

Analysis of the Implementation of Financial Accounting Standards Statement (PSAK) 117 Concerning Insurance Contracts for Social Security Funds Managed by *Badan Penyelenggara Jaminan Sosial (BPJS) Kesehatan*

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ABSTRACT

This research analyzes the implementation of *Financial Accounting Standards Statement (PSAK) 117* on insurance contracts within the *Social Security Fund (DJS)* managed by *BPJS Kesehatan*, focusing on the conceptual and technical challenges that arise from the fundamental differences between social insurance schemes and the commercial insurance model. Using a qualitative approach grounded in regulatory review, academic literature, and *BPJS Kesehatan*'s technical documents, this research examines twelve critical issues of *PSAK 117* relevant to the *National Health Insurance (JKN)* program, including the definition of insurance contracts, contract boundaries, measurement models, risk adjustment, and the relevance of the Contractual Service Margin (CSM). The analysis shows that the legal relationship between participants and *BPJS Kesehatan* meets the contractual criteria stipulated in *PSAK 117*; however, its practical application requires adjustments to align with the characteristics of social insurance. Key challenges include the need for more granular actuarial data, the establishment of fulfillment cash flows that reflect collective population risk, and the misalignment of the CSM concept with a program that is not designed to generate profit. This study concludes that the implementation of *PSAK 117* enhances transparency and accountability in financial reporting while simultaneously demanding stronger institutional capacity within *BPJS Kesehatan* and the development of tailored accounting guidelines for social security entities to ensure alignment between accounting standards, the mandate of the *National Social Security System (SJSN)*, and the long-term sustainability of the *DJS Kesehatan* program.

INTRODUCTION

Based on Law No. 40 of 2004 concerning the National Social Security System (SJSN) and Law No. 24 of 2011 concerning BPJS, the establishment of the Social Security Administration Agency (BPJS) and the Social Security Fund (DJS) is a state mandate to ensure the implementation of social protection for all Indonesian populations. The SJSN Law emphasizes that the implementation of social security must be based on the principles of humanity, benefits, and social justice, and must be carried out under the principles of mutual cooperation, non-profit orientation, transparency, prudence, accountability, portability, compulsory participation, and the management of trust funds solely for the benefit of participants.

Law No. 24 of 2011 designates BPJS Kesehatan as a public legal entity that is directly responsible to the President in administering the National Health Insurance Program. In

carrying out this mandate, BPJS Kesehatan is required to manage the Social Security Fund prudently and without a profit motive, ensuring alignment with the overarching goal of social security as an instrument of public protection.

The provisions in these two laws position BPJS Kesehatan as a state instrument tasked with delivering universal health protection (Quintarti et al., 2025). Program funding is conducted through a mutual cooperation mechanism based on social solidarity, making it fundamentally different from the market mechanisms used by commercial insurance companies. The legal framework that establishes BPJS Kesehatan as the administrator of National Health Insurance not only regulates its institutional structure but also defines the fundamental nature of the health insurance program it operates. Regulations in the SJSN Law and the BPJS Law explicitly direct the management of DJS Kesehatan to operate based on the principles of solidarity, non-profit orientation, and compulsory membership. By design, program financing is not based on profit generation or individual risk selection, as is typical in commercial insurance schemes.

This legal foundation ultimately creates the fundamental character of social insurance, which is conceptually distinct from commercial insurance. This distinction is crucial in assessing the relevance and suitability of applying insurance contract accounting standards, such as PSAK 117, in the context of managing DJS Kesehatan. This conceptual framework leads to a more in-depth discussion of the operational characteristics of BPJS Kesehatan social insurance and its implications for the measurement, recognition, and presentation of insurance contracts in accordance with PSAK 117.

As a social insurance program, DJS Kesehatan has fundamental characteristics that distinguish it from commercial insurance. Membership is mandatory, there is no underwriting process, and contributions are determined through a community rating mechanism that does not differentiate participants based on individual risk levels (Budi Hidayat, 2024).

In his presentation to BPJS Kesehatan entitled “Health Insurance Jargon, Problems and Benefits,” Budi Hidayat (2024) explained that social insurance eliminates risk selection (no underwriting) and reduces selection bias, thereby closing opportunities for systemic adverse selection. Furthermore, through the presentation “JKN SJSN Philosophy,” he emphasized that the nature of membership must create optimal economic scale, enhance risk stability, and eliminate market failures, as the entire population—both high- and low-risk individuals—is required to enter the same risk pool (risk pooling). The non-profit character and risk pooling mechanism confirm that DJS Kesehatan is not designed to generate profits. Therefore, the concept of Contractual Service Margin (CSM), which is a core element of PSAK 117 in measuring future profits for commercial entities, is not relevant in the context of managing DJS Kesehatan.

