

ABSTRACT

After the pandemic, the need for hospital infrastructure has become important. The government encourages the improvement of health facilities by opening foreign and local financing opportunities and opening the National Health Insurance (JKN) to meet the basic needs of decent public health. The increasing improvement of health facilities certainly requires funds that must be prepared by companies engaged in the health sector, where the source of funds can use bank debt and equity. The decision on the use of this source of funds will affect the cost of capital that will be borne by the company. The composition of bank debt and capital needs to be considered to increase the value of shareholders' wealth.

The data analysis method used in this study is the deductive method, which uses existing data in general to then make a specific conclusion. The type of research used is quantitative analysis to determine the optimal capital structure of hospital companies that have been listed on the Indonesia Stock Exchange. The sampling technique used in this study was by using Purposive Sampling technique.

The variables used in this study are Cost of Equity, Cost of Debt, WACC, DCF and Cost of Financial Distress. The object of research to be analyzed in this study is the optimal capital structure of companies in the hospital industry in Indonesia seen from the pattern of company expansion whether including aggressive or moderate.

This study calculates the optimal capital structure in the hospital industry through the highest corporate value approach by considering the lowest cost of capital and the risk of bankruptcy that may occur. From the calculations, the optimal capital structure value of HEAL is 70% debt and 30% equity, MIKA is 35% debt and 65% equity, and PRIM is 2% debt and 98% equity. It can be concluded that companies that expand aggressively have a larger proportion of bank debt value compared to companies that expand moderately.

Keywords: *Free Cash Flow to Firm, Optimal Capital Structure, Valuation, WACC*