

LEGAL CONSEQUENCES OF BREACH OF CONTRACT IN THE PAYMENT OF HOSPITAL FEES BY PATIENTS

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Abstract: *The legal relation between a patient and a hospital fundamentally arises from a healthcare service agreement that creates rights and obligations for the parties involved. One of the patient's obligations under such an agreement is to make payment for the medical services that they received. In practice, breaches of contract frequently occur in the form of delayed or non-payment of hospital fees by patients. This study aims to analyze the legal consequences of default in the payment of hospital expenses by patients from the perspective of Indonesian civil law. The research employs a normative legal method, using both a statutory approach and a conceptual approach. The findings indicate that default in the payment of hospital fees gives rise to legal consequences in the form of an obligation to compensate for damages, fulfillment of the outstanding performance, and the possibility of a civil lawsuit filed by the hospital, provided that such measures do not contravene humanitarian principles and the prevailing laws and regulations in the healthcare sector.*

Keywords: *Breach of Contract, Hospital, Patient, Legal Consequences*

Introduction

Healthcare services constitute a fundamental human right and are guaranteed by the state. Hospitals, as institutions providing healthcare services, play a vital role in delivering medical treatment to the public. The relationship between hospitals and patients is essentially a civil legal relationship arising from an agreement, whether written or unwritten, which establishes clear legal positions regarding the rights and obligations of patients, medical personnel, and hospitals.

In principle, the legal relationship between hospitals and patients gives rise to reciprocal rights and obligations for both parties. This relationship is generally embodied in a therapeutic agreement, either in written or unwritten form, under which the hospital is obligated to provide healthcare services in accordance with applicable professional standards, while the patient is required to fulfill the obligation to pay for the medical services received.

Under such an agreement, hospitals are responsible for providing appropriate, adequate, and professional healthcare services, whereas patients are obliged to fulfill their financial obligations for the services rendered. However, in practice, patients frequently fail to comply with their obligation to pay hospital fees, whether due to economic limitations, negligence, or other factors. This situation gives rise to legal issues concerning breach of contract and the legal consequences arising therefrom.

A. Research Question

Based on the background of the study, the research questions addressed in this paper are as follows:

1. What is the legal relationship between patients and hospitals in the provision of healthcare services?
2. What forms of breach of contract occur in the payment of hospital fees by patients?
3. What are the legal consequences of breach of contract in the payment of hospital fees by patients under Indonesian civil law?

B. Research Method

This study employs a normative legal research method, using a statutory approach and a conceptual approach. The legal materials utilized in this research consist of primary, secondary, and tertiary legal sources.

C. Discussion

1. Definition of Patients, Hospitals, and Breach of Contract

According to Law Number 44 of 2009 on Hospitals, Article 1 paragraph (4), a patient is any person who consults regarding their health problems in order to obtain the necessary healthcare services, either directly or indirectly, at a hospital. Furthermore, under Law Number 36 of 2009 on Health, Article 36, a patient is defined as any person who receives healthcare services from healthcare professionals and/or healthcare facilities.

The essential elements of a patient include:

- A legal subject (an individual person);
- A person who requires healthcare services; and
- A person who receives services from healthcare professionals or healthcare facilities.

Meanwhile, the definition of a hospital is provided in Law Number 44 of 2009 on Hospitals, Article 1 paragraph (1), which states that a hospital is a healthcare institution that provides comprehensive individual health services, including inpatient, outpatient, and emergency care.

The main functions of hospitals include:

- The provision of medical treatment and health recovery services;
- The maintenance and improvement of individual health; and
- The education and training of healthcare human resources.

Hospitals are legal entities that may be held accountable under civil, criminal, and administrative law if violations occur in the provision of healthcare services.

Breach of contract (*wanprestasi*) refers to the failure to fulfill obligations as agreed upon in a legal obligation. According to the Indonesian Civil Code, particularly Articles 1239 and 1243, a breach of contract occurs when a debtor fails to perform an obligation, performs it late, or performs it improperly, thereby causing losses to the creditor.

The forms of breach of contract include:

- Failure to perform the agreed obligations;
- Performance that does not conform to the terms of the agreement;
- Delayed performance; and
- Performing acts that are prohibited under the agreement.

In the context of the relationship between hospitals and patients, a breach of contract may occur when:

- The hospital fails to provide healthcare services in accordance with agreed professional standards;
- The hospital does not fulfill patients' rights as regulated by law; and
- There is negligence in providing agreed medical treatment.

