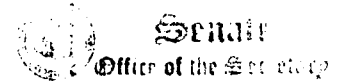


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



23 NOV -8 P 6 :44

SENATE
S. B. No. 2477

RECEIVED BY: _____

Introduced by Senator Joseph Victor G. Ejercito

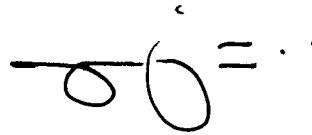
AN ACT
MODERNIZING THE REGULATION OF HEALTH FACILITIES AND SERVICES,
AND APPROPRIATING FUNDS THEREFOR, REPEALING FOR THE PURPOSE
REPUBLIC ACT NO. 4226, OTHERWISE KNOWN AS THE "HOSPITAL
LICENSURE ACT"

EXPLANATORY NOTE

The COVID 19 Pandemic had tested the efficiency and reliability of our health facilities in the country. The pandemic served as an eye-opener for all of us that some of our health facilities need no longer pass the current regulatory mandate of the Department of Health (DOH) through the Bureau of Health Facilities and Services (BHFS). Likewise, the rapid development and innovations in the health sector both in the ASEAN region and in the world provided greater challenge of our health facilities to catch up with these changes. These resulted to a greater demand for our health sector, most particularly in regulating our health facilities to be more competitive with our neighboring countries, at the very least.

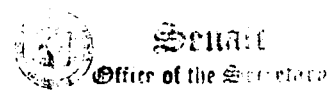
This bill proposes renaming the Facilities and Services Regulatory Bureau (HFSRB) into the Bureau of Health Facilities and Services (BHFS) of the Department of Health (DOH) and expanding its roles and responsibilities. Moreover, the bill offers innovations in the accreditation of health facilities that intends to lessen or at most irradicate possible loopholes in the process.

It is hoped that with the passage of this bill, a better and improved health facilities will flourish as a result. Better facilities will result to better but regulated health services for our people.

A handwritten signature in black ink, consisting of a stylized 'J' and 'E' followed by a horizontal line and a small flourish.


JOSEPH VICTOR G. EJERCITO

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



23 NOV -8 P 6 :45

SENATE
S.B. No. 2477

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AN ACT
MODERNIZING THE REGULATION OF HEALTH FACILITIES AND SERVICES,
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Be it enacted by the Senate and the House of Representatives of the Philippines, in Congress assembled:

1 Section 1. *Short Title.* - This Act shall be known as the "*Health Facilities*
2 *Regulation Act*".

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

5 a) *Health Facilities* refer to institutions whether stationary or mobile, land
6 based OR otherwise and other health related establishments which provide
7 diagnostic, therapeutic, rehabilitative, and other health care services except
8 hospital pharmacies;

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

14 c) *Licensee* refers to the person, partnership, corporation, cooperative or
15 association granted a license to operate and maintain a health facility or
16 services according to an approved standard set by the Bureau;

1 d) *Department of Health-Permit to Construct (DOH-PTC)* refers to a permit
2 issued by DOH through HFSRB to an applicant who will establish and
3 operate a hospital or other health facility, upon compliance with required
4 documents set forth in this Order prior to the actual construction of the said
5 facility. A DOH-PTC is also required for hospitals and other health facilities
6 with substantial alteration, expansion, renovation, increase in the number
7 of beds or for additional services (add-ons) beyond their service capability.
8 It is a prerequisite for License to Operate; and

9 e) *Registration* refers to the act or process of entering information about a
10 health facility into the records of the public health system

11 **Sec. 3. *Bureau of Health Facilities and Services (BHFS)*.**- The Health Facilities
12 and Services Regulatory Bureau (HFSRB) is hereby renamed as the Bureau of Health
13 Facilities and Services (BHFS), herein referred to as the Bureau, which shall be created
14 in the DOH. The Bureau shall be under the Office of the Secretary and shall have the
15 following functions, powers and duties:

16 a) To promulgate, establish and prescribe rules, regulations, standards,
17 requirements and specifications in the construction and operation of health
18 facilities and impose penalties for violations of such;

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

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

26 d) To review and approve construction designs and plans for all health facilities
27 including renovation or expansion of the same in accordance with the
28 provisions of this Act;

29 e) To determine, levy, assess and collect the appropriate permit fee,
30 registration fee, license fee and surcharges pertinent to the operation of
31 facilities and services except in cases where charges or rates are established
32 by international bodies or associations of which the Philippines is a

1 participating member or by bodies recognized by the Philippine government
2 as the proper arbiter of such charges or rates;

3 f) To coordinate and call the assistance of any department, office, agency or
4 instrumentality of the national or local government and other entities
5 concerned with any aspect involving health facilities for the effective
6 implementation of this Act;

