute.

INDERA Eye Clinic

For the healthcare service product for Eyes/Sight from INDERA Hospital, through CDMG that has been done together with the stakeholders, comes an agreement that the Product Development exceeded for the INDERA Eye Clinic is Lasik & Cataract Mobile Operation (12) (13). Specifically for the Cataract Mobile Operation, it is greatly needed to support the mobile services for the poor in the Mobile Cataract Surgery activity, the INDERA Mobile Clinic and the Social Work.

INDERA Ear, Nose and Throat Clinic

For the healthcare service product for Ear, Nose and Throat from INDERA Hospital, through CDMG that has been done together with the stakeholders, comes an agreement that the Product Development exceeded for the INDERA Ear, Nose and Throat Clinic is Hearing Aid and Audiometric. Specifically for the utilization of the Hearing Aid for the poor, it is expected to do the cost-sharing between Local Government with INDERA Hospital, NGO and other donating parties.

INDERA Skin and Reproduction Clinic

For the healthcare service product for Skin and Reproduction from INDERA Hospital, through CDMG that has been done together with the stakeholders, comes an agreement that the Product Development exceeded for the INDERA Skin and Reproduction Clinic is Beauty Clinic & Leprosy Screening for the poor, so the following study will describe the projection of the project development on its economic value, especially the ones related with the cash-out and cash-in plan (12).

INDERA Hospital ranked in the position that's competent for development; in this case it is competent to upgrade the physical features of the hospital building, its medical appliance and followed by adding the human resource. The hospital vision becomes a One Stop Shopping - type of hospital service for the need of senses. Continuing to the Feasibility Study above, the next step to take is the making of Business Plan documents.

Anatomy of Business Plan of INDERA Hospital

The conceptual framework includes some boundaries such as 1) INDERA Hospital's commitment to give the community a thoroughly comprehensive, qualified, equal, effective and efficient healthcare services, 2) The stipulation of exceeding products of INDERA Hospital on the area of Ophthalmology, Otorhinolaryngology and Community Dermatology, 3) a "One Stop Shopping" type of hospital service for the need of senses, 4) Marketing aspects of INDERA Hospital that already has various brochures to promote the services provided, along with complete information of the healthcare services offered. The promotional plan includes price, types of products, hospital services and choices of multimedia to use, 6) environmentally compatible product development plan, 7) The HWW concept, 8) Comprehension of other competitors like Sanglah, Wangaya, Tabanan, Sanjiwani and Gianyar Public Hospital, 9) Stipulating the marketing target, and 10) Supports from the doctors who has experience in their fields. From the CDMG, one thing that has to be said in this Business Plan in order to be taken seriously along with the stakeholder is the reason why the community doesn't buy the product from INDERA Hospital. That is because they don't know that there are many hospital services offered by INDERA Hospital, due to lack of promotional and socializing activities from the hospital's side. Other than that, many of the community have the image of INDERA Hospital as a medical facilities addressed to the poor social economy class.

INDERA Hospital needs a Business Plan to be able to expand the existing services into more profitable ones in the future in order to perform cross subsidy to the poor who also uses the service facility and to focus on the exceeding services that would leads to maximum benefit for the user of INDERA Hospital services. In their strive to improve the healthcare services especially for the poor and the vulnerable group therefore the Business Plan is a condition that cannot be bargained to ensure the donor agencies or investors to invest their fund on the development of INDERA Hospital.

Business Plan Consideration

An architectural plan has been drafted to maximize the use of a very small site (circa 675 sq meters) increase the facility to three levels and including 18 inpatient beds. Initial enquiries have indicated that the facility is being developed under a political imperative and that the ongoing financial viability of the service has not been confirmed. From the Development Feasibility Study that has been done before, INDERA Hospital ranked in the position that's competent for development; in this case it is competent to

upgrade the physical features of the hospital building, its medical appliance and followed by adding the human resource (14).

The fund for the hospital's development is needed so that by December 2006 INDERA Hospital could start repairing the physical facility and adding more facilities/equipment (medic and non-medic). The product modernization and improvement of physical facility when compared with the income before tax on the business plan's cash flow and existing, is expected to increase the income for 176%, and between total cost and balance on the business plan's cash flow it is expected to suppress the cost for 27% and increase the balance on 2009 for 1.056.129.412IDR. With the business plan, the BEP, NPV and IRR are knowable.

Statement of Purposes

INDERA Hospital needs a business plan especially to repair the hospital's internal variable on cases like equipment, physical facility and human resource. The improvement is going to be done in the hospital services and the mobile services on the community, by emphasizing to the poor. The business plan is needed promptly in order to achieve the target of a more proper state of hospital situation desired by the end of December 2006. By formulating the business plan, INDERA Hospital would be able to operate better, more profitable and efficient, and able to focus on its exceeding services so it would benefit the user of INDERA Hospital services.