The relationship between patients and hospitals constitutes a civil legal relationship arising from a therapeutic agreement (medical service agreement). If either party fails to fulfill its obligations, this may give rise to a breach of contract claim based on the agreement, as well as a claim for an unlawful act under Article 1365 of the Indonesian Civil Code.

2. Legal Relationship Between Patients and Hospitals

The legal relationship between patients and hospitals is essentially a civil legal relationship arising from a healthcare service agreement, commonly referred to as a therapeutic agreement. This relationship gives rise to reciprocal rights and obligations for both parties. Juridically, the relationship between patients, hospitals, and medical personnel is based on such a therapeutic agreement. Accordingly, it is not merely professional and ethical in nature but also contractual.

A therapeutic agreement may be defined as an agreement between healthcare providers or hospitals and patients to undertake certain medical efforts. This agreement establishes a clear legal position concerning the rights and obligations of patients, medical personnel, and hospitals.

Such an agreement generally includes the following obligations:

- a. The obligation of the hospital to provide medical services;
- b. The obligation of the patient to pay medical and treatment fees.

This agreement is subject to the provisions of Article 1320 of the Indonesian Civil Code concerning the validity requirements of contracts. Furthermore, such an agreement is categorized as an **effort-based obligation** (*inspanning verbintenis*), namely an obligation that requires the parties to exert their best efforts in accordance with professional standards, rather than guaranteeing a specific result.

An *inspanning verbintenis* refers to an obligation that requires the parties to make their best efforts in accordance with professional standards, without guaranteeing a specific result.

This agreement involves the following parties:

- a. The patient, as the legal subject receiving healthcare services;
- b. The hospital and/or medical personnel, as the providers of healthcare services; and
- c. Mutual consent based on informed consent prior to the performance of medical procedures.

Law Number 44 of 2009 on Hospitals regulates, among others:

- Article 29: The obligations of hospitals;
- Articles 31–32: The rights and obligations of patients.

This law governs the general rights and obligations of patients as well as the responsibilities of hospitals.

Furthermore, Law Number 36 of 2009 on Health stipulates that healthcare services constitute a fundamental right of patients. This law regulates the rights and obligations of patients and the obligations of hospitals to provide safe, high-quality, and non-discriminatory healthcare services. It also affirms the right of every person to obtain healthcare services that are safe, of good quality, and affordable.

Accordingly, even in the absence of a written agreement, a legal relationship between patients and hospitals continues to exist by virtue of statutory provisions. This law was later amended by Law Number 17 of 2023 on Health, which updated several provisions of health law, including those governing hospital–patient relationships in the context of healthcare services.

In addition, the Minister of Health Regulation Number 4 of 2018 concerning the Obligations of Hospitals and Patients remains the principal implementing regulation currently in force.

The National Health Insurance system (BPJS/KRIS) further establishes the mechanism for payments to healthcare facilities by the Social Security Agency for Health and by patients.

The therapeutic agreement is legally binding, as stipulated in Article 1338 of the Indonesian Civil Code, which provides that every lawfully concluded agreement shall have the force of law for the parties⁵.

a. Contractual Relationship (Agreement)

When a patient visits a hospital and consents to medical treatment, a legal agreement is formed between the patient and the hospital. This agreement is characterized as an *inspanning verbintenis* (effort-based obligation), rather than a result-based obligation. This means that medical personnel and hospitals are required to provide their best efforts in accordance with professional standards, without guaranteeing recovery. If the hospital fails to fulfill its contractual obligations, it may be subject to a breach of contract claim.

b. Statutory-Based Relationship

In addition to contractual arrangements, legal relationships also arise from statutory provisions that regulate patients’ rights.

Accordingly, the obligation to pay hospital fees constitutes part of the performance that must be fulfilled by the patient. Patients are also obliged to provide accurate and honest information regarding their health conditions and to pay for healthcare services. Conversely, hospitals are obligated to provide medical services in accordance with professional standards and standard operating procedures, and to respect patients’ rights.

Under Law Number 44 of 2009, Article 32, patients’ rights include, among others:

- The right to receive information concerning diagnosis and medical treatment;
- The right to receive humane, fair, and honest services; and
- The right to obtain safety and security during medical treatment.

