

## **Corporate legal aspects of hospitals in relation to medical malpractice: a review of law no. 17 of 2023 on health**

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### **ABSTRACT**

Decree Law no. 17 of 2023 on Health comes with a new regulation on the responsibility of hospitals for medical negligence. This research aims to examine the juridical impact of the Law's rules on the hospital's liability regime regarding civil, criminal, and administrative liability. This study uses the normative juridical method, which is a statutory and conceptual approach, to examine legal materials through document studies, regulations, literature, and research relevant to the problem of law. The findings reveal that Legislation No. 17 of 2023 concerning Health broadens the legal liability of hospitals as service providers and independent legal entities that are subject to liability. Hospitals need to keep patients safe through the supervision of medical personnel, quality standards, and risk management. These provisions create a multilayer system of accountability that combines the personal responsibility of medical staff with institutional liability, providing greater legal protection for patients and holding healthcare organizations more accountable. The research findings indicate that Legislation No. 17 of 2023 on Health confirms and develops a robust legal basis to reign hospital liability for medical malpractice and foster a structured patient safety culture in healthcare systems.

**Keywords:** malpractice; corporate liability; hospital; medical personnel; legal accountability; patient safety

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## 1. INTRODUCTION

Hospitals are institutions of health services that have the dual nature of a public service and enterprise that, as an economic field, must take the form of the social function of its organization (corporation) bearing the juridical responsibility for its activity. In reality, the legal bond between hospitals and their staff is usually the one that "breaks" when malpractice is alleged. Not the least, legal liability for malpractice can rest not only on medical personnel as the immediate agents but also on the hospital as an establishment that grants such personnel a location, a system, and the requisite oversight (Ibrahim, 2023). The intricacy of this legal relationship has been a distinctive feature that has increasingly become relevant due to the introduction of Law No. 17 of 2023 on Health, replacing certain articles of Law No. 44 of 2009 on Hospitals.

Law 17 of 2023 brings a paradigm-shifting amendment to the regulation concerning the corporate legal liability of hospitals in the health sector. This is in keeping with the expanding trends of accountability of healthcare provider institutions and patient safety and places hospitals as legal entities to be held vicariously liable for the negligence of the healthcare workers they employ (or under whose services they are obtained). These provisions are an expression of the doctrine of vicarious liability, which underlines the liability of the employer for the unlawful acts of employees in the performance of work (Cahyani et al., 2023). Therefore, the legal health framework in Indonesia that governs hospitals' corporate liability for medical malpractice is in urgent need of revision, especially due to the emerging new Health Law.

Several earlier studies have discussed hospital legal responsibilities. According to Suteki and Taufani (2019), in *Jurnal Hukum dan Pembangunan*, the hospital as a corporation is responsible when it does not adequately supervise the medical staff. Soge (2023) states that the enforcement of the corporate liability rule in Indonesia still faces challenges due to the unclear legal relationship between hospitals and physicians, especially those considered independent professionals. According to Satria (2024), internal hospital supervision is always weak, and negligence is tolerated. In addition, Nurhayati and Wibowo (2022) found that the system of compensation to victims of malpractice in Indonesia cannot be said to function well, as hospitals do not take institutional responsibility for patients.

While these studies have yielded useful insights into the legal liability of hospitals, the impact of Law No. 17 of 2023 on Health on the notion of hospital corporate liability has received scant attention. This law provides basic restatements on the two issues of medical service provision, supervision over medical practitioners, and legal protection for patients. Hence, it is important to analyze the legal implications of hospital corporations with the new law to determine whether it can define the extent of hospital liability in medical malpractice.

The urgency of this study is reinforced by the growing number of medical disputes and litigations against medical doctors, which suggests a strong impetus for clearer legal standards that define the extent and type of responsibility between medical doctors as individual actors and hospitals as corporate health service providers. Based on the foregoing, this study contemplates discussing the juridical issues concerning the hospital's corporate liability for the acts of medical negligence performed by its medical personnel within the environment of Law No. 17 of 2023 on Health. This analysis can contribute to a broader understanding of the legal formulation of corporate responsibility in the health sector. In addition, it is anticipated that the outcome of this research may also provide a basis for enforcing further regulations and formulating legal policies that ensure legal protection for patients and legal certainty for hospitals as corporate bodies rendering health services.

