



20 APR 16 A9:39

SENATE

S. No. 1437

RECEIVED BY: _____

Introduced by SENATOR RAMON BONG REVILLA, JR.

**AN ACT
MODERNIZING 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"**

EXPLANATORY NOTE

The advent of COVID-19 has caused global disruption across every imaginable sector, not the least of which is the health sector, which has fallen 18% globally during the pandemic¹. Because of the unprecedented effects this coronavirus has had on our way of life, a variety of new forms and structures in the practice of health care have emerged, resulting in a new level of international competition that has slowly caused the disappearance of trade borders alongside global development. As a result, a number of health facilities in the country no longer qualify under the existing regulatory mandate of the Department of Health (DOH) through the Bureau of Health Facilities and Services (BHFS).

This has led industries such as those in the field of health facilities maintenance and health service provisions to grow, evolve, and expand. Consequently, the regulation of this field must also be enhanced to adapt to such changes as it ultimately

¹<https://www.sustainalytics.com/esg-blog/coronavirus-risk-opportunities-healthcare-industry/>

changes as it ultimately affects the well-being of the people. This global phenomenon has forced the transformation of health regulations to adapt into the changing times. Health facilities today must be able to maintain their relevance and expand their scope of authority.

The proposed measure introduces a shift from the traditional way of regulation by regulating the industry as a whole as opposed to mere regulation of individual and specific health facilities. As such, there will be fewer opportunities for circumvention of the system, controlling health costs as a result. Additionally, the quality of health facilities and services will improve as well as the competitiveness, efficiency, and productivity of the industry.

The measure provides for the upgrading of critical technical guidelines and infrastructure to enable the DOH to cope with the challenges of globalization. Thus, aside from fostering competitiveness, this bill ensures the high quality of health facilities and services. The creation and management of a benchmarking system will also improve quality and efficiency in health regulation and ensure accessibility with respect to necessary health facilities, especially to the poor.

This measure addresses a pressing issue in the field of health care – the increasing cost of health services. According to a study conducted by the DOH in 2017², on average, unit costs per inpatient discharge at tertiary public hospitals were estimated to be 9,499 pesos for Medical ward, 9,180 pesos for Ob&Gyne ward, 8,746 pesos for Pediatrics ward and 11,447 pesos for Surgery ward respectively. The

2

<https://www.doh.gov.ph/sites/default/files/publications/CostingStudySelectedHospitalsPhilippines.pdf>

increasing cost of health care, particularly hospital care, is a reality recognized by both the government and other stakeholders in the health sector.

By regulating the costs of health services in health facilities especially through a strengthened Bureau of Health Facilities and Services, these services will be made more accessible financially to the population, especially those who belong to the lowest income group.

This bill proposes to strengthen the regulation of health facilities and services by authorizing the Bureau of Health Facilities and Services (BHFS) of the Department of Health to establish and prescribe rules, regulations, and standards; inspect and monitor for continued compliance; implement a classification system; approve building plans and construction design; provide advice; collect fees; and conduct administrative hearings and impose penalties.

In view of the foregoing, the passage of this bill is earnestly sought.


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

1 Section 1. *Short Title.* – This Act shall be known as the "Health Facilities
2 Regulation Act".

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

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

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

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

1 d) Department of Health-Permit to Conduct (DOH-PTC) refers to a permit issued
2 by DOH through HFSRB to an applicant who will establish and operate a hospital or
3 other health facility, upon compliance with required documents set forth in this
4 Order prior to the actual construction of the said facility. A DOH-PTC is also required
5 for hospitals and other health facilities with substantial alteration, expansion,
6 renovation, increase in the number of beds or for additional services (add-ons)
7 beyond their service capability. It is a prerequisite for License to Operate; and

8 e) Registration refers to the act or process of entering Information about a
9 health facility into the records of the public health system.

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

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

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

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

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

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

1 f) To coordinate and call the assistance of any department, office, agency or
2 instrumentality of the national or local government and other entices concerned
3 with any aspect involving health facilities for the effective implementation of this
4 Act;

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

9 h) To promulgate and implement the rules and regulations governing the
10 registration, licensure and operations of health facilities and related facilities and to
11 periodically review and amend the same, subject to the approval of the Secretary
12 and in consultation with the sectors concerned: *Provided*, That such rules and
13 regulations shall be in accordance with the provisions of this Act;

14 i) To grant a certificate of license for the operation and maintenance of health
15 facilities and services, and to suspend or revoke the same in accordance with the
16 provisions of this Act;

17 j) To hire and train competent individuals and provide qualifications of
18 personnel to be designated as regulatory officers;

19 k) To submit yearly reports to the Secretary of Health, and the Chairpersons of
20 the Committees on Health of both Houses of Congress; and

21 l) To perform such other functions necessary to carry out the duties prescribed
22 under this Act.

