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## **The impact of asymmetric information in medical services: A study in progressive law**

Nanik Trihastuti

Stephanie Putri

*University of Wollongong, sap993@uowmail.edu.au*

Bagoes Widjanarko

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## The impact of asymmetric information in medical services: A study in progressive law

### Abstract

2020 EManuscript Technologies. All rights reserved. A contractual relationship between doctors and patients demonstrates that there could be a nature of consumerism due to increases in demand for healthcare services, changing patterns of diseases, and medical technology development. These circumstances may have implications of medical expenses. This fact may lead to asymmetric information, resulting in delegation of decision-making authority because of patients' lack of knowledge regarding the medication and patients' trust in physicians. Moreover, this trust may result in supplier induce demand and imperative technology in providing healthcare services. Therapeutic transactions underlying paternalism have led to injustice as a result of imbalance in doctors' and patients' rights and obligations. This study investigated the law enforcement that still applies legal positivism and that has not been able to provide sufficient protection for patients in a form of legal sanctions. This research used the doctrinal legal approach and secondary data as the main sources. The data were then analyzed using progressive legal reasoning. This study revealed that asymmetric information was deemed disrespectful for patients' autonomy regarding the Informed Consent. To protect patients against the absence of transparency and accountability in medical interventions, patients' autonomy should be upheld. Therefore, both medical service providers and patients could act as equal partners. This attempt might be challenging as therapeutic contracts may clash with the notion of patients' autonomy. Using a beneficence in trust approach could be a solution that allows patients' autonomy to become the integral part of the medical practice. Ultimately, it also aimed at eliminating maleficence in medical treatment.

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# THE IMPACT OF ASYMMETRIC INFORMATION IN MEDICAL SERVICES: A STUDY IN PROGRESSIVE LAW

Nanik Trihastuti<sup>1</sup>, Stephanie Apsari Putri<sup>2</sup>, Bagoes Widjanarko<sup>3</sup>

1 Faculty of Law, Diponegoro University, Indonesia

2 Faculty of Law, Humanity, and The Arts, University of Wollongong, NSW, Australia

3 Health Education and Behavioural Science, Faculty of Public Health, Diponegoro University, Indonesia

## ABSTRACT

A contractual relationship between doctors and patients demonstrates that there could be a nature of consumerism due to increases in demand for healthcare services, changing patterns of diseases, and medical technology development. These circumstances may have implications of medical expenses. This fact may lead to asymmetric information, resulting in delegation of decision-making authority because of patients' lack of knowledge regarding the medication and patients' trust in physicians. Moreover, this trust may result in supplier induce demand and imperative technology in providing healthcare services. Therapeutic transactions underlying paternalism have led to injustice as a result of imbalance in doctors' and patients' rights and obligations. This study investigated the law enforcement that still applies legal positivism and that has not been able to provide sufficient protection for patients in a form of legal sanctions. This research used the doctrinal legal approach and secondary data as the main sources. The data were then analyzed using progressive legal reasoning. This study revealed that asymmetric information was deemed disrespectful for patients' autonomy regarding the Informed Consent. To protect patients against the absence of transparency and accountability in medical interventions, patients' autonomy should be upheld. Therefore, both medical service providers and patients could act as equal partners. This attempt might be challenging as therapeutic contracts may clash with the notion of patients' autonomy. Using a beneficence in trust approach could be a solution that allows patients' autonomy to become the integral part of the medical practice. Ultimately, it also aimed at eliminating maleficence in medical treatment.

**Keywords:** Asymmetric information; medical services; progressive law

## Correspondence:

Nanik Trihastuti

Faculty of Law, Diponegoro University, Indonesia

[naniktrihastuti.undip@gmail.com](mailto:naniktrihastuti.undip@gmail.com)

## INTRODUCTION

The term Asymmetric information in the field of economics appears to have been first used by Kenneth J. Arrow to describe a situation in which there is knowledge imbalance in medical services because a few have relevant information, while the rest have little [1]. This term is frequently used in various studies that investigate the relationship between ethics and health care providers in the industrial era.