## 2. METHOD

This research applies a normative legal research method, with technical legal materials used as a source, including examining laws and regulations, court decisions, and other secondary legal materials related to hospital corporate liability in a medical malpractice suit. The normative method is appropriate because the main purpose of this study is to analyze and assess the system of legal hospital responsibility

regulated in Law No. 17 of 2023 on Health and its juridical consequences for the system of hospital legal liability. The analysis incorporates two research strategies: the statute and conceptual approaches. This method entails a detailed examination and evaluation of pertinent legislation, including Health Law No.17 of 2023, Hospitals Law No.44 of 2009, and any other applicable regulations and legal directives related to medical malpractice and corporate responsibilities. On the other hand, the conceptual approach is applied to investigate the general principles forming the basis of legal concerns regarding corporate liability (vicarious liability, corporate responsibility, and good corporate governance in healthcare services) (Marzuki, P. M., 2020; Nursal, A., & Andriani, N., 2022). It also allows us to explore a more nuanced interpretative understanding of law, capture how the individual duty of medical personnel relates to the duty of hospital institutions, and consider to what extent, if at all, these legal doctrines are applied in contemporary health.

The research data were collected using library research, in which the primary data consisted of statutory texts and legal regulations, and the secondary data were in the form of academic literature, legal journals, legal articles, and previous research related to medical malpractice and corporate liability. The analysis was performed in a qualitative descriptive study to elaborate the legal provisions, assess the practice of liability concept and analyze juridical implications of Law No. 17/2023 on Health for the hospital legal responsibility system in Indonesia (Marzuki, P. M., 2020).

### **3. RESULTS AND DISCUSSION**

#### **3.1 The Hospital's Corporate Legal Responsibility in the Medical Malpractice under the provisions of the Health Law No.17 of 2023**

Indonesia's Health System Law, Law No. 17 of 2023, brings about basic changes in wording and content, and among others, relates to the regulation of the hospital's legal responsibility as a corporate body. In the era of contemporary medical services, hospitals are not only places where patients receive treatment but also medical institutions with legal responsibilities as providers of comprehensive medical care. Here, the enhanced legal status of hospitals in the present law connotes a shift from individual to institutional responsibility, making the hospital a legal entity that can be held liable for errors or negligence committed by its organizational members.

The articles of Law No. 17 2023 on Health define the principle of corporate responsibility in healthcare administration. Hospital responsibilities include patient safety, quality of care, and assurance of the competence of the medical personnel working under their roof (Setiawati & Daulat, 2023; Rosnida et al., 2025). Therefore, in clinical negligence, the liability for compensation may lie both with the individual medico and the hospital, which is vicariously liable for the acts of its employees and owes a non-delegable duty of care to patients for safe systems of work, appropriate techniques, and sufficient facilities and infrastructure for medical practice. This legislation strengthens the concept of vicarious liability, which makes the employer accountable for the illegal acts of employees committed in the course of their employment.

In actual application, the execution of hospital CLL raises difficulties in proving the legal relationship between the hospital and the doctor. Uncertainties regarding the status of employment for medical staff, especially specialist doctors who are classified as independent professionals, can lead to loopholes that allow hospitals to avoid responsibility. Law 17/2023 On Health seeks to fill this lacuna by widening the concept of hospital liability to include not only medical personnel under direct contracts of employment but also other healthcare professionals carrying out medical procedures in hospitals where these professionals are physically present (Toumahuw et al., 2023). Therefore, hospital liability is institutionalized and systemic rather than rooted in individual employment relationships.

From the perspective of corporate law, the provision aligns with corporate liability, which connects systemic wrongdoing to weaknesses in supervision mechanisms and organizational management. A hospital can be liable for negligence if it has not put in place adequate risk management, standard operating procedures (SOPs), or a medical audit system to detect unethical practices or misconduct. In that sense, the hospital's liability is not simply vicarious for the medical practitioner's negligence, but instead it is a

sign of the corporation's neglect of its statutory duties. The main weakness in adjudicating malpractice cases in Indonesia is usually the lack of effective internal monitoring within hospitals.