Budi Hidayat (2024), in his explanation to BPJS Kesehatan, stated that the financial reporting of DJS Kesehatan reflects not only the implementation of PSAK 104 prior to the enactment of PSAK 117 but also provides an overview of the program’s resilience in maintaining long-term sustainability. Unlike commercial insurance, which is profit-oriented and manages risk through underwriting, social insurance administered by BPJS Kesehatan is based on non-profit principles and social solidarity. This principle is reflected in three main characteristics.

First, in commercial insurance, the premium structure is always aligned with the benefits provided. In contrast, in the DJS Kesehatan program, contribution amounts are determined by the government using a community rating mechanism without considering individual risk. As a result, all participants receive the same benefits even though their contributions may differ. Second, membership in DJS Kesehatan is mandatory and does not provide an exit option except upon the participant's death. This makes social insurance contracts long-term and not subject to risk selection (no underwriting), in contrast to commercial insurance schemes. Third, the government has the discretion to continue providing benefits to participants even if they are in arrears in certain segments. Thus, BPJS Kesehatan cannot limit services as commercial insurance companies typically do when participants fail to meet payment obligations. These three characteristics confirm that the design of DJS Kesehatan is not intended to generate contractual profits. Therefore, the primary focus of financial information should be directed toward contribution adequacy, cash flow balance, and solvency to maintain program sustainability (Budi Hidayat, 2024).

The implementation of PSAK 117 on January 1, 2025, represents a critical milestone in the transition of DJS Kesehatan financial reporting. This new standard introduces fundamental changes compared to PSAK 104, which has been used previously. PSAK 117 adopts a liability-driven approach (PSAK 117, paras. 32–37) through the measurement of fulfillment cash flows, which includes the estimation of Best Estimate Liability (BEL), risk adjustment, and the potential recognition of Contractual Service Margin (CSM), as stipulated in the General Measurement Model (GMM) (Preparation Material for the Implementation of PSAK 117 BPJS Kesehatan, 2024).

One of the conceptual issues arising from the implementation of this standard is whether the DJS Kesehatan program meets the definition of an insurance contract. HM Treasury (2023) interprets that obligations arising solely from regulatory provisions, such as the provision of free health services or social benefits, cannot be considered contracts because there is no explicit agreement between the government and specific individuals. Therefore, such schemes are considered outside the scope of IFRS 17.

However, a different perspective was presented by speakers from BPJS Kesehatan and Budi Hidayat (2024). They emphasized that the legal relationship between participants and BPJS Kesehatan still reflects contractual elements as defined in PSAK 117. This relationship includes significant insurance risk, the obligation of BPJS to provide compensation for uncertain events, and a structured exchange of contributions and benefits explicitly regulated within the SJSN legal framework. Therefore, the DJS Kesehatan arrangement is considered to fall within the scope of PSAK 117.

In addition to contractual issues, PSAK 117 also governs the measurement of fulfillment cash flows, requiring unbiased estimates of future cash flows. These estimates include projections of contributions, operating costs, and claims, as well as calculations of non-financial risk adjustments, which are significantly more complex than those under PSAK 104.

On the other hand, the sustainability of the DJS Kesehatan program is a primary concern in implementing PSAK 117. This standard requires continuous evaluation of recoverability to ensure that participant contributions can cover BPJS Kesehatan's operational costs. This concept is related to CSM in commercial entities. However, BPJS Kesehatan speakers

emphasized that DJS is not designed to generate profits; therefore, the full implementation of CSM is not appropriate in the context of social insurance.

Thus, the implementation of PSAK 117 is not merely a technical adjustment but a structural transformation that requires reaffirmation of the contractual nature of JKN, clarity regarding contract boundaries, and a liability measurement methodology consistent with the characteristics of social insurance and the sustainability needs of the DJS Kesehatan program.

The implementation of PSAK 117, effective January 1, 2025, raises several critical issues for DJS Kesehatan, as the nature of JKN as a social insurance program fundamentally differs from commercial insurance. Based on the PSAK 117 framework, more than 19 critical issues have been identified (as shown in Figure 1.1). However, this study narrows them down to 12 key issues: definition of insurance contracts, recognition of membership contracts, derecognition and modifications, aggregation levels, acquisition cash flows, contract boundaries, measurement models, risk adjustments, discount rates, onerous contracts, presentation and disclosure, and transition methods.