The industrial era is demonstrated by a shift in healthcare services from charity to business-oriented. This phenomenon can be seen from a change in the characteristics of the subject of law, that is, medical services have transformed into corporate-based services. This means that doctors are not the only medical service providers as hospitals also take part in providing healthcare services. As a result, hospitals have a role in the making of health care contract agreement.

In healthcare services, the relationship between doctors and patients and the relationship between patients and other healthcare providers are bound up with professional ethics that encompass personal and corporate standard of behavior that governs one's obligations. These include moral principles, that is, bioethics that include the respect for beneficence, non-maleficence, autonomy, and justice. Physicians as professional workers are responsible for each medical treatment given to patients. Any medical treatment

should be based on a set of values and physicians' knowledge underpinned by the Hippocratic oath, the code of medical ethics, and standard of professional practice. In some cases, however, some doctors may not have good intentions and sensitivity towards patients' conditions. For example, this may lead to moral hazard. If it is not controlled, it may result in immoral behaviour. This condition may be worse if the role of hospitals has changed into an economic institution that demands for investment, leading to a higher risk of professional misconduct.

Taking advantage of patients' ignorance or persuading patients to utilise more health services during consultation or medication (induce demand) may harm patients. This may be done using technological imperative in which physicians offer the use of advance technology that may be unnecessary or physicians ask patients to do various laboratory tests, so that doctors can easily determine medical treatment required. Additionally, doctors can also prescribe more expensive medicine to patients because they have cooperation with pharmaceutical companies. As a result, patients may have higher expenses to purchase the products.

In a nutshell, healthcare services have two functions, that is, social and economic functions, meaning that they serve and provide health services, but at the same time, they make a profit. For instance, patients are required to make

payment after getting medical treatment. The healthcare cost should be honest, thus, the social function of healthcare services can be maintained. Nevertheless, many hospitals and other health facilities focus on gaining profits for the sake of the economic function yet overlook their social role [2]. This can be triggered by increases in demand for healthcare services, changing patterns of diseases, and medical technology development. Hence, the implication could be in a form of medical expenses that become physicians' right but patients' obligation to pay [3].

Numerous arguments have been used by hospitals to claim that they should uphold the principles such as, "hospital wards should be full" or "medical equipment should be used" as they are purchased using a bank loan, leading to the phenomenon called "*supplier induced demand*" or even "*supplier reduced demand*", in which physicians or health care services ask for less amount of demand. This could potentially occur due to moral hazard in the case of health insurance, resulting in more medical services and higher medical expenses.

The facts mentioned previously may demonstrate that some health providers may misuse delegation of decision-making authority mandated by patients to work together to determine what is right for patients. This authority is based on patients' trust in physicians although this trust cannot guarantee that health providers are unselfish and put patients' interest above their own.

In healthcare services, giving sufficient information to patients regarding their medical treatment to avoid information distortion in informed consent [4]. The communication between doctors, patients, and other health providers is essential to help patients make decisions regarding their medical treatment. Patients' rights to obtain adequate information and explanation is considered the primary right, including special measures requiring informed consent that is signed by patients or their family members.

Taking advantage of patient ignorance which may lead to supplier induced demand and technological imperative may show that there could be violation of the principle of patient autonomy. The law enforcement using legal positivistic being applied in Indonesia may be unable to give deterrent effects to the violation against the principle of patient autonomy.

This study aims to investigate the implementation of the principle of patients' autonomy which is closely related to its risks and its decision-making process. The enforcement of rights and obligations regarding the application of patients' autonomy becomes the foundation to evaluate the decision-making in health care services that should be based on the risk awareness.

## METHODOLOGY

This research used a doctrinal approach which refers to the formulation of legal doctrines by analyzing legal rules [5]. One of the core characteristics of doctrinal research includes the conceptual analysis of relevant legislation to reveal a statement of the law relevant to the matter under investigation [6]. Elsewhere, Hutchinson also states that the doctrinal approach assumes that law is made up of principles, rules, and precedents and that these are a coherent system [7].

