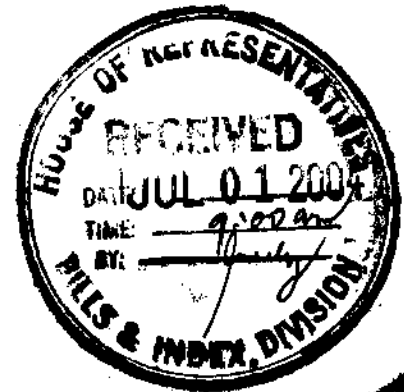


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 41



INTRODUCED BY: HON. EMILIO C. MACIAS II

EXPLANATORY NOTE

The health of the nation determines its own level of energy and vigor and therefore, ultimately, its performance in social and economic development. Implicit in the development process is the existence of a reasonable citizenry capable of carrying out development goals. It is thus, clear that the promotion of health is always an urgent business of society not only because it is the very foundation of an active and useful life but also the right of every Filipino.

Cognizant of this reality, the Constitution explicitly provides that the State shall promote and protect the right to health of the people and instill health consciousness among them. In pursuance of this mandate, Republic Act No. 7160 otherwise known as the Local Government Code of 1991 was enacted devolving among others the functions of managing public health and district hospitals to local government units.

However, inspite of the time that has elapsed since the effectivity of the Code, there is still confusion and duplication of functions among health care deliverers – the Department of Health still involves itself with the day to day public health work and hospital care (primary, secondary and level I tertiary) when these functions have long been devolved to local government units.

This situation clearly defeats the noble objectives of the Local Government Code. Besides, it drains the Department of Health of essential funds to provide for higher tertiary capability for its hospitals in different regions which should be their primary concern. Moreover, local government units are still denied the funds for the cost of devolved functions. Numerous district hospitals had been re-nationalized in contravention of the policy on local government autonomy embodied in the Local Government Code.

There is an urgent need therefore, to pass a curative and comprehensive legislation that will effectively address these health issues and concern in order to rationalize the health care delivery system in our country.

This piece of legislation seeks to institute the modernization of the health care delivery system in the Philippines. This modernization program consists of several components that will ultimately phase out the antiquated system of health care delivery to complement state-of-the-art equipment and technology. It includes strong advocacy that leans towards the realization of a genuine local autonomy by transforming devolved hospitals, together with their respective catchment rural health units into self-governing components with the establishment of district health boards in every district, health boards in regional medical centers, and in specialty hospitals. In effect, the local health boards embodied in the Local Government Code shall be abolished.

It is also the intention of this bill to introduce among others, the active participation of the members of Congress in different district and hospital health boards; the private sector participation in the management of their own health care program; the delineation of specialized functions to enable the Department of Health to concentrate in establishing and maintaining fully equipped medical centers; the institutionalization of a dependable two-way referral system from the public health units at the grassroots level up to specialty hospitals and vice-versa; and encourage partnership among local government units and between local government units and the DOH in establishing modern health care delivery facilities. All these things are geared toward the promotion and protection of the general health of the Filipino people, which shall ultimately enhance the socio-economic conditions of the country.

Considering all the foregoing reasons, the House of Representatives during the Twelfth Congress approved this bill, which was originally House Bill No. 1. However, due to lack of material time, the Senate failed to act on it. Thus, the need to re-file this bill.

The foregoing reasons warrant the immediate passage of this important piece of legislation.



EMILIO C. MACIAS II, M.D.
Representative
Second District, Negros Oriental

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular

HOUSE BILL No. 41

BY REPRESENTATIVE EMILIO C. MACIAS II

AN ACT PROVIDING FOR THE MODERNIZATION OF THE HEALTH CARE DELIVERY SYSTEM,
APPROPRIATING FUNDS THEREFOR 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 Care Delivery Modernization Act of
2 2004.”