In addition to civil liability, through which a patient may be entitled to compensation for damage caused, Law No. 17 of 2023 on Health also stipulates criminal and administrative liability that may be borne by a hospital. In criminal terms, a hospital can be held accountable if a policy or negligence multiplies the harm to patients, such as inadequate medical equipment, hiring unqualified staff, or violating patient security regulations. Sanctions may also include the revocation of licenses, fines, or closure of business operations. This multiple-tier regulation is the manifestation of the idea of multi-layered accountability, which is composed of civil, criminal, and administrative layers as legal means to hold institutions within healthcare accountable (Koto & Asmadi, 2022; Wicaksono, 2025).

However, several challenges exist in ensuring the effectiveness of hospital corporate liability regulations. Many hospitals also do not have internal compensation schemes or at-fault compensation mechanisms to help victims of malpractice, forcing patients to depend on protracted and costly litigation. In addition, the performance of medical audit and incident report systems, which are also obligatory according to this law, is still not optimal and is less integrated among the internal bodies of hospitals and external institutions, such as the Professional Discipline Council (Majelis Disiplin Profesi). Thus, many malpractice suits result in administrative settlements, allowing hospitals to avoid substantial managerial reforms (Soge, 2023; Setianari, 2024).

At the international level, the principles set out in Law No. 17 of 2023 on Health are in line with the World Health Organization's Patient Safety Framework, which embodies that healthcare organizations have both legal and ethical duties to provide safe and accountable healthcare systems. Nonetheless, the national regulations in Indonesia would still need further operational enhancement with clear guidelines for implementation to prevent hospital corporate liability from becoming only normative. Among such measures are the clarification of the legal relationship between hospitals and medical professionals in explicit contractual terms and the reinforcement of the functions of the internal audit as well as the disclosure of medical incidents to the public (Sari & Prasetyo, 2023).

Conceptually, Law No. 17 of 2023 on Health provides a solid basis for establishing a just and patient-oriented system of corporate liability within the health sector. Nevertheless, its success is highly contingent on the steady enforcement, monitoring, and coordination of the rule with hospital management. The regulation provides that the legal liability of a corporation in a hospital should be seen not only as a mechanism to penalize the wrongdoing but also as a system to prevent further wrongdoings to be committed, assuring that the medical act of every physician fulfills the professional and ethical requirements. Therefore, this legislation enhances not only the legal rights of patients as subjects that are required to be protected by safe and quality healthcare services, but also motivates hospitals to perform transparent, ethical, and integrity-based management in line with the concept of Good Corporate Governance (GCG) in the healthcare industry.

### **3.2 Corporate Liability of Hospitals for Acts of Medical Malpractice Committed by Medical Personnel Under Their Supervision**

Whether a hospital can be held liable for the acts of its medical staff in cases of medical negligence has become a significant issue in the formation of health law in Indonesia, especially after Law No. 17 of 2023 on Health. This Act is a paradigm shift in the national health law; medical practice legal liability is no longer the medical personnel as an individual who is solely liable, but to the hospital as a legal entity, which is obligated to guarantee the quality, safety, and accountability of health services. Here, hospitals are not just suppliers of medical facilities and infrastructure, but are corporate legal actors that can be held responsible, even criminally, for the mistakes or negligence of medical workers who practice under their aegis.

From a legal perspective, Articles 448 through 456 of Law 17/2023 declare that all healthcare providers, including hospitals, are responsible for the safety of their patients and should possess a qualified medical workforce, sufficient facilities, and a good system of supervision. These rules reconfirm the principle of corporate responsibility in managing health services (Setiawati & Daulat, 2023; Rosnida et al.,

2025). Consequently, in cases of medical negligence, liability should not be confined to the doctor or medical staff as the direct offender but should also extend to the hospital as an institution responsible for the organization, oversight, and provision of practice. Therefore, a hospital can be held liable if it is found to be negligent in its duties of supervision, training, or provision of adequate medical facilities and appropriate protocols designed to maintain patient safety.

