



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

December 23, 2011

ADMINISTRATIVE ORDER
No. 2011 - 0020

SUBJECT: Streamlining of Licensure and Accreditation of Hospitals

I. RATIONALE/ BACKGROUND

The basic approach for assuring the quality of health services has been to rely on licensing and accreditation. The authority and responsibility for ongoing licensing of hospitals rests with the Department of Health (DOH) through the Bureau of Health Facilities and Services (BHFS) by virtue of Republic Act (RA) No. 4226 known as the "Hospital Licensure Act"² while that of hospital accreditation rests with PhilHealth pursuant to R. A. No. 7875 otherwise known as the "National Health Insurance Act." One of the regulatory reform initiatives identified by DOH to improve system performance is streamlining of licensure and accreditation of hospitals.

Under the present-day regulatory scheme, it is well recognized that a grant of a License to Operate (LTO) is a prerequisite to accreditation of the same. As of the end of December 2010, eighty-eight (88) percent or 1,602 of the total 1,812 DOH licensed hospitals have been accredited by PhilHealth. A closer look at PhilHealth accreditation standards for hospitals reveals that majority of the aforesaid standards are DOH licensing requirements as well. As a result, DOH decided to embrace PhilHealth core indicators of safety into the assessment tool for hospital licensure. More importantly, this regulatory intervention may require, among other things, the creation of new licensing and monitoring processes, information and reporting systems, and intensive training of inspectors for optimal performance in its redesigned function.

Consultative meetings involving key stakeholders have been conducted for the past few months regarding the implementation of policies relevant to hospital regulation. To provide improvements of value to our major stakeholders, the current management of DOH Central Office has resolved to streamline the licensing and accreditation of hospitals. The Department of Health is embarking on this new paradigm for the following reasons:

- a) First, streamlining will benefit the hospitals, patients, and both DOH and PhilHealth as standards and processes are simplified;
- b) Second, limited resources available in the implementation of both licensing and accreditation requires collaboration between DOH and PhilHealth to pool resources together to achieve efficiency; ¹-

c) Last but not least, to address the clamor from the hospital sector for DOH and Philhealth to synchronize efforts to eliminate duplication in licensing and accreditation without compromising the quality of care.

To make regulation more rational and client responsive, the Department of Health, in formulating the best strategic approach to hospital regulation, has recognized the value of streamlining systems and processes to revolutionize the services being provided by the regulatory bodies and make healthcare more accessible to the public, most especially the poor.

II. OBJECTIVE

This Order, through the establishment and enforcement of a system of streamlining of processes pertaining to hospital licensure and accreditation, aims to improve access to quality health facilities with the efficient use of limited government resources without compromising the quality of care.

This Order sets the guidelines for the streamlining of licensure and accreditation of hospitals through the following policy directives.

- A. Harmonization of DOH minimum licensing standards for safety and PhilHealth core indicators,
- B. Streamlining of regulatory processes by recognition of DOH licensed hospitals as Centers of Safety without the need for a separate survey by PhilHealth.

III. SCOPE AND COVERAGE

This Order shall apply to DOH regulatory offices, namely BHFS, FDA, CHD and DOH attached agency PhilHealth, which are involved in the implementation of regulatory policies and standards in all government and private hospitals.

IV. DEFINITION OF TERMS

For purposes of this Order, the succeeding terms and acronyms shall have the following definitions:

1. Applicant — refers to the natural or juridical person that is applying for License to Operate (LTO) a hospital.
2. Accreditation — a process whereby the qualifications and capabilities of health care providers are verified in accordance with the guidelines, standards and procedures set by the accrediting body for the purpose of conferring upon them certain privileges and assuring that health care services rendered by the aforementioned providers are of the desired and expected quality.
3. Assessment Tool — the checklist which prescribes the minimum standards and requirements for hospital licensure. It is the tool used by regulatory officers and other stakeholders to evaluate compliance of a hospital to DOH standards and technical requirements for safety. This particular

tool shall also serve as the Self-Assessment Tool to be used by hospitals prior to inspection and monitoring visits by DOH.

4. BHFS — refers to the Bureau of Health Facilities and Services, the regulatory body of DOH which will exercise the licensing function under these rules and regulations.

5. CHD - refers to the Center for Health Development, the regional office of DOH.

6. CO — refers to the Central Office of DOH.

7. DOH — — refers to the Department of Health.

8. DOH-PTC — refers to DOH Permit to Construct issued by DOH through BHFS to an applicant who will establish and operate a hospital upon compliance with required documents set forth in this Order prior to the actual construction of the subject facility.

It is also required for a hospital with substantial alteration, expansion or renovation, or increase in the number of beds. It is a prerequisite for LTO.

9. FDA — refers to the Food and Drug Administration.

10. LTO — refers to License to Operate. It is a formal authorization issued by DOH through BHFS or CHD as the case may be, to an individual, partnership, corporation or association to operate a hospital and/or other health facility upon compliance with minimum standards for safety. It is a prerequisite for accreditation of a hospital and/or other health facility by any accrediting body recognized by DOH.

11. PhilHealth — refers to the Philippine Health Insurance Corporation.

12. Streamlining of Licensure and Accreditation of Hospitals — a strategy employed by DOH to simplify the approach to hospital regulation through a) harmonization of DOH and PhilHealth standards for safety and b) streamlining of regulatory processes of the aforementioned government agencies.