23 Sec. 4. *Quasi-Judicial Powers.* – To carry out its tasks more effectively, the
24 Bureau shall be vested with the following quasi-judicial powers:

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

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

1 c) To administer oaths and affirmations, and to issue subpoena duces tecum
2 and ad testificandum, requiring the production of such books, contracts,
3 correspondence, records, statement of accounts and other documents and the
4 attendance and testimony of parties and witnesses, as may be material to the
5 investigation being conducted by the Bureau;

6 d) To exercise contempt powers and impose appropriate penalties;

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

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

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

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

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

29 *Sec. 7. Organization* – The Director of the Bureau shall, subject to the
30 approval of the Secretary of Health, organize its personnel in such divisions and
31 units as will ensure efficiency and effectiveness:

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

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

9 *Sec. 8. Minimum Qualifications for Appointment as Chief Executive Officer,*
10 *Chief Operating Officer, or Administrative Officer.* – The Chief Executive Officer,
11 Chief Operating Officer, or Administrative Officer of a hospital or health facility who
12 shall be responsible for the overall management and administration of the hospital;
13 formulation of policies, plans, programs and strategies to ensure implementation of
14 health standards; and the day-to-day supervision of the functional units shall
15 possesses any of the following minimum qualifications:

16 a) Formal baccalaureate degree, preferably with a master's degree in hospital
17 administration or related course; or

18 b) At least five (5) years experience in a supervisory or managerial position.

19 *Sec. 9. Classification of Hospitals and Other Health Facilities.* – The existing
20 classification of hospitals and other health facilities including the system, rules and
21 regulations governing their classification shall be subject to automate review by the
22 Bureau, in consultation with relevant stakeholders, within three (3) years from the
23 effectivity of this Act and thereafter as it may deem necessary. It shall take into
24 consideration the findings and recommendations made by Congress, if any, and the
25 actual situation in dealing with the existing classification of hospitals and other
26 health facilities for the purpose of protecting and promoting the health of the public
27 by ensuring a minimum quality of service rendered by hospitals and other regulated
28 health facilities and to assure the safety of patients and personnel.

29 Classification of health facilities and other related facilities shall only be made
30 upon the approval of the Secretary of Health after mandatory consultation with
31 representatives from government and private hospital associations and patient
32 organizations.

1 Sec. 10. *Construction Design.* – The Bureau shall review and approve the
2 construction design and plans of health facilities or related facilities to be
3 constructed or which shall undergo renovation or expansion.

4 An application for the construction design of a health facility or other related
5 facility shall be submitted to the Bureau in a form prescribed by the latter and
6 accompanied by a plan of the facility proposed to be constructed. The approve
7 construction design and plan Issued by the Bureau shall be a prerequisite for the
8 issuance of a building permit by the official of the municipality or city where the
9 facility is proposed to be constructed.

10 All level III government hospitals to be constructed shall include in its design
11 the provision of geriatric ward.

12 Sec. 11. *Application, Inspection, and Issuance of License to Operate (LTO).* –
13 All health facilities shall be duly licensed by the Bureau, in accordance with Republic
14 Act No. 11032 or the “Ease of Doing Business Act”, before such facilities are allowed
15 to operate or be opened to the public.

16 An application of a health facility for the issuance of a License to Operate
17 (LTO), including its medical ancillary services, shall be filed with the Bureau or its
18 Regional office using the prescribed forms.

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

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

31 Upon issuance of the LTO, a health facility shall be included in the Bureau’s
32 registry and in the National Health Facility Registry upon the approval of the DOH.

1 All license health facilities shall be automatically allowed to participate in the
2 National Health Insurance Program.

