

'19 OCT -2 AM 11:27

SENATE

S. No. 1095



Introduced by Senator Manuel "Lito" M. Lapid

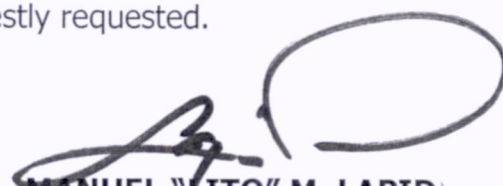
AN ACT
STRENGTHENING THE REGULATION OF HEALTH FACILITIES AND
SERVICES, AND APPROPRIATING FUNDS THEREFOR, REPEALING FOR THE
PURPOSE REPUBLIC ACT NO. 4226, OTHERWISE KNOWN AS THE
"HOSPITAL LICENSURE ACT"

EXPLANATORY NOTE

Evident developments and improvements have occurred in the field of health care which led to the emergence and development of new types of health care facilities such as diagnostic, therapeutic, and rehabilitative centers. Due to the changes in the structures and forms, several types of facilities no longer qualify for the regulation under the Republic Act No. 4226, otherwise known as "Hospital Licensure Act".

The bill seeks to expand and strengthen the regulation of health facilities in the Philippines through the renaming of the Health Facilities and Services Regulatory Bureau to the Bureau of Health Facilities and Services, with incorporation therein of additional responsibilities and duties in order to ensure the safety and quality of the health care facilities. Further, the Bureau is given the quasi-judicial powers over administrative cases against any health service establishment.

Thus, passage of this measure is earnestly requested.


MANUEL "LITO" M. LAPID

'19 OCT -2 AM 11:27

SENATE

S. No. 1095

REC. DIV. 

Introduced by Senator Manuel "Lito" M. Lapid

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:

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

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

- a) *Health Facilities* refer to institutions whether stationary or mobile, land based or otherwise and other health related establishments which provide diagnostic, therapeutic, rehabilitative, and other health care services except hospital pharmacies;
- b) *License* refers to a formal authorization issued by the Department of Health (DOH) to an individual, partnership, corporation or association to operate health facilities or services. It is a prerequisite for accreditation of a hospital and other health facilities by any accrediting body that is recognized by the DOH;
- c) *Licensee* refers to the person, partnership, corporation, cooperative or

1 association granted a license to operate and maintain a health facility or
2 services according to an approved standard set by the Bureau;

- 3 d) *Department of Health – Permit to Construct (DOH – PTC)* refers to a permit
4 issued by DOH through Health Facilities and Services Regulatory Bureau to
5 an applicant who will establish and operate a hospital or other health facility,
6 upon compliance with required documents set forth in this Order prior to
7 the actual construction of the said facility. A DOH-PTC is also required for
8 hospitals and other health facilities with substantial alteration, expansion,
9 renovation, increase in the number of beds or for additional services (add-
10 ons) beyond their service capability. It is a prerequisite for License to
11 Operate; and
- 12 e) *Registration* refers to the act or process of entering information about a
13 health facility into the records of the public health system.
- 14

15 **SECTION 3.** *Bureau of Health Facilities and Services (BHFC).* — The Health
16 Facilities and Services Regulatory Bureau is hereby renamed as the Bureau of Health
17 Facilities and Services (BHFS) herein referred to as the Bureau, which shall be created
18 in the DOH. The Bureau shall be under the Office of the Secretary and shall have the
19 following functions, powers and duties:

- 20 a) To promulgate, establish and prescribe rules, regulations, standards,
21 requirements and specifications in the construction and operation of
22 health facilities and impose penalties for violations of such;
- 23 b) To inspect and monitor all health facilities and other related facilities
24 to ensure their continued compliance with the rules and regulations
25 in accordance with this Act and to make recommendations to
26 directors or administrators of health facilities for the correction of
27 deficiencies found during the inspections;
- 28 c) To study and adopt a system of classifying health facilities and other
29 related facilities in the Philippines;
- 30 d) To review and approve construction designs and plans for all health
31 facilities including renovation or expansion the same in accordance
32 with the provisions of this Act;

