



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

June 6, 2007

ADMINISTRATIVE ORDER
No. 2007-0022

SUBJECT: Violations under the One-Stop Shop Licensure System for Hospitals

I. Background I Rationale

The FOURmula One (F1) for Health identified the harmonization and streamlining of systems and processes as major strategies in making health regulation more rational and client-responsive. In this regard, the One-Stop Shop Licensure System for Hospitals was established by the Department of Health (DOH). The system requires that a single license be issued to hospitals, which shall cover for the operation of the hospital as well as its ancillary and other facilities, which include, but are not limited to, the clinical laboratory, HIV testing, drinking water analysis and drug testing; blood bank, blood collection unit and blood station; dialysis clinic; ambulatory surgical clinic; pharmacy; and medical x-ray facility. However, hospital-based medical facility for overseas workers and seafarers, hospital-based drug abuse treatment and rehabilitation center, facility using radioactive material that are currently regulated by the Philippine Nuclear Research Institute and performance of kidney transplantation are excluded in the One-Stop Shop Licensure System.

Under this new licensure system, any violation committed by the hospital in relation to existing rules and regulations may result in sanctions such as the suspension or revocation of the license and the closure of the hospital. This Order shall define violations and their corresponding sanctions that are not included in existing rules and regulations.

II. Objective

This Order defines the violations that may be committed by hospitals, as well as their corresponding sanctions, under the One-Stop Shop Licensure System for Hospitals.

III. Scope

This Order shall apply to all hospitals and their ancillary and other facilities that are subject to comply with the One-Stop Licensure System.

IV. Guidelines

A. Violations

1. Violations relative to existing laws, rules and regulations on the regulation of hospitals and their ancillary and other facilities, and any other analogous circumstances, shall be subject to the corresponding sanctions as defined by the relevant existing laws, rules and regulations, as well as by this Order.
2. Violations as defined in Administrative Order No. 147 s. 2004 shall be subject to sanctions specified in Section IV.B of this Order.
3. Non-compliance with licensing standards and requirements for equipment for hospitals shall be considered a violation if deficiencies are not corrected within thirty (30) calendar days after receipt of official notice. Non-compliance with licensing standards and requirements for manpower and physical plant shall be considered immediately as a violation.
4. If there are violations relative to existing laws, rules and regulations governing the operation of ancillary and other facilities:
 - a. The hospital shall discontinue the provision of the service.
 - b. The hospital shall be downgraded if the service that is affected is a requirement for the issuance of the License to Operate (LTO).
 - c. If there are more than one (1) clinical laboratories, pharmacies or medical x-ray facilities, the hospital shall not be downgraded if at least one ancillary facility of the appropriate category is fully compliant to existing laws, rules and regulations. Non-compliant ancillary facilities shall cease operations.
5. With respect to the operation of ancillary and other facilities by a hospital, the following shall be considered as a violation:
 - a. Continued operation of a facility even when the hospital is non-compliant with regulatory standards and technical requirements for that particular facility.
 - b. Continued operation of a facility despite a cease and desist order on the hospital with respect to its operation of the facility.
 - c. Continued operation of a regulated facility without a valid license.
6. For violations of existing laws, rules and regulations relative to the regulation of ancillary and other facilities sanctions shall be borne by the hospital, whether or not the facility involved is owned by the hospital.
7. A violation may be of the same or different nature as previous ones.
8. Any changes in the service capability of a hospital as a result of sanctions imposed due to violations, including those involving ancillary and other services, as well as special services, shall be reflected on the LTO.

B. Sanctions

1. Cease and Desist Order

a. The Center for Health Development (CHD) Director, upon the recommendation of the Chief of the Regulation Division, shall immediately issue a Cease and Desist Order (CDO) for all hospitals operating without an LTO, and may seek assistance of any government agency to effectively enforce the order.

b. During the transition period for the One-Stop Shop Licensure for hospitals, the Secretary of Health or his duly authorized representative shall issue the CDO.

2. Written Warning

a. For the first incidence of a violation, the hospital shall be issued a written warning.

3. Administrative Fines

a. For violations involving basic, ancillary and other facilities required for licensure of the hospital, the following fines shall be imposed:

- i. Thirty thousand pesos (PHP30,000) for the second violation; and
- ii. Fifty thousand pesos (PHP 50,000) for the third violation.

b. For violations involving ancillary and other facilities that are not required for licensure of the hospital, the following fines shall be imposed:

- i. Twenty thousand pesos (PHP 20,000) for the second violation; and
- ii. An additional twenty percent (20%) of the previous fine for every subsequent violation.

c. Fine Imposition Procedures

- i. An official notice of the imposition of the administrative fine shall be sent to the hospital by registered mail.
- ii. The fine should be paid to the CHD Cashier or the DOH Cashier during the transition period of the implementation of the One-Stop Shop Licensure System, in person or through postal money order, within ten (10) working days after receipt of the official notice.
- iii. If the fine is not paid within the 10-working day period after receipt of official notice, a surcharge of three percent (3%) of the total fines shall be imposed for each month of delay in payment.
- iv. The LTO of the hospital, whether issued initially or renewed, shall not be released without full payment of administrative fines and surcharges.
- v. A change of name without change of management or ownership shall not be allowed for a hospital until administrative fines and surcharges are fully paid.

4. Suspension I Revocation of License

a. For violations involving basic, ancillary and other facilities required for licensure of the hospital,

suspension or revocation of LTO shall be imposed on the fourth violation.

b. The LTO, whether issued initially or renewed, shall be suspended or revoked by the CHD Director upon the recommendation of the Chief of the Regulation Division. The CHD shall furnish the Bureau of Health Facilities and Services, Bureau of Health Devices and Technology and Bureau of Food and Drugs a copy of the suspension or revocation order, . together with supporting documents.

c. During the transition period for the One-Stop Shop Licensure for hospitals, the LTO, whether issued initially or renewed, shall be suspended or revoked by the Secretary of health or his duly authorized representative upon the recommendation of the regulatory bureau concerned. The concerned regulatory bureau shall furnish the CHD a copy of the suspension or revocation order and supporting documents.

d. For hospitals whose LTO has been suspended, the LTO shall not be automatically renewed until the suspension order has been lifted.

V. Repealing Clause

Provisions frOm previous issuances that are inconsistent or contrary to the provisions of this Order are hereby rescinded and modified accordingly.

VI. Separability Clause

In the event that any provision or part of this Order be declared unauthorized or rendered invalid by any court of law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

VII. Effectivity

This Order shall take effect fifteen (15) days after its approval and publication in the official gazette or newspaper of general circulation.

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