The steps in the doctrinal approach include: (1) analyzing legal issues by reading relevant materials in order to understand the legal issues being discussed [8] [9]; (2) establishing relevant rules of law applicable to the issues [8]; (3) analyzing the facts of the law [8]; (4) making some conclusions based on the facts and the law considered [8]. This study used secondary data obtained from a literature study by evaluating numerous primary and secondary legal materials.

The data analysis used a progressive reasoning that aimed at liberating the analysis from the traditional concepts. Thus, it is based on the principle stating that the law is made for humans and the law does not exist for itself, but for the dignity, welfare, and honor of people [10]. The interpretation does not have to be based on the logic of law, and it goes beyond textual interpretation and focuses more on contextual interpretation [10].

To draw a conclusion, rationale deduction was used [11], in which universal moral principles had a role as the major premise, while behavioral cases being investigated became the minor premise. The conclusion drawn as the final premise in this syllogism became the legal norm or the moral norm [12].

Although there are some criticisms regarding the doctrinal approach such as, it is too theoretical and conservative as it does not consider political, economic, and social implications of the legal process [8], this approach allows the researchers to look for premises in the cases in their rationality and meaning of justice [11].

## RESULTS AND DISCUSSION

### The Principle of Proportionality in Therapeutic Contracts

The doctor-patient relationship is based on the agreement stated in therapeutic contracts. This contractual relationship applies when patients sign an agreement (informed consent) regarding medical treatment, including medical costs. The informed consent is done after doctors give explanations to patients and patients understand the information.

Some scholars state that informed consent tends to be associated with doctrines rather than agreements because the informed consent emphasises the obligation to give right information. The convention applies after the informed consent is signed and given to both parties.

According to the civil law, doctors can practise medicine after they register and have a licence to practise. Doctors who have a licence to practise have given an offer (*openbare aanbod*) regarding medical treatment as the main requirement in the agreement. The offer should also include comprehensive information about diagnoses and therapies. The therapeutic contract applies after patients agree to sign the informed consent.

Article 45 paragraph (4) Law Number 29 Year 2004 and Article 68 Law Number 36 Year 2014 state that informed consent can be either written or verbal consent [13] [14]. However, verbal consent tends to be frequently used although this way does not affect the contractual aspect of the doctor-patient relationship. This is in line with Kerridge, Lowe, and Steward who argue:

*"It should be noted that, although there may be some contract that the law requires to be reduced to writing (like those regarding land), by far the majority of contract in the health area are not written down. This does not affect the validity of the agreement, - in most case where the court must examine an alleged breach of contract between health care provider and the patient, the existence of the contract has not been disputed".* [15]

In the practice, patients' informed consent can be in the form of implied consent, meaning that patients willingly accept all the information given by doctors. In the low-risk therapeutic contract, the implied consent can be valid. Nevertheless, this type of consent should not be utilized in high-risk cases such as, surgery, thus, expressed consent in a written form should be used instead.

In *verbintenis*' (obligation/ agreement) view, therapeutic transactions are *onbenoemde overeenkomst* (unnamed contract) which refers to a contract that is neither assigned specific names nor handled in Indonesian Civil Code, but the contract is widely recognised as a consequence

of freedom of contract. According to Hermien Hediati Koeswadji, therapeutic transactions can be identified as *contractus sui generis* because they contain elements of contract including a medical care agreement that describes medical treatment provided by doctors and other healthcare providers [16].

Informed consent is therapeutic transactions or contracts between physicians and patients that constitute legal relations, rights, and obligations. There are some differences between informed consent and other agreements. For example, in informed consent, the object of agreement is medical therapies. Thus, the object of agreement in therapeutic transactions are the proper medical treatment for patients, not patients' total healing, because healthcare providers are not the guarantors for patients' total recovery. As a result, not all medical failures can be sued.

This consideration may be the main drawback of informed consent as patients may suffer from loss. Doctors do not have any obligations to give definite diagnoses, so that they may try various methods and medicine even though it is the patients who will bear the risks. This is in accordance with the characteristic of therapeutic contracts as *Inspanningsverbinten* (effort/commitment agreement) in which both parties agree to do whatever it takes to realize the agreement. Therefore, it is not *resultaatverbinten* in which both parties agree to give *resultant*, that is, the actual result of the agreement.