V. GUIDELINES

A. Streamlining of Licensure and Accreditation of Hospitals

1. General Guidelines

a) The Department of Health through BHFS, FDA, and CHD shall implement the modified streamlining of licensure of hospitals.

b) All regulatory officers and concerned stakeholders shall follow the standards and requirements

prescribed in the enhanced Assessment Tool for licensure of hospitals posted at DOH website www.doh.gov.ph.

c) All DOH licensed hospitals shall be deemed automatically accredited by PhilHealth as Centers of Safety.

d) The Bureau of Health Facilities and Services and CHD shall retain the process of licensing all hospitals in accordance with Administrative Order (A.O.) No. 2007 — 0021 re: “Harmonization and Streamlining of the Licensure System for Hospitals,” A.O. No. 2010 — 0035 re: “Re-Centralization of the Issuances of Permit to Construct for All Levels of Hospitals, License to Operate (LTO) for All New Hospitals and Renewal of LTO for Levels Three (3) and Four (4) Hospitals,” this Order and other related and future issuances by DOH.

2. Specific Guidelines

a) Standards

1) The Department of Health through BHFS shall incorporate PhilHealth core indicators for hospital accreditation into DOH Assessment Tool for licensure of hospitals.

2) All standards and requirements prescribed in the Assessment Tool for licensure of hospitals shall have to be complied with prior to issuance of an LTO a hospital.

b) Application for LTO

1) An application for LTO a hospital shall be submitted to the One-Stop Shop , secretariat of DOH-CO/CHD as the case may be. UH

2) The Department of Health shall act on the application after having received the following documents:

- i. Approved Certificate of Need (for new general hospitals);
- ii. Approved DOH-PTC (for initial and, whenever applicable, for renewal);
- iii. Application for LTO a hospital;
- iv. Proof of ownership such as Department of Trade and Industry (DTI)/ Securities and Exchange Commission (SEC) Registration, Articles of Incorporation and By-laws (for initial);
- v. The most recent hospital statistical report (for renewal);
- vi. Duly accomplished Self—Assessment Tool for licensure of hospitals.

c) Licensing Process for the Issuance of New LTO

1) The licensing team, during initial inspection, shall use and validate the Self- Assessment Tool submitted by the hospital in its application documents.

2) The Department of Health-CO shall process and issue LTO of all new hospitals upon full

compliance to DOH requirements.

d) Licensing Process for Renewal of LTD

- 1) The licensing team shall evaluate, within five (5) working days, the completeness of documents including the Self-Assessment Tool submitted by the hospital in its application for renewal of LTO.
- 2) The Department of Health-CO/CHD, as the case may be, shall process the renewal of LTO of a hospital only after inspection and/or monitoring visit(s) conducted by BHFS/CHD and upon receipt of relevant documentary requirements referred to in Section V. A. 2. b) Application for LTO.

e) Monitoring

- 1) The monitoring team shall use the Self—Assessment Tool submitted by the hospital and utilized by the licensing team during its inspection activity.
- 2) The Bureau of Health Facilities and Services, FDA, and CHD shall intensify monitoring activities through unannounced visits, the frequency of which shall be determined by the concerned Office.

f) Reports

The following reports shall be prepared by DOH-CO/CHD on a regular basis in accordance with the format posted at DOH website:

- 1) Listing of hospitals by region;
- 2) Quarterly update on the status of LTO of hospitals and hospital based facilities by region, including, but not limited to, reporting on upgrading/downgrading, suspension or revocation of hospital LTO;
- 3) Annually updated consolidated hospital statistical report;
- 4) Semi—annual consolidated report on deficiencies and violations of government and private hospitals in licensing requirements on or before the second week of January and the second week of July;
- 5) Quarterly consolidated report on complaints against hospitals;
- 6) Quarterly consolidated report on sanctions and penalties.

g) Fees

Schedule of fees shall follow the current fees and other related and future issuances prescribed by DOH through BHFS, taking into account the additional person-hours of hospital inspection and monitoring activities.

h) PhilHealth Accreditation

All DOH licensed hospitals shall be deemed automatically accredited by PhilHealth as Centers of Safety. Accordingly, such hospitals shall no longer be surveyed by PhilHealth as a pre-requisite for accreditation. Nevertheless, appropriate rules and guidelines shall be issued for its implementation.

Hospitals applying for Center of Quality and Center of Excellence shall likewise submit the abovementioned documents and shall undergo a separate survey by PhilHealth prior to granting of the award. Should they fail to meet the required scores for the award they applied for, they shall be downgraded to the appropriate award or at least as a Center of Safety.

Accredited hospitals shall be subject to PhilHealth's policy on monitoring as stipulated in PhilHealth Circulars No. 10 s. 2008 re: "Grounds for the Non- Renewal of Accreditation/ Non- Granting of Re-Accreditation as a Result of Performance Monitoring of Health Care Providers" and No. 33 s. 2010 re: "Guidelines for the Performance Monitoring of Hospitals Based on the PhilHealth Benchbook Accreditation Standards" and other applicable policies/issuances. '

B. Violations Under the Modified Streamlining of Licensure System of Hospitals

Failure to comply with any of these rules and regulations and its related issuances shall constitute a violation and shall be penalized following Section IV. Guidelines A. Violations and B. Sanctions of AD. No. 2007 — 0022 re: "Violations Under the One- Stop Shop Licensure System for Hospitals."

C. Publication

1. A publication of the compilation of DOH licensed hospitals shall be made annually to encourage quality improvement activities and to provide the public with a list of hospital facilities they can choose from.

2. All licensed hospitals shall be posted at DOH website www.doh.gov.ph and at BHFS website www.doh.gov.ph/bhfs upon issuance of its LTO.

VI. REPEALING CLAUSE

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

VII. SEPARABILITY CLAUSE

In the event that any provision or part of this Order is 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.

VIII. EFFECTIVITY

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

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