

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6502



Introduced by HONORABLE GLORIA MACAPAGAL-ARROYO

EXPLANATORY NOTE

The Veterans Memorial Medical Center (VMMC) is one of the landmark institutions dedicated to honor the bravery and nationalism of Filipino soldiers. It is one of the historical institutions that remind us of the patriotism of our soldiers ready to fight and defend our sovereignty.

The VMMC as we know it today has a colorful history. The hospital was constructed by virtue of Public Law 965 signed by then President Harry S. Truman which appropriated funds for the construction of a veterans hospital in the Philippines. As Philippine counterpart to the appropriation of US Congress, President Elpidio Quirino issued Proclamation 169, reserving a parcel of land with an area of 54.9 hectares located in the District of Diliman, Quezon City, for the Veterans Memorial Hospital (now VMMC). It was a joint Philippine-American undertaking dedicated to the thousands of Filipino soldiers who fought with the US Armed forces during the WWII.

It was officially inaugurated on November 20, 1955 by President Ramon Magsaysay. It is both a historical monument which reflects the vibrancy of Philippine heritage and culture and a patrimony of our nation that should be conserved and protected.

The VMMC has played a key role in the history, like no other hospital in the country. The first President of the Philippine Republic, Emilio Aguinaldo lived out his last few weeks in one of the hospital suites before he peacefully succumbed to heart failure in December 1964. Pres. Sergio Osmeña and Pres. Carlos P. Garcia both received medical care in this medical institution. The late Senator Benigno "Ninoy" Aquino, Jr. was confined in the said hospital due to complications when he initiated a hunger strike during the Martial Law period and opposing the rule of Pres. Ferdinand E. Marcos, Pres. Joseph Estrada, and the undersigned stayed and received medical care at the VMMC. The VMMC played a vital role in giving outstanding health care and the same quality of medical service to the thousands of veterans and their dependents.

The Veterans Hospital has emerged as one of the leading state hospitals in the Philippines, equipped with excellent facilities and competent staffing. During the administration of the undersigned, Pres. George W. Bush initiated a program of providing \$USD500,000.00 annually for the hospital. Various medical universities and colleges became affiliates of the Veterans Hospital. However, the capacity of the VMMC to provide continuing quality service and develop itself into a medical institution of prestige and excellence is greatly challenged. With the enactment of Republic Act No. 6948, which standardized and upgraded the benefits for military veterans and their dependents, the medical center's patient clientele has expanded to include retirees of the Armed Forces of the Philippines and their dependents. As a result, every year there are more patients in need of

medical care and hospitalization who are treated in VMMC which include retirees and their dependents.

The mandate of VMMC is to serve our veterans and their dependents, but then it may not be able to carry out this service to the fullest extent because of the severely financial limitations. The budget it receives is a measly 1% of the Department of National Defense (DND) annual budget. It has no other source of income to support the free care and treatment of the veterans, the retirees and their dependents, except the very limited number of paying patients admitted on the availability of bed space.

The VMMC is unlike the Philippine Heart Center, Lung Center, Kidney Center, Philippine General Hospital and Philippine Children's Medical Center. Although these centers are government medical institutions, their use and services are not free. They enjoy autonomous and corporate identity. These medical institutions have their own charters, yet the Veterans Memorial Medical Center, a tertiary hospital that has served this country for 53 years and it is staffed by highly qualified and board certified medical specialists and other paramedical personnel, does not have its own charter.

Given the importance of VMMC's mandate of serving veterans, military retirees and their dependents, which no other government medical facility is tasked with, this bill seeks to strengthen an important historical and medical institution. It is the objective of this bill to make VMMC a prime state hospital. It aims to provide the hospital with a juridical or corporate personality or to preserve its viability and existence. This measure will vest the VMMC with the power to own real and personal properties, and shall have a governing body that will direct the accomplishment of its mission as defined and delineated by the charter.

Recognizing the invaluable sacrifices and services of our veterans and military retirees, it is only imperative that a medical facility dedicated to serve their medical needs as well as their dependents must provided with stability, viability and ample resources to ensure that they receive quality medical and health services.

In view of the urgency of this bill and the welfare of veterans, military retirees and their dependents, the passage of this measure is earnestly requested.