The Organizational Plan

The services offered by INDERA Hospital will be developed by adding the Medical Committee, Mobile Service Unit and a separated financial department, and it is expected to be able to support the hospital's operational activity in order to create effectiveness and cross subsidy. Remembering that INDERA Hospital is a governmental hospital then legally the hospital is under the supervision of the Local Government Office (15). The possible problem that may occur is that the demand for human resource, facility and financial needs will be depending on the Local Government Office. Therefore the hospital should have the ability to persuade the Local Government Office and have the bargaining power in order to fulfill their needs. In the future, the healthcare services for the poor will be prioritized on the mobile services, except for emergency cases and those cases in need of equipments with higher/more advance technology which will be treated inside the hospital. The depository of the Medical Records has to be supported with a proper Hospital Information System so the convenience of accessing the Medical Records can be guaranteed (16). Other than that, the human resource working on the Medical Record has to be trained to make depository of Medical Records more effective and efficient. That way, anytime someone needs the records it would be easily located and this would also make services more convenient. The achieving target market is focused to institution that has great needs on healthcare services, especially Eyes, Ear-Nose and Throat, and Skin and Reproduction.

The hospital's security has to guarantee the convenience and sense of safety of the patients and their families while they were inside the hospital's environment. As an example is the parking management, inside and outside of the hospital area. At the present time, the security system done internally by the hospital is considered good enough, although when the hospital is developing in the future there are possibilities of having cooperation/partnership with a third party that specialize in security services.

The Marketing Plan

According to those two services above, then there will be two markets of services that become a target for INDERA Hospital, and they are the poor for mobile services and the middle-up community for the services inside the hospital. The INDERA Hospital targeted market for services inside the hospital is adult women. The potential market has to be watched carefully by INDERA Hospital on its development, so the services offered and the design of its physical facilities has to accommodate the market's interests and needs. Seen by the social economic view, the middle and upper social economic class has to be considered by INDERA Hospital on its development plan by creating an especially convenient service for

this market. By the increasing demand from the middle and upper social economic class, it is expected to gain cross-subsidy with the poor social economic class. Besides, other possible market from the company and industry around the hospital is also has to be noticed. The Hospital needs to be more pro-active in creating cooperative partnership with the company, industry and corporate around the area, especially ones who has bigger potency of senses problems (17). Cooperation with the insurance company is also need to be develop in order to increase the market targeted, along with expanding cooperation with other companies, industries and corporate. The achieving target market is focused to institution that has great needs on healthcare services, especially Eyes, Ear-Nose and Throat, and Skin and Reproduction. For the outside/mobile hospital services, the target market is the poor, and in order to reach them it would need a strong cooperation with the local Primary Healthcare, where the Primary Healthcare would gather their patient from the poor community to be treated using the mobile hospital service. By combining the inside and the outside/mobile service, it is expected that the utilization would increase and the hospital would be better known in the community. In increasing the HWW activities, INDERA Hospital could perform cooperation with other parties such as the Rotary Club and other NGO.

Public hospitals with similar specialties as INDERA Hospital are : Tabanan, Sanglah, Wangaya, Sanjiwani and Gianyar. Therefore those hospitals can be considered as competitors for INDERA Hospital. By this kind of comprehension, it is expected to motivate INDERA Hospital to strive and give better services from its competitors. The Marketing Department has to gain information regarding the competitor's visit data, and also its services along with their types of medical services in order to compete against them. INDERA Hospital has a service pattern that is passively waits for the patient to visit. Other than that it also has the HWW concept that actively giving services to the community and develop the strategy of picking up the patients by mobile service. By combining the passive and active services it is expected to increase the visit number of the hospital and gain its popularity among the society. All these times INDERA Hospital has been proactive on doing activities outside the hospital and promotes its existence by doing social work, placing banners and handing out brochures. To reach the goals targeted, it would be good of the hospital gain cooperation with clinics, doctors practicing around the hospital nationally or internationally by doing Mass Promotion by Television, Radio or any other form of media. To be able to compete with its competitors it is best if INDERA Hospital make an introduction price (below the standard market price), especially for the newly developed services. The convenience of payment (by insurance or credit card) is also needs to be developed in order to expand the targeted market expected. The product design offered by INDERA Hospital has to be able to accommodate the market's needs by developing variation of services, using high end technology and skilled doctors/paramedics. This will support the hospital's vision and mission in the future, to be the center of healthcare services and reference with international knowledge of its specialties for Balinese community and beyond. The strategic location of INDERA Hospital with easy accessibility has to be considered as extra value to the hospital's existence. This has to be supported with a convenient waiting room, medical service area and treatment rooms.