3 SEC. 2. *Declaration of Policy.* – It is hereby declared a policy of the State to modernize the health care
4 delivery system to a level where it can fully and effectively perform its constitutional mandate to protect and
5 promote the right to health of the people and instill health consciousness among them. Towards this end, the thrusts
6 of this modernization program under this Act shall be the following:

7 (a) The development of an efficient and effective health care delivery system throughout the country;

8 (b) The integration of the promotive, preventive, curative and rehabilitative aspects of health care delivery
9 to be under the local chief executive (LCE) whenever appropriate;

10 (c) The transformation of government hospitals into self-governing components, together with their
11 respective rural health units;

12 (d) The development of cooperation among the local and national government agencies, members of
13 Congress and the private sector, including the civic, religious and nongovernment organizations;

14 (e) The implementation of a residency training and accreditation program and accreditation of private
15 specialist practitioners in provincial hospitals and medical centers;

16 (f) The establishment of a dependable two-way referral system between the public and health worker up to
17 the successive higher level of health care stations reaching up to the specialty hospitals and vice versa;

18 (g) The delineation of specific and specialized functions that will enable the Department of Health (DOH) to
19 concentrate its efforts in establishing and maintaining adequately equipped state-of-the-art medical centers at the
20 regional level, including those in Metro Manila, and specialty hospitals in the country, including those with original
21 charter;

22 (h) The development of partnership among local government units (LGUs) and between LGUs and the
23 DOH in the establishment of health care delivery facilities; and

24 (i) The adoption of a system and procedure by the LGUs and the DOH to attain a maximum level of
25 transparency in the procurement of equipment and medicines.

26 SEC. 3. *Statement of Objectives.* – The Health Care Delivery Modernization Program, hereinafter referred to
27 as the Program, shall be implemented in accordance with the following objectives:

(a) To modernize the health care delivery by adopting a comprehensive, consistent and systematic approach to health issues and concerns which will be complemented by state-of-the-art technology;

(b) To further enhance local autonomy by granting LGUs full powers in the formulation of policies and by mandating the DOH to perform its tasks under Section 5 of this Act relative to the operation and maintenance of hospitals and public health services under its supervision and control;

(c) To implement a program of extending technological, financial and administrative assistance to LGUs to support and improve the provision, and operation and maintenance of health facilities and equipment;

(d) To enhance inter-agency multi-sectoral cooperation;

(e) To enhance the capability of hospitals by requiring the DOH to provide each LGU competent physicians to assist the local chief executive as may be appropriate, in the monitoring of health care delivery functions; and

(f) To encourage the employment and retention of doctors in rural areas.

SEC. 4. *Definition of Terms.* – The following terms used in this Act are defined as follows:

(a) "Health Care Delivery Modernization Program" refers to an integrated approach to health care which as detailed under Section 5 hereof shall have the following program components: a delineation of the role of the LGUs and the DOH, the strengthening of the capability of the provincial hospitals, and the establishment of hospital health boards.

(b) "Hospital" refers to a place devoted primarily to the maintenance and operation of facilities for the diagnosis, treatment and care of individuals suffering from illness, disease, injury or deformity, or in need of obstetrical or other medical and nursing care.

(c) "Primary hospital" refers to a hospital with capabilities and facilities for providing first contact emergency care and hospitalization in simple cases.

(d) "Secondary hospital" refers to a hospital which has capabilities and facilities for providing medical care to cases requiring hospitalization and the expertise of physicians with training of not less than six (6) months on certain specialties.

(e) "Tertiary Level I hospital" refers to a hospital which has capabilities for providing medical care to cases requiring sophisticated diagnostic and therapeutic equipment and the expertise of trained specialists and sub-specialists.

(f) "Tertiary Level II hospital" refers to a departmentalized hospital with teaching and research capabilities and which have accredited Residency Training Programs in the fields of surgery, pediatrics, medicine, OB-Gyne, EENT, orthopedics, anesthesia and other ancillary disciplines. It likewise offers dental services.

(g) "Tertiary Level III hospital" refers to a hospital which has been particularly selected to provide tertiary hospital services, with teaching, training and research functions.

(h) "Tertiary Level IV hospital" refers to a tertiary hospital with expensive and sophisticated diagnostic and therapeutic facilities for a specific medical problem area.

(i) "District hospital" refers to the front-line hospital, which has its own catchment area, and with capabilities and facilities for providing secondary medical care to cases requiring hospitalization and the expertise of trained doctors.

(j) "Provincial hospital" refers to a central district hospital with its own catchment area which provides at least a minimum of Tertiary Level I hospital care.

(k) "Regional hospital" refers to a departmentalized hospital which provides Tertiary Level II hospital care.

(l) "Medical center" refers to a hospital which provides Tertiary Level III hospital care.

(m) "Specialty hospital" refers to a hospital which provides services for one particular illness or disease or health medical care need, with the highest medical care rendered by medical experts using highly specialized equipment for a specific medical problem area. It provides Tertiary Level IV hospital care.

