

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2177



Introduced by Representative Richard I. Gomez, DPA

EXPLANATORY NOTE

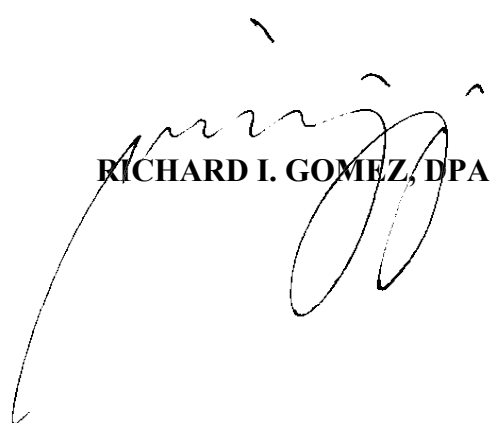
Health is one of the most important foundations of societies. It determines the welfare of a state's most important asset and stakeholder— its constituents, the people. Without good health, there is no one to enjoy the fruits of success and there is no one to undertake what it takes to succeed. It is therefore, at the very base, of all assumptions, plans and directions of government at any level.

Health problems occur at all economic levels of society. Diseases do not favor the rich nor the poor. Yet at present, an individual's chances of recovering from a serious illness, is largely dependent on his or her ability to afford the required treatment. The City of Ormoc and the municipalities of the Fourth District of Leyte, are no different. There are no publicly-owned advanced and specialized hospitals that cater especially to lung diseases located in the district.

This bill seeks the establishment of such a facility, to be known as the Ormoc City Lung Center. This hospital will provide accessible and affordable diagnosis, treatment and rehabilitation for residents of the Fourth District of Leyte, its surrounding municipalities and the entire Province of Leyte, for that matter. It is envisioned to be a center that is equipped with modern equipment and facilities, housed in a building that reflects the advanced level of health services it provides.

Moreover, establishing an advanced center, such as this, comes with economic and educational externalities, as well. This center will encourage the increased development of the medical industry, as well as tourism, retail and food industries. The Ormoc City Lung Center would also provide an advanced learning venue for medical students in the City of Ormoc.

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



RICHARD I. GOMEZ, DPA

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**AN ACT ESTABLISHING THE ORMOC CITY LUNG CENTER AND
APPROPRIATING FUNDS THEREFOR**

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

SECTION 1. Title. - This Act shall be known as the “*Ormoc City Lung Center Act.*”

SEC 2. Declaration of Policy. — Section 15, Article II of the 1987 Constitution declares that “the State shall protect and promote the right to health of the people and instill health consciousness among them.” Furthermore, Section 11, Article XIII provides that “the State shall 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. There shall be priority for the needs of the underprivileged, sick, elderly, disabled, women, and children.” Therefore, the establishment of a modern, advanced health facility that would specifically cater to lung diseases is well within the mandate of the State for all citizens, including those residing in the City of Ormoc and the municipalities of the Fourth District of Leyte.

SEC. 3. Establishment of the Ormoc City Lung Center. - There is hereby established the Ormoc City Lung Center, hereinafter referred to as the Lung Center, which will be a government facility that will offer comprehensive care for patients with lung disorders, including diagnosing and treating complex lung problems. This facility will also provide a strong teaching program and research capability to serve the Filipino people through extensive research on related cases

and illnesses. The Lung Center shall be located in Ormoc City, Leyte. The Lung Center shall have the attribute of perpetual succession and shall be vested with the powers of a corporation and shall continue to exist until dissolved for a lawful cause and/or by joint resolution of Congress.

SEC. 4. *Purposes and Objectives.* - The Lung Center shall have the following purposes and objectives:

- a. Establish and operate a lung rehabilitation, treatment of transplant center for the public welfare;
- b. Offer comprehensive care for patients with lung diseases;
- c. Conduct training and research on the prevention and treatment of blood and lung diseases, as well as information campaigns on regeneration and transplant services through conventions, seminars, and conferences;
- d. Establish an efficient lung diseases laboratory including a molecular laboratory;
- e. Establish a lung transplant program and donor registry;
- f. Recruit and retain cases for voluntary lung donors;
- g. Collect lung organs from qualified voluntary donors;
- h. Process whole lung into lung components;
- i. Collect lung components;
- j. Store issue, transport, and distribute whole lung to end-user hospitals and other health facilities;
- k. Ensure safe supply of lung and their products to all hospitals and other health facilities through adequate distribution and delivery;
- l. Implement and monitor quality assurance to selected regional lung centers;
- m. Test lung infections; and
- n. Provide special and confirmatory tests and perform lung examinations.

