

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **2645**



Introduced by HON. LINABELLE RUTH R. VILLARICA
4TH DISTRICT, BULACAN

EXPLANATORY NOTE

The State must ensure that health facilities are standardized and upgraded to realize the delivery of basic health services to the general public.

Presently, however, new types of health care facilities have emerged and developed such as diagnostic, therapeutic and rehabilitative centers. A number of such types of facilities no longer qualify under the regulatory mandate of the Department of Health (DOH).

This proposed bill seeks to strengthen the regulation of health facilities in the Philippines by mandating the Bureau of Health Facilities and Services (BHFS) of the DOH to be the regulatory agency for health facilities and services which include hospitals and clinics as prescribed by existing law and other types of health facilities such as diagnostic, rehabilitative, palliative and therapeutic establishments. More specifically, it is vested with the appropriate administrative as well as quasi-judicial powers and functions.

During the 17th and 18th Congresses the bill was filed and approved but due to time constraints no further action was taken on it. This bill is re-filed in this 19th Congress for its consideration.

Support for its enactment is earnestly requested.

REP. LINABELLE RUTH R. VILLARICA

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AN ACT

MODERNIZING THE REGULATION OF HEALTH FACILITIES AND SERVICES, AND
APPROPRIATING FUNDS THEREFOR, REPEALING FOR THE PURPOSE REPUBLIC
ACT NO. 4226, OTHERWISE KNOWN AS THE "HOSPITAL LICENSURE ACT"

*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 "Health Facilities and
Services Regulation Act".

SEC. 2. *Declaration of Policy.* – Article II, Section 15 of the Constitution states that
"The State shall protect and promote the right to health of the people and instill health
consciousness among them". Furthermore, Article XIII, Section 11 provides that the State shall
endeavor to make essential goods, health and other services available to all Filipinos at
affordable costs.

SEC. 3. *Definition of Terms.* – As used in this Act:

- (a) *Health Facilities* refer to facilities or institutions, whether stationary or mobile, land-based or otherwise, and other health-related establishments which provide for any of the following services: diagnostic, therapeutic, rehabilitative, and other health care services, except medical, radiation facilities and hospital-based or stand-alone pharmacies;
- (b) *Health services* refer to services that may be preventive, diagnostic, therapeutic, rehabilitative, palliative, and other similar ones that are provided by non-health-related establishments or entities including third party ambulance services and other emerging services;
- (c) *License* refers to a formal authorization issued by the Department of Health (DOH) to an individual, partnership, corporation, cooperative or association to operate health facilities and provide health services. It is a prerequisite to the accreditation of a hospital and recognition of competence to provide services by any accrediting body that is recognized by the DOH;

- (d) *Licensee* refers to the person, partnership, corporation, cooperative or association granted a license to operate and maintain a health facility and provide health services according to an approved standard set by the Bureau of Health Facilities and Services (BHFS);
- (e) *Permit to Construct* refers to a permit issued by the DOH through the BHFS to an applicant who shall establish and operate a hospital, upon compliance with required documents prior to the actual construction of the said facility.

A PTC is also required for hospitals and services that will entail a transfer of hospital site, substantial alteration, expansion, or physical renovation, and increase in the number of beds or for additional services (add-ons) beyond their service capability. It shall likewise be a documentary requirement of the application for a License to Operate (LTO) a hospital; and

- (f) *Registration* refers to the act or process of entering information about a health facility into the records of the public health system.

SEC. 4. *Bureau of Health Facilities and Services (BHFS)*. – The Health Facilities and Services Regulatory Bureau (HFSRB) is hereby renamed as the BHFS. The BHFS shall be under the Office of the Secretary of Health and shall have the following functions, powers and duties:

- (a) To promulgate, establish and prescribe rules, regulations, standards, requirement and specifications in the construction and operation of health facilities and impose penalties for violations thereof;
- (b) To inspect all health facilities and services for compliance with the prescribed rules and regulations prior to the issuance of regulatory authorizations in accordance with the provisions of this Act and to give feedback to directors or administrators of health facilities and services for the correction of deficiencies found during the inspections;
- (c) To monitor and conduct surveillance of health facilities and services to ensure their continued compliance with the rules and regulations in accordance with this Act;
- (d) To study and adopt a system of classifying health facilities and services in the Philippines;
- (e) To review and approve construction designs and plans for all health facilities including renovation or expansion of the same in accordance with the provisions of this Act;
- (f) To determine, levy, assess and collect the appropriate permit fee, registration fee, license fee and surcharges pertinent to the operation of facilities and provision of health services, except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or bodies recognized by the Philippine government as the proper arbiter of such charges or rates;
- (g) To coordinate and call the assistance of any department, office, agency or instrumentality of the national or local government and other entities concerned with any aspect involving health facilities for the effective implementation of this Act;
- (h) To maintain a registry of health facilities and services and other related facilities with licenses indicating the name of the facility, address or location, classification, name or the director or administrator, ownership, number of authorized beds and such other pertinent data as may be necessary;