(n) "Competent physician" refers to a licensed medical doctor who possesses both technical and managerial knowledge or expertise in health care.

(o) "Local government units (LGUs)" refer to provinces, cities, municipalities, barangays and other political subdivisions as may be created by law.

SEC. 5. *Health Care Delivery Modernization Program.* – In order to meet its objectives, there shall be created a Health Care Delivery Modernization Program which shall have the following components:

(A) *Delineation of the Role of the Local Government Units and the Department of Health (DOH).* – The Leagues of Local Government Units (LGUs) and the Department of Health (DOH) shall support the implementation of the Health Care Delivery Modernization Program by performing the mandated tasks herein defined, to wit:

(1) The province shall be responsible for the promotive, preventive, curative and rehabilitative aspects of health care delivery except in places where municipal and city hospitals exist, in which case these shall be under the responsibility of the LGU concerned. They shall also undertake an annual review of health program in their areas of jurisdiction;

The Integrated Provincial Health Office (IPHO), with the assistance of the DOH resident consultant, shall continue to coordinate with the municipal or city health officer in all activities pertaining to public health at the municipal or city level.

(2) The DOH shall, in addition to the powers vested in it under existing laws, be responsible for the following:

(a) Delivery of health care services higher than or more sophisticated than that provided by LGUs;

(b) Provision of competent physicians for each province or qualified cities or municipalities to assist the local chief executive, as may be appropriate, in the management and monitoring of devolved health care functions;

(c) Upper tertiary hospital care where the expertise in the different organ specific medical-surgical specialty is needed;

(d) Operation and maintenance of medical centers, including those in Metro Manila, and specialty hospitals whose functions are to provide tertiary expertise: *Provided, however,* That a specialty hospital with original charter shall continue to be governed by its own charter;

(e) Supervision of the operation of the more sophisticated organ- specific medical centers;

(f) Initiation and assistance in the establishment of a residency training program with the participation of the private practicing specialist, as much as practicable, as consultants in each provincial hospital;

(g) Provision of doctors in rural communities under its program of doctors to doctorless areas, who shall be assigned by the regional field units in consultation with the local chief executive, as may be appropriate to qualified communities; and

(h) Creation and funding of positions for doctors to doctorless areas including their incentives and benefits, in addition to those granted under existing laws, to wit:

(h.1) Free legal representation and consultation services shall be immediately provided by the Public Attorney's Office in cases of coercion, interference, and in other civil, criminal and administrative cases filed by or against such doctors arising out of or in connection with the performance of their duties as such; and

(h.2) Scholarship benefits in the form of tuition fees in state colleges or universities to be granted to their legitimate children.

(B) Strengthening the Capability of the Provincial Hospitals. – The provincial hospitals shall be developed into responsive, efficient and modern institutions with the capability to handle Tertiary Level I to II hospital care. In pursuance thereof, the following necessary steps shall be undertaken:

(1) The establishment of a residency training program and acquisition of tertiary diagnostic facilities with, as much as practicable, the participation of the private sector or private specialist practitioner as consultants in each provincial hospital subject to the following conditions:

(a) Consultants, who shall be accredited to practice in the hospital, may be entitled to honorarium to be determined by the district hospital health board;

(b) Provincial hospital residents participating in the residency training program shall not be permanent employees but shall be considered employed for the whole duration of the residency training period; and

(c) Participants in the residency training program shall be given preference in case of reemployment as residents of district hospitals.

(2) The Improvement and Upgrading of Provincial and Highly Urbanized City Hospitals. – The DOH shall extend technical and financial assistance relating to the establishment of diagnostic centers and acquisition of modern and quality equipment to improve the capabilities of the provincial hospitals pursuant to its modernization objectives: *Provided*, That the acquisition of new equipment shall be synchronized with the phasing out of obsolete major equipment and subjected to the laws on public bidding.

In provinces with a population of at least one million, and in island provinces as well as in highly urbanized cities, the DOH shall establish an extension of the regional medical center in the provincial or city hospital, as the case may be. The extension hospital to be established shall have the capability of Tertiary Level II hospital care: *Provided, further*, That the DOH shall also extend assistance equivalent to the cost of maintenance of equipment and personnel, and if necessary, the replacement or improvement of equipment in the abovementioned hospitals.

