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S. B. No. 2778

(In Substitution of Senate Bill Nos. 1190 and 2654,
taking into consideration House Bill No. 4000)

Prepared Jointly by the Committees on Health and Demography and Finance
with Senators Loren B. Legarda and Teofisto "TG" L. Guingona as authors

AN ACT STRENGTHENING THE REGULATION OF HEALTH FACILITIES AND SERVICES IN THE PHILIPPINES, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 4226, OTHERWISE KNOWN AS THE HOSPITAL LICENSURE ACT, AND FOR OTHER PURPOSES

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 Regulation Act”.

2

3 **Sec. 2. Definitions.** – As used in this Act:

4 a) *Health facilities* refer to institutions and other health-related establishments which
5 provide diagnostics, therapeutic, rehabilitative, and/or other health care services
6 except medical radiation facilities and hospital pharmacies;

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

11 c) *Licensee* refers to the person, partnership, corporation or association granted a license
12 to operate and maintain a health facility according to an approved standard set by the
13 Bureau.

14

15 **Sec. 3. Regulating Agency.** – The Health Facilities and Services Regulatory Bureau (HFSRB)

1 shall act as the regulatory agency pertaining to the licensing and operation of health facilities
2 and services in the country.

3

4 **Sec. 4. Powers and Functions.** – The HFSRB shall have the following powers and functions:

5 a) To establish and prescribe rules, regulations, standards and specifications in all cases
6 related to the issued certificate of license of health facilities and other related facilities
7 and administer and enforce the same;

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

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

14 d) To approve construction designs and plans for health facilities, government or private,
15 including renovation or expansion of the same in accordance with the provisions of
16 this Act;

17 e) To provide consultative and advisory services relative to the establishment and
18 construction of health facilities and other related facilities;

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

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

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

31 i) To promulgate and implement the rules and regulations governing the registration,
32 licensure and operations of health facilities and other related facilities and to
33 periodically review and amend the same, subject to the approval of the Secretary and
34 in consultation with the sectors concerned: *Provided*, That such rules and regulations

1 shall be in accordance with the provisions of this Act;

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

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

7 l) Perform such other functions as may be prescribed by law.
8

9 **Sec. 5. *Quasi-Judicial Powers.*** – To carry out its tasks more effectively, the HFSRB shall be
10 vested with the following quasi-judicial powers:

11 a) To investigate, hear and decide administrative cases initiated by the HFSRB or filed
12 by any person against a hospital or health service establishment violating any
13 provision of this Act and its implementing rules and regulations and to impose
14 appropriate administrative sanctions or penalties provided in this Act: *Provided*, that
15 the health facility concerned shall be accorded due process by allowing it to be
16 present at all hearing and to present its side;

17 b) To promulgate rules governing the conduct of administrative hearings: *Provided*, That
18 in such proceedings, the HFSRB shall not be bound by the technical rules of evidence
19 of the Rules of Court: *Provided, further*, That the latter may be applied in a suppletory
20 manner;

21 c) To administer oaths and affirmations, and to issue subpoena *duces tecum* and *ad*
22 *testificandum*, requiring the production of such books, contracts, correspondence,
23 records, statement of accounts and other documents and the attendance and testimony
24 of parties and witnesses, as may be material to the investigation being conducted by
25 the HFSRB;

26 d) To exercise contempt powers and impose appropriate penalties which shall not
27 include physical detention nor suspension of the right to operate as health facility;

28 e) To cause the prosecution of all cases involving violations of this Act and its
29 implementing rules and regulations; and

30 f) To summarily order the closure of health facilities and other related facilities
31 operating without a license.
32

33 **Sec. 6. *Registration and License.*** – All health facilities and other related facilities,
34 government or private, shall be registered and duly licensed by the HFSRB before such

1 facilities are allowed to be operated or be opened to the public.

2

3 **Sec. 7. Construction Design.** – The HFSRB shall review and approve the planning design and
4 construction of government or private health facilities and other related facilities to be
5 constructed and/or will undergo renovation or expansion.

