

THIRTEENTH CONGRESS OF THE }  
REPUBLIC OF THE PHILIPPINES }  
*First Regular Session*

04 JUN 30 P8:49

SENATE

S. No. 628

RECEIVED BY: Osler

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INTRODUCED BY HON. MANUEL B. VILLAR, JR.

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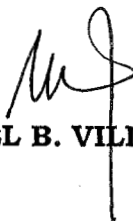
**EXPLANATORY NOTE**

The Constitution guarantees the protection of people's health by the State.

Due to insufficient budget and the unabated population growth in our country, existing government hospitals often cannot accommodate the increasing number of indigent patients.

Aware of the plight of our poor brethren who cannot afford the soaring rates of hospital rates and medical treatment, this bill seeks to establish a "Medical Service Contracting Program" which will require government subsidy to participating private hospitals which shall admit for confinement and treatment indigent patients who cannot be accommodated in government hospitals due to lack of vacancy.

Hence, the approval of this bill is earnestly sought.

  
**MANUEL B. VILLAR, JR.**

THIRTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES }  
First Regular Session

SENATE  
OFFICE OF THE SECRETARY

01 JUL 30 P8:49

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S. No. 628

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INTRODUCED BY HON. MANUEL B. VILLAR, JR.

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**AN ACT**

**ESTABLISHING A MEDICAL SERVICE CONTRACTING PROGRAM UNDER WHICH  
THE GOVERNMENT WILL SUBSIDIZE PARTICIPATING HOSPITALS IN ORDER TO  
ACCOMMODATE INDIGENT PATIENTS WHO CANNOT BE ADMITTED IN  
GOVERNMENT HOSPITALS**

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

SECTION 1. *Title.* - This Act shall be known as the Medical Service Contracting Act of 2004.

SECTION 2. *Objective.* - A Medical Service Contracting Program is hereby established in order that indigent patients who cannot be accommodated in time in government hospitals shall be afforded free hospitalization in any participating private hospitals.

SECTION 3. *Definition.* - For purposes of this Act, the following terms shall mean:

- a. Indigent patient - refers to any Filipino citizen afflicted with any serious illness and/or injury needing immediate confinement and treatment in a hospital and whose income is below the subsistence level as determined by the National Economic and Development Authority and those who are not covered by the existing PhilHealth Care program of the government or its equivalent. If the amount of the hospital expenses is more than that legally due from PhilHealth Care or the medical or hospitalization plan, the balance shall be chargeable to the government. The subsistence level is hereby initially fixed at Two thousand five hundred pesos (P2,500.00) a month, subject to adjustment by the National Economic and Development Authority (NEDA) every two (2) years.
- b. Serious illness or injury - refers to cases characterized by profuse bleeding, shock, loss of consciousness, physical paralysis or severe distress.
- c. Hospitalization expenses - include all expenses for the use of hospital rooms and facilities, nursing care, laboratory services, food, medicines, professional fees, and all other auxiliary services needed by the patient.
- d. Secretary - refers to the Secretary of Health

- e. Department - refers to the Department of Health
- f. Participating private hospital - refers to any private hospital which is included in the list of hospitals qualified to participate in the Medical Service Contracting Program as determined by the Department.
- g. Program - refers to the Medical Service Contracting Program
- h. Government hospital - refers to hospitals owned and run by the National, Provincial, City or Municipal Governments.
- i. Primary hospital - refers to a hospital equipped with the service capabilities needed to support licensed physicians rendering services in medicine, pediatrics, obstetrics, and minor surgery.
- j. Secondary hospital- refers to a hospital equipped with the service capabilities needed to support licensed physicians rendering services in the field of medicine, pediatrics, obstetrics and gynecology, general surgery and other ancillary services.
- k. Tertiary hospital - refers to a hospital which is fully departmentalized and equipped with the service capabilities needed to support certified medical specialists and other licensed physicians rendering services in the field of medicine, pediatrics, obstetrics and gynecology, surgery, their sub-specialties, and ancillary services.

SECTION 4. *Duty of the Government Hospital.* - It shall be the duty of the Administrator of every government hospital to refer an indigent patient immediately to the nearest participating private hospital whenever he or she cannot be accommodated in said hospital. However, in cases of emergency, the provisions on Republic Act 8644 shall apply.

SECTION 5. *Hospital Admission and Expenses.* - All participating private hospitals shall admit indigent patients referred to them by any government hospital. All necessary expenses for the treatment of the indigent patient shall be advanced by the participating hospital concerned, which shall, however, be reimbursed with reasonable or legal interest, by the Department, in accordance with government hospital rates, within four (4) weeks after notification of the discharge of the indigent patient. Failure by the Department to reimburse a participating hospital for a period of six (6) months shall be a sufficient cause for a participating private hospital to withdraw from this Program. However, if funds are available, the Department may agree to advance to the participating private hospital such amount necessary to cover the services to be rendered to the indigent patient: Provided, however, That the participating private hospital shall submit quarterly accounting of the expenses previously incurred in the treatment of the patient.

SECTION 6. *Phases of Implementation.* - This Program shall consist of two phases:

Phase I. The Program shall initially be implemented in the provinces where there is lack of government hospitals and where secondary private hospitals are found. The criteria for selecting these provinces shall be determined by the Secretary in accordance with the population-hospital bed ratio, morbidity status and socioeconomic condition.

Phase II. Within three (3) years from the start of the Program, all provinces shall be covered by the program.

SECTION 7. *Funding.* - The President is hereby authorized to realign or transfer any item of appropriation within the Department and/or utilize any savings therein to carry out the provisions of this Act. Whatever additional amount as may be needed for the implementation of this Act shall be included and given priority in the appropriation of the Department in the General Appropriations Act for the ensuing fiscal years. Provided, That the Philippine Charity Sweepstakes Office shall allocate the income of two (2) lotteries or sweepstakes draws for the Program.

SECTION 8. *Administration.* - The Secretary shall administer the proper execution and implementation of this Program, draw such list of participating hospitals, submit to the Office of the President such necessary budgetary expenses, appoint such necessary personnel and create such committees to assist him in the proper implementation of this Act.

During the first phase of this program, the Secretary shall submit an annual progress report to the Congress on the implementation and administration of this Program.

SECTION 9. *Sanctions.* - The Secretary shall have the power to impose administrative sanctions such as warning, reprimand, withdrawal of accreditation or censure on any individual or participating private hospital which violates any provision of this Act. The appropriate court, in cases of repeated and willful violation, shall have the power to impose fine and suspension or cancellation and permit to operate of the erring private hospital.

In cases of fraudulent or collusive claims the Secretary shall endorse said claims to the Department of Justice for appropriate investigation, prosecution and action.

SECTION 10. *Rules and Regulations.* - The Secretary shall promulgate such rules and regulations as may be necessary to implement the provisions of this Act.

SECTION 11. *Repealing Clause.* - All laws or parts thereof which are inconsistent with any provision of this Act shall be deemed repealed, amended, or modified accordingly.

SECTION 12. *Effectivity.* - This Act shall take effect fifteen (15) days after publication in the Official Gazette or in any newspaper of general circulation.

*Approved,*