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

7 *Sec. 13. Suspension and Revocation of License.* - The Bureau, after
8 conducting an administrative hearing, with due notice to the licensee, may suspend
9 or revoke the license to operate and maintain a health facility or other related facility
10 of any person, partnership, corporation or association for any of the following
11 grounds:

12 a) Violation by the licensee of any provision of this Act or any other existing
13 law;

14 b) Violation of rules and regulations prescribed in the implementation of this
15 Act; and

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

18 *Sec. 14. Appeal.* – The orders, rulings or decisions of the Bureau shall be
19 appealable to the Secretary of Health.

20 *Sec. 15. Separate Licenses Required.* – Separate licenses shall be required for
21 health facilities or other related facilities or branches thereof maintained in separate
22 premises even though they are operated under the same management: *Provided,*
23 however, That separate licenses shall not be required for separate buildings in the
24 same compound: *Provided,* further, That the approval of the designs and plans for
25 construction or renovation of buildings within the same compound shall also be
26 secured from the Bureau to determine compliance with standards and requirements
27 herein authorized.

28 *Sec. 16. Non-Transferability of License.* – A license for the operation of a
29 health facility or other related facility shall not be transferable. The Bureau shall be
30 notified of any change in ownership, change of name of the health facility or other
31 related facility. Transfer of location of the facility shall require an application for a
32 new license.

1 Sec. 17. *Penalties.* – Any person, partnership, association, or corporation who
2 establishes, operates, conducts, manages or maintains a health facility or other
3 related facility within the meaning of this Act without first obtaining a license, or
4 violates any provision of this Act or its Implementing Rules and Regulations shall be
5 liable to a fine of not less than Fifty Thousand Pesos (P50,000.00) but not to exceed
6 One Hundred Thousand Pesos (P100,000.00) for the first offense, not less than One
7 Hundred Thousand Pesos (P100,000.00) but not to exceed Five Hundred Thousand
8 Pesos (P500,000.00) for the second offense, and not less than Five Hundred
9 Thousand Pesos (P500,000.00) but not to exceed One billion Pesos (P1,000,000.00)
10 for the third and subsequent offenses. After the third offense, the license of the
11 hospital shall be revoked. Each day that the health facility or other related facility
12 operates after the first violation shall be considered a subsequent offense.

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

18 Sec. 18. *Income Retention.* – To ensure that the Bureau shall have full
19 authority to utilize its income and enhance its capacity to expand and to improve the
20 quality of its services, it is hereby authorized to retain and utilize one hundred
21 percent (100%) of its income generated from various fees and surcharges without
22 remitting the same to the Bureau of Treasury.

23 In no case shall the retained income be used for the payment of salaries and
24 other personnel benefits. The retained income shall be deposited in an authorized
25 government depositary bank recommended by the DOH, the DBM, and the
26 Department of Finance (DOF).

27 Sec. 19. *Appropriations.* The current appropriations of the DOH under the
28 General Appropriations Act (GAA) shall be used to carry out the initial
29 implementation of this Act. Thereafter, such sums as maybe necessary for the
30 continued implementation of this Act shall be included in the succeeding GAA.

31 Sec. 20. *Mandatory Review.* – Congress shall undertake a mandatory review
32 of this Act at least once every five (5) years and as often as it may deem necessary,

1 with the primary objective of overseeing the implementation of this Act and
2 reviewing the accomplishments and the utilization of income of the Bureau.

3 *Sec. 21. Implementing Rules and Regulations.* – The Secretary of Health,
4 upon the recommendation of the Bureau, FDA, PNRI, and other concerned agencies
5 and after consultation with recognized health facilities, associations, patients'
6 organizations and other civil society organizations, shall issue the rules and
7 regulations implementing the provisions of this Act within ninety (90) days from its
8 effectivity.

9 *Sec. 22. Separability Clause.* – If any portion of this Act shall be held invalid
10 or unconstitutional, such invalidity or unconstitutionality shall not affect the other
11 provisions hereof which shall remain in full force effect.

12 *Sec. 23. Repealing Clause.* – Republic Act No. 4226, otherwise known as the
13 "Hospital Licensure Act," is hereby repealed. Presidential decrees, executive orders,
14 rules and regulations and other issuances or parts thereof which are inconsistent
15 with the provisions of this Act are hereby repealed, amended or modified
16 accordingly.

17 *Sec. 24. Effectivity Clause.* – This act shall take effect fifteen (15) days after
18 its publication in two (2) newspapers of general circulation.

19
20 *Approved,*