



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Thirteenth Congress
Third Regular Session

HOUSE BILL NO. 5696



Introduced by Honorable Eileen Ermita-Buhain, 1st District of Batangas and
Honorable Florencio T. Miraflores, Lone District of Aklan

EXPLANATORY NOTE

This bill seeks to establish Medical Tourism Zones in the country. More and more people from all over the world are traveling to other countries not only as tourists who go for sightseeing but also to get medical, dental and surgical services from hospitals and other health destinations. Medical Tourism is a rapidly growing industry with countries like Cuba, India, Israel, Malaysia and Thailand; among others, actively promoting it. At present, the Philippines is fast becoming a favored destination for patients seeking quality care at very affordable prices that will also cater to their leisure.

The high costs of health care in industrialized countries, have made medical tourism a popular trend. In the Philippines, foreign patients who otherwise cannot afford expensive medical procedures in their countries benefit from the highly favorable exchange rate. The lower overhead costs and professional fees here in the Philippines make it possible for surgeons to perform these surgeries at a fraction of the cost of the same procedure in the United States, Europe and other developed countries, without sacrificing quality care.

The local medical services can rival the best in the world because our Filipino doctors and other medical practitioners studied in the best medical schools in Asia, United States and Europe. For a quick and enjoyable recovery, foreign patients can also enjoy some of the countries best spas and other tourist destinations.

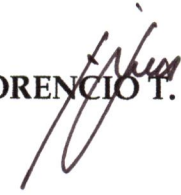
To ensure the success of medical tourism in the Philippines, however, the government should support the needs of our medical practitioners. During the term of then Tourism Secretary Roberto Pagdanganan, for

example, the Philippine Health Tourism Program (PHTP) was established which offers cost-effective medical treatments combined with special tourist destinations that at the same time highlight the tourist attractions of the country. In cooperation with the Department of Health (DOH) and Department of Energy (DOE), they crafted rules and regulations for the accreditation of health establishments, wellness centers, and hospitals in the program. Medical tourism was also included in the government's Investment Priorities Plan in 2005.

There are bipolar implications of medical tourism. If given vigilant support by the government, it will play a significant role in the country's economic recovery. It may also serve as a deterrent to the exodus of medical practitioners as it will entice them to stay in the country where foreign patients will instead seek their treatment.

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


EILEEN ERMITA-BUHAIN


FLORENCIO T. MIRAFLORES



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Thirteenth Congress
Third Regular Session

HOUSE BILL NO. _____ **5696**

Introduced by Honorable Eileen Ermita-Buhain, 1st District of Batangas and
Honorable Florencio T. Miraflores, Lone District of Aklan

AN ACT
ESTABLISHING MEDICAL TOURISM ZONES THROUGHOUT THE
COUNTRY AND APPROPRIATING FUNDS THEREFOR.

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

SECTION 1. *Short Title* - This Act shall be known as the "*Medical Tourism Zones Act of 2006*."

SEC. 2. *Declaration of Policy*. - It is hereby declared the policy of the State to promote the advancement of medical tourism in the country which will significantly contribute to the socio-economic development to the extent that foreign investment is allowed in such activity by the Constitution and relevant laws. Towards this end, the State hereby adopts a flexible and dynamic policy of granting long-term lease on private lands to foreign investors for the establishments of health, hospital wellness centers, spas, land development for commercial use, tourism and other similar productive endeavors.

SEC. 3. *Objectives*. - This Act shall have the following objectives:

a) Encourage medical services and programs which promote foreign tourism awareness;

b) Encourage the participation of medical practitioners, health establishments, hospital wellness centers, resorts and spas in bolstering programs for medical tourism;

c) Maintain international standards of excellence in all medical tourism oriented facilities accommodations and services and promote the country as a safe, competitive and technologically advanced destination for medical services and leisure; and,

d) Ensure the success of medical tourism programs through partnerships, joint ventures and other cooperative undertakings involving local and foreign investors.

SEC. 4. *Definitions.* - For purposes of this Act, the following terms are defined herein as follows:

a) "Medical Tourism" refers to a health holiday coupled with the provision of a cost effective medical services, in collaboration with the tourism and health industries, for foreign and local patients alike needing medical or other forms of specialized treatment;

b) "Foreign Investment" means making an equity investment in the Philippines through actual remittance of foreign exchange or transfer of assets, whether in the form of capital goods, patents, formulas, or other technological rights or processes, upon registration with the Securities and Exchange Commission (SEC).

c) "Medical Specialists or Experts" refer to persons who are skilled or highly trained in any field of medicine on account of their education, position or experience; and

d) "Foreign Retirees" are non-immigrant foreign nationals who are allowed to reside in the country in accordance with retirement laws of the Philippines.

SEC. 5. *Medical Tourism Zones* - The Department of Tourism, in coordination with the Department of Health and other concerned government agencies, shall identify and determine geographic areas in the country which shall be developed as Medical Tourism Zones.