This definition of liability is consistent with the doctrine of vicarious liability, which makes an employer liable for the acts of its employees committed in the course of their employment. In hospital law, the principle is that a hospital as an institution is superior in deciding the policies, system, and work environment of medical personnel (Dhanudibroto, 2024). Thus, the harm of any individual may be treated as yet another harm caused by the corporate system. A hospital is not absolved from responsibility for a practitioner's malpractice if such conduct is attributable to systemic negligence, including insufficient internal control, insufficient professional training with respect to ethics, or elimination of a functional medical audit system (Suteki & Taufani, 2019).

Law No. 17/2023 extends the hospital's liability to oversight and reporting of all medical activities that expose patients to the risk of bodily harm or injury. This shift of focus indicates that the mode of responsibility increasingly moves away from an individualistic model towards a systems-oriented institutional model. As Soge (2023) observed, the concept of corporate liability in healthcare law is not confined to the formal employer-employee relationship between hospitals and medical practitioners but also covers the functional relationships hospitals benefit economically or from which they derive reputational benefits from the services of healthcare providers who practice in their homes. Therefore, a hospital can be held liable if it is the site of malpractice, even if the doctor is an independent practitioner and not an employee of the hospital.

The hospital's corporate liability for malpractice, whether in tort, criminal, or administrative law, will be addressed. In the civil aspect, hospitals can be sued for negligence in the form of *onrechtmatige daad* (unlawful act) as stated in Article 1365 of the Indonesian Civil Code (KUHPerdota) if the hospital accidentally causes loss to the patient. Criminally, hospitals as corporate defendants may also be held criminally liable where managerial policies or decisions or systemic negligence result in malpractice that causes serious bodily harm or death. Article 17 of 2023 specifically provides for the criminal responsibility of a corporation in the medical field, at least where it may be proven that the institution intended the act or was grossly negligent. In the administrative arena, the Ministry of Health can impose penalties, including written warnings, administrative fines, and suspension or revocation of the hospital's license to operate (Toumahuw et al., 2023; Wicaksono, 2025).

The result of research Satria (2024) shows that many hospitals in Indonesia do not have good internal control to anticipate the occurrence of malpractice in the hospital. This is because of the strong implementation of Good Corporate Governance (GCG) in the health field, especially in the principle of transparency and accountability in the management of medical risk. Nurhayati and Wibowo (2022) emphasize the non-functionality of regimens for financial redress for victims of malpractice. Patients are often confronted by barriers to justice because the legal system continues to focus on proving individual physician fault rather than holding institutions accountable. Thus, it is hoped that with the passing of Law No. 17 of 2023, legal responsibility will be biased toward an equal, shared responsibility model between medical personnel and hospitals. However, the success of this regime is entirely dependent on its faithful implementation. Sari and Prasetyo (2023) argue that the law still needs several implementing regulations to accommodate the legal threshold requirements related to the relationships between the hospital on one side and the medical staff on the other, including ways to handle malpractice. The lack of such fluidity results in a significant legal vacuum that prevents justice for the patient and legal certainty for the hospitals. To ensure improved corporate responsibility, a national medical audit system, transparent patient safety incident reporting, and legal and ethical capacity building for hospital administrators should be promoted in South Korea.

From the perspective of substantive provisions, Law No. 17 of 2023 is a leap forward in recognizing hospitals as active subjects of law, dealing with the entire medical service system in their own bodies. Nevertheless, the realization of the ultimate goals of the law protection of patients, legal certainty,



and quality enhancement of services necessitates the continual supervision and sanctions acting on the mechanisms of corporate responsibility. This approach is consistent with the World Health Organization's Patient Safety Framework, which states that liability for hospitals should include the modalities of prevention, enforcement, and remediation (Pombengi, 2023). Therefore, hospital corporate liability should be regarded as both a prevention and reaction instrument for engendering a culture of patient safety and fostering healthcare governance that is open, accountable, and socially just.