This reduction was made because several aspects of PSAK 117, such as reinsurance, service margin allocation, and experience adjustments, are not relevant to DJS, given the absence of commercial activities such as underwriting, reinsurance, policy acquisition, or profit-based risk management (Budi Hidayat, 2024).

One of the most fundamental issues is the definition of an insurance contract. HM Treasury (2023) argues that obligations arising solely from statutory provisions do not meet the definition of a contract under PSAK 117 and are therefore outside the scope of IFRS 17. However, speakers from BPJS Kesehatan and Budi Hidayat argue otherwise, stating that the relationship between participants and BPJS fulfills the contractual elements of PSAK 117, as it involves the exchange of contributions and benefits, risk transfer, and long-term obligations governed by the SJSN legal framework.

In addition to contractual issues, the measurement of fulfillment cash flows is also a key concern. Elements such as BEL, risk adjustment, discount rates, and potential CSM recognition have significant implications. Since DJS operates as a non-profit entity and is not designed to generate contractual profits, CSM cannot be fully applied and must be modified (PSAK 117 Implementation Study of the DJS Kesehatan Program, 2024).

Thus, this study focuses on issues that directly impact program sustainability. Theoretically, DJS financial statements can be prepared using two approaches: generally accepted accounting principles aligned with PSAK 117 or specialized accounting standards tailored to social security systems. However, based on the principles of accountability and prudence inherent in BPJS as a public legal entity (Law No. 24, 2011), this study adopts a generally accepted accounting approach with limited modifications to critical issues in line with the characteristics of social insurance. This approach ensures alignment with PSAK 117 while reflecting operational realities such as mandatory membership, the absence of underwriting, the lack of exit options, and government discretion in benefit provision.

Based on the phenomena and critical issues discussed, this study formulates three main research questions: how PSAK 117 is implemented in the DJS Kesehatan program, what challenges BPJS Kesehatan faces in its implementation, and what implications PSAK 117 has for the resilience of the DJS Kesehatan program.

Based on this background, the research focuses on analyzing the implementation of PSAK 117 in the Social Security Fund (DJS) managed by BPJS Kesehatan, particularly in relation to the recognition and measurement of insurance contracts, implementation challenges arising from differences between commercial and social insurance, and implications for financial reporting and program resilience. Accordingly, the study aims to evaluate the extent of PSAK 117 implementation, identify key challenges, and analyze its impact on financial reporting quality and program sustainability. The findings are expected to provide practical benefits for BPJS Kesehatan in improving accounting policies, information systems, and risk management; serve as a reference for regulators in developing official interpretations and guidelines for PSAK 117 in social security entities; and contribute academically to the development of analytical models related to DJS resilience. This research is limited to accounting aspects of PSAK 117 relevant to social insurance—namely recognition, measurement, presentation, and disclosure of insurance contracts within the DJS program for the 2024–2025 period—using a qualitative approach based on literature, regulations, and technical documents, and excluding commercial or operational evaluations of health services.

METHOD

This study employed a qualitative approach with a case study strategy to examine the implementation of PSAK 117 in the context of social insurance managed by BPJS Kesehatan. This approach was selected to capture the complexity of implementing accounting standards in the Social Security Fund (DJS) program, which involves multiple stakeholders and policy interpretations. The case study strategy was considered appropriate for addressing “how” and “why” questions related to the implementation of PSAK 117, focusing on the DJS program as the unit of analysis.

This study used purposive sampling by selecting six expert respondents as key informants with substantial knowledge and experience related to the implementation of PSAK 117 at BPJS Kesehatan. The respondents consisted of four internal officials from the Deputy of Accounting and Reporting (R1), Deputy of Actuarial (R2), Deputy of Investment (R3), and Deputy of Membership (R4), as well as two external experts: an accounting expert (R5) and an actuarial expert (R6). These respondents were selected due to their direct involvement in the implementation process and their comprehensive understanding of its technical, policy, and strategic implications for the DJS Kesehatan program.

Data collection combined primary and secondary sources to ensure validity through triangulation. Primary data were obtained through a mixed questionnaire (open- and closed-ended) distributed to the six respondents on November 3, 2025, with responses received by November 12, 2025, and a Focus Group Discussion (FGD) conducted online via Zoom on November 17, 2025, lasting 90 minutes to clarify and validate questionnaire results. The questionnaire was structured around seven key clusters: general understanding, recognition, measurement, presentation and disclosure, implementation challenges, financial assets, and DJS fund resilience. Secondary data were obtained from internal documents of BPJS Kesehatan, including the 2024 PSAK 117 implementation study and preparatory materials, as well as external sources such as PSAK 117, PSAK 109, Law No. 24/2011, Law No. 40/2004, and the IFRS 17 Application Guidance by HM Treasury (2023). Triangulation was conducted

by comparing responses across participants, validating findings through the FGD, and cross-referencing primary data with relevant documents.

