

FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
S. No. 1839

Introduced by Senator Miriam Defensor Santiago



EXPLANATORY NOTE

The Constitution, Article XIII, Section II, provides:

Section 2. The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make health and other social services available to all the people at affordable cost.

Despite the Constitutional mandate, health services have become a precious commodity available only to the moneyed few. Health care costs have skyrocketed to such levels that people are forced to resort to alternative medicine rather than seek expensive professional medical intervention.

This bill seeks to reduce health care costs by requiring tertiary and specialized hospitals to share certain services and equipment.*


MIRIAM DEFENSOR SANTIAGO


* This bill was re-filed during the Thirteenth Congress, First Regular Session.

Introduced by Senator Miriam Defensor Santiago

1 AN ACT
2 TO REDUCE HEALTH CARE COSTS BY REQUIRING TERTIARY AND SPECIALIZED
3 HOSPITALS TO SHARE CERTAIN SERVICES AND EQUIPMENT

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

6 SECTION 1. *Short Title.* – This Act shall be known as the “Health Services Cost Control
7 Act of 2007.”

8 SECTION 2. *Declaration of Policy.* – It is the purpose of this Act to reduce health care
9 costs by encouraging cooperation between tertiary and specialized hospitals in order to contain
10 costs and achieve a more efficient and effective health care delivery system through the
11 elimination of unnecessary duplication of expensive medical or high technology services or
12 equipment while preserving services in geographical proximity to the communities traditionally
13 served by the facilities.

14 SECTION 3. *Definition of Terms.* – As used in this Act, the term:

15 (A) “Administrators” refers to the Secretary of Health and the presidents and owners of
16 tertiary and specialized hospitals which are covered by this Act.

17 (B) “Tertiary hospitals” means hospital that have complete, advanced, and
18 departmentalized facilities and services for the diagnosis, treatment and care of
19 individuals suffering from all types of illness, disease, injury or deformity, or in need
20 of obstetrical or other medical and nursing care. A tertiary hospital may be
21 government and privately-owned.

22 (C) “Special” or “specialized hospitals” means hospitals that devote their services full-
23 time for the diagnosis and treatment of specific types of illness such as, but not

1 limited to, heart-related ailment, lung disease, kidney problem, and abnormal mental
2 state. The term hospital shall also be construed any institution, building or place
3 where there are installed beds, or cribs, or bassinets for twenty-four hour use or
4 longer by special classes of patients like children and patients suffering from
5 tuberculosis. A special hospital may likewise be government or privately owned.

6 (D) "Government hospital" means a hospital operated and maintained either partially or
7 wholly by the national, provincial, municipal, or city government or other political
8 subdivisions, or any other department, division, board, or agency thereof.

9 (E) "Private hospital" means one which is privately owned, established and operated
10 with funds raised or contributed through donations, or by private capital or other
11 means, by private individuals, associations, corporations, religious organizations,
12 firm, or joint stock association.

13 SECTION 4. *Technology and Services Sharing Demonstration Program.* –

14 (A) Not later than one year from approval of this Act, the secretary of Health and the
15 presidents and owners of the country's tertiary and specialized hospitals shall jointly
16 design a demonstration program to determine the extent to which health care services
17 and equipment can be shared to reduce health care cost.

18 (B) On the second year of the establishment of the demonstration program under this
19 Section, the Administrators shall prepare the guidelines for the kind of cooperative
20 agreements that may be entered into in accordance with the results of the
21 demonstration program.

22 SECTION 5. *Service Area.* – The Administrators shall determine the area to be served
23 by a demonstration program under Section 3(A).

24 SECTION 6. *Grant Funds and Tax Breaks.* –

25 (A) Tertiary and specialized hospitals that enter into cooperative agreements under
26 Section 3(B) of this Act shall receive grant funds and tax breaks to be determined by the
27 Administrators and the Commissioner of Internal Revenue. To be eligible to receive a grant or

1 tax break, a tertiary or specialized hospital shall prepare and submit to the Administrators an
2 application at such time, in such manner, and containing such information as the Administrators
3 may require, including –

4 (1) A statement that such entity desires to negotiate and enter into a voluntary
5 agreement with another tertiary or specialized hospital for the sharing of medical
6 technology or services;

7 (2) A description of the nature and scope of the activities contemplated under the
8 cooperative agreement;

9 (3) A description of the financial agreements between the entities that are parties
10 to the agreement;

11 (4) A description of the geographical area generally to be served by the
12 individuals; and (e) a description of anticipated benefits and advantages to the providers
13 and to individuals; and

14 (5) Other information determined appropriate by the Administrators.

