

EIGHTEENTH CONGRESS )  
OF THE REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



HOUSE OF REPRESENTATIVES

House Bill No. 296

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Introduced by Representative Victor A. Yap

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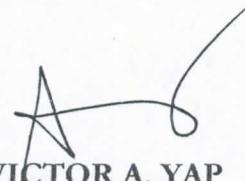
**EXPLANATORY NOTE**

The Hospital Licensure Act or Republic Act 4226, which was enacted in 1965, mandates the Bureau of Medical Services to set standards in hospital construction and operation, and to register and grant license to operate to hospitals.

More than five decades have passed since its passage, dramatic changes and improvement in the field of health care have led to the emergence and development of new types of health care facilities. Presently, we can see new types of health facilities such as diagnostic, therapeutic, and rehabilitative centers unlike before when there were only hospitals and clinics. As a result, a number of such types of facilities do not anymore qualify under the regulatory mandate of the Department of Health. There is therefore a need to update the regulation of this industry to cover new types of health facilities that need to be regulated.

This bill seeks to expand and strengthen the regulation of health facilities in the Philippines through the creation of the Bureau of Health Facilities and Services in order to ensure the safety and quality of the health care facilities. Aside from facilitating the standards and licenses of health facilities and services, the Bureau shall have quasi-judicial powers over administrative cases against any health service establishment.

In view of the foregoing reasons, immediate passage of this measure is earnestly requested.



VICTOR A. YAP  
Representative, 2<sup>nd</sup> District of Tarlac

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AN ACT

STRENGTHENING THE REGULATION OF HEALTH FACILITIES AND SERVICES, AND APPROPRIATING FUNDS THEREFOR, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 4226, OTHERWISE KNOWN AS THE "HOSPITAL LICENSURE ACT"

*Be it enacted by the Senate and the House of Representatives in Congress assembled:*

1        **SECTION 1.** *Short Title.* - This Act shall be known as the "Health Facilities Regulation Act".

3        **SEC. 2.** *Definition of Terms.* - For purposes of this Act, the following terms are hereby  
4        defined as follows:

6            a) *Health Facilities* refer to institutions whether stationary or mobile, land based or  
7        otherwise and other health related establishments which provide diagnostic, therapeutic,  
8        rehabilitative, and other health care services except hospital pharmacies;

10          b) *License* refers to a formal authorization issued by the Department of Health (DOH) to an  
11       individual, partnership, corporation or association to operate a health facilities or services. It is a  
12       prerequisite for accreditation of a hospital and other health facilities by any accrediting body that  
13       is recognized by the DOH;

15          c) *Licensee* refers to the person, partnership, corporation, cooperative or association granted  
16       a license to operate and maintain a health facility or services according to an approved standard  
17       set by the Bureau;

19          d) *Department of Health—Permit to Construct (DOH-PTC)* refers to a permit issued by DOH  
20       through HFSRB to an applicant who will establish and operate a hospital or other health facility,  
21       upon compliance with required documents set forth in this Order prior to the actual construction  
22       of the said facility. A DOH-PTC is also required for hospitals and other health facilities with

1       substantial alteration, expansion, renovation, increase in the number of beds or for additional  
2       services (add-ons) beyond their service capability. It is a prerequisite for License to Operate; and

4           e) *Registration* refers to the act or process of entering information about a health facility into the  
5       records of the public health system.

7       **SEC. 3. Bureau of Health Facilities and Services (BHFS).** – The Health Facilities and Services  
8       Regulatory Bureau (HFSRB) is hereby renamed as the Bureau of Health Facilities and Services  
9       (BHFS) herein referred to as the Bureau, which shall be created in the DOH. The Bureau shall be  
10      under the Office of the Secretary and shall have the following functions, powers and duties:

12           a) To promulgate, establish and prescribe rules, regulations, standards, requirements and  
13       specifications in the construction and operation of health facilities and impose penalties for  
14       violations of such;

16           b) To inspect and monitor all health facilities and other related facilities to ensure their  
17       continued compliance with the rules and regulations in accordance with this Act and to make  
18       recommendations to directors or administrators of health facilities for the correction of  
19       deficiencies found during the inspections;

21           c) To study and adopt a system of classifying health facilities and other related facilities in the  
22       Philippines;

24           d) To review and approve construction designs and plans for all health facilities including  
25       renovation or expansion of the same in accordance with the provisions of this Act;