Data analysis followed a content analysis approach to identify patterns, categories, and relationships among respondents' answers and supporting documents. The process began with organizing the research questions into seven clusters, followed by questionnaire distribution, response collection, and FGD implementation for reconfirmation. Subsequently, the FGD transcripts were analyzed alongside questionnaire responses and supporting documents to strengthen the validity of findings through triangulation. Interpretation of the findings was guided by Governance Theory, Stakeholder Theory, Legitimacy Theory, and Institutional Theory to address the research questions and objectives. The final stage involved drawing conclusions and formulating recommendations as theoretical and practical contributions to the implementation of PSAK 117 in the DJS Kesehatan program managed by BPJS Kesehatan.

RESULT AND DISCUSSION

1. Implementation of PSAK 117 in the DJS Program Related to the Recognition and Measurement of Insurance Contracts

PSAK 117 governs the recognition and measurement of insurance contracts that are based on the principle that a contract should be recognized when an entity becomes bound by significant rights and obligations (PSAK 117, pars. 25-28), and is measured using a General Measurement Model (GMM) approach or a simplified approach such as the Premium Allocation Approach (PAA) (PSAK 117, par. 54-59). This standard also emphasizes the determination of contract boundaries, contract aggregation, recognition of loss-loss contracts, risk adjustments, and discounts as important aspects in the measurement of insurance liabilities.

In the context of the DJS program which is social and collective, the implementation of PSAK 117 must be adapted to remain relevant but still in accordance with accounting principles. This study analyzes critical issues based on seven main clusters developed from research questions and strengthened by the results of the FGD and supporting documents.

1) General Understanding

PSAK 117 stipulates that insurance contracts must be treated with a principle-based approach and measurement based on future cash flows. In the context of non-commercial entities such as BPJS Kesehatan, an adequate understanding of the essence of this standard is crucial as it relates to contract classification, liability formation, and measurement model determination.

In the general understanding cluster, four respondents from BPJS Kesehatan showed that institutionally, BPJS Kesehatan has understood the substance of PSAK 117 and realized that this standard is principled, in contrast to the previous PSAK which was more rules-based. This is corroborated by the following questionnaire answers and FGD responses:

"PSAK 117 is understood as an accounting standard that emphasizes economic substance and the timely recognition of liabilities for insurance contracts, including social contracts such as JKN." (Respondent 1, 2025)

"All technical deputies have received intensive training on PSAK 117 since 2022 and understand that JKN contracts are insurance contracts that must be measured based on fulfilment cash flows. (Respondents 2, 2025)

Based on internal documents for the PSAK 117 implementation study, it is stated that since the beginning of 2022, BPJS Kesehatan has formed a cross-unit team to understand the implications of PSAK 117 on JKN contracts. This reinforces the findings of respondents, demonstrating a consistent and deep collective understanding.

Parwitasari (2022), in subchapter 5.1 regarding the preparation of BPJS Kesehatan in implementing PSAK 74, it was found that:

"The level of management's understanding of PSAK 117 is still limited and concentrated on the accounting function only."

The findings in this study show a significant increase compared to the results of Parwitasari (2022). If in 2022 the understanding is still fragmented, now all main lines in BPJS Kesehatan have a collective understanding and have conducted a technical mapping of the standards. A better understanding indicates a response to regulatory institutional pressure and public expectations for reporting practices to follow global standards as described in Institutional Isomorphism.

2) Acknowledgments

PSAK 117 provides that an insurance contract must be recognized at the beginning of the contract, i.e. when significant risk has been transferred to the entity, and the entity has an obligation to meet the benefits of the insurance (PSAK 117, paras. 25-28). This recognition applies to each group of classified insurance contracts, and must meet the parameters of severability and aggregation rates (PSAK 117, pars. 14-24). In the context of the DJS Kesehatan program, contract recognition is a crucial issue because it is related to the formation of liability and the separation between participant benefits and the entity's role as a manager.

All respondents agreed that the JKN contract managed by BPJS Kesehatan meets the definition of an insurance contract as per PSAK 117 par. 10-11. This is based on the existence of financial risk transfers from participants to DJS managed by BPJS Kesehatan, as well as the existence of future uncertainties to health service claims.