- 1 e) To determine, levy, assess and collect, if applicable, the appropriate
2 permit fee, registration fee, license fee and surcharges pertinent to
3 the operation of facilities and services except in cases where charges
4 or rates are established by international bodies or associations of
5 which the Philippines is a participating member or by bodies
6 organized by the Philippine government as the proper arbiter of such
7 charges or rates;
- 8 f) To coordinate and call the assistance of any department, office,
9 agency or instrumentality of the national or local government and
10 other entities concerned with any aspect involving health facilities for
11 the effective implementation of this Act;
- 12 g) To maintain a register of health facilities and other related facilities
13 with licenses indicating the name of the facility, address or locations,
14 classification, name of the director or administrator, ownership,
15 number of authorized beds and such other pertinent data as may be
16 necessary;
- 17 h) To promulgate and implement the rules and regulations governing
18 the registration, licensure and operations of health facilities and
19 related facilities and to periodically review and amend the same,
20 subject to the approval of the Secretary and in consultation with the
21 sectors concerned; *Provided, That* such rules and regulations shall
22 be in accordance with the provisions of this Act;
- 23 i) To grant a certificate of a license for the operation and maintenance
24 of health facilities and services, and to suspend or revoke the same
25 in accordance with the provisions of this Act;
- 26 j) To hire and train competent individuals and provide qualifications of
27 personnel to be designated as regulatory officers;
- 28 k) To submit yearly reports to the Secretary of Health, and the
29 Chairpersons of the Committees on Health of both Houses of
30 Congress; and
- 31 l) To perform such other functions necessary to carry out the duties
32 prescribed under this Act.

1
2 **SECTION 4. Quasi-Judicial Powers.** — To carry out its tasks more effectively,
3 the Bureau shall be vested with the following quasi-judicial powers:

- 4 a) To investigate, hear and decide administrative cases initiated by the
5 Bureau or filed by any person against a health facility or health
6 service establishment violating any provision of this Act and its
7 implementing rules and regulations and to impose appropriate
8 administrative sanctions or penalties provided in this Act;
- 9 b) To promulgate rules governing the conduct of administrative
10 hearings: *Provided*, That in such proceedings, the Bureau shall not
11 be bound by the technical rules of evidence of the Rules of Court:
12 *Provided, further*, That the latter may be applied in a suppletory
13 manner;
- 14 c) To administer oaths and affirmations, and to issue subpoena *duces*
15 *tecum* and *ad testificandum*, requiring the production of such books,
16 contracts, correspondence, records, statement of accounts and other
17 documents and the attendance and testimony of parties and
18 witnesses, as may be material to the investigation being conducted
19 by the Bureau;
- 20 d) To exercise contempt powers and impose appropriate penalties;
- 21 e) To cause the prosecution of all cases involving violations of this Act
22 and its implementing rules and regulations;
- 23 f) To summarily order the closure of health facilities and other related
24 facilities operating without a license; and
- 25 g) To preventively suspend health facilities found during inspection or
26 monitoring to have committed gross violations of the standards or
27 rules and regulations such as non-compliance to the approved
28 construction design; any fraudulent, unscrupulous activities, false
29 claims or misrepresentations; operating with unlicensed or
30 unqualified health personnel; and the commission or omission of any
31 act which may result to serious injury, permanent disability or loss of
32 life of a patient or staff, or would compromise public safety.

1
2 **SECTION 5. *Mandatory Conciliation-Mediation.*** — The Bureau shall exert all
3 efforts towards the amicable settlement of an administrative case within its jurisdiction
4 on or before the first hearing. Towards this end, it shall have the power to ask the
5 assistance of relevant government officials and qualified private individuals to act as
6 a compulsory mediator on cases referred to it.

7
8 **SECTION 6. *Registration and License.*** — The Bureau shall facilitate the
9 delivery of high-quality and cost-effective healthcare by promoting competition among
10 health facilities. Towards this end, all hospitals and other health facilities, government
11 or private, shall be registered and duly licensed by the Bureau before such facilities
12 are allowed to operate or be opened to the public. Both public and private health
13 facilities shall be required to apply for the permit to construct and license to operate.

14
15 **SECTION 7. *Organization.*** — The Director of the Bureau shall, subject to the
16 approval of the Secretary of Health, organize its personnel in such divisions and units
17 as will ensure efficiency and effectiveness:

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

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

26
27 **SECTION 8. *Minimum Qualifications for Appointment as Chief Executive***
28 *Officer, Chief Operating Officer, or Administrative Officer.* — The Chief Executive
29 Officer, Chief Operating Officer, or Administrative Officer of a hospital or health facility
30 who shall be responsible for the overall management and administration of the
31 hospital; formulation of policies, plans, programs and strategies to ensure
32 implementation of health standards; and the day-to-day supervision of the functional

units shall possess any of the following minimum qualifications: a) formal baccalaureate degree, preferably with a master's degree in hospital administration or related course; or b) at least five (5) year experience in a supervisory or managerial position.

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

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

SECTION 10. *Construction Design.* — The Bureau shall review and approve the construction design and plans of health facilities or related facilities to be constructed or which shall undergo renovation or expansion.

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

All level III government hospitals to be constructed shall include in its design the provision of generic word.