7 g) To maintain a register of health facilities and other related facilities with
8 licenses indicating the name of the facility, address or location,
9 classification, name of the director or administrator, ownership, number of
10 authorized beds and such other pertinent data as may be necessary;

11 h) To promulgate and implement the rules and regulations governing the
12 registration, licensure and operations of health facilities and related facilities
13 and to periodically review and amend the same, subject to the approval of
14 the Secretary and in consultation with the sectors concerned: *Provided, That*
15 such rules and regulations shall be in accordance with the provisions of this
16 Act;

17 i) To grant a certificate of license for the operation and maintenance of health
18 facilities and services, and to suspend or revoke the same in accordance
19 with the provisions of this Act;

20 j) To hire and train competent individuals and provide qualifications of
21 personnel to be designated as regulatory officers;

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

24 l) To Perform such other functions necessary to carry out the duties prescribed
25 under this Act.

26 *Sec. 4. Quasi-Judicial Powers.* - To carry out its tasks more effectively, the
27 Bureau shall be vested with the following quasi-judicial powers:

28 a) To investigate, hear and decide administrative cases initiated by the Bureau
29 or filed by any person against a health facility or health service
30 establishment violating any provision of this Act and its implementing rules
31 and regulations and to impose appropriate administrative sanctions or
32 penalties provided in this Act;

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

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

28 *Sec. 6. Registration and License.* - The Bureau shall facilitate the delivery of
29 high-quality and cost-effective healthcare by promoting competition among health
30 facilities. Towards this end, all hospitals and other health facilities, government or
31 private, shall be registered and duly licensed by the Bureau before such facilities are

1 allowed to operate or be opened to the public. Both public and private health facilities
2 shall be required to apply for the permit to construct and license to operate.

3 *Sec. 7. Organization.* - The Director of the Bureau shall, subject to the approval
4 of the Secretary of Health, organize its personnel in such divisions and units as will
5 ensure efficiency and effectiveness:

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

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

14 *Sec. 8. Minimum Qualifications for Appointment as Chief Executive Officer,*
15 *Chief Operating Officer, or Administrative Officer.* - The Chief Executive Officer, Chief
16 Operating Officer, or Administrative Officer of a hospital or health facility who shall be
17 responsible for the overall management and administration of the hospital;
18 formulation of policies, plans, programs and strategies to ensure implementation of
19 health standards; and the day-to-day supervision of the functional units shall
20 possess any of the following minimum qualifications: a) formal baccalaureate
21 degree, preferably with a master's degree in hospital administration or related course;
22 or b) at least five (5) years of experience in a supervisory or managerial position

23 *Sec. 9. Classification of Hospitals and Other Health Facilities.* - The existing
24 classification of hospitals and other health facilities including the system, rules and
25 regulations governing their classification shall be subject to automatic review by the
26 Bureau, in consultation with relevant stakeholders, within three (3) years from the
27 effectivity of this Act and thereafter as it may deem necessary. It shall take into
28 consideration the findings and recommendations made by Congress, if any, and the
29 actual situation in dealing with the existing classification of hospitals and other health
30 facilities for the purpose of protecting and promoting the health of the public by

1 ensuring a minimum quality of service rendered by hospitals and other regulated
2 health facilities and to assure the safety of patients and personnel.

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

7 *Sec. 10. Construction Design.* - The Bureau shall review and approve the
8 construction design and plans of health facilities or related facilities to be constructed
9 or which shall undergo renovation or expansion.

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

16 All level III government hospitals to be constructed shall include in its design
17 the provision of geriatric ward.

18 *Sec. 11. Application, Inspection, and Issuance of License to Operate (LTO).* -
19 All health facilities shall be duly licensed by the Bureau, in accordance with Republic
20 Act No. 11032 or the "Ease of Doing Business Act", before such facilities are allowed
21 to operate or be opened to the public.

22 An application of a health facility for the issuance of a License to Operate
23 including its medical ancillary services, shall be filed with the Bureau or its Regional
24 office using the prescribed forms.

25 The LTO shall be issued upon due compliance of the applicant with the rules
26 and regulations prescribed by the Bureau pursuant to the provisions of this Act.
27 *Provided,* That the Bureau has conducted a comprehensive on-site inspection and has
28 certified that the applicant has satisfactorily complied with the requisites prescribed in
29 this Act and its implementing rules and regulations (IRR). *Provided further,* That an
30 applicant shall get the approval of the Food and Drug Administration

1 (FDA) for its pharmacy or Philippine Nuclear Research Institute (PNRI) for medical
2 radiation facility.

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

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

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

11 *Sec. 12. Validity and Renewal of License.* - The initial license to operate and
12 maintain a health facility or other related facility shall be valid for a period of three (3)
13 years from its date of issuance, and shall be renewed regularly, subject to the rules
14 and regulations to be issued by the Bureau.