GLORIA MACAPAGAL-ARROYO
Representative
Second District, Pampanga

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AN ACT
TO GIVE JURIDICAL PERSONALITY TO THE PRESENT VETERANS
MEMORIAL MEDICAL CENTER (VMMC), APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

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 Veterans Memorial Medical Center Charter of 2012."

SEC. 2. **Declaration of Policy** – It is hereby the declared policy of the State to help foster the socioeconomic security and general well-being of the country's veterans and retired military personnel, in recognition of their patriotic services in times of war and peace for the cause of freedom and democracy; for the attainment of national unity, independence, and socioeconomic advancement; and for the maintenance of peace and order, in keeping with the goals of the Government and the aspirations of the people.

SEC. 3. **VMMC as a Corporate Entity** – There is hereby created a trust, for the benefit primarily of the Filipino people, under the name and style of the Veterans Memorial Medical Center, hereafter referred to as then VMMC.

To provide greater flexibility in its operations, the VMMC shall be treated in a manner consistent with its institutional mission to serve the veterans and shall be autonomous in the exercise of its jurisdiction.

SEC.4. **Purposes and Objectives of the Hospital.** The VMMC shall have the following objectives:

1. Construct, establish, operate and maintain a veterans' hospital for the public welfare;
2. Stimulate and/or undertake scientific researches on the biological, demographic, social, economic, eugenic, physiological aspects of health disorders and abnormalities and their control; and gather, compile, present and publish the findings of such researches for public dissemination;
3. Facilitate and encourage the dissemination and exchange of ideas and information on the prevention, treatment and control

of diseases; to arouse, enhance and develop public interest and awareness on general health and physical fitness;

4. Encourage and/or undertake the training of physicians, nurses, medical technologists, health officers and social workers on the practical and scientific conduct and implementation and delivery of health services, and related activities;
5. Assist universities, hospitals and research institutions in their studies of health problems, to encourage advanced training on matters of, or affecting the physical and mental well-being of the people;
6. Encourage the formation of other organizations on the national, provincial, city, municipal or barangay level and to coordinate their various efforts and activities for the purpose of achieving a more effective and pragmatic approach on the common problems relative to the objectives herein enumerated; and,
7. Extend medical and other health services to the general public, to help prevent, relieve or alleviate the innumerable afflictions and maladies of the people specially the poor and less fortunate in life, without regard to race, creed, color or political belief;

SEC. 5. Social Responsibility - The hospital is primarily committed to serve the Filipino war veterans as defined in Republic Act 6948 entitled and "Act Standardizing and Upgrading the Benefits for Military Veterans and their Dependents."

SEC. 6. Powers – For the attainment of the above purposes and objectives, the VMMC, as a body corporate, acting through its Board of Trustees, shall have all powers pertaining to a juridical person, and is therefore authorized, to;

1. Acquire and hold in any manner property of whatever nature or description;
2. Enter into contracts;
3. Solicit and receive donations, endowments and funds in the form of contributions, whether in cash or in kind, from both the public and private sectors;
4. Open such accounts in banks and other financial institutions, and to disburse such funds or invest the same as the Board may direct to accomplish or advance the purpose or interest of the VMMC;
5. Invite foreign health specialist and similar in the various medical fields to train the personnel or trainees or residents of the VMMC;
6. Send the VMMC personnel to research institutes, medical institutes or universities for advance training or observation and to attend international or regional conventions, conferences,

congresses, seminars as the Board may deem necessary to accomplish the purposes and objectives of the VMMC;

7. Enter into such agreements and arrangements with other medical or other institutions, domestic or foreign as may deemed desirable by the Board for purpose of promoting its purpose and objectives;
8. Adopt a set of by-laws, rules and regulations not inconsistent with law and the provision hereof to govern the administration and operation of the affairs of the VMMC;
9. Import duty-free essential equipment and materials to meet and upgrade its hospital and other related requirements, as well as needs for medical trainings program, provided such equipments are not available locally;
10. Establish branches of the VMMC in other provinces or cities of the Philippines as may be deemed necessary for greater service coverage to veterans and their dependents that are living in almost all parts of the country; and,
11. Perform all such other acts and things as are or may be necessary or incidental for the accomplishment of the purposes and objectives of the VMMC.