"In substance, JKN contracts have the characteristics of insurance contracts because they meet the elements of risk, premiums, and claims, even though they are social." (Respondent 1, 2025)

"PSAK 117 is not limited to commercial entities. As long as there is a transfer of risk and return of benefits, JKN contracts can be categorized as insurance contracts." (Respondent 5, 2025)

The Respondent agreed that the recognition of the insurance contract occurs when the participant pays contributions and DJS has an obligation to provide benefits.

"Recognition is made on a monthly basis based on the receipt of contributions, because contributions are paid every month and protection is provided according to that month." (Respondents 2, 2025)

The issue of aggregation levels is important in the context of DJS because it affects the formation of contract groups and the identification of loss-making contracts. All respondents agreed that the Health DJS Program does not divide insurance contracts into several groups (contract grouping), because all participants are members of one national scheme that is managed collectively.

"... because DJS Kesehatan divides the aggregation level into only one Class of Business, namely the National Health Insurance Program (JKN). There is no further separation based on

risk classification, because BPJS Kesehatan only manages one type of program, namely the social insurance program in the health sector" (Respondent 2, 2025)

The internal document regarding the implementation review of PSAK 117 confirms that contract recognition is carried out at the beginning of the protection period, i.e. when contributions are received, and the contract group is determined based on the type of participant and the contract term that indicates a uniform portfolio. This shows consistency with the respondents' understanding and is in accordance with PSAK 117.

Parwitasari (2022), identified three aggregation approaches, namely based on the age of the participants, the segment of the participants, and a combination of both. However, the results of the current study show that BPJS Kesehatan tends to choose a single class of business, thus currently there has been a strengthening and simplification of the approach.

The contract recognition and aggregation segmentation strategy reflects the efficiency drive and control of record-keeping costs as outlined in Positive Accounting Theory (Watts & Zimmerman, 1986).

3) Measurement

PSAK 117 stipulates that entities measure groups of insurance contracts using one of two models, the General Measurement Model (GMM) or the Premium Allocation Approach (PAA), provided that PAA can only be used for short-term contracts (≤ 1 year) and if the results are not materially different (PSAK 117, pars. 53-59). The measurement includes the components of estimating expected cash flows, discount rate, risk adjustment, and contractual service margin (CSM) (PSAK 117, par. 32-52).

All respondents agreed that contract measurement was carried out using the PAA approach. This is confirmed by the questionnaire answers and FGD responses:

"The application of the Premium Allocation Approach (PAA) in the Health DJS Program is based on the assumption that the managed insurance contract does not cause material losses. This is in line with the characteristics of non-profit programs and the existence of government intervention mechanisms in the event of a funding deficit. Thus, based on the results of the eligibility test, the PAA approach is estimated to meet the criteria because there is substantially no potential for a loss-making contract. (Respondents 2, 2025)

This is in accordance with the internal document regarding the implementation study which states that the PAA approach was chosen because of its simplicity and efficiency, and in line with the characteristics of the JKN program as a collective, non-profit, and mandatory contribution-based social insurance.

Parwitasari (p.47, 2022), stated that the suggested measurement model is GMM, and there was a statement from the source in the previous study that GMM was the main choice because the insurance contract period was more than 1 year, and in the study the measurement method was still at the conceptual study stage without a final decision. However, the findings of this study show that BPJS Kesehatan has taken a much more concrete position. The measurement model that was originally unconfirmed is now determined using the Premium Allocation Approach (PAA).

From a theoretical aspect, the suitability of this approach can be explained through institutional isomorphism theory (DiMaggio & Powell, 1983), in which BPJS Kesehatan adjusts its practices to be in harmony with applicable institutional practices and regulations, albeit with modifications according to the social context.

PSAK 117 par. 34-35, stipulates that contractual limitations must be determined based on the extent to which the entity has the right and obligation to provide services. In this case, the contract limit for the DJS program is set for one month because the contribution payment system is monthly. This is emphasized through the following questionnaire answers and FGD responses:

"Contract boundaries (CB) are monthly or 1 month, initially determining a 2-year CB due to the contribution review period from the Government, but there is also a contract with the Regional Government per year. The final decision of the basis for CB is how to pay, not the local government contract or contribution review. What goes to the Secretariat, (for the formation of a PP) is per month" (Respondent 2, 2025).

