

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

SENATE  
OFFICE OF THE SECRETARY

'04 JUN 30 P10:27

SENATE

S. No. 766

RECEIVED BY: *dlw*

---

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

---

**EXPLANATORY NOTE**

The Constitution mandates that the State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities. It likewise guarantees certain basic rights of workers, one of which is security of tenure.

Under Article 284 of the Labor Code, among the grounds for termination of employment are when an employee is found to be suffering from any disease and whose continued employment is prohibited by law or is prejudicial to his health as well as the health of his co-employees. The diseases contemplated under this Article is presumably not a sickness, injury or disability arising out of or in the course of employment since such are already compensable under the Employees' Compensation Fund.

Grave illnesses such as AIDS and cancer however, are not compensable under the Employees' Compensation Fund. Under Article 284, an employee who is terminated on grounds of having serious disease shall be paid a separation pay equivalent to at least one month, or *one-half month salary for every year of service*.

It will be observed that under Article 283 of the same Code, employees who are terminated due to the installation of labor-saving device or redundancy shall be entitled to at least one month salary or *one month salary for every year of service*.

Employees who were terminated due to grave illness should be treated with more compassion and be given more benefits since they may never be employed, thus would be without means of support for their family.

This proposed measure seeks to increase the separation pay of workers who are terminated on ground of disease under Art. 284 of the Labor Code from one-half month to one month salary for every year of service, and to increase the minimum of such separation pay from one month to six months salary.

Moreover, this bill also proposes to incorporate certain conditions for the termination of a seriously ill employee. In order to protect the rights of workers against unjust termination on ground of disease, condition and limitation should be integrated in the law.

In light of the foregoing, the passage of this bill is strongly recommended.

  
MANUEL B. VILLAR, JR.

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

'04 JUN 30 PM 10:27

SENATE

S. No. 766

RECEIVED BY: 

---

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

---

**AN ACT INCREASING THE SEPARATION PAY OF EMPLOYEES WHO ARE  
TERMINATED FROM EMPLOYMENT ON GROUNDS OF DISEASE, AND PROVIDING  
THE CONDITION FOR SUCH TERMINATION, AMENDING FOR THIS PURPOSE  
ARTICLE 284 OF PRESIDENTIAL DECREE NUMBER FOUR HUNDRED FORTY  
TWO (PD 442), AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF  
THE PHILIPPINES, AND FOR OTHER PURPOSES**

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

SECTION 1. Article 284 of Presidential Decree No. 442, as amended, otherwise  
known as "The Labor Code of the Philippines" is hereby amended to read as follows:

"ART. 284. Disease as ground for termination; LIMITATION AND  
EXEPTION. - An employer may terminate the services of an employee  
who has been found to be suffering from any disease and whose  
continued employment is prohibited by law or is prejudicial to his health  
as well as the health of his co-employees: Provided That, THERE MUST  
BE A CERTIFICATION ISSUED BY A COMPETENT PUBLIC HEALTH  
AUTHORITY THAT THE DISEASE IS OF SUCH NATURE, OR AT SUCH  
STAGE THAT IT CANNOT BE CURED WITHIN A PERIOD OF SIX (6)  
MONTHS EVEN WITH PROPER MEDICAL TREATMENT; PROVIDED,  
FURTHERMORE, THAT [he is] THE EMPLOYEE SO TERMINATED SHALL  
BE paid separation pay equivalent to [at least one (1) month salary of  
one-half] ONE month salary for every year of service, [whichever is  
greater] a fraction of at least six (6) months being considered as (1) one  
whole year; PROVIDED, FINALLY, THAT THE SEPARATION PAY HEREIN  
PROVIDED SHALL IN NO CASE BE LESS THAN SIX (6) MONTHS  
SALARY.

"IF THE DISEASE OR AILMENT ABOVE REFERRED TO CAN BE  
CURED WITHIN A PERIOD OF SIX (6) MONTHS WITH PROPER  
MEDICAL TREATMENT, THE EMPLOYER SHALL NOT TERMINATE THE  
EMPLOYTEE BUT SHALL ASK THE LATTER TO TAKE A LEAVE OF  
ABSENCE. THE EMPLOYER SHALL REINSTATE THE EMPLOYEE TO

HIS FORMER POSITION IMMEDIATELY UPON HIS RESTORATION TO NORMAL HEALTH.”

SECTION 2. All acts, laws, rules and regulations or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,