SEC. 7. Board of Trustees – The VMMC shall be governed by a Board of Trustees, composed of the following:

- a. Secretary of the National Defense as Chairperson.
- b. Director of the VMMC as Vice Chairperson
- c. Chairman of the Senate Committee on Defense and Security;
- d. Chairman of the House Committee on Defense and Security ;
- e. Secretary of Health;
- f. President of the Philippine Veterans Bank;
- g. President of the Veterans Federation of the Philippines; and,
- h. Four (4) appointive members who shall be distinguished members of their own field of specialization, and shall serve for a term of three (3) years. At least two(2) of these appointive Trustees should be employees of the Hospital.

7.1 Vacancy- In case of vacancy in the Board of Trustees, except the Chairman, such vacancy shall be filled in the same manner as provided for the predecessor, and such appointee shall hold office for the unexpired term.

7.2 Meeting & Quorum – The Board of Trustees shall convene regularly. The Chairman of the Board may call a special meeting whenever necessary; *Provided*, that the members are notified in writing at least e three (3) days prior to the said meeting. A majority of all members of the Board holding office at the time the meeting is called shall constitute a quorum for Board meetings. In no case shall any and all members of the Board appoint representative to act on their behalf.

SEC. 8. **Director.** The Director shall be appointed by the President of the Philippines upon recommendation of the Board and shall serve for a term of six (6) years. The Director shall act as the Chief Executive Officer of the VMMC and shall perform the following functions:

1. Organize the VMMC into a streamlined medical institution with admirable facilities and competent staffs to ensure quality service;
2. Appoint members of the professional and administrative staffs and other employees or personnel of the VMMC through a screening process based strictly on academic qualifications, experiences and other selection standards; determine the terms and conditions of their employment, and, remove them for cause in accordance with law and due process;
3. Determine a position qualifications and compensation plan for all personnel of the VMMC;
4. Fix, recommend and adjust salaries and benefits of the VMMC personnel; and,
5. Carry out necessary managerial and administrative functions that may be deemed necessary or as directed by the Board of Trustees in furtherance of the objectives of the VMMC set in this Act.

SEC. 9. **Secretary.** There shall be a Secretary of the hospital as appointed by the Board of Trustees, who shall be the Secretary of the Board and who shall keep such records of the hospital as may be designated by the Board.

SEC. 10: **Hospital Executive Committee** – There will be an Executive Committee consisting of the following:

- a. Hospital Director as the presiding officer
- b. Heads of the Administrative, Medical, Surgical, Rehabilitative, Dental, Psychiatric, Diagnostic and other critical medical departments.

10.1 **Functions.** The Committee shall exercise the following functions:

- a. Fix the requirement admission to the hospital;
- b. Prescribe the rules and regulations as to the discharge of patients;
- c. Adopt internal rules of procedures consistent with the provision of the charter in order to promote administrative efficiency in the treatment, rehabilitation and discharge of serving patients of the hospital; and,
- d. Carry out administrative and managerial task to assist the Director in the efficient operations and management of the hospital.

SEC. 11. **Personnel and Medical Staff.**– The VMMC shall have the autonomy to employ such employees and Medical personnel, or otherwise enter such arrangements with medical specialists and other consultants as its Board of Trustees shall determine. The personnel and medical staff of the present Veterans Memorial Medical Center shall automatically be transferred to and absorbed by the VMMC as herein created. The incumbent Director shall continue to serve as such for a period of three (3) years or until his successor shall have been appointed by the President of the Philippines.

SEC. 12: Tax Exemption - All donations, contributions or endowment which may be made by entities or persons to the VMMC shall be exempt from income and gift taxes, and the same shall be further deductible in full purpose of computing the maximum amount deductible under Section 30, paragraph (h), of the National Internal Revenue Code, as amended.

The VMMC shall be exempt from the payment of all taxes, charges and fees, by whatever name designated, and imposed by the Government or any political subdivision or instrumentality thereof.

All income earned by foreign doctors and specialists invited by the Board of seminars or other purposes shall be tax exempt.