### **3.3 Distinctions and Interactions Between Medical Staff's Personal Liability and Hospital Corporate Liability**

In Indonesia, the legal obligation for medical malpractice is not only directed towards medical practitioners as the perpetrators of malpractice but also can be attributed to hospitals as a provider institution or a business entity that undertakes such actions. Although they are characterized by substantial and fundamental differences concerning legal grounds, coverage and enforcement mechanisms, these two liabilities are related from the practical and systemic perspectives. The relationship of the subject under any given business use case is impacted by Law No. 17 of 2023 on Health, when it comes to the principle of shared accountability between healthcare providers (individual medical practitioners) and healthcare facilities (hospital corporations) in guaranteeing safe, high-quality, and equitable healthcare services.

The basis for individual medical personnel's liability is professionalism and the meaningful exercise of personal responsibility. Every medical treatment they have completed, they are responsible for as individuals, in accordance with the professional standards and the code of medical ethics. This type of liability is vicarious, albeit directly, as medical trailers have a certain amount of professional autonomy when selecting diagnosis, procedures, and treatment for patients. There may be individual liability in civil, criminal, or professional-ethical proceedings. Under civil law, there are potential suits against a doctor for both breach of contract and tort (negligence or an unlawful act) when the patient can prove that the doctor was negligent and caused injury. Criminal liability attaches when negligence is the cause of serious injury or death. A violation of the medical code may also result in ethical sanctions when the Professional Discipline Council (Majelis Disiplin Profesi) is convened (Munir et al., 2025).

On the other hand, hospital corporate liability emanates from the duty of the institution, as a healthcare provider, to its patients. Hospitals, as corporations, have a duty to provide safe environments in which to practice medicine, including appropriate facilities, infrastructure, management policies, and competent medical staff. 17/2023 on Health further tightens the hospital as a subject of law, which can be held accountable separately when the hospital is found negligent in the execution of the duties(hospitals) that are supervisory, training, and controlling over the medical professionals who have their authority (Jannah, 2023; Mu'ammam et al., 2024). Hence, corporate liability is vicarious liability, which means a legal responsibility for the act of others (e.g., medical staff) in the organization (e.g., hospital). This rule ensures that the individual mistakes of medical staff can trigger hospital liability "when systemic negligence or management indifference is proven." The main difference between individual and corporate liability is the location of the source of the fault and who is required to prove that fault. While individual fault is assessed by reference to whether a person has fallen below the standards of his or her profession and whether that person has been dishonest or has engaged in unethical conduct, corporate fault concerns deficiencies in the management systems, oversight, and governance of a health care organization. Therefore, the hospital can be held liable when a patient is injured as a result of the hospital's failure to respond to or prevent malpractice arising from poor quality control, lack of adequate facilities, or policies that contravene patient safety standards (Suteki & Taufani, 2019; Yudyaningarum, 2025).

Although the bases for individual and corporate liability differ, these are closely intertwined under an integrative model of health law. Many cases of medical malpractice in Indonesia is a result of a mix of individual negligence and institutional frailty, noted Soge (2023). A doctor can be wrong in his diagnosis or treatment of a patient, but if you go to the hospital and they don't have the right equipment, you could argue the hospital is at fault for not providing proper training, or supervision. With this in mind, a just

legal system should both separate and connect these two kinds of liabilities in order to secure justice for patients and at the same time protect legal certainty for medical practitioners and healthcare organizations.

This reciprocity can be found in judicial rulings as well. In civil litigation, the plaintiff (patient) is responsible for proving not only the fault of the medical practitioner but also the causal link between that fault and the injury sustained. The difference is that in the proof of corporate liability, one needs to also show that the hospital's systems and management practices permitted the wrongful acts. A hospital may also be liable if malpractice results from breaches of standard operating procedures (SOPs) or lapses in conducting medical audits or risk management. Therefore, individual liability is personal, whereas corporate liability is systemic. It is crucial to note that the two aspects of liability are not in opposition but are in fact complementary and converge with the ultimate goals of patient protection, enhancement of quality of service, and professional accountability in health law. In today's legal frameworks, there is a concept of joint liability for some jurisdictions, which means medical practitioners and hospitals share liability based on how much they culpable.