27           f) To determine, levy, assess and collect the appropriate permit fee, registration fee, license  
28       fee and surcharges pertinent to the operation of facilities and services except in cases where  
29       charges or rates are established by international bodies or associations of which the Philippines  
30       is a participating member or by bodies recognized by the Philippine government as the proper  
31       arbiter of such charges or rates;

33           g) To coordinate and call the assistance of any department, office, agency or instrumentality  
34       of the national or local government and other entities concerned with any aspect involving  
35       health facilities for the effective implementation of this Act;

37           h) To maintain a register of health facilities and other related facilities with licenses indicating  
38       the name of the facility, address or location, classification, name of the director or administrator,  
39       ownership, number of authorized beds and such other pertinent data as may be necessary;

1  
2        i) To promulgate and implement the rules and regulations governing the registration,  
3 licensure and operations of health facilities and related facilities and to periodically review and  
4 amend the same, subject to the approval of the Secretary and in consultation with the sectors  
5 concerned: *Provided*, That such rules and regulations shall be in accordance with the provisions of  
6 this Act;

7  
8        j) To grant a certificate of license for the operation and maintenance of health facilities and  
9 services, and to suspend or revoke the same in accordance with the provisions of this Act;

10  
11        k) To hire and train competent individuals and provide qualifications of personnel to be  
12 designated as regulatory officers;

13        l) To submit yearly reports to the Secretary of Health, and the Chairpersons of the  
14 Committees on Health of both Houses of Congress; and

15  
16        m) To perform such other functions necessary to carry out the duties prescribed under this  
17 Act.

18  
19        **SEC. 4. *Quasi-Judicial Powers.*** – To carry out its tasks more effectively, the Bureau shall be  
20 vested with the following quasi-judicial powers:

21  
22        a) To investigate, hear and decide administrative cases initiated by the Bureau or filed by any  
23 person against a health facility or health service establishment violating any provision of this Act  
24 and its implementing rules and regulations and to impose appropriate administrative sanctions or  
25 penalties provided in this Act;

26  
27        b) To promulgate rules governing the conduct of administrative hearings: *Provided*, That in  
28 such proceedings, the Bureau shall not be bound by the technical rules of evidence of the Rules  
29 of Court: *Provided, further*, That the latter may be applied in a suppletory manner;

30  
31        c) To administer oaths and affirmations, and to issue subpoena *duces tecum* and *ad testificandum*,  
32 requiring the production of such books, contracts, correspondence, records, statement of  
33 accounts and other documents and the attendance and testimony of parties and witnesses, as  
34 may be material to the investigation being conducted by the Bureau;

35  
36        d) To exercise contempt powers and impose appropriate penalties;

1           e) To cause the prosecution of all cases involving violations of this Act and its implementing  
2         rules and regulations, and

4           f) To summarily order the closure of health facilities and other related facilities operating  
5         without a license; and

7           g) To preventively suspend health facilities found during inspection or monitoring to have  
8         committed gross violations of the standards or rules and regulations such as non-compliance to  
9         the approved construction design; any fraudulent, unscrupulous activities, false claims or  
10         misrepresentations; operating with unlicensed or unqualified health personnel; and the  
11         commission or omission of any act which may result to serious injury, permanent disability or  
12         loss of life of a patient or staff, or would compromise public safety

14         **SEC. 5. *Mandatory Conciliation-Mediation.*** – The Bureau shall exert all efforts towards the  
15         amicable settlement of an administrative case within its jurisdiction on or before the first hearing.  
16         Towards this end, it shall have the power to ask the assistance of relevant government officials  
17         and qualified private individuals to act as a compulsory mediator on cases referred to it.

19         **SEC. 6. *Registration and License.*** - The Bureau shall facilitate the delivery of high-quality and  
20         cost effective healthcare by promoting competition among health facilities. Towards this end, all  
21         hospitals and other health facilities, government or private, shall be registered and duly licensed  
22         by the Bureau before such facilities are allowed to operate or be opened to the public. Both  
23         public and private health facilities shall be required to apply for the permit to construct and  
24         license to operate.

26         **SEC. 7. *Organization.*** – The Director of the Bureau shall, subject to the approval of the  
27         Secretary of Health, organize its personnel in such divisions and units as will ensure efficiency  
28         and effectiveness:

30         The Bureau shall establish, operate and maintain a regional office in each of the  
31         administrative regions of the country to enforce regulatory policies and standards for the  
32         licensing, accreditation, and monitoring of health facilities to ensure quality health care.

34         In order to allow the Bureau to carry out its functions and responsibilities, the Secretary of  
35         Health shall hire additional personnel, as deemed necessary. The head of the Bureau shall make  
36         the necessary recommendations to the Secretary of Health regarding the number and  
37         competency of additional personnel to be hired.