Meanwhile, pursuant to Law Number 44 of 2009, Article 29, the obligations of hospitals include, among others:

- Providing safe and high-quality healthcare services; and
- Providing adequate facilities and infrastructure.
- Performing social functions.

If a hospital fails to fulfill these obligations, legal liability may arise.

3. Breach Of Contract In The Payment Of Hospital Fees

Patients or responsible family members remain obligated to settle all outstanding healthcare service fees based on agreements or declarations made prior to treatment. This obligation is supported by the doctrine of contract law, which affirms that a valid agreement remains binding upon the parties. Accordingly, the obligation to pay does not cease merely because a dispute has arisen.

Breach of contract refers to a situation in which a debtor fails to perform obligations as agreed. Subekti and R. Tjitro Sudibyo define breach of contract as a form of negligence, default, or failure to fulfill contractual obligations. Similarly, Sutan Remy Syahdeini explains that breach of contract constitutes non-compliance with contractual obligations that results in losses to another party, whether in the form of failure to perform or improper performance.

Forms of breach of contract in the payment of hospital fees include:

- a. Failure to make any payment;
- b. Delayed payment; and
- c. Payment in an amount that does not correspond to the agreed sum.

Pursuant to Article 1238 of the Indonesian Civil Code, a debtor is deemed to be in default after having been formally notified through a written warning, or when default occurs automatically upon the expiration of a specified time period as stipulated in the agreement.

Such breaches may be caused by economic difficulties, negligence, or intentional misconduct. The legal consequences of breach of contract may include the issuance of written warnings or billing notices by the hospital to the patient or responsible party, requiring immediate settlement of outstanding obligations.

Furthermore, under Article 26 of the Minister of Health Regulation, patients are obliged to: Patients are obliged to provide honest and complete information regarding their health conditions and health insurance status, including:

- a. Providing information concerning their financial capacity and available health coverage (such as BPJS or private insurance);
- b. Complying with hospital regulations and the instructions of healthcare personnel;
- c. Consciously accepting or rejecting proposed treatment plans after receiving adequate explanations; and
- d. Providing remuneration for the healthcare services received, which implicitly includes the obligation to pay service fees in accordance with applicable agreements and regulations.

Accordingly, patients are generally required to pay healthcare service fees in proportion to the treatment received, either directly or through the National Health Insurance (JKN/BPJS) or other forms of health coverage, in accordance with existing agreements and insurance capacity.

Payment Obligations and the Health Insurance System

- a. Patients who are participants in BPJS Health generally are not required to pay additional hospital fees, provided that the services rendered are consistent with medical indications and their entitled class of care.
- b. If a patient voluntarily upgrades their inpatient class, the difference in cost must be borne by the patient.
- c. The INA-CBGs system is used by BPJS to determine package-based payments to healthcare facilities. Hospitals are prohibited from charging additional fees beyond these packages to JKN participants without legitimate reasons, such as voluntary class upgrades.

In emergency situations, specific regulations apply, including:

- a. Hospitals are prohibited from refusing patients or requesting advance payments in emergency circumstances pursuant to the Health Law and its implementing regulations (Law No. 36 of 2009 and Law No. 44 of 2009);
- b. Consequently, financial considerations may not be used as a prerequisite for providing emergency medical services.

In General :

- a. Hospitals are entitled to collect service fees through billing mechanisms in accordance with contractual agreements and civil law principles governing hospital–patient relationships.
- b. Hospitals may also pursue legal remedies, including filing breach of contract claims, if patients fail to pay agreed service fees.

Nevertheless, the practice of detaining patients or withholding emergency services solely due to unpaid fees is prohibited, particularly in emergency situations, as such actions violate patient protection regulations.

Dispute resolution may be pursued through civil litigation before the courts. In cases where patients are financially incapable, hospitals remain obligated to provide emergency services as stipulated in Article 29 paragraph (1) letter (c) of the Hospital Law. Disputes may be resolved either through judicial proceedings (in court) or alternative dispute resolution mechanisms (out of court).¹

4. Legal Consequences of Breach of Contract in the Payment of Hospital Fees.

The legal consequences of breach of contract are regulated under Article 1243 of the Indonesian Civil Code, which provides that compensation for costs, losses, and interest shall be imposed when a debtor remains in default in fulfilling contractual obligations.¹ In civil law doctrine, breach of contract does not merely involve failure to perform obligations, but also entails specific legal consequences, including liability for damages.