The same is true in Indonesia, as seen in Law No. 17 of 2023 in the Health Case, which stated that hospitals can still be held liable even if the medical practitioners are themselves responsible (Rosnida et al., 2025). In a normative sense, such a two-tier liability system expresses the principle of distributive justice, which holds that accountability must be shared according to each party's role and authority in the incident of malpractice. Hospitals have a structural obligation to make safe, standard of care-compliant environments, and medical providers have professional duties to act with due care in the practice of medicine (Pombengi, 2023). Such a holistic perspective is consistent with World Health Organization (WHO) – Patient Safety Framework, which highlights that patient safety can be realized only in the context of equal and complementary responsibilities of the individual and the institution.

Hence, the legal framework strikes a balance between protecting patients as the harmed party and protecting medical practitioners from the consequence of the law so that the practitioners will not alone bear the consequence of the law. Although the legal bases, nature and forms of liabilities are different, individual and corporate liabilities are closely linked in the context of Indonesian's healthcare system. Law No. Law 17/2023 on Health amplifies this interplay, by considering hospitals as the locus of medical practice, but also as responsible for every medical act carried out under its umbrella. This model for relationships affirms that the legal protection of patients is a shared duty among all parts of the health care system, and not something that only individual practitioners owe their patients.

### **3.4 The Juridical Implications of Law No. 17 of 2023 on Health for the Legal Liability System of Hospitals in Medical Malpractice Cases**

The introduction of Law No. 17 of 2023 on Health adds a new dimension to the reform of the hospital liability regime in medical malpractice in Indonesia. The law supersedes the former industry-specific regulation under Law No. 44 of 2009 concerning Hospitals, and extends the legal liability which hospitals as corporate entities owe vis a vis patient safety and the quality of medical care. This change entails that the concept of liability moves from an individualistic focus that held each medical personnel responsible, towards an institutional approach encompassing the hospital as a legal entity that can be separately liable (Soge, A. D., 2023).

Conceptually, Law No. 17 of 2023 on Health clarifies that the delivery of healthcare services is a joint obligation of healthcare workers and healthcare institutions. Articles 448 to 456 provide that a health-care provider shall ensure patient safety, employ competent personnel, and have an effective mechanism for supervision and quality assurance. These provisions are indicative of a hospital's failure to perform such duties could be regarded as a tort (*onrechtmatige daad*) or corporate criminal liability if the condition of the elements of corporate fault is met. Hence, in the delivery of medical services, hospitals may not be seen as merely the "hosts" of doctors, nurses and other healthcare professionals, but are fully liable for the quality of care and service that they provide.

The second legal consequence is a broadening of the notion of corporate criminal liability in the field of healthcare. Before the introduction of the 2023 Law on Health, the criminal liability in medical

malpractice was so far mainly directed towards medical professionals for their individual culpable conduct. However, with the added new clauses, hospitals may be held criminally liable as legal entities for malpractice if it is found that gross negligence in formulation of policies or the hospital's management systems or the supervision mechanism is largely lacking (Yudyaningarum, 2025). Health care consultant Soge (2023), the introduction of corporate criminal liability in healthcare means that legal wrongdoing can arise not only from an individual person doing something illegal but also from an institution failing to stop people from doing illegal things. In this regard, criminal prosecution can be initiated in the hospital administration for creating potential harmful situation for patients (possession of patient safety not kept and medical personnel engaged in the care in sequel too little skillful).

From the point of view of the civil liability, it may be said that the consequences of the 2023 Health Law highlight the aspect that hospitals are legally responsible for the damage caused to the patient as a result of systemic negligence. The doctrine of vicarious liability forms the basis of civil liability, under which a hospital can be held liable as an employer for the negligent acts of the medical providers for whose care it is responsible. As per Suteki and Taufani (2019), hospitals in the contemporary healthcare laws system are required not only compensate the patient but also to change the management systems to ensure that such mistakes will never ever be repeated. Consequently, responsibility of hospital is twofold: both punitive and deterrent. Hospitals are required to pay victims, but they are also required to assess their own systems to reduce the risk of future malpractice.