The phenomena mentioned previously may prove that the law has shown alignments with the medical profession, so this may be considered to be injustice. Since patients' healing cannot be guaranteed, it is deemed appropriate that therapeutic contracts should consider the principle of balance and tolerance. Doctors also need to state clearly to patients that they have limitations in giving medical treatment and should not charge unreasonable costs to patients. The essence of informed consent that still only emphasises the protection towards medical professions may demonstrate that there could be imbalance between the doctor-patient relationship. Although patients are required to sign the agreement stating that they have understood the information given regarding procedures of medical treatment, possibilities of healing, and risks; patients' agreement in the informed consent cannot ensure and be used as evidence that patients have received clear information from doctors.

In addition, the agreement in the informed consent is a one-sided contract, thus, the legal value of informed consent cannot be treated as other agreements because there are no rights and obligations for both parties. In this agreement, only one party, that is the patients, that state their intention. Moreover, doctors have no obligations to give medical treatment carefully, and there are no sanctions for them if they fail their duties. Hence, they may not be responsible for what they have done to patient as it is the patients who give an agreement statement in a one-sided contract. This kind of contract also shows the imbalance in the bargaining position of both parties.

A contract should be a means of accommodating both parties' interests. According to Rawls, the theory of justice should be developed through a contractual approach in which the principles of justice are based on a mutual agreement. The contractual approach can ensure the implementation of rights and obligations [17]. The principle of balance in a contract is to create justice for both parties. This principle is constrained by the intention and profitable situations, and trust and abilities to realize the expected outcome.

Regarding therapeutic transactions between doctors and patients, to realise of the principle of contractual justice, the proportionality should be the major consideration for the parties. Based on moral considerations, the principle of proportionality refers to the underlying principle of rights

and obligations of the parties with proper proportions in the contractual process. The principle of proportionality emphasises the fulfilment of both parties' rights and obligations. This principle should also be applied throughout the contractual process including pre-contractual, the making of the contract, and the application of the contract.

The justice of contract is determined by two approaches: (1) a procedural approach emphasising the free will in a contract, (2) a substantial approach emphasising the essence and the implementation of the contract. The latter also emphasises that there could be different interests among the parties [18].

In the doctor-patient relationship, justice will be fulfilled if this legal relation focuses on equality, thus, the equal share in medical care transactions can be realised.

### **The Relationship Pattern between Doctors and Patients in Medical Services**

Article 1 paragraph (4) the Law Number 44 Year 2009 states that patients are the ones who consult with medical providers regarding their health conditions [19]. Meanwhile, Article 31 (1) says that patients should pay medical expenses [19]. It could be concluded that this stipulation shows the imbalance because the division of the right is based on achievement. The contractual relationship should be based on the principle of equality. However, the doctor-patient relationship in medical services may demonstrate that doctors have a dominant role towards their patients.

As doctors tend to be dominant and the principle of proportionality cannot be fulfilled, the relationship has shifted into the relationship of power [20]. meaning that relationships between active parties that have power over subordinate and passive parties and play the role of dependence. Doctors' superiority towards their patients due to their medical knowledge may imply that doctors are the active party while patients are passive and do not perform any roles, leading to an imbalance relationship. Hence, the doctor-patient relationship cannot be categorised as a contractual relationship. Rather, it involves power relations between parties [20] *see also* [21].

Fundamentally, there are three types of doctor-patient relationships [22]. First, the active-passive relationship states that a relationship that is based on a social aspect is not a flawless relationship because it focuses on activities done to each other that the parties cannot perform their functions and roles. This relationship is like a parent-child relationship. In the context of doctor-patient relationships, doctors' measures do not require any patients' roles. Second, the guidance-cooperation relationship requires patients' cooperation, such as the adherence to doctors' advice, although doctors have more adequate knowledge compared to patients and they do not merely use their power to play their roles. This relationship is like a parent-teenager relationship in which parents can give suggestions and guidance, while their children follow their advice and guidance. Third, the mutual participation model is underpinned by a philosophical belief that all human beings have equal rights and dignity. This relationship is based on a democratic social structure that has existed among the society. Psychologically, there is an interdependence relationship between both parties where they have almost equal power and depend on each other *see also* [23].

