

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
FIRST REGULAR SESSION

HOUSE BILL NO. 2147



Introduced by **Honorable Oscar "Richard" S. Garin, Jr.**

"AN ACT CONVERTING THE WESTERN VISAYAS MEDICAL CENTER INTO A GOVERNMENT-OWNED AND -CONTROLLED HOSPITAL CORPORATION WITH THE SAN JOAQUIN MUNICIPAL HOSPITAL AS ITS SUBSIDIARY AND APPROPRIATING FUNDS THEREFOR"

EXPLANATORY NOTE

No less than the fundamental law declares the policy of the State to protect and promote the right to health of the people. Article II, Section 15 of the 1987 Philippine Constitution explicitly provides for this affirmation.

In the fulfillment of this constitutional mandate, this bill seeks the conversion of Western Visayas Medical Center in Mandurriao, Iloilo into a Government Owned and Controlled Corporation (GOCC) and the 10 bed- Municipal Hospital in the Municipality of San Joaquin, as subsidiary of Western Visayas Medical Center in Mandurriao, Iloilo.

With the development of its shoreline as first class fishing ports and seaside fish ports, the Municipality of San Joaquin shows very high potential to be a future site of commerce and tourism. It is an emerging center of trading and commerce in the island of Panay serving both the Province of Iloilo and the Province of Antique. The rapid economic and tourism growth of the Municipality of San Joaquin has to be accompanied with improved hospital services to its people and the neighboring municipalities.

This bill is an answer to health related needs that come alongside rapid economic growth and development.


OSCAR "RICHARD" S. GARIN, JR.

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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 Conversion of the Western Visayas Medical Center to a Government-Owned and -Controlled Hospital Corporation (GOCC) with the San Joaquin Municipal Hospital as its Subsidiary".

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost; to prioritize the needs of the underprivileged, sick, elderly, disabled, women and children; to provide free medical care to paupers; to establish and maintain an effective food and drug regulatory system; and to undertake appropriate health manpower development and research responsive to the country's health needs and problems.

In the pursuit of the Health Sector Reform Program undertaken by the national government in coordination with other health partners, this Act shall be anchored on these principles:

(a) Public health is a measure of the equitable distribution of wealth and sustainable economic growth;

(b) The citizens are entitled to a hospital care delivery system that is affordable, accessible and acceptable;

(c) Service provision to less privileged and indigent patients shall be prioritized hence requiring necessary policy directions and financial support, closer cooperation with local government unit (LGU) and other partners;

(d) Fiscal and management autonomy of the Western Visayas Medical Center will lead to better quality and more efficient delivery of health services; and

(e) The corporate form of organization will give hospital administrators the necessary flexibility for the effective stewardship of hospital assets, funds, management and personnel supervision.

SEC. 3. *Name and Domicile.* – The Western Visayas Medical Center, with principal office at Mandurriao, Iloilo City, hereinafter referred to as the WVMC, is hereby converted into a pilot government-owned and -controlled hospital corporation, hereinafter referred to as the Corporation, with the San Joaquin Municipal Hospital as its subsidiary, with principal office at San Joaquin, Iloilo.

SEC. 4. *Duration and Conditions of Existence.* – The conversion of the WVMC as a government-owned and -controlled corporation, with the San Joaquin Municipal Hospital as its subsidiary, shall be for a period of five (5) years to commence at the beginning of the fiscal year 2010 up to the end of fiscal year 2015 and shall be extendable for another term of five (5) years upon the discretion of the Department of Health (DOH) subject to the termination clause provided hereunder or as subsequent legislation may provide.

During this transition, it will be monitored closely based on predetermined performance indices by the National Center for Health Facility Development (NCHFD) in order to determine the applicability of corporate restructuring. If these said performance targets are not met or if backsliding is noted within five (5) years and/or if no significant improvement occurs after ten (10) years, upon the recommendation of the Secretary of Health, this corporation Act shall be revoked and the WVMC shall revert as a budgetary line agency under the DOH and the San Joaquin Municipal Hospital shall revert to the local government of San Joaquin. In this event, the DOH shall formulate the implementing rules and regulations (IRR) to carry out this reversion.

SEC. 5. *General Objectives.* – This Act has the following general objectives:

(a) Provide the Filipino people with a more affordable, quality and timely hospital care through a more efficient health service delivery system; and

(b) Institute reforms in the organization, administration and financial management of the WVMC as a means of reducing the cost and improving the quality of public health care.