1 **SECTION 11.** *Application, Inspection, and Issuance of License to Operate*
2 (*LTO*). — All health facilities shall be duly licensed by the Bureau, in accordance with
3 Republic Act No. 11032 or the "Ease of Doing Business Act", before such facilities are
4 allowed to operate or to be opened to the public.

5 An applicant of a health facility for the issuance of a License to Operate,
6 including its medical ancillary services, shall be filed with the Bureau or its Regional
7 Office using the prescribed forms.

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

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

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

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

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

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

1 (a) Violation by the license of any provision of this Act or any other existing
2 law;

3 (b) Violation of rules and regulations prescribed in the implementation of this
4 Act; and

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

7
8 **SECTION 14. *Appeal.*** — The orders, rulings or decisions of the Bureau shall
9 be appealable to the Secretary of Health.

10
11 **SECTION 15. *Separate Licenses Required.*** — Separate licenses shall be
12 required for health facilities or other related facilities or branches thereof maintained
13 in separate premises even though they are operated under the same management:
14 *Provided, however,* That separate licenses shall not be required for separate buildings
15 in the same compound shall also be secured from the Bureau to determine compliance
16 with standards and requirements herein authored.

17
18 **SECTION 16. *Non-Transferability of License.*** — A license for the operation of
19 a health facility or other related facility shall not be transferable. The Bureau shall be
20 notified of any change in ownership, change of name of the health facility or other
21 related facility. Transfer of location of the facility shall require an application for a new
22 license.

23
24 **SECTION 17. *Penalties.*** — Any person, partnership, association, or
25 corporation who establishes, operates, conducts, manages or maintains a health
26 facility or other related facility within the meaning of this Act without first obtaining a
27 license, or violates any provision of this Act or its Implementing Rules and Regulations
28 shall be liable to a fine of not less than Fifty Thousand Pesos (P50,000.00) but not to
29 exceed One Hundred Thousand Pesos (P100,000.00) for the first offense, not less
30 than One Hundred Thousand Pesos (P100,000.00) but not to exceed Five Hundred
31 Thousand Pesos (P500,000.00), and not less than Five Hundred Thousand Pesos
32 (P500,000.00) but not to exceed One Million Pesos (P1,000,000.00) for the third and

1 subsequent offenses. After the third offense, the license of the hospital shall be
2 revoked. Each day that the health facility or other related facility operates after the
3 first violation shall be considered a subsequent offense.

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

9
10 **SECTION 18. *Income Retention.*** — To ensure that the Bureau shall have full
11 authority to utilize its income and enhance its capacity to expand and to improve the
12 quality of its services, it is hereby authorized to retain and utilize one hundred percent
13 (100%) of its income generated from various fees and surcharges without remitting
14 the same to the Bureau of Treasury.

15 In no case shall the retained income be used for the payment of salaries and
16 other personnel benefits. The retained income shall be deposited in an authorized
17 government depository bank recommended by the DOH, the DBM, and the
18 Department of Finance.

19
20 **SECTION 19. *Appropriations.*** — The current appropriations of the DOH under
21 the General Appropriations Act (GAA) shall be used to carry out the initial
22 implementation of this Act. Thereafter, such sums as may be necessary for the
23 continued implementation of this Act shall be included in the succeeding GAA.

24
25 **SECTION 20. *Mandatory Review.*** — Congress shall undertake a mandatory
26 review of this Act at least once every five (5) years and as often as it may deem
27 necessary, with the primary objective of overseeing the implementation of this Act
28 and reviewing the accomplishments and the utilization of income of the Bureau.

29
30 **SECTION 21. *Implementing Rules and Regulations.*** — The Secretary of
31 Health, upon the recommendation of the Bureau, FDA, PNRI, and other concerned
32 agencies and after consultation with recognized health facilities, associations, patients'

1 organizations and other civil society organizations, shall issue the rules and regulations
2 implementing the provisions of this Act within ninety (90) days from its effectivity.
3

4 **SECTION 22. *Separability Clause.*** — If any part or provision of this Act shall
5 be held unconstitutional or invalid, other provisions hereof which are not affected shall
6 continue to be in full force and effect.
7

8 **SECTION 23. *Repealing Clause.*** — Republic Act no. 4226, otherwise known
9 as the "Hospital Licensure Act," is hereby repealed. Presidential decrees, executive
10 orders, rules and regulations and other issuances or parts thereof which are
11 inconsistent with the provisions of this Act are hereby repealed, amended or modified
12 accordingly.
13

14 **SECTION 24. *Effectivity.*** — This Act shall take effect fifteen (15) days after
15 its publication in the Official Gazette or in any newspaper of general circulation.
16

17 *Approved,*