Importation of hospital equipment's, supplies, technical and materials duly certified by the Board of Trustees including specific and educational computer and software materials shall be exempt in custom duties.

The hospital shall also pay zero value added tax for all transactions pertaining to stocks.

SEC.13. Assistance from Government Offices – The VMMC may call upon any department bureau, office, agency or instrumentality of the Government, including government owned or controlled corporations, for such assistance as it may need in the pursuit of its purposes and objectives.

All individuals, entities and institutions are hereby enjoined to render full assistance and cooperation to VMMC in the accomplishment of its objectives and activities.

SEC. 14. Land Grants and Other Real Properties. The use of properties and proceeds of such properties shall be governed by the following:

- a. The state shall support the Veterans Memorial Medical Center in the sum or lump sum amount, through general appropriations and other financial benefits, and in kind, through land grants and donations and use of other real properties. To carry out the intent of these grants, income derived from the development, of all land grants and real properties shall be used to further the ends of the hospital, as may be decided by the Board of Trustees in furtherance of the declared hospital objectives under this Act;
- b. Such parcels of land ceded by law, decree or presidential issuance to the hospital, are hereby declared to be reserved for the purposes intended. The absolute ownership of the hospital over these landholdings, including those covered by the original and transfer certificates of title in the name of the hospital and their future derivatives, is hereby confirmed. Where the issuance of proper certificates of title is yet pending for these landholdings, the appropriate government office shall expedite the issuance thereof with six (6) months from the date of effectively of this Act: *Provided*; that all registration requirements necessary for the issuance of the said titles have been submitted and complied with;
- c. The Board of Trustees shall plan, design and approve and/or cause the implementation of contracts, mechanisms, and financial instruments, such as joint ventures, long term leases, fully-owned

subsidiaries, securitization and, in exceptional cases, sale to give the hospital the flexibility to generate revenues and other resources from land grants and other properties. *Provided;* that such mechanism and arrangements shall sustain and protect the environment in accordance with law, and be exclusive of the medical core zone of the hospital. *Provided; finally,* that such mechanism and arrangements shall not conflict with the academic mission of the hospital; and,

- d. Any plan to generate revenues and other sources from land grants and other real properties entrusted to the hospital shall be consistent with the hospital mission and orientation as a vehicle to extend health services to legitimate member of the Philippine Veterans Association in the Philippines.

14.1 Existing Assets. All existing assets of the VMMC including but not limited to the parcel of land belonging to the private domain of the government situated in the District, Quezon City and more particularly described in the Bureau of Lands as Lot R.P.-3-B-4-A, BSD-10352, all its buildings and other properties shall remain with the VMMC as a corporate entity.

SEC. 15. Safeguards on asset disposition - The preservation of the value of the assets of the hospital shall be of primordial consideration. The exclusive core zone of the Veterans Memorial Medical Center bounded on the South by North Avenue; on the West by Mindanao Avenue, on the East by Quezon Memorial Circle and North by Project 6, shall not be sold, transferred, ceded, conveyed, assigned, encumbered, or leased to any third party inconsistent with the mission of the VMMC.

SEC. Government Contribution – The amount of Five Hundred Million Pesos (Php. 500,000,000.00) is hereby appropriated as contribution of the National Government for the initial operations and maintenance of the VMMC. Thereafter, the necessary amount to support for the continued operation and maintenance of the VMMC shall be appropriated and released subject to the approval of the President of the Philippines.

SEC.17. Auditing – The books and accounts of the VMMC shall be subject to periodic auditing by the Commission on Audit, or his duly authorized representative.

SEC. 18. Annual Report – The VMMC shall render to the President of the Philippines an annual report of its activities and recommendations.

SEC. 19: Effect of the dissolution.– If, for any reason, the VMMC is dissolved, its property remaining at the time such dissolution shall revert to the Republic for disposition in accordance with law.

SEC. 20. Separability - Any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

SEC. 21. Repealing Clause – All laws, decrees, executive orders, rules and regulations or parts thereof, contrary to or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 22. **Implementing Rules** – The Implementing Rules and Regulations shall be formulated within ninety (90) days from the approval of this Act.

SEC. 23: **Effectivity** –This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation or whichever comes earlier.

Approved,