The development of information technology and the higher level of patients' education along with an open access to health information and health services should be able to shift the doctor-patient relationship from the paternalistic model (active-passive model) to the mutual participation model. In fact, however, this paternalistic relationship between physicians and patients still exists.

This condition may not only be used to generalize that all the doctor-patient relationships in Indonesia are still using paternalistic or an active-passive model. The fact also shows that although patients have a higher level of education and social status, there is still a tendency that this active-passive model is still being implemented. This relationship pattern that was favored during the Hippocrates era might be more appropriate to be applied to lower-level patients, child patients, and patients with mental disorders.

The application of the paternalistic model in medical services may be caused by a wider sense of meaning and interpretation regarding diseases. Initially, the concept of diseases only concerns about pathological symptoms and tends to be symptomatic. In the later development, it has changed into pain, discomfort, and disability aspects [24]. This change of conception has affected the characteristics of patients and the types of medical services chosen by patients. For example, medical treatment related to aesthetic and skin problems has been developing recently.

If the prior interpretation of diseases is used, patients who consult with dermatologists and aesthetic surgeons are considered to be patients with 'pain'. In the later development, a person who feel uncomfortable with his/her physical conditions (discomfort) can consult with a dermatologist or an aesthetic surgeon in order to ask for medical treatment to correct parts of the body that need improvement. Patients who usually require such treatment come from a higher social, economic, and educational status because this treatment need higher medical expenses. Furthermore, patients who wish to do the treatment are supported by adequate information regarding this matter. This fact may demonstrate that there could be no disparity in knowledge between both parties, so the relationship model that should be applied might be the mutual cooperation relationship between doctors and patients. Sometimes, patients who do not have adequate knowledge about the medical treatment may not be able to change the paternalistic model. When doctors offer the use of technology and medicine that are not familiar, patients normally will accept the offer.

The paternalistic or active-passive model could be the most appropriate and expected relationship according to doctors as it does not cause any patients' intervention. It can also be caused by the God Complex behaviors by doctors [25] or as a side effect of being a doctor/ occupational Hazard [26]. The problem that may arise is that in this type of relationship, patients' autonomy may be violated.

Based on Black's Law Dictionary, autonomy is "an individual capacity for self-determination" [27]. Raz differentiates autonomy from individualism; and autonomy does not mean rights to challenge coercion [28]. He also states that autonomy will be valuable if it is utilized to do good deed [28]. Therefore, this view can be appropriate if it is used in the medical context. In the medical treatment, patients' autonomy does not mean to give absolute freedom to patients. In the legal context, patients' autonomy is categorized as a private right that respects self-determination aspects [29]. Patients' autonomy is patients' ability to make a decision regarding their medical treatment such as, choosing doctors [17].

The principle of patients' autonomy is basically to describe the doctrine of informed consent. As stated by Dworkin, "thus for I have argued that autonomy plays a major role in explaining the doctrine of Informed Consent and I have given reasons for the importance with attach to autonomy" [17]. Patients' autonomy is seen as a precondition of genuine trust because trust in the traditional era has resulted in knowledge and power imbalance [30]. Thus, the principle of patients' autonomy is a relationship model that puts each party as equal partners (ibid).

On the one hand, the doctor-patient relationship that follows the notion of equal partner demands for the enforcement of patients' autonomy. On the other hand, the paternalistic model still exists. This condition potentially clashes with values. To overcome this problem, the beneficence in trust approach proposed by Edmund D. Pellegrino and David C. Thomasma [31] can be used. This approach aims to refine a prior approach initiated by Beauchamps that focuses more on the paternalistic model. To overcome the dichotomy between paternalism and patients' autonomy, the concept of collaborative decision making [31] is used. In this view, information delivery should be the core of communicative activities between patients and healthcare providers. This activity is done to help patients make a decision regarding their medical treatment and to facilitate them to participate and monitor the process of decision-making process, so that the medical treatment can be more beneficial for patients [17].