According to Lilawati, creditors acting in good faith are entitled to legal protection through claims against defaulting debtors.² In the context of hospital fee payments, the legal consequences for patients who commit breach of contract include:

- c. The obligation to settle outstanding healthcare service fees;
- d. The obligation to compensate for losses suffered by the hospital;
- e. Civil lawsuits filed by hospitals before the courts; and
- f. Legal measures to prevent bad-faith avoidance of payment obligations.

Pursuant to Article 1243 of the Indonesian Civil Code, a party who commits a breach of contract is obligated to compensate for costs, losses, and interest. Such compensation may include the total amount of outstanding hospital fees, late payment penalties (if stipulated in the agreement), and collection costs.

The forms of liability that may be imposed on hospitals include:

a. Civil Liability

- Breach of contract, where the hospital violates contractual obligations;
- Unlawful acts (tort) pursuant to Article 1365 of the Indonesian Civil Code.

b. Administrative Liability

- Sanctions in the form of warnings, fines, or revocation of operational licenses.

c. Criminal Liability

- Where there is evidence of gross negligence or intentional conduct resulting in serious harm.

In healthcare law practice, hospital liability is generally based on the following principles:

a. Vicarious Liability¹

Hospitals may be held responsible for the negligence of medical personnel acting under their supervision.

b. Corporate Liability

As legal entities, hospitals may be sued directly. Their responsibility extends not only to the actions of medical personnel but also to service systems, management practices, and internal policies that may cause harm to patients.²

c. Negligence Principle

Legal liability in healthcare services arises when there is fault or negligence that results in losses to other parties.³

The forced fulfillment of contractual obligations (execution) may be pursued by hospitals through the following measures:

- Issuing formal legal notices (somasi);
- Filing civil lawsuits before the district court; and
- Requesting the imposition of provisional attachment (conservatoir beslag) over the debtor's assets.

Pursuant to Article 1266 of the Indonesian Civil Code, an agreement may be subject to judicial termination if one of the parties commits a breach of contract. Where delayed payment results in additional losses, such as administrative expenses, the debtor may be held liable for such additional risks and responsibilities.

Furthermore, the assignment or transfer of receivables to third parties may be conducted through legal mechanisms (cessie). In this context, hospitals may engage third-party debt collection services, provided that such practices do not violate applicable laws and regulations. Nevertheless, the enforcement of hospitals' legal rights must continue to observe humanitarian principles and comply with Law Number 44 of 2009 on Hospitals, which prohibits hospitals from refusing patients in emergency situations, even when patients are unable to pay. Accordingly, hospitals are prohibited from engaging in practices that contravene the law and human rights, such as detaining patients, withholding bodies, or retaining personal documents as security for payment. Such prohibitions are consistent with the principles of patient protection and healthcare ethics.

In cases of breach of contract, hospitals may seek compensation for material losses, including financial losses resulting from disrupted operational activities, and may also claim interest for delayed payments pursuant to Articles 1243 and 1250 of the Indonesian Civil Code. Where amicable settlement efforts between hospitals and patients fail, disputes arising from breach of contract may be resolved through the following mechanisms:

1. Litigation before the District Court;
2. Alternative dispute resolution mechanisms, such as arbitration or mediation, where agreed upon in the contract; and
3. Health insurance or social security claims for patients covered by BPJS or private insurance as part of fee settlement arrangements.

D. Conclusion

The legal relationship between patients and hospitals is essentially a civil legal relationship arising from a healthcare service agreement, commonly referred to as a therapeutic agreement. This relationship gives rise to reciprocal rights and obligations for both parties. Juridically, the relationship between patients, hospitals, and medical personnel is based on such an agreement, which is not merely professional and ethical in nature but also contractual. Accordingly, a therapeutic agreement may be understood as an agreement between healthcare providers or hospitals and patients to undertake specific medical efforts.

Forms of breach of contract in the payment of hospital fees include:

- Failure to make any payment;
- Delayed payment; and
- Payment in an amount that does not correspond to the agreed sum.

The legal consequences of breach of contract are regulated under Article 1243 of the Indonesian Civil Code, which provides that compensation for costs, losses, and interest shall be imposed when a debtor remains in default in fulfilling contractual obligations. However, the application of such legal consequences must continue to observe humanitarian principles and comply with applicable laws and regulations in the healthcare sector.

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