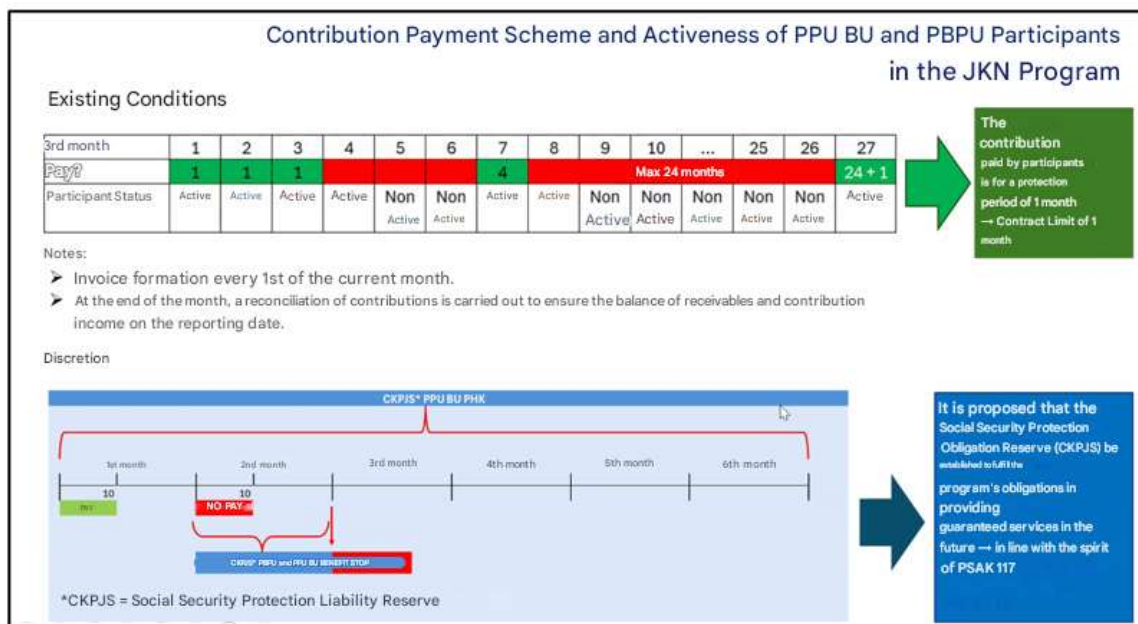


Figure 1. Contribution Payment Scheme and Activity of PPU BU and PBPB in the JKN Program

Source: FGD (2025)

Figure 1 explains the characteristics of the JKN program, the contract limit is set for one month because the participant's contributions explicitly provide protection rights only for that period, as illustrated in the participant activity scheme which directly adjusts to the payment of current month's contributions. However, the existence of residual protection for participants who have not paid contributions but still have the potential to access services at the beginning of the following month encourages the need for Social Security Protection Obligation Reserves (CKPJS), which is an additional obligation calculated based on projected claims for the next month from participants who do not pay contributions. Thus, BPJS Kesehatan continues to comply with the one-month contract limit as stipulated in PSAK 117, while ensuring the sustainability of social protection through CKPJS as a form of prudence and public accountability in the management of DJS. This is emphasized by the following questionnaire answers and FGD responses:

"... the development of the discussion to come up with CKPJS (Reserve Social Security Protection Obligations) the method uses a projection of claims for the next month (the average number of claims of participants who do not pay contributions) as if paying a month for 2

months of coverage, while for contract boundaries only for one month, this is an additional special obligation" (Respondent 2, 2025)

Parwitasari (2022) previously mentioned that there are two options for contract limitation (two years or five years). However, the results of this analysis show that the monthly option is more reflective of a conservative approach and in accordance with the provisions of PSAK 117 and social accounting practices. In the context of positive accounting theory, the selection of monthly contract boundaries reflects a strategy to avoid excessive recognition of long-term liabilities, maintaining conservatism and fiscal accountability.

PSAK 117 par. 37-39, requires the measurement of risk adjustments that reflect cash flow uncertainty. All respondents stated that the approach used was Value at Risk (VaR) with a 95% confidence level. This is emphasized through the following questionnaire answers and FGD responses:

"Previously it was calculated 2x standard deviation, there was a suggestion from an external actuary, but the result was too big, finally it was recommended to do VaR, why use VaR because the basis is claim insured, some are paid immediately. DJS claims the distribution is abnormal, the tail is long back, there are claims that are large but the value is small, the distribution is abnormal, so the one that matches the VaR with a 95% Confidence level. In terms of benchmarks from the survey conducted by KPMG for the 2023-2024 LN, the most use VaR." (Respondents 2, 2025).

PSAK 117 par. 66-71, stipulates that a loss-making contract must be recognized if the burden of estimated benefits exceeds the premium received. In the context of the DJS program, all respondents argued that the loss-making contract was irrelevant because the contract approach was monthly and not intended to generate profits. This is reinforced by the following questionnaire answers and FGD responses:

"Basically, the DJS program is not looking for profit so it is assumed that there will be no losses according to regulations, the government will intervene if it loses, then it can be concluded that there is no initial recognition for the loss contract" (Respondent 1, 2025).