15 *Sec. 13. Suspension and Revocation of License.* - The Bureau, after conducting
16 an administrative hearing, with due notice to the licensee, may suspend or revoke the
17 license to operate and maintain a health facility or other related facility of any person,
18 partnership, corporation or association for any of the following grounds:

- 19 a) Violation by the licensee of any provision of this Act or any other existing
20 law;
- 21 b) Violation of rules and regulations prescribed in the implementation of this
22 Act; and
- 23 c) Failure to make necessary corrections or adjustments required by the
24 Bureau in the improvement or maintenance of facilities and services.

25 *Sec. 14. Appeal.* - The orders, rulings or decisions of the Bureau shall be
26 appealable to the Secretary of Health.

27 *Sec. 15. Separate Licenses Required.* - Separate licenses shall be required for
28 health facilities or other related facilities or branches thereof maintained in separate
29 premises even though they are operated under the same management: *Provided,*
30 however, That separate licenses shall not be required for separate buildings in the
31 same compound: *Provided,* further, That the approval of the designs and plans for

1 construction or renovation of buildings within the same compound shall also be
2 secured from the Bureau to determine compliance with standards and requirements
3 herein authorized.

4 *Sec. 16. Non-Transferability of License.* - A license for the operation of a health
5 facility or other related facility shall not be transferable. The Bureau shall be notified
6 of any change in ownership, change of name of the health facility or other related
7 facility. Transfer of location of the facility shall require an application for a new license.

8 *SEC. 17. Penalties.* - Any person, partnership, association, or corporation who
9 establishes, operates, conducts, manages or maintains a health facility or other related
10 facility within the meaning of this Act without first obtaining a license, or violates any
11 provision of this Act or its Implementing Rules and Regulations shall be liable to a fine
12 of not less than Fifty Thousand Pesos (P50,000.00) but not to exceed One Hundred
13 Thousand Pesos (P100,000.00) for the first offense, not less than One Hundred
14 Thousand Pesos (P100,000.00) but not to exceed Five Hundred Thousand Pesos
15 (P500,000.00) for the second offense, and not less than Five Hundred Thousand Pesos
16 (P500,000.00) but not to exceed One Million Pesos (P1,000,000.00) for the third and
17 subsequent offenses. After the third offense, the license of the hospital shall be
18 revoked. Each day that the health facility or other related facility operates after the
19 first violation shall be considered a subsequent offense.

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

25 *SEC. 18. Income Retention.* - To ensure that the Bureau shall have full authority
26 to utilize its income and enhance its capacity to expand and to improve the quality of
27 its services, it is hereby authorized to retain and utilize one hundred percent (100%)
28 of its income generated from various fees and surcharges without remitting the same
29 to the Bureau of Treasury.

30 In no case shall the retained income be used for the payment of salaries and
31 other personnel benefits. The retained income shall be deposited in an authorized

1 government depository bank recommended by the Department of Health, the
2 Department of Budget Management, and the Department of Finance.

3 SEC. 19. *Appropriations.* - The current appropriations of the DOH under the
4 General Appropriations Act (GAA) shall be used to carry out the initial implementation
5 of this Act. Thereafter, such sums as maybe necessary for the continued
6 implementation. of this Act shall be included in the succeeding GAA.

7 SEC. 20. *Mandatory Review.* - Congress shall undertake a mandatory review of
8 this Act at least once every five (5) years and as often as it may deem necessary, with
9 the primary objective of overseeing the implementation of this Act and reviewing the
10 accomplishments and the utilization of income of the Bureau.

11 SEC. 21. *Implementing Rules and Regulations.*- The Secretary of Health, upon
12 the recommendation of the Bureau, FDA, PNRI, and other concerned agencies and
13 after consultation with recognized health facilities, associations, patients' organizations
14 and other civil society organizations, shall issue the rules and regulations implementing
15 the provisions of this Act within ninety (90) days from its effectivity.

16 SEC. 22. *Separability Clause.* - If any part or provision of this Act shall be held
17 unconstitutional or invalid, other provisions hereof which are not affected shall
18 continue to be in full force and effect, continue to be in full force and effect.

19 SEC. 23. *Repealing Clause.* - Republic Act No. 4226, otherwise known as
20 "Hospital Licensure Act," is hereby repealed. Presidential decrees, executive or rules
21 and regulations and other issuances or parts thereof which are inconsistent with the
22 provisions of this Act are hereby repealed, amended or modified accordingly.

23 SEC. 24. *Effectivity.* - This Act shall take effect fifteen (15) days after publication
24 in the *Official Gazette* or in any newspaper of general circulation.

Approved,