A medical tourism zone shall include hospital wellness centers, health establishments, resorts, and other such facilities for the promotion of medical services.

SEC. 6. *Coverage*. - The following may avail of the benefits under this Act:

a) Any foreign national except those classified as restricted aliens by the Department of Finance (DOF), seeking medical services, leisure and relaxation;

b) Qualified foreign retirees who wish to spend their retirement years in the Philippines;

c) Former Filipinos who are holders of foreign passports with no derogatory record;

d) Any Filipino citizen needing medical services, leisure and relaxation;

e) Foreign medical specialists or experts who may wish to practice in the Philippines in a limited capacity; and

f) Foreign investors who shall invest in these medical zones.

SEC. 7. *Incentives and Privileges.* - The medical tourism zones, including the participating foreign investors or foreign medical specialists or experts, shall enjoy the following fiscal incentives and privileges:

a) Income Tax Holiday for Bureau of Industry (BOI) registered enterprises from start of commercial operations;

b) Exemption from taxes and customs duties for the importation of personal effects, equipment and facilities to be used in the zones;

c) Tax credit equivalent to one hundred percent (100%) of the value of the national internal revenue taxes and customs duties on local medical equipment and facilities within ten (10) years from date of registration or commercial operation for hospital wellness centers and other health establishments; *Provided, That* for resorts and spas, the tax credit shall be limited to five (5) years from commercial operations;

d) Additional deductions for the cost of infrastructure works done within the zone and additional fifty percent (50%) deductions for the cost of labor spent for the first five (5) years of operation;

e) Foreign investors shall have the right to lease private lands in accordance with the laws of the Republic of the Philippines;

f) Foreign medical specialists or experts shall, in a limited capacity be allowed to work in the Philippines upon issuance of the Alien Employment Permit (AEP): *Provided, That* their respective

countries shall likewise allow Filipino medical specialists and experts to practice their profession in their territory with the same benefits and privileges granted to their nationals under this Act.

g) Exemption from the exit clearance and re-entry requirements of the Bureau of Immigration (BI);

h) Right to own condominium unit or townhouse with - condominium certificate of title (CCT);

i) Exemption from customs duties and taxes for the importation of personal effects, appliances and household furniture worth Ten Thousand (\$10,000.00) US Dollars;

j) Exemption from payment of travel taxes;

k) Exemption from payment of income taxes for a period of three (3) years reckoned from the start of employment;

Filipino investors, medical specialists and experts and other medical practitioners, who shall invest and work in these medical zones, shall enjoy the same benefits and privileges granted to their foreign counterparts.

SEC. 8. *Other Benefits* - The clients and patients, both foreign and local, of the medical zones shall enjoy the following benefits and privileges.

1) Establishments of one-stop service centers with full range of personalized services to foreign patients and their accompanying family members;

2) Exemptions from customs duties and tax for the importation of personal effects, appliances and household furnitures not exceeding Seven Thousand (\$7,000.00) US Dollars; and

3) Exemption from exit clearance and re-entry permits.

SEC. 9. *Foreign Retirees.* - For foreign retirees who need medical attention and at the same time wish to spend their retirement years in the Philippines, they shall enjoy the same benefits granted to clients and patients of medical tourism zones including privileges provided for under the Philippines Retirement Program such as:

a) Permanent non-immigrant status with multiple-entry privileges through the Special Resident Retiree's Visa (SRRV) to be issued by the Philippines Leisure and Retirement Authority (PLRA);

b) Exemption from payment of travel tax as provided under the SRRV;

c) Conversion of the required time deposit to active investments, such as the purchase of condominium units and proprietary, golf membership shares;

d) Tax free remittance of pensions and annuities;

e) Such other benefits provided by the PLRA to holders of SRRV.

SEC. 10. *Limitation.* - In the case of foreign investors qualified herein, the lease of private lands shall be limited to tourism and establishment of health center projects with an investment of not less than Five Million (\$5,000,000.00) US Dollars, sixty percent (60%) of which shall be infused in said project within three years from the signing of the lease contract.

SEC. 11. *Implementing Rules and Regulations* - The Department of Tourism, in cooperation with the Department of Health and other

government agencies concerned, shall issue the rules and regulations for the effective implementation of this Act.

SEC. 12. *Appropriation.* - The amount necessary for the initial implementation of this Act shall be charged to the current appropriations of the Department of Tourism and the Department of Health. Thereafter, such sum as maybe necessary for its continued implementation shall be included in the annual General Appropriations Act.

SEC. 13. *Separability Clause.* - In case any provision of this Act or the application of such provision is deemed unconstitutional, the remaining provisions of this Act or the application of such provisions shall not be affected thereby.

SEC. 14. *Repealing Clause.* - All acts, rules and regulations contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 15. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following its publication in at least two (2) national newspapers of general circulation.

Approved,