- (i) To promulgate and implement the rules and regulations governing the registration, licensure and operation of health facilities and services and to periodically review and amend the same, subject to the approval of the Secretary of Health and in consultation with the sectors concerned: *Provided*, That such rules and regulations shall be in accordance with the provisions of this Act;
- (j) To grant regulatory authorizations such as permits and licenses for the construction, operation and maintenance of health facilities and services, and to suspend or revoke the same in accordance with the provisions of this Act;
- (k) To hire and train competent individuals and provide qualifications of personnel to be designated as regulatory officers;
- (l) To submit yearly reports to the Secretary of Health, and to the Chairpersons of the Committee on Health of the House of Representatives and the Committee on Health and Demography of the Senate of the Philippines; and
- (m) To perform other duties as may be necessary to carry out the functions prescribed under this Act.

SEC. 5. *Quasi-Judicial Powers.* – To carry out its tasks more effectively, the BHFS shall be vested with the following quasi-judicial powers:

- (a) To investigate, hear and decide administrative cases initiated by the BHFS or filed by any person against a health facility or health service establishment violating any provision of this Act and its implementing rules and regulations (IRR) and to impose appropriate administrative sanctions or penalties provided in this Act;
- (b) To promulgate rules governing the conduct of administrative investigations and hearings; *Provided*, That in such proceedings, the BHFS shall not be bound by the technical rules of evidence of the Rules of Court: *Provided, further*, That the latter may be applied in a suppletory manner;
- (c) To administer oaths and affirmations, and to issue subpoena *duces tecum* and *ad testificandum*, requiring the production of such books, contract, correspondence, records, statement of accounts and other documents and the attendance and testimony of parties and witnesses, as may be material to the investigation being conducted by the HBFS;
- (d) To exercise contempt powers and impose appropriate penalties;
- (e) To cause the prosecution of all cases involving violations of this Act and its IRR;
- (f) To summarily order the closure of health facilities and services operating without a license; and
- (g) To impose appropriate sanctions against health facilities found to have committed gross violations of the standards or rules and regulations such as noncompliance with the approved hospital construction design; any fraudulent, unscrupulous activities, false claims or misrepresentations; operating with unlicensed or unqualified health personnel; and the commission or omission of any act which may result to serious injury, permanent disability or loss of life of a patient or staff, or would compromise public safety.

SEC. 6. *Mandatory Conciliation-Mediation.* – The BHFS shall exert all efforts toward the amicable settlement of an administrative case within its jurisdiction on or before the first

hearing set for the purpose. Towards this end, it shall have the power to ask the assistance of relevant government officials and qualified private individuals to act as compulsory mediator on cases referred to it.

SEC. 7. *Organization* – The Director of BHFS shall organize its operations in such divisions and units as will ensure efficiency and effectiveness, subject to the approval of the Secretary of Health and the Secretary of Department of Budget and Management.

SEC. 8. *Minimum Qualifications for Appointment as Chief Executive Officer, Chief Operating Officer, or Administrative Officer.* – The Chief Executive Officer, Chief Operating Officer, or Administrative Officer of a hospital or health facility who shall be responsible for the overall management and administration of the hospital or health facility; formulation of policies, plans, programs and strategies to ensure implementation of health standards; and the day-to-day supervision of the functional units shall possess the following minimum qualifications: (a) formal baccalaureate degree, preferably with a master's degree in hospital administration or related course; and (b) at least five (5) years experience in a supervisory or managerial position.

SEC. 9. *Classification of Hospitals and Services.* – The existing classification of hospitals and services including the system, rules and regulations governing their classification shall be subject to automatic review by the BHFS, in consultation with relevant stakeholders, within three (3) years from the effectivity of this Act and thereafter as it may deem necessary. It shall take into consideration the findings and recommendations made by Congress, if any, and the actual situation in dealing with the existing classification of hospitals and services for this purpose of protecting and promoting the health of the public by ensuring a minimum quality of service rendered by hospitals and other regulated health facilities and to assure the safety of patients and personnel.

Classification of health facilities and services shall only be made upon the approval of the Secretary of Health after mandatory consultation with representatives from government and private hospital associations and patient organizations.

SEC. 10. *Construction Design.* – The BHFS shall review and approve the construction design and plans of health facilities to be constructed or which shall undergo renovation or expansion.

An application for the construction design of a health facility shall be submitted to the BHFS in a form prescribed by the latter and accompanied by a plan of the facility proposed to be constructed. The approved construction design and plan issued by the BHFS shall be a prerequisite for the issuance of a building permit by the official of the municipality or city where the facility is proposed to be constructed.

SEC. 11. *Application, Inspection, and Issuance of License to Operate.* – All health facilities shall be duly licensed by the BHFS in accordance with Republic Act No. 11032 or the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018” before such facilities are allowed to operate or be opened to the public.