The Management Information Plan

The existence of a good information system supported with high technology would helps the delivery of quality services(18). Therefore the hospital should start developing some of this things: 1) Computer Based Information System, 2). Paperless or Less Paper Hospital, 3) Local Area Network, 4) Internet, and 5) Intranet. The development of this Information System has to be supported with a qualified human resources who's able to accommodate the needs and able to apply the developing system. An accurate availability of data base, valid, reliable and up to date is also a must in developing a computerized hospital Information System. The depository of the Medical Records has to be supported with a proper Hospital Information System so the convenience of accessing the Medical Records can be guaranteed. Other than that, the human resource working on the Medical Record has to be trained to make depository of Medical Records more effective and efficient. That way, anytime someone needs the records it would be easily located and this would also make services more convenient.

The Human Resources Plan

The needs of additional number of human resources like Specialized Doctors, Paramedics, Non-Medic Staff and Administrative Staff to support the hospital's computerized Information System is urgent, considering INDERA Hospital is in the developing phase and internal improvement (11) (15). Since INDERA Hospital is a government hospital, the management staff has to be able to persuade the related parties in order to fulfill the hospital's needs. In conjunction with the improvement of quality on human resource, a training program is needed. As an example, training for Customer Satisfaction would be very important on developing hospital who wants to expand their target market. Leadership training is also needed to gain motivation and qualities needed to be renewal agents for the hospital's development. Other than that, INDERA Hospital is going to be the training center for Eye-Specialist Doctors from other hospitals in Indonesia, so it is necessary to prepare qualified human resources as Event Organizer of those trainings, includes providing trainings for the trainers of the Eye-Specialist Doctors training event. Others the Employee Security/Prosperity Program has to be developed to gain a sense of belonging. Those programs are expected to be noticed by giving subsidy they needed at the right time. This is expected to gain working motivation from the employee, even though the ownership program for the hospital would be hard to execute considering INDERA Hospital is a government hospital. The example that might be able to be developed is the employee's ownership in the form of hospital saving and loan unit to open a mini market, cake shop, florist and other non-medical services products. It is also important is the effort from the INDERA Hospital Management to increase the awareness from the doctors, nurses and other employee, that the increasement of the number of community utilization would add the hospital's credit point in its effort to gain the interest from the donors so they would help funding the operational cost of INDERA Hospital. It is expected from there that the quality of healthcare services for the poor would be well maintained.

The Financial Plan

From the data processing obtained, the cash-out in the form of investment needed to develop INDERA Hospital Bali is around 13,840,336,586 IDR, where the fund would be used only to cover the cost in 2007 and 2008. The fund needed for 2007 is 6,594,740,786 IDR where the allocation for investment in medical and non-medical equipment is 1,793,000,000 IDR, operational cost is 4,364,610,786 IDR and maintenance cost is 437,130,000 IDR. For 2008, the fund needed is 7,245,595,800 IDR where the allocation for investment in medical and non-medical equipment is 1,972,300,014 IDR, operational cost is 4,792,452,786 IDR and maintenance cost is 480,843,000 IDR. For Cash-in on 2007 the income predicted is 1,545,703,840 IDR, where the biggest contribution comes from Eye Clinic which is 960,640,000 IDR followed by Drugs/pharmacy for 341,140,000 IDR, then Skin and Reproduction Clinic for 70,000,000 IDR, Ear-Nose and Throat Clinic for 46,920,000 IDR and Others for 127,043,840 IDR. Eye Clinic is predicted and expected as the exceeding service of INDERA Hospital Bali with contribution around 62% of the total income expected. As for Cash-in on 2008 the income predicted is 1,648,378,224 IDR, where the biggest contribution comes from Eye Clinic which is 1,004,470,000 IDR followed by Drugs/pharmacy for 375,254,000 IDR, then Skin and Reproduction Clinic for 77,190,000 IDR, Ear-Nose and Throat Clinic for 51,760,000 IDR and Others 139,704,224 IDR. From the prediction above, the pricing pattern used on 2007 and 2008 are relatively based on former pricing. On 2009 it is planned for changes on market earnings/quantity of service, followed by price adjustment in the hope of achieving the cost recovery rate. The adjustment is done due to create cross-subsidy between middle-up economic incomes to the poor. This is important so that INDERA Hospital would still be accessible to the poor community. On the Cash-in structure on 2009, by adjusting the pricing it is expected to gain the income to 11,549,360,736 IDR, where the biggest contribution still comes from Eye Clinic for 8,960,000,000 IDR per year or around 77% more than the total income plan, followed by Drugs/pharmacy which contributes 13% of the total income plan. From the Cash flow structure, it is assumed that the early investment needed is around 13,840,336,586 IDR for investment, operational and maintenance for 2 years (the first and second year), and starting from the third to the tenth year it is assumed that there would be no more investment added, only operational and maintenance cost. It is assumed that the first and second year income is referring to the same utilization and pricing as the previous year and as a result the balance on the first year is 8,636,729,256 IDR and the second year minus 5,762,055,938 IDR (loss). On the third year, the income is