(C) Establishment of Hospital Health Boards. – This component of the Program is geared towards the realization of a genuine local autonomy. In furtherance thereof, there shall be established a district hospital health board, medical center health board, including those in Metro Manila, and specialty hospital health board: *Provided, however*, That there shall also be established hospital health boards in municipalities or cities which have hospitals: *Provided, further*, That specialty hospitals with original charters, namely: National Kidney and Transplant Institute, Lung Center of the Philippines, Philippine Children's Medical Center and Philippine Heart Center, shall continue to be governed by their respective charters.

(1) District Hospital Health Board

(a) Composition – The composition of the district hospital health board shall be as follows:

(a.1) Chairman: Chief of the District Hospital.

(a.2) Members: representative of the Congressional District for hospitals in his political district; a mayor of the catchment area of the district; member of the sangguniang panlalawigan of the political district; representative of the Philippine Hospital Association; representative of the Philippine Medical Association; representative of nongovernment organizations involved in health services; representative of the religious sector; and representative of the private sector.

(a.3) The members of the District Hospital Health Board, except the chairman and the representative of the congressional district, shall be appointed by the provincial governor.

(b) Powers and Functions – The powers and functions of the district hospital health board shall be as follows:

(b.1) To assist the provincial governor in the operation and management of the district hospital;

1 (b.2) To review and endorse the budgetary requirements of the district health services;

2 (b.3) To devise a mechanism for internal control;

3 (b.4) To enhance the participation of LGUs and community involvement in hospital service and public
4 health activities;

5 (b.5) To screen and recommend to the Selection Board the appointment of qualified applicants to fill vacant
6 positions in the rural health units and district hospitals;

7 (b.6) To be responsible for the recruitment of volunteer barangay health workers who shall be entitled to
8 monthly honorarium and other benefits as provided for by the law;

9 (b.7) To deposit, in trust, all the earnings of the district hospital and rural health units derived from whatever
10 source with the Provincial Treasurer's Office or with any authorized depository banks;

11 (b.8) To determine the utilization of the earnings of the hospital and rural health units for the betterment of
12 hospital and rural health services; and

13 (b.9) To perform such other functions as may be deemed necessary for the effective management of the rural
14 health units and hospitals.

15 (c) Meetings and Quorums –

16 (c.1) The Board shall meet at least once a month or as often as may be necessary;

17 (c.2) A majority of the members of the Board shall constitute a quorum but the chairman must be present
18 during meetings where budgetary proposals are prepared or considered. Members thereof who are not government
19 officials or employees shall be entitled to necessary traveling expenses and allowances chargeable against the funds
20 of the district hospital health board subject to the accounting and auditing rules and regulations.

21 (2) Medical Centers and Specialty Hospitals Health Boards

22 (a) Composition – The composition of the Medical Center and Specialty Hospital Health Boards shall be as
23 follows:

24 (a.1) Chairman: Chief of Medical Centers or Specialty Hospitals, as the case may be;

25 (a.2) Members: a senator of the Republic; a representative of the Congressional District where the medical
26 center or specialty hospital is located; a representative of the Philippine Hospital Association; a representative of the
27 Philippine Medical Association; a representative of the nongovernment organizations involved in health services; a
28 representative of the religious sector; and a representative of the private sector.

29 (a.3) The chairman of the Medical Center Hospital Health Board, including those in Metro Manila, and
30 Specialty Hospital Health Boards shall serve by operation of this Act without the need of any appointment.

31 (a.4) The chairman of the Senate Committee on Health shall choose from among the senators, who shall
32 represent the Senate as a member of each of the Medical Center or Specialty Hospital Health Boards.

33 (a.5) The representative from the nongovernment organizations, religious and the private sector in the
34 Medical Center and Specialty Hospital Health Boards shall be appointed by the chairman of the respective health
35 boards.

36 (b) Powers and Functions – The powers and functions of the Medical Center and Specialty Hospital Health
37 Boards shall, as they are applicable be the following:

38 (b.1) To assist the Secretary of health, administrator or chairman of the boards of trustees, as the case may
39 be, in the operation and management of medical centers and specialty hospitals;

40 (b.2) To review and endorse the budgetary requirements of the medical centers and specialty hospitals;

41 (b.3) To devise a mechanism for internal control;

(b.4) To screen and recommend to the Selection Board the appointment of qualified applicants to fill vacant positions in the medical centers and specialty hospitals, as the case may be;

(b.5) To deposit, in trust, all the earnings derived from whatever source with any authorized depository banks as part of their General Fund;

(b.6) To determine the utilization of funds of the specialty hospitals or medical centers, as the case may be, for the betterment of hospital health services; and

(b.7) To perform such other functions as may be deemed necessary for the effective management of the medical centers and specialty hospitals.

