

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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Senate  
Office of the Secretary

16 JUL 19 12:15

SENATE

S. No. 517

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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**AN ACT**  
**AUTHORIZING GOVERNMENT HOSPITALS UNDER THE DEPARTMENT OF**  
**HEALTH (DOH) TO RETAIN AND UTILIZE ALL THEIR INCOME AND**  
**INTEREST DERIVED FROM DEPOSITS, FOR MAINTENANCE AND OTHER**  
**OPERATING EXPENSES, CAPITAL OUTLAYS AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Government hospitals, while receiving subsidy from the National Government, cannot utilize their income for their maintenance and other operating expenses. Similar to other income generating agencies of the government, these hospitals are required by law to remit their income back to the national treasury.

This practice of disallowing government hospitals from spending their income for MOOE limits the hospital's capability to expand and improve. It is precisely the primary reason that government hospitals fail to deliver quality and efficient basic health services for the people.

In view of this counterproductive system, this representation is filing this proposed measure to give more meaning to the autonomy of government hospitals in the area of physical and operational development. This can be achieved by granting them the authority to utilize their income for their maintenance and other operating expenses.

In view of the foregoing, the immediate approval of this measure is earnestly sought.

  
ANTONIO "SONNY" F. TRILLANES  
Senator

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AN ACT

**AUTHORIZING GOVERNMENT HOSPITALS UNDER THE DEPARTMENT OF HEALTH (DOH) TO RETAIN AND UTILIZE ALL THEIR INCOME AND INTEREST DERIVED FROM DEPOSITS, FOR MAINTENANCE AND OTHER OPERATING EXPENSES, CAPITAL OUTLAYS AND FOR OTHER PURPOSES**

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

1           **SECTION 1. Utilization of Hospital Income.** - All government hospitals under the  
2 Department of Health (DOH) are hereby authorized to retain and utilize One hundred percent  
3 (100%) of their income, which include hospital fees from in-house services and facilities,  
4 income derived from non-patient related services such as rental fees, parking fees,  
5 affiliation/medical/professional fees, interview and tour fees, and income derived from  
6 interest on account deposits, without necessarily remitting the same to the Bureau of  
7 Treasury.  
8

9           **SEC. 2. Trust Fund.** - A trust fund constituting the income collected shall be  
10 established for the maintenance and other operating expenses, capital outlays for the purpose  
11 of equipment and infrastructure projects including construction, improvement and/or  
12 renovation of hospital facility and for other purposes recommended by the Board of the said  
13 hospital: *Provided*, That pharmacy income or proceeds from the sale of drugs and medicines  
14 and laboratory income shall be considered as a revolving fund and shall be specifically  
15 utilized by the hospital pharmacy and laboratory for purposes as may be determined by the  
16 DOH: *Provided, further*, That no amount of the said income shall be used for payment of  
17 salaries and other allowances of employees.  
18

19           The trust fund shall be deposited in an authorized government depository bank/s  
20 recommended by the DOH, the Department of Finance (DOF) and the Department of Budget  
21 and Management (DBM).  
22

23           **SEC. 3. Hospital Board.** - There shall be established a board in each national hospital  
24 retained under the DOH with the chief or head of the hospital concerned as chairman and the  
25 following as members:  
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- 27           1) A senator;
- 28
- 29           2) A congressman of the congressional district where the hospital is located;
- 30

- 1           3) A representative of the Philippine Hospital Association (PHA);
- 2
- 3           4) A representative of the Philippine Medical Association (PMA);
- 4
- 5           5) A representative of nongovernment organizations (NGOs) involved in health
- 6           services;
- 7
- 8           6) A representative of the religious sector;
- 9
- 10          7) A representative of the private sector; and
- 11
- 12          8) A representative of the rank and file employees.
- 13

14           The Chairman of the Senate Committee on Health shall choose from among the  
15 senators who shall represent the Senate as a member of each of the retained national hospital  
16 health board.

17  
18           The representatives from the PHA, the PMA and NGOs involved in health services,  
19 religious sector and private sector in the hospital health boards shall be appointed by the  
20 chairman of the respective health boards. The representative of the rank and file employees  
21 shall be voted upon by the entire members of the rank and file.

22  
23           The hospital health board shall monitor the collection and determine the utilization of  
24 the hospital income, and perform such other functions as may be deemed necessary for the  
25 effective management of the said income.

26  
27           The Board shall meet at least once a week or as often as may be necessary. A majority  
28 of the members of the board shall be present during meetings when income utilization  
29 proposals are prepared and considered.

30  
31           Members thereof who are not government officials or employees shall be entitled to  
32 necessary traveling expenses and allowances chargeable against the funds.

33  
34           **SEC. 4. *Audit and Reports.*** - Expenditures under this Act shall be subject to existing  
35 auditing rules and regulations. In addition, the retained hospitals shall submit quarterly  
36 reports of income and utilization thereof to the DBM and the Committee on Health of both  
37 Houses of Congress.

38  
39           **SEC. 5. *Implementing Rules and Regulations.*** - The DOH, in coordination with the  
40 DOF, the DBM and the Commission on Audit (COA), shall formulate the necessary rules and  
41 regulations for the effective implementation of this Act within sixty (60) days from its  
42 approval.

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44           **SEC. 6. *Separability Clause.*** - If any provision of this Act is held invalid by a  
45 competent court, any other provision not affected thereby shall continue to be valid and  
46 effective.

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48           **SEC. 7. *Repealing Clause.*** - Any laws, presidential decree, executive orders and  
49 letters of instruction which are inconsistent with any of the provisions of this Act are hereby  
50 repealed or amended accordingly.

1  
2           **SEC. 8. Effectivity.** - This Act shall take effect fifteen (15) days after its publication  
3 in the Official Gazette or at least two (2) newspapers of general circulation.

*Approved,*