increasing to 10,394,424,662IDR due to assuming that there would be an increasing quantity of service and pricing adjustment. Specific on this Financial Plan, comparable simulation is conducted between the simulations where the cash flow only refers to the service pattern for the poor with the old pricing, with the other simulation with pricing adjustments on the cash flow. The simulation is based on cross subsidy thinking that based on public-private mix (13) (18). Related with the simulations above, the incoming plan on 2009 is expected to experience changes where there would be market increase/service utilization followed with the pricing adjustment that would help reach the cost recovery rate. The pricing adjustment is done in order to create cross subsidy between the middle-up communities to the poor. This is important to maintain the access to INDERA Hospital from the poor and the vulnerable with primary health problems. On the fourth year and further, it is assumed that there would be an increase in income for 10% from the previous year, meanwhile the cost increased for 5% with efficiency consideration. Finally on the fifth year the balance of the cash flow is able to close the early investment for 19,824,951,230 IDR (Cumulative balance on the fifth year). The BEP would be achieved on the tenth year. On the pattern above, it can be seen that when using the old pricing, the IRR and NPV would not produce any benefit. On the other side, by making pricing and service adjustments, the IRR (Modified) obtained is 48% on the interest rate of 17% and NPV of 33,969,361,804 IDR (positive), meaning that financially the investment is feasible because it fulfill the financial investment method (IRR above 17% and the NPV is positive).

CONCLUSION AND RECOMMENDATION

The Product Development proposed covers the services inside and outside the hospital, with the mobile services being emphasized for the poor. The balance between both services is highly important in creating the cross subsidy and the financial sustainability. The mobile services would bring various benefits such as (1) The patients would not be burdened by transportation cost to get to INDERA Hospital (2) The outreach of the healthcare services would be maximum because it does not serve only the poor on Denpasar City but also those all over the Province of Bali (3) The preventive action and the early detection/screening process would perform better and the cases would be easier to handle (4) It is expected to increase the degree of community healthcare. From the economic aspect, it is shown that the Cash-out plan with Product Development from Eye, Ear-Nose and Throat, and Skin and Reproduction Clinics that involve investment cost, operational and maintenance cost is 6,594,740,786 IDR on the first year and 7,245,595,800 IDR on the second year. The Cash-in plan on 2007 and 2008 would use the former utilization and pricing resulting with 1,545,703,840 IDR and 1,648,378,224 IDR, meanwhile the estimation for 2009 are using utilization and pricing adjustment and resulting in income before tax from the clinics for 11,549,360,736 IDR. The simulation on the cash flow has been done using 2 (two) kinds of approach. First, the cash-in calculation for the year 2007 and beyond would still use the existing pricing, In this case its done in order to support the service program for the poor so that the Break Even Point (BEP) would not been reached. The second approach is that when adjustments on the pricing and services has been made, the Cash flow estimation from the INDERA Hospital Business Plan would shown an initial Break Even Point value on the fifth year with positive cumulative balance for 19,824,951,230 IDR, continued with BEP total of 68,871,111,646 IDR on the tenth year. Referring to the result of the financial analysis above, then from the total fund needed by INDERA Hospital of 13,840,336,586 IDR, the amount of fund proposed to the DHS-1 is only IDR 2,000,000,000 with contribution from The Bank of 1,300,000,000 IDR (9, 39%) and expecting the rest of it (700,000,000 IDR) to be contributed from the Indonesian Government as counterpart budget.

The final conclusion that can be obtain here is that if the adjustment on the pricing and services has not been done, the cash flow of INDERA Hospital would continue to show minus point (deficit) according to its services that only leads to the poor. The help from various sides/parties such as The Bank is greatly expected in order to help the hospital's operational cost.

The Recommendation that can be obtained here would cover two major aspects that lead to the Policy and Technical aspects. The Policy aspect: Referring to the simulation result on the Financial Plan of INDERA Hospital that shows minus point (deficit), a Road Show to various potential donor agencies, local and international, and the possibility to go public by selling stock to the third party is greatly needed. For the services inside the hospital that is meant for the poor, the medical cost is expected to be covered by

the Health Insurance for the poor. The Technical aspect: The need for the total additional fund is 13.840.336.586 IDR. In detail, physical facilities is asked from the government, the needs for medical equipment is asked from the Bank and/or Australian Rotary, and the rest is expected to be contributed from other parties. Specifically for the pricing, it is in need of a calculation on either the cost of treatment per Diagnostic Related Groups and on its Casemix, so it would be possible to estimate the operational cost and revenue of the INDERA Hospital-Bali.

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