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

11

12 **Sec. 8. Application for Registration and Issuance of License.** – An application for registration
13 of a health facility or other related facility and for the issuance of a license for its operation
14 and maintenance, including that of a facility performing medical ancillary services, shall be
15 filed with the HFSRB or its deputized office using the form prescribed by it: *Provided*, that
16 an applicant for a license to operate and maintain a hospital pharmacy or a medical radiation
17 facility shall seek the approval of the Food and Drug Administration (FDA): *Provided further*,
18 that the FDA shall deputize HFSRB to issue license to operate medical radiation facilities and
19 pharmacies located inside the hospitals, in pursuant to the Harmonization and Streamlining of
20 the Licensure System for hospitals. The application for registration shall be filed and a license
21 shall be issued upon due compliance of the applicant with the rules and regulations prescribed
22 by the HFSRB pursuant to the provisions of this Act.

23

24 **Sec. 9. 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 date of
26 issuance, and shall be renewed regularly, subject to the rules and regulations to be issued by
27 the HFSRB.

28

29 **Sec. 10. Inspection.** – The license to operate and maintain a health facility or other related
30 facility shall be issued by the HFSRB only after it has conducted a comprehensive on-site
31 inspection and has certified that the applicant has satisfactorily complied with the requisites
32 prescribed in this Act and its implementing rules and regulations (IRR).

33

34 **Sec. 11. Suspension and Revocation of License.** – The HFSRB, after conducting an

1 administrative hearing, with due notice to the licensee, may suspend or revoke the license to
2 operate and maintain a health facility or other related facility of any person, partnership,
3 corporation or association for any of the following grounds:

- 4 a) Violation by the licensee of any provision of this Act or any other existing law
5 governing or related to health facility operations;
- 6 b) Violation of rules and regulations prescribed in the implementation of this Act; and
- 7 c) Failure to make necessary corrections or adjustments required by the HFSRB in the
8 improvement or maintenance of facilities and services.

9
10 **Sec. 12. Appeal.** – The orders, rulings or decisions of the HFSRB shall be appealable to the
11 Secretary of Health.

12
13 **Sec. 13. Separate Licenses Required.** – Separate licenses shall be required for health facilities
14 and other related facilities or branches thereof maintained in separate premises even though
15 they are operated under the same management: *Provided, however,* That separate licenses
16 shall not be required for separate buildings in the same compound: *Provided, further,* That
17 the approval of the designs and plans for construction or renovation of buildings within the
18 same compound shall also be secured from the HFSRB to determine compliance with
19 standards and requirements herein authorized.

20
21 **Sec. 14. Non-transferability of License.** – A license for the operation of a health facility or
22 other related facility shall not be transferable. Transfer of location of the facility shall require
23 an application for a new license.

24
25 **Sec. 15. Penalties.** - Any person, partnership, association or corporation who establishes,
26 operates, conducts, manages or maintains a health facility or other related facility within the
27 meaning of this Act without first obtaining a license, or violates any provision of this Act or
28 its IRR 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 than One
30 hundred thousand pesos (P100,000.00) but not to exceed Five hundred thousand pesos
31 (P500,000.00) for the second offense, 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
33 subsequent offenses. Each day that the health facility or other related facility operates after
34 the first violation shall be considered a subsequent offense.

1 In addition to the penalties specified in the preceding paragraph, the Bureau may
2 summarily order the closure of any health facility or other related facility found operating
3 without a license.

4
5 **Sec. 16. Appropriations.** – The current DOH appropriations under the General
6 Appropriations Act (GAA) shall be used to carry out the initial implementation of this Act.
7 Thereafter, such sums as may be necessary for the continued implementation of this Act shall
8 be included in the succeeding General Appropriations Act.

9
10 **Sec. 17. *Implementing Rules and Regulations.*** - The Secretary of Health, upon the
11 recommendation of the HFSRB, shall issue the necessary rules and regulations for its
12 effective implementation within sixty (60) days upon the effectivity of this Act.

13
14 **Sec. 17. *Separability Clause.*** - If any part or provision of this Act shall be held
15 unconstitutional or invalid, other provisions hereof which are not affected shall continue to be
16 in full force and effect.

17
18 **Sec. 18. *Repealing Clause.*** - Republic Act No. 4226, otherwise known as the Hospital
19 Licensure Act, is hereby repealed. Presidential decrees, executive orders, rules and
20 regulations and other issuances or parts thereof, which are inconsistent with the provisions of
21 this Act are hereby repealed, amended or modified accordingly.

22
23 **Sec. 19. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the
24 *Official Gazette* or in any newspaper of general circulation.

25
26 *Approved,*