(c) Meetings and Quorums –

(c.1) The Board shall meet at least once a month or as often as may be necessary.

(c.2) A majority of the members of the Board shall constitute a quorum but the chairman must be present during meetings where budgetary proposals are prepared or considered. Members thereof who are not government officials or employees shall be entitled to necessary traveling expenses and allowances chargeable against the funds of the health boards of the medical center and specialty hospitals subject to the accounting and auditing rules and regulations.

(3) Municipality or City Hospital Health Board

(a) Composition – the composition of the Municipal or City Hospital Health Board shall be as follows:

(a.1) Chairman: Chief of the municipality or city hospital.

(a.2) Members: Representative of the congressional district for hospitals in his political district; the municipal or city mayor of the area where the hospital is located; member of the sangguniang bayan or sangguniang panlungsod; a representative of the Philippine Hospital Association a representative of the Philippine Medical Association; a representative of nongovernment organizations involved in health services; a representative of the religious sector; and, a representative of the private sector.

(a.3) The members of the Municipal or City Hospital Health Board except the chairman and the representative of the congressional district, shall be appointed by the municipal or city mayor, as the case may be;

(b) Power and Functions – The powers and functions of the Municipal or City Hospital Health Board shall be as follows:

(b.1) To assist the mayor in the operation and management of the municipal or city hospital;

(b.2) To review and endorse the budgetary requirements of the municipal or city health services;

(b.3) To devise a mechanism for internal control;

(b.4) To enhance the participation of local government units and community involvement in hospital service and public health activities;

(b.5) To screen and recommend to the Selection Board the appointment of qualified applicants to fill vacant positions in the rural health units and municipal or city hospitals;

(b.6) To be responsible for the recruitment of volunteer barangay health workers who shall be entitled to monthly honorarium and other benefits provided for by the law;

(b.7) To deposit, in trust, all the earnings of the municipal or city hospitals and rural health units derived from whatever source with the municipal or city treasurer's office, as the case may be, or with any authorized depository banks;

(b.8) To determine the utilization of funds of the hospitals for the betterment of hospitals and rural health services; and

1 (b.9) To perform such other functions as may be deemed necessary for the effective management of the rural
2 health units and hospitals.

3 (c) Meetings and Quorums –

4 (c.1) The Board shall meet at least once a month or as often as may be necessary;

5 (c.2) A majority of the members of the Board shall constitute quorum but the chairman must be present
6 during meetings where budgetary proposals are prepared or considered. Members therefore who are not
7 government officials or employees shall be entitled to necessary traveling expenses and allowances chargeable
8 against the funds of the Municipal or City Hospital Health Board subject to the accounting and auditing rules and
9 regulations.

10 SEC. 6. *Period of Implementation.* – The Program shall be implemented over a period of three (3) years
11 from the approval of this Act.

12 SEC. 7. *Appropriations.* – The Secretary of Health shall immediately include in the Department's program
13 the implementation of this Act, the funding of which shall be included in the annual General Appropriations Act.

14 For the implementation of the devolved health services, the amount necessary shall be taken from the
15 Internal Revenue Allotment of the LGU concerned.

16 Funds may be augmented by grants, donations, endowment from various sources, domestic or foreign.

17 SEC. 8. *Implementing Rules and Regulations.* – The DOH and the Department of the Interior and Local
18 Government (DILG) shall, in coordination with the League of Provinces, promulgate the rules and regulations for
19 the implementation of this Act within sixty (60) days from its publication in two (2) newspapers of general
20 circulation.

21 SEC. 9. *Separability Clause.* – If, for any reason or reasons, any part or provision of this Act shall be
22 declared to be unconstitutional or invalid, other parts or provision hereof which are not affected thereby shall
23 continue to be in full force and effect.

24 SEC. 10. *Repealing Clause.* – All laws, orders, decrees, rules and regulations inconsistent with the
25 provisions of this Act are hereby repealed or modified accordingly.

26 SEC. 11. *Effectivity.* – This Act shall take effect upon its approval.

Approved,