"If in the next measurement there is an indication of a loss-loss contract (onerous), then DJS will apply the General Measurement Model (GMM) method in accordance with PSAK 117. The results of these measurements will be reported in the annual actuarial report and submitted to stakeholders" (Respondent 2, 2015).

PSAK 117 par. B72–B75, provides that discounts are determined based on a risk-free interest rate that reflects the characteristics of the contract's cash flow. The choice of discount method by BPJS Kesehatan is a bottom-up approach by considering liquidity and non-profitability risks. This is emphasized by the following questionnaire answers and FGD responses:

"... The bottom-up method was chosen because it takes into account the characteristics of JKN's social program and avoids financial market volatility." (Respondents 3, 2025).

The implementation of PSAK 117 in the aspect of DJS contract measurement by BPJS Kesehatan shows strong compliance with standards and consistency with relevant theories. The selection of PAAs, one-month contract limitations, the use of VaR-based risk adjustments, bottom-up discount methods, and the absence of loss-loss contracts reflect efficient technical implementation, in line with Positive Accounting Theory which emphasizes the efficiency and credibility of financial statements. This approach also strengthens the principles of public

governance according to Governance Theory through transparency and accountability, and reflects responsibility to stakeholders according to Stakeholder Theory.

2. Challenges of Implementing PSAK 117 in the Context of Social Insurance

PSAK 117 sets out the principles of recognition, measurement, presentation, and disclosure of insurance contracts. In the context of social insurance such as BPJS Kesehatan, the implementation of this standard not only demands technical changes, but also structural and institutional adaptations due to differences in fundamental characteristics compared to commercial insurance entities. One of the key factors is the importance of regulatory readiness, systems, and data in supporting the measurement of insurance liabilities. Therefore, the implementation of PSAK 117 in the DJS program managed by BPJS Kesehatan has the potential to face significant challenges from a technical and institutional perspective.

The lack of clarity on the basis of the regulation is the main obstacle in the implementation of PSAK 117 in the Health DJS because until now there has been no rule that explicitly requires the use of the standard, even though PSAK 104 has been replaced by PSAK 117. Respondents agreed that the absence of a formal legal umbrella makes the implementation process dependent on the internal initiatives of BPJS, which is currently still awaiting the completion of the harmonization of the Internal Circular Letter with the State Secretariat to strengthen the legitimacy of implementation. From the regulator's side, OJK is also committed to issuing SEOJK as the basis for the obligation to record PSAK 117, while IAI is preparing special standards for sui generis social security programs. This situation, according to the perspective of Institutional Theory (DiMaggio & Powell, 1983), shows that organizations are highly dependent on normative legitimacy based on formal regulations, so that without clear regulatory pressures, adoption rates tend to be partial and not optimal. This is emphasized by the following questionnaire answers and FGD responses:

"...but there is no legal umbrella that requires, BPJS will also issue a BPJS Health SE (target December 2025) currently signed on October 29, 2025 for a draft for harmonization, waiting for the Secretary of State" (Respondent 1, 2025).

"...OJK promises the existence of SEOJK to require the registration of 117 for BPJS Kes and TK, from IAI will also prepare a special PSAK for social security (for sui generis)" (Respondent 2, 2025).

The limitations and quality of participant data, as well as claims that have not been fully identified or segmented, are significant challenges in the process of risk estimation, determination of discount rates, and transition methods for the implementation of PSAK 117. The limitation of data, especially in the claims aspect, causes risk estimates to be less accurate so that a more conservative actuarial approach is required, and some respondents even recommend that the main assumptions be set by the government to ensure consistency between periods and between agencies. In the FGD, the distribution of abnormal DJS claims with a long tail characteristics was identified as a factor that hindered the use of conventional statistical methods, so the Value at Risk (VaR) approach with a 95% confidence level was chosen as an alternative that was more suitable for the risk profile. This condition, in line with Positive Accounting Theory (Watts & Zimmerman, 1986), shows that inadequate data quality encourages organizations to apply conservative methods in an effort to reduce the potential

political costs that can arise due to inaccuracies or errors in financial reporting. This is reinforced by the following questionnaire answers and FGD responses:

“... Participant claim data is incomplete and less segmented, so risk estimates and discount assumptions are less accurate. This condition requires conservative actuarial adjustments, and there is a recommendation from regulators that the main assumptions be set by the government to maintain the consistency and reliability of valuations” (Respondent 3, 2025).