15 (B) *Development of Evaluation Guidelines.* – The Administrators shall develop
16 regulations, including criteria and evaluation guidelines, with respect to applications submitted
17 under paragraph (A). In determining which applications to approve for purposes of awarding
18 grant funds and tax breaks under paragraph (A), the Administrators shall consider whether the
19 agreement described in each such application meets the criteria and guidelines developed under
20 this paragraph and is likely to result in –

21 (1) The enhancement of the quality of care;

22 (2) The preservation of services in geographical proximity to the communities
23 traditionally served by the applicant;

24 (3) Improvements in the cost-effectiveness of high-technology services by the
25 entities involved;

26 (4) Improvements in the efficient utilization of the entities' resources and capital
27 equipment;

28 (5) The provision of services that would not otherwise be available;

29 (6) The elimination of unnecessary duplication of hospital resources;

1 (7) A reduction in costs to individuals; or

2 (8) No undue harm to the care provided individuals seeking services.

3 SECTION 7. *Application of Grant Funds.* – Amounts provided under a grant awarded
4 under Section 5 shall be used to facilitate collaboration among entities. Such permissible uses
5 may include reimbursing for the expenses associated with specialized personnel, administrative
6 services, support services, transportation, and instructional programs. Funds may not be used to
7 purchase expensive, capital- intensive medical technology or other resource-intensive services
8 not previously owned or provided by the facility.

9 Entities applying for grants under Section 5 shall specify the desired grant award amount.
10 The Administrators shall determine the appropriate amount granting such awards.

11 SECTION 8. *Medical Technology and Services.* –

12 (A) *In General.* – Cooperative agreements carried out under this Act shall provide for the
13 sharing of medical technology or eligible services among the entities which are parties to such
14 agreements.

15 (B) *Medical Technology.* – For purposes of this section, the term “medical technology”
16 includes drugs, devices, equipment and medical and surgical procedures utilized in medical care,
17 and the organizational and support systems within which such care is provided, that –

18 (1) Have high capital costs or extremely high annual operating costs; and

19 (2) Are technologies with respect to which there is reasonable expectation that
20 shared ownership will avoid a significant degree of the potential excess capacity of such
21 service in the community or region to be served under such agreement.

22 (C) *Eligible Services.* – With respect to services which may be shared under an
23 agreement entered into under this section, such services shall -

24 (1) Either have capital costs or extremely high annual operation costs; and

25 (2) Be services with respect to which there is reasonable expectation that shared
26 ownership will avoid a significant degree of the potential excess capacity of such services
27 in the community or region to be served under such agreement. Such services may
28 include mobile services.

1 SECTION 9. *Term Cooperative Agreements.* – Term cooperative agreements under this
2 Act to reduce healthcare costs shall continue for the period agreed upon by the participating
3 parties.

4 SECTION 10. *Reports.* – In general, the participants to health-cost reduction programs
5 entered into under this Act shall submit annual reports to the Administrators containing
6 information on the programs funded under this section, as required by the administrators.

7 SECTION 11. *Appropriations.* – To carry out the demonstration program in Section 5
8 such sum as hereby necessary is hereby authorized to be appropriated from the National
9 Treasury. Thereafter, such sums necessary for the grant funds shall be included in the annual
10 appropriations of the Department of Health.

11 SECTION 12. *Separability Clause.* – If any provision or part hereof, is held invalid or
12 unconstitutional, the remainder of the law or the provision shall remain valid and subsisting.

13 SECTION 13. *Repealing Clause.* – Any law, presidential decree, issuance, executive
14 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent
15 with, the provisions of this Act is hereby repealed, modified or amended accordingly.

16 SECTION 14. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
17 publication in at least two (2) newspapers of general circulation.

18 Approved,