SEC. 6. *Purposes.* – The WVMC, with the San Joaquin Municipal Hospital as its subsidiary, shall have the following purposes:

(a) To provide and maintain affordable, quality and timely hospital care through a more efficient health service delivery system with priority for the needs of the underprivileged sick, elderly, disabled, women and children, and resources permitting to provide free medical care to indigent citizens;

(b) To promote the development of hospital facilities of the WVMC, advancement in medical technology and establishment of health care providers for the underprivileged;

(c) To foster hospital and medical service operation conditions conducive to the efficient delivery service to the public;

(d) To promote, encourage and engage in scientific research in the prevention of diseases and the care and/or treatment of patients and related activities, including scholarship and conduct of relevant congresses, conventions, seminars and conferences;

(e) To encourage and/or undertake the training of physicians, nurses, medical technicians, health officers, social workers and other health professionals on the practical and scientific conduct and implementation of health and medical services, and related activities; and

(f) To extend services pursuant to the goals, objectives and rules of the National Health Insurance Program (NHIP).

SEC. 7. *Powers and Functions.* – The WVMC and its subsidiary, the San Joaquin Municipal Hospital, shall have the following powers and functions:

(a) To enter into contracts with any person or entity, domestic or foreign, and with the government for the undertaking of the varied aspects of hospital and health care operation, including the acquisition, by way of purchase, lease or rent or other deferred payment arrangements of equipment and/or raw materials and supplies, as well as for service connected therewith under such terms and conditions as it may deem proper and reasonable;

(b) To borrow money from local and foreign sources as may be necessary for its operations;

(c) To invest its funds as it may deem proper and necessary in any activity related to hospital or medical care operations, including any bonds or securities issued and guaranteed by the government of the Philippines;

(d) To authorize such expenditures by the Corporation in the interest of effective administration and operation of the Corporation;

(e) To hold and acquire rights over lands of the areas permitted to corporations, associations and persons by statute;

(f) To engage in export and import business of medicines, medical equipment, hospital supplies and medical technology, as well as in related activities;

(g) To acquire assets, real or personal, or interest therein, and encumber or otherwise dispose the same as it may deem proper and necessary in the conduct of its business;

(h) Subject to existing laws and regulations, if it deems necessary, to establish and maintain such communication system, whether by radio, telegraph or any other manner;

(i) To establish and maintain offices or other units anywhere as may be needed by the Corporation and reorganize or abolish the same as it may deem proper;

(j) To exercise the right of eminent domain as may be necessary for the purpose which the Corporation is created;

(k) Subject to payment of the proper amount, to enter private lands for purposes of conducting medical experiment, research and studies in connection with hospital and medical care operations;

(l) To acquire easement over public and private lands necessary for the purpose of carrying out any work essential to its hospital and medical care operations, subject to payment of reasonable consideration;

(m) To establish and maintain administrative, management, professional and technical educational systems for the sustained development of the necessary manpower to manage and operate its affair and business;

(n) To create position items and hire personnel to fill up such created positions;

(o) To promulgate such rules and regulations as may be necessary to carry out the purpose of this Act;

(p) To adopt and use a corporate seal which shall be judicially noticed;

(q) To sue and be sued;

(r) To accept any gift, contribution, endowment, grant, bequest and device of any kind of real or personal property which are necessary and proper for the attainment of the purposes of the Corporation;

(s) To exercise the general powers mentioned in the Corporation Law, insofar as they are not inconsistent or incompatible with this Act;

(t) To perform such acts and exercise such functions as may be necessary for the attainment of the purposes and objectives herein specified; and

(u) To perform such other functions as may be provided by law.

SEC. 8. Board of Trustees. – The affairs and business of the WVMC and its subsidiary, the San Joaquin Municipal Hospital, shall be directed and its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this charter, by a Board of Trustees, which shall be composed of ten (10) members, as follows:

Voting members:

(a) The Secretary of the Department of Health as Chairman of the Board;

(b) The President of the Philippine Health Insurance Corporation or his/her duly authorized representative;

(c) The Director-General of the National Economic and Development Authority or his/her duly authorized representative;

(d) The Secretary of the Department of Budget and Management or his/her duly authorized representative;

(e) The representative of the Committee on Health of the House of Representatives;

(f) The duly elected president of the WVMC employees association, representing hospital personnel;

(g) A representative from local, medical and allied professional organization;

(h) A representative from the people's organization/socio-civic/ non-government organization; and

(i) A representative from the business sector.