According to the principle of duty-based ethics, the disclosure of information is not only an ethical obligation, but also a legal obligation. In this case, giving information to patients is an obligation of each profession in the medical field because there is a special relationship between the professions and patients [32]. The type of information that needs to be informed to patients according to patients' autonomy includes procedures of medical treatment, estimated outcomes, possible risks of medical treatment, and alternative medications.

The truth-telling aspect is essential in the disclosure of information in healthcare services. Thus, the treatment given by healthcare providers especially in giving adequate information to patients should be of the utmost importance and it should not be affected by the subjective assessment towards patients. Doctors'/ healthcare providers' assumptions regarding the potential harmful impacts of giving information to patients should become the consideration to select appropriate methods of communication.

Based on these explanations, it could be concluded that patients' autonomy ultimately aims to protect patients' rights in therapeutic contracts. The protection of rights underpinning the principle of patients' autonomy may ensure the fulfillment of contracts between both parties.

### **Legal Obligation in Medical Services**

The implementation of patients' autonomy has become a monitoring tool in the medical practice. There is a relationship between patients' knowledge, patients' awareness of risks, and the process of decision-making that cannot be separated from medical intervention. This is in line with the doctrine of *voluntati non fit injuria* or assumption of risks stating that anyone who willingly bears the risks cannot sue if the risks finally occur [33]. This doctrine only applies to healthcare providers that have implemented the principle of patients' autonomy and have good medical services. According to this principle, patients who have made a decision regarding their medical treatment using a valid autonomy principle should be responsible for their own action. Steele argues that the implementation of this doctrine will affect the analysis of legal obligation in attempting to fulfill the justice for healthcare providers [34]. According to Contract Theory, if doctors agree to give treatment to patients with certain medical costs, the contractual process involves their rights and responsibilities [35].

The risk accountability for healthcare providers can be examined using their perspectives, that is, criminal, civil, and administration. Therefore, the accountability regarding the application of patients' autonomy should also consider the characteristics of the dispute and of the law that regulates the medical dispute. Hence, the attempt to investigate public



law and the nature of private law has become an important part in analyzing medical disputes. According to Edward Hondius, the structure of medical law may affect the legal issues regarding the consequences of the responsibility [36], thus, the analysis of legal obligation in medical treatment should begin with the analysis of the sketch of medical law.

The principle of patients' autonomy may produce patients' civil rights and healthcare providers' obligations to fulfill the rights. If there is a violation of the autonomy principle, this violation can be categorized as an act against the law in relation to information delivery and communicative attempts [4]. Hondius says that the civil accountability in medical cases always has two forms, that is accountability of the contract and accountability of an act against the law [36]. In cases where there is a violation of the law, the basic idea is the violation of physical integrity that belongs to patients and is protected by the law. Meanwhile, accountability of the contract has the idea that there is a violation of consensual relationships between doctors and patients.

The drawback of this analysis is that although the principle of patients' autonomy has been upheld, doctors may persuade patients in the decision-making process, thus, the decision may cause harm to patients. If doctors or healthcare providers misuse patients' trust that can lead to moral hazard due to asymmetric information, they not only do actions against the law, but also violate code of medical ethics. Code of professional ethics as a mutual agreement between parties is an agreement to follow the agreed ethical codes.

The medical dispute resolution can be done ethically as regulated in the Law Number 29 Year 2004 on Medical Practice [13]. If doctors act against ethics, morel, and Code of Medical Ethics Indonesia (KODEKI), their actions will be proven by Assembly of Code of Medical Ethics (MKEK). Unfortunately, only administrative sanctions will be given to them because medical ethics, professional standard, and standard operational procedures are designed by doctors. The role of the government in the law is to establish doctors' obligations to follow the professional standards and give legal sanctions for those who violate the law. This is in line with Article 51 a paragraph (1) on Medical Practice in relation to Article 58 paragraph (1) the Law Number 36 Year 2014 on Health Workers stating that health professionals should follow Profession Standards and Standard Operational Procedures as well as patients' medical needs [14]. A violation of this law will be charged criminal fines (Article 79 the Law Number 29 Year 2004) [13].