1           **SEC. 8. Minimum Qualifications for Appointment as Chief Executive Officer, Chief Operating Officer, or**  
2       **Administrative Officer.** – The Chief Executive Officer, Chief Operating Officer, or Administrative  
3       Officer of a hospital or health facility who shall be responsible for the overall management and  
4       administration of the hospital; formulation of policies, plans, programs and strategies to ensure  
5       implementation of health standards; and the day-to-day supervision of the functional units shall  
6       possess any of the following minimum qualifications: a) formal baccalaureate degree,  
7       preferably with a master's degree in hospital administration or related course; or b) at least five (5)  
8       years experience in a supervisory or managerial position.  
9

10           **SEC. 9. Classification of Hospitals and Other Health Facilities.** - The existing classification of  
11       hospitals and other health facilities including the system, rules and regulations governing their  
12       classification shall be subject to automatic review by the Bureau, in consultation with relevant  
13       stakeholders, within three (3) years from the effectivity of this Act and thereafter as it may deem  
14       necessary. It shall take into consideration the findings and recommendations made by Congress,  
15       if any, and the actual situation in dealing with the existing classification of hospitals and other  
16       health facilities for the purpose of protecting and promoting the health of the public by ensuring  
17       a minimum quality of service rendered by hospitals and other regulated health facilities and to  
18       assure the safety of patients and personnel.  
19

20           Classification of health facilities and other related facilities shall only be made upon the  
21       approval of the Secretary of Health after mandatory consultation with representatives from  
22       government and private hospital associations and patient organizations.  
23

24           **SEC. 10. Construction Design.** – The Bureau shall review and approve the construction design  
25       and plans of health facilities or related facilities to be constructed or which shall undergo  
26       renovation or expansion  
27

28           An application for the construction design of a health facility or other related facility shall be  
29       submitted to the Bureau in a form prescribed by the latter and accompanied by a plan of the  
30       facility proposed to be constructed. The approved construction design and plan issued by the  
31       Bureau shall be a prerequisite for the issuance of a building permit by the official of the  
32       municipality or city where the facility is proposed to be constructed.  
33

34           All level III government hospitals to be constructed shall include in its design the provision  
35       of geriatric ward.  
36

37           **SEC 11. Application, Inspection, and Issuance of License to Operate (LTO).** – All health facilities  
38       shall be duly licensed by the Bureau, in accordance with Republic Act No. 11032 or the "Ease of  
39       Doing Business Act", before such facilities are allowed to operate or be opened to the public.  
40

1  
2 An application of a health facility for the issuance of a License to Operate, including its  
3 medical ancillary services, shall be filed with the Bureau or its Regional office using the prescribed  
4 forms.

5  
6 The LTO shall be issued upon due compliance of the applicant with the rules and  
7 regulations prescribed by the Bureau pursuant to the provisions of this Act: *Provided*, That the  
8 Bureau has conducted a comprehensive on-site inspection and has certified that the applicant has  
9 satisfactorily complied with the requisites prescribed in this Act and its implementing rules and  
10 regulations (IRR). *Provided further*, That an applicant shall get the approval of the Food and Drug  
11 Administration (FDA) for its pharmacy or Philippine Nuclear Research Institute (PNRI) for  
12 medical radiation facility.

13  
14 The FDA, PNRI, Department of Environment and Natural Resources (DENR) and other  
15 agencies involved in the regulation of health facilities shall employ a One-Stop Shop strategy in the  
16 processing of applications through systems that are accessible to the public.

17  
18 Upon issuance of the LTO, a health facility shall be included in the Bureau's registry and in  
19 the National Health Facility Registry upon the approval of the DOH.

20  
21 All licensed health facilities shall be automatically allowed to participate in the National  
22 Health Insurance Program.

23  
24 **SEC. 12. Validity and Renewal of License.** - The initial license to operate and maintain a health  
25 facility or other related facility shall be valid for a period of three (3) years from its date of issuance,  
26 and shall be renewed regularly, subject to the rules and regulations to be issued by the Bureau.

27  
28 **SEC. 13. Suspension and Revocation of License.** - The Bureau, after conducting an administrative  
29 hearing, with due notice to the licensee, may suspend or revoke the license to operate and maintain  
30 a health facility or other related facility of any person, partnership, corporation or association for  
31 any of the following grounds:

32  
33 (a) Violation by the licensee of any provision of this Act or any other existing law;

34  
35 (b) Violation of rules and regulations prescribed in the implementation of this Act; and

36  
37 (c) Failure to make necessary corrections or adjustments required by the Bureau in the  
improvement or maintenance of facilities and services.