In the transition process from PSAK 104 to PSAK 117, BPJS Kesehatan faces significant obstacles in the form of limited historical data caused by the systematic identification of some participants, so BPJS Kesehatan has to make retrospective assumptions adjustments which have an impact on decreasing the accuracy of the initial liability estimate. Faced with these conditions, BPJS chose the Modified Retrospective Approach (MRA) approach as the transition method that is considered the most realistic considering the limitations of data and the complexity of the existing system. The results of the FGD also confirm that this approach is adjusted to actual conditions and supported by closed group based simulations of participants to ensure more measurable estimates. This is reinforced by the following questionnaire answers and FGD responses:

"In the transition process, there are data collection constraints, including participants who have not been identified, so it is necessary to make adjustments to the assumptions used" (Respondent 3, 2025).

The challenges of implementing PSAK 117 in the DJS program managed by BPJS Kesehatan include unclear regulations related to adoption obligations, limited data quality and segmentation, transition difficulties due to historical constraints, and technical capacity and system readiness that still need to be strengthened. These findings show that despite strong institutional commitments, the successful implementation of PSAK 117 still requires more stringent regulatory support, reliable data integration, and effective coordination among stakeholders to ensure efficient implementation and adequate legitimacy.

3. Implications of the Implementation of PSAK 117 on Financial Reporting and Resilience of the Health DJS Program

PSAK 117 not only regulates the recognition and measurement of insurance contracts, but also has an impact on the reporting of financial performance and future liability positions, which ultimately affects the fiscal resilience of BPJS Kesehatan. The Health DJS program is the main target of risk-based accounting measurement, which includes the recognition of loss-loss contracts, liability measurement, to risk adjustments and discounts. Fund resilience needs to be ensured so that the continuity of the JKN program is maintained in accordance with the mandate of Article 19, Law No. 40 of 2004 and Article 37, Law No. 24 of 2011, which requires BPJS to maintain the sustainability of the social security program.

Respondents generally considered that the implementation of PSAK 117 has the potential to strengthen the transparency and accountability of DJS Kesehatan's financial reporting and provide a positive signal to the perception of fund resilience. However, they also highlight a number of challenges, such as the complexity of measuring short- and long-term liabilities, the potential for fluctuations in reserve estimates that impact the financial position, the risk of misinterpretation of loss-loss contract figures in the non-profit social context, as well as

limitations of historical reporting and data systems. This is reinforced by the following questionnaire answers and FGD responses:

"To find out the impact of the implementation of PSAK 117 and PSAK 109 on the surplus/deficit of the DJS program, management needs to conduct a Financial Impact Analysis (FIA). The results of the FIA have a significant impact on net assets." (Respondents 1, 2025).

"... The impact of reducing the value of net assets due to the impact of the initial balance due to the increased value of liabilities (the impact value range is very material), management has not been able to disclose the value or range of the impact of the implementation of PSAK 117 on the resilience of DJS." (Respondents 1, 2025).

The implementation of PSAK 117 provides a more systematic and transparent framework in reporting the financial position of DJS Kesehatan. Although it does not directly measure the resilience of funds, PSAK 117 is an important tool for mapping risks and potential liabilities that affect the sustainability of the program. A wise implementation strategy, strengthening the information system, and fiscal policy support remain key in maintaining the resilience of DJS after the adoption of PSAK 117. From the results of the study, the researcher did not get enough information about the impact of the implementation of PSAK 117 on the resilience of DJS, the information was only limited to the impact of the value because the adjustment of the implementation with the range of impact values was very material.

CONCLUSION

The analysis of PSAK 117 implementation in the Health Social Security Fund (DJS Kesehatan) managed by BPJS Kesehatan indicated that, although the standard was originally designed for insurance entities, it remained applicable to social insurance programs when supported by generally accepted accounting standards with limited adjustments reflecting non-profit characteristics and mandatory membership. Key challenges included limitations in data infrastructure, the absence of detailed regulatory guidance, and the misalignment of the Contractual Service Margin (CSM) concept with non-profit principles and government discretion in benefit provision. Nevertheless, the implementation of PSAK 117 encouraged more rigorous evaluation of contribution adequacy, program costs, and cash flows, thereby strengthening solvency assessment and long-term sustainability. Accordingly, accounting policies should continue to align with generally accepted standards while incorporating context-specific adjustments to ensure the relevance, reliability, and comparability of financial reporting. Future research is recommended to explore the development of specialized accounting guidelines for social insurance entities or to assess the long-term impact of PSAK 117 implementation on the financial sustainability and policy effectiveness of DJS Kesehatan.

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