Such sanctions will not have a deterrent effect, thus, alternative sanctions can be proposed. In terms of a violation of law in the contractual stage, there is a stipulation regarding breach of contract and an act against the law, particularly malpractice cases. However, if the violation occurs in the pre-contractual, both aspects cannot be applied.

An act is considered to be against the law if it is against four aspects, namely other people's rights (*subjectief recht*), the legal obligation, and the morality and values that need to be followed in the society. According to these norms, doctors' services that deviate medical standards or professional standards are also against other people's rights and their legal obligation, and even common norms in the medical field.

Violations towards medical professions can be found in the form of medical negligence and professional misconduct [37]. It could be concluded that doctors' moral hazard due to asymmetric information is identified as professional misconduct in the pre-contractual stage, where doctors give information to patients for the decision-making process.

Doctors' attempt to persuade patients to overuse certain medication methods, technology, or medicine can be

considered to be abuse of circumstances (*misbruik van Omstandigheden*). Abuse of circumstances is a new element included by NBW (Civil Code of the Netherlands) as a rationale for contract cancellation. Abuse of circumstances that may disadvantage one party is also a form of abuse of opportunities of another party.

In Indonesia, this doctrine has not yet become positive law. However, in the practice, this doctrine has been implicitly accepted through the jurisprudence mechanism (Decision of the Supreme Court of the Republic of Indonesia Number 1904/Sip/1982) (Luhur Sundoro/Ny Oei Kwie Lian c.s) and Number 3431 K/Sip/1985 (Sri Setyaningsih/Ny Boesono c.s.). These state that if there is abuse of circumstances done by one party, it can be considered a flaw in the making of contract.

NBW states that legal actions require a will that focuses on certain legal consequences as stated in a statement (vide Article 3:33 NBW). In line with contracts as a legal action that has legal consequences, the existence of contract is determined by the adjustment between desires and statements, resulting in an agreement. Nevertheless, sometimes there could be discrepancy between desires and statements due to a defective will. Thus, NBW has established four aspects regarding this matter as a rationale for contract cancellation as stated in Book III and VI in Article 3:44 (1) and Article 6: 229 NBW: (i) threats (*bedreiging*), (ii) fraud (*bedrog*), and (iii) abuse of circumstances (*misbruik van omstandigheden*); and faults (*dwalen*), and if one knows that the contract will not be made, the contract can be cancelled [38].

As healthcare providers tend to increase patients' demand due to economic motivation, supplier induced demand is a misuse of doctor-patient relationship done by doctors to gain profits.

Article 1339 BW states that "the parties are not only bound to the explicit terms of the contract, but also to that which commonly imposed by custom (*billijkheid*), justice, and law." This article tends to be associated with Article 1338 paragraph (3) BW, stating that an agreement shall be implemented in good faith. By persuading patients, doctors may violate the principle of good faith and morality that should become the foundation of the contractual relationship between doctors and patients.

If there is a defective will in the doctor-patient relationship, the doctrine called undue influence can be applied (Fuady, 1999). This doctrine states that a contract can be cancelled because there is no conformity of will as one of the parties has a superordinate position in the contract and uses persuasive methods to take advantage of the other party for his/her own profit. To cancel the contract, there are two requirements, that is the party who makes an agreement is in the subordinate position and easily persuaded and the other party uses unfair persuasion.

## CONCLUSION

Transactions in medical services is uncertain, so there might be potential high risks regarding the expected outcome. Therefore, medical services that can detect potential risks since the beginning to prevent the legal obligation from the parties involved in therapeutic transactions. In this case, the principle of patients' autonomy should be upheld as the main requirement to fulfill the justice in therapeutic transactions. If there is a defective will due to doctors' persuasion towards patients, the doctrine called undue influence can be utilised to cancel the contractual relationship.

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