1           **SEC. 14.** *Appeal.* – The orders, rulings or decisions of the Bureau shall be appealable to the  
2           Secretary of Health.  
3

4           **SEC. 15** *Separate Licenses Required.* - Separate licenses shall be required for health facilities or  
5           other related facilities or branches thereof maintained in separate premises even though they are  
6           operated under the same management: *Provided, however,* That separate licenses shall not be  
7           required for separate buildings in the same compound: *Provided, further,* That the approval of the  
8           designs and plans for construction or renovation of buildings within the same compound shall  
9           also be secured from the Bureau to determine compliance with standards and requirements  
10          herein authorized.  
11

12           **SEC. 16.** *Non-Transferability of License.* – A license for the operation of a health facility or  
13          other related facility shall not be transferable. The Bureau shall be notified of any change in  
14          ownership, change of name of the health facility or other related facility. Transfer of location of  
15          the facility shall require an application for a new license.  
16

17           **SEC. 17.** *Penalties.* - Any person, partnership, association, or corporation who establishes,  
18          operates, conducts, manages or maintains a health facility or other related facility within the  
19          meaning of this Act without first obtaining a license, or violates any provision of this Act or its  
20          Implementing Rules and Regulations shall be liable to a fine of not less than Fifty Thousand  
21          Pesos (P50,000.00) but not to exceed One Hundred Thousand Pesos (P100,000.00) for the first  
22          offense, not less than One Hundred Thousand Pesos (P100,000.00) but not to exceed Five  
23          Hundred Thousand Pesos (P500,000.00) for the second offense, and not less than Five Hundred  
24          Thousand Pesos (P500,000.00) but not to exceed One Million Pesos (P1,000,000.00) for the  
25          third and subsequent offenses. After the third offense, the license of the hospital shall be  
26          revoked. Each day that the health facility or other related facility operates after the first violation  
27          shall be considered a subsequent offense.  
28

29           In addition to the penalties specified in the preceding paragraph, the Bureau may summarily  
30          order the closure of any health facility or other related facility found operating without a license,  
31          or revoke the license to operate of any health facility or other related facility after due process.  
32          Facilities may only re-apply for a new LTO one (1) year after revocation of its license.  
33

34           **SEC. 18.** *Income Retention.* - To ensure that the Bureau shall have full authority to utilize its  
35          income and enhance its capacity to expand and to improve the quality of its services, it is hereby  
36          authorized to retain and utilize one hundred percent (100%) of its income generated from  
37          various fees and surcharges without remitting the same to the Bureau of Treasury.  
38

1        In no case shall the retained income be used for the payment of salaries and other personnel  
2        benefits. The retained income shall be deposited in an authorized government depositary bank  
3        recommended by the DOH, the DBM, and the Department of Finance.

4

5        **SEC. 19. *Appropriations.*** – The current appropriations of the DOH under the General  
6        Appropriations Act (GAA) shall be used to carry out the initial implementation of this Act.  
7        Thereafter, such sums as maybe necessary for the continued implementation of this Act shall be  
8        included in the succeeding GAA.

9

10      **SEC. 20. *Mandatory Review.*** – Congress shall undertake a mandatory review of this Act at  
11      least once every five (5) years and as often as it may deem necessary, with the primary objective  
12      of overseeing the implementation of this Act and reviewing the accomplishments and the  
13      utilization of income of the Bureau.

14

15      **SEC. 21. *Implementing Rules and Regulations.*** - The Secretary of Health, upon the  
16      recommendation of the Bureau, FDA, PNRI, and other concerned agencies and after  
17      consultation with recognized health facilities, associations, patients' organizations and other civil  
18      society organizations, shall issue the rules and regulations implementing the provisions of this  
19      Act within ninety (90) days from its effectivity.

20

21      **SEC. 22. *Separability Clause.*** - If any part or provision of this Act shall be held  
22      unconstitutional or invalid, other provisions hereof which are not affected shall continue to be in  
23      full force and effect.

24

25      **SEC. 23. *Repealing Clause.*** – Republic Act No. 4226, otherwise known as the “Hospital  
26      Licensure Act,” is hereby repealed. Presidential decrees, executive orders, rules and regulations  
27      and other issuances or parts thereof which are inconsistent with the provisions of this Act are  
28      hereby repealed, amended or modified accordingly.

29

30      **SEC. 24. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the  
31      *Official Gazette* or in any newspaper of general circulation.

Approved,