Non-voting member:

(j) The WVMC Director (Medical Center Chief as Chief Executive Officer).

Members of the Board of Trustees enumerated in subparagraphs (a), (b), (c), (d), (e), (f) and (j) shall serve as *ex officio* members. The members of the Board of Trustees enumerated in paragraphs (g), (h) and (i) shall be appointed by the Secretary of Health for the first or initial appointees, and then by the Board of Trustees for subsequent appointees.

The appointive members of the Board of Trustees shall serve for a term of three (3) years who may be appointed for a maximum of two (2) terms; while the *ex officio* members mentioned in subparagraphs (a), (b), (c), (d), (e), (f) and (j) shall serve as members of the Board of Trustees for the duration of their incumbency.

No person shall be appointed member of the Board of Trustees unless he/she is a citizen and a resident of the Philippines, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following fields: hospital finance and administration, medical care, public health care, government rules and regulations, law, business management and marketing. They should have at least five (5) years experience in his/her field of expertise.

The Board of Trustees shall be governed by a set of bylaws which shall contain, but not limited to, their responsibilities, accountabilities and cause of termination.

SEC. 9. *Corporate Officers.* – The Board of Trustees shall appoint a Secretary of the Board and such other officers as may be deemed necessary. Selection of the corporate officers must be based on the fundamental and specific qualifications prescribed by existing laws.

SEC. 10. *Chief Executive Officer.* – The present Director of the WVMC shall assume the position of Chief Executive Officer (CEO) of the Corporation. As CEO he/she shall be in-charge of the usual and regular course of business of the Corporation and shall be accountable to the Board of Trustees of the Corporation who can remove or replace him/her for a cause for reasons of fraud, incompetence, dishonesty and other similar grounds and after due process. In case of vacancy after the assumption of office by the present Director of the WVMC, the next CEO shall be appointed by the Board of Trustees of the WVMC.

SEC. 11. *Corporate Structure.* – The WVMC should follow the standard corporate structure to be formulated by the DOH Central Office in coordination with different agencies.

SEC. 12. *Executive Committee and Other Committees.* – The Board of Trustees may, by resolution passed by the majority of all its members, create an Executive Committee of not more than five (5) members who shall be

appointed by the Board of Trustees. At least three (3) members of the Executive Committee shall be members of the Board of Trustees. The Executive Committee shall have and exercise all such powers as may be delegated to it by the Board of Trustees. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Trustees whenever required. The Board of Trustees shall have the power to change the members of the Executive Committee at any time, to fill vacancies therein and to discharge or dissolve such committee either with or without cause.

The majority of all the members of the Board of Trustees may, by resolution, create other committees with such powers and functions as may be delegated to them by the Board of Trustees. All such committees shall keep a record of their proceedings and report the same to the Board of Trustees, whenever required. The Board of Trustees shall have the power to appoint and remove the members of such committees and may, at any time, with or without cause, dissolve any of such committees.

SEC. 13. *Board of Trustees' Meetings and Quorum.* – The Board of Trustees shall hold meetings at least once a month. Special meetings may be convened at the call of the Chairman or by the majority of the members of the Board of Trustees. The Chairman or his/her designated representative shall preside over the meeting of the Board of Trustees. In the absence of the Chairman or his/her representative, a temporary presiding officer shall be designated by the majority of the quorum. Six (6) members of the Board of Trustees shall constitute a quorum to transact business, and the vote of the majority of those present, there being a quorum, shall constitute valid and binding act of the WVMC. However, the affirmative vote of at least six (6) members of the Board is required on the following matters:

- (a) Adoption or changes of policy;
- (b) Investment of the WVMC funds;
- (c) Contracting loans, except as may be provided for in the IRR where a vote of a majority of those present, there being a quorum, shall suffice as to specified certain amount of loan borrowed;
- (d) Appointment, discipline and termination of the WVMC Hospital Chief Executive Officer/Director. The appointment, discipline and termination of other officers and employees shall be by a vote of a majority of those present, there being a quorum; and
- (e) Authority to use corporate assets as collateral for loans and borrowings.

SEC. 14. *Compensation of Nongovernment Members of the Board of Trustees.* – The appointive nongovernment members of the Board of Trustees shall be entitled to honorarium for each meeting actually attended at rates in accordance with existing laws, rules and regulations.