The license to operate shall be issued upon due compliance of the applicant with the rules and regulations prescribed by the BHFS pursuant to the provisions of this Act: *Provided*, That the BHFS has conducted a comprehensive on-site inspection and has certified that the applicant has satisfactorily complied with the requisites prescribed in this Act and its IRR: *Provided, further*, That an applicant shall get the approval of the Food and Drug Administration (FDA) for its pharmacy and radiology facilities, and the Philippine Nuclear Research Institute (PNRI) for medical radiation facility.

The FDA, PNRI, Department of Environment and Natural Resources (DENR) and other agencies involved in the regulation of health facilities shall employ a one-stop-shop strategy in the processing of applications through systems that are accessible to the public.

Upon the issuance of license to operate, a health facility shall be deemed included in the BHFS's registry, and in the National Health Facility Registry upon the approval of the DOH.

All licensed health facilities shall be automatically allowed to participate in the National Health Insurance Program.

SEC. 12. *Monitoring and Surveillance of Health Facilities.* – The BHFS shall monitor health facilities to ensure continued compliance with the rules and regulations in the licensure and operation of health facilities and shall perform surveillance activities whenever necessary. Health facilities shall ensure that key staff, records, premises and facilities are made available to the BHFS's authorized regulatory officers during the monitoring activity.

SEC. 13. *Validity and Renewal of License.* – The initial license to operate issued to a health facility shall be valid for a period of three (3) years from its date of issuance, and shall be renewed regularly, subject to the rules and regulations to be issued by the BHFS.

SEC. 14. *Suspension and Revocation of License.* – The BHFS, after conducting an administrative hearing, may suspend or revoke the license to operate and maintain a health facility of any person, partnership, corporation, cooperative or association upon due process for any of the following grounds:

- (a) Violation of the license of any provision of this Act, its rules and regulations or any other existing law; and
- (b) Failure to make necessary corrections or adjustments required by the BHFS in the improvement of maintenance of facilities and services.

SEC. 15. *Appeal.* – The orders, rulings or decisions of the BHFS shall be appealable to the Secretary of Health.

SEC. 16. *Separate Licenses Required.* – Separate licenses shall be required for health facilities and services or branches thereof maintained in separate premises even though they are operated under the same management: *Provided, however*, That separate licenses shall not be required for separate buildings in the same compound; *Provided, further*, That the approval of the designs and plans for construction or renovation of buildings within the same compound

shall also be secured from the BHFS to determine compliance with standards and requirements herein authorized.

SEC. 17. *Non-transferability of License.* – A license to operate shall not be transferable. The BHFS shall be notified of any change in ownership and/or change of name of the health facility. Transfer of the location or site of the facility shall require an application for new license.

SEC. 18. *Penalties.* – Any person, partnership, association, cooperative or corporation that establishes, operates, conducts, manages, or maintains a health facility and renders health and ancillary services within the meaning of this Act without first obtaining a license, or violates any provision of this Act or its IRR shall be liable to a fine of not less than Fifty Thousand Pesos (Php50,000.00) but not to exceed One Hundred Thousand Pesos (Php100,000.00) for the first offense, not less than One Hundred Thousand Pesos (Php100,000.00) but not to exceed Five Hundred Thousand Pesos (Php500,000.00) for the second offense, and not less than Five Hundred Thousand Pesos (Php500,000.00) but not to exceed One Million Pesos (Php1,000,000.00) for the third and subsequent offenses. After the third offense, the license of the health facility shall be revoked. Each day that the health facility and services operates after the first violation shall be considered a subsequent violation.

In addition to the penalties specified in the preceding paragraph, the BHFS may summarily order the closure of any health facility or other related facility found operating without a license or revokes the license to operate of any health facility after due process. Facilities may only reapply for a new license to operate one (1) year after revocation of its license.

SEC. 19. *Appropriations.* – The initial amount necessary to implement the provisions of this Act shall be charged against the current year's appropriations of the DOH. Thereafter, such sum as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 20. *Mandatory Review.* – Congress shall undertake a mandatory review of this Act at least once every five (5) years and as often as it may deem necessary with the primary objective of overseeing the implementation of this Act and reviewing the accomplishments and the utilization of income of the BHFS,

SEC. 21. *Implementing Rules and Regulations.* – The Secretary of Health, upon the recommendation of the BHFS, FDA, PNRI, and other concerned agencies and after consultation with recognized health facilities, associations, patients' organizations and other civil society organizations, shall issue the rules and regulations implementing the provisions of this Act within ninety (90) days from its effectivity.

SEC. 22. *Separability Clause.* – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions hereof which are not affected shall continue to be in full force and effect.

SEC. 23. *Repealing Clause.* – Republic Act No. 4226, otherwise known as the “Hospital Licensure Act”, is hereby repealed. Presidential decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 24. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,