Equally or similarly, the 2023 Health Law's administrative reform boosts the government as regulator and supervisor. The licensing regulations for healthcare facilities provide that hospitals violating quality standards, patientsafe practices or professional ethics may be subject to administrative penalties including fines, the temporary or permanent revocation of business license. These sanctions have the nature of corrective and preventive means, being them focused in the enforcement of accountability at the institutional dimension without that means always to bring along judicial procedures. This is consistent with the trend in Indonesian healthcare law toward a pluralistic accountability framework spanning civil, criminal, and administrative liabilities to balance patient protection and institutional sustainability (Sari & Prasetyo, 2023; Satria, B., 2024).

Yet there are more complicated legal questions raised about the nature of the relationships of medical practitioners and hospitals. Satria (2024) argues that in reality many doctors in the hospitals function as private practitioners, working on contract basis with the hospitals. This leads to problems of liability in malpractice suits. The Health Law 2023 resolves the matter by introducing a new concept of hospital liability to that of medical practitioners who are its employees or who are subject to a functional relationship with the hospital and practicing in its premises. This strengthens the legal position of patients, since the burden of proof will no longer be just on each doctor, but also the hospital's management. In terms of corporate law theory, this is an expression of the respondeat superior, which in contrast to the tort law theory, is defined as holding an employer vicariously liable for the acts and omissions of employees, or agents in the healthcare context. Nurhayati and Wibowo (2022) point to how this principle essentially merges healthcare law with corporate law- As hospitals are now viewed as corporations which must apply good corporate governance (GCG) principles in all their dealings. When it comes to medical malpractice, this translates to hospitals needing to do more to make sure internal systems, such as policies, medical audits, incident reporting pathways are fully equipped to help prevent legal problems. Non-compliance with GCG could be equated to a kind of corporate legal recklessness.

In principle, the legal consequences with regard to hospital liability of Law No. 17/2023 on Health are that the patients' legally protected interest is balanced with the reinforcement of the corporate governance of the healthcare providers. Patients are entitled to wider legal protection, since the hospitals can no longer invoke the separate status of medical persons to avoid liability. Meanwhile, hospitals are incentivized to improve legal accountability by upgrading their risk management practices and by becoming more transparent in terms of services. This is consistent with the Patient Safety Framework of the World Health Organization that states "patient safety is often perceived as the sole responsibility of health-care workers; however, it is the responsibility of individual health-care workers, health-care organizations, and health systems." Hence, the legal effects of 2023 Health Law signify a forward-looking



move for the development of Indonesia's health law. It delineates more clearly the limits of liability between individual practitioners and hospitals, and also develops a more coherent legal framework balancing civil, criminal, and administrative liabilities. Further technical regulations should be developed to guarantee uniform application, but the direction in which health law reform is pointing under the 2023 Health Law has the potential to provide a good basis for realizing a system that holds hospitals responsible for fair, accountable, and patient-oriented treatment (Pombengi, 2023).

#### **4. CONCLUSION**

Pursuant to the Law 17/2023 on Health, the management of hospital liability for the consequences of medical malpractice represents a paradigm shift away from an individual-focussed responsibility model to a systemic corporate liability model. Hospitals have been transformed into active legal actors with a duty to protect their patients, monitor their medical staff and observe certain professional standards of quality and ethics. The law prescribes dual liability: the civil responsibility of medical practitioners for their professional conduct and the licence holder liability for the systemic management and oversight of that conduct. 11 B. This article explores how principles of vicarious liability and corporate accountability operate so that hospitals can be held civilly, criminally, and administratively liable, creating an accountability system with multiple layers that is protective of patient interests yet also acknowledges the role of the institution. The connotation between the individual and corporate liabilities is supportive and complementary in implementing GCG and the culture of patient safety. While it may be challenging to translate the provisions into practice, the Law No. 17/2023 on the Health System good serves as the strong basis for further development of a more holistic, just, and patient-centric hospital liability regime concurrently reinforcing institutional accountability in the context of the Indonesian healthcare system.

#### **Ethical Approval**

Not applicable

#### **Informed Consent Statement**

Not applicable

#### **Disclosure Statement**

The authors declare no potential conflict of interest.

#### **Data Availability Statement**

The data presented in this study are available on request from the corresponding author due to privacy reasons.

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#### **Notes on Contributors**

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