However, all members of the Board of Trustees, by resolution of the majority of the members in good standing of the Corporation, claim expenses for attendance in regular or special meetings of the Board of Trustees. Actual and necessary traveling expenses of the members of the Board of Trustees while engaged in serving the interests of the Corporation and in pursuit of its defined objectives and purposes may be allowed by special resolution of the Board of Trustees.

SEC. 15. *Property of the WVMC and the San Joaquin Municipal Hospital.* – The property of the WVMC and San Joaquin Municipal Hospital shall consist of such real, personal, mix and other type of property now owned by it or reserved for or may hereafter be given, donated, acquired, transferred or conveyed to it by the Philippine government, its branches and instrumentalities, or any foreign government, as well as by trust, foundation, corporations or persons, alien or domestic, in order to carry out its purposes and objectives as set forth herein.

SEC. 16. *Assistance from Other Government Offices.* – The WVMC 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 the WVMC in the accomplishment of its objectives and activities.

SEC. 17. *Donations.* – Any donation, contribution, bequest and grant which may be made to the WVMC shall be exempt from the donor's tax and the same shall be considered as allowable deduction from the gross income in the computation of the income tax of the donor in accordance with the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended: *Provided, That* such donations shall not be disposed of, transferred or sold.

SEC. 18. *Auditor.* – The Commission on Audit shall appoint a representative who shall be the auditor of the WVMC and such personnel as

may be necessary to assist said representative in the performance of his/her duty.

SEC. 19. *Civil Service Law Coverage for Employees.* – The hiring, appointment, promotion, discipline and other terms and conditions of the service of all employees of the WVMC and the San Joaquin Municipal Hospital shall be consistent with the provisions of the Civil Service law, rules and regulations, except as otherwise provided for in this Act.

SEC. 20 *Salaries, Benefits and Other Compensation.* – The salaries, benefits and other compensation of the officers and employees of the WVMC shall be in accordance with the existing compensation and position classification system.

SEC. 21 *Early Retirement and Separation Benefits.* – Officials and employees of the WVMC and the San Joaquin Municipal Hospital voluntarily opting for separation or retirement shall be entitled to the benefits provided for under existing laws.

SEC. 22 *Non-registration with the Securities and Exchange Commission.* – The WVMC, as a government-owned and -controlled hospital corporation, with the San Joaquin Municipal Hospital as its subsidiary, shall be governed by its charter and prohibited from being registered in the Securities and Exchange Commission (SEC) as a private corporation.

SEC. 23 *Implementing Rules and Regulations (IRR).* – Within fifteen (15) days from completion of membership, the Board of Trustees shall convene to formulate the rules and regulations necessary for the implementation of this Act which shall be issued within six (6) months after the approval of this Act. The IRR shall adopt appropriate provisions of issuances of government agencies on corporate organizational structures as well as corporate governance.

SEC. 24 *Events of Early Termination.* – (a) In the event a law has been passed and approved by Congress revoking the conversion of the WVMC into a Corporation and the San Joaquin Municipal Hospital as its subsidiary.

(b) In the event that the Corporation shall fail to perform or to meet pre-arrange indicators or to a degree such that in a reasonable opinion of the Secretary of the DOH, such failure amounts to an ineffective management of the hospital and it jeopardizes the delivery of hospital and medical services.

SEC. 25 *Suppletory Application of Corporation Code.* – The provisions of the Corporation Code shall have suppletory application in matters not provided for in this Act.

SEC. 26. *Reports.* – The Corporation shall, within three (3) months after the end of every fiscal year, submit such periodic or other reports as may be required of it from time to time to the DOH.

SEC. 27. *Transfer of Personnel, Assets, Records and Equipments.* – All personnel, assets, funds, records, equipments and liabilities of the WVMC and the San Joaquin Municipal Hospital are hereby transferred to and shall henceforth appertain to the WVMC as a Corporation and the San Joaquin Municipal Hospital as its subsidiary.

SEC. 28. *Effect of Dissolution of the Center.* – If, for any reason, the WVMC is dissolved, its property and personnel remaining at the time of such dissolution shall revert to the DOH and the San Joaquin Municipal Hospital shall revert to the local government of San Joaquin for disposition in accordance with law.

SEC. 29. *Separability Clause.* – If any part, section or provision of this Act is held invalid or unconstitutional, the other parts or provisions not affected thereby shall remain in force and effect.

SEC. 30. *Repealing Clause.* – All other laws, decrees, orders, issuances, rules and regulations that are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 31. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of general circulation.

Approved,