SEC. 5. *Powers and Functions.* - The Lung Center shall have the following powers and functions:

- a. Adopt a set of by-laws to implement this Section;
- b. Adopt and use a corporate seal which shall be a matter of judicial notice;
- c. Determine its organizational structure and the number of salaries of its officers and employees in accordance with the provision of Republic Act No. 10149, otherwise known as the Government-Owned and Controlled-Corporation (GOCC) Governance Act of 2011;
- d. Establish and maintain professional and technical educational systems for the sustained development of the necessary manpower to manage and operate its affairs and business;

- e. Invest its funds as it may deem proper and necessary, but subject to applicable lease, rules and regulations, in any activity related to the Center, including in any bonds or securities and guaranteed by the Government of the Philippines;
- f. Acquire assets, real or personal, interest therein and encumber or otherwise dispose the same as it may deem proper and necessary in the conduct of its business;
- g. Borrow money from local or foreign resources as may be necessary for its operations, subject to applicable laws, rules and regulations;
- h. Accept any gifts, contributions, endowments, grants, bequests, and devices of any kind of real or personal property which are necessary and proper for the attainment of the purpose of the hospitals; and
- i. Perform such acts and exercise such functions as may be necessary and proper for the attainment of the purposes and objectives herein specified;

SEC. 6. *Board of Trustees.* - The affairs and business of the Lung Center shall be directed, its properties managed and its corporate powers exercised, unless otherwise provided in this Act, by its own Board of Trustees which shall be composed of seven (7) members, as follows;

- a. The Secretary of the Department of Health as Chairman of the Board or his duly authorized representative;
- b. The Provincial Health Office;
- c. One (1) member from the private sector, preferably with experience in finance, administration or management;
- d. One (1) representative who will provide expertise in lung diseases;
- e. One (1) representative who will provide expertise in lung transplant;
- f. One (1) representative from a non-government organization that is concerned with the health sector; and
- g. The Lung Center Executive Director.

The term of office, manner of appointment of the trustees, and other matters pertaining to the governance of the Lung Center shall be determined in accordance with the pertinent provisions of R.A. No. 10149.

The Board of Trustees shall be governed by a set of by-laws, which shall contain, among others, an enumeration of each of the members' responsibilities, accountabilities, and cause of termination.

SEC. 7. *Powers and Functions of the Board.* - The Board of Trustees which shall be the policy-making body of the Lung Center shall have the following powers and functions:

- a. Determine the general policies of the Lung Center within the scope of its powers, objectives and financial resources;
- b. Establish the organizational structure of the Lung Center, define the duties and responsibilities of all officials and employees and adopt a compensation and benefit scheme, subject to the pertinent provisions of R.A. No. 10149;
- c. Acquire, hold, and own, in any manner, property of whatever nature or description, concerning the center, and to dispose of such property under mode of encumbrance or conveyance;
- d. Enter into, make, perform, and carry out contracts of every kind and for any lawful purpose with any person, firm association or corporation, whether public or private, domestic or foreign, for the interest of the center;
- e. Mortgage, lease, sell, transfer, convey or otherwise dispose of its properties;
- f. Solicit and receive donations, endowments and funds in the form of contributions, whether in cash or in kind, from both public and private sectors and from domestic or foreign sources, for the benefit of the center;
- g. Open such accounts in banks and other financial institutions, and to disburse such funds or invest the same as the Board of Trustees may direct to accomplish or advance the purposes or interest of the Lung Center;
- h. Invite foreign or local health specialist and similar experts in the various medical fields to train the personnel, trainees, fellows or residents of the Lung Center;
- i. Send the personnel of the Lung Center to research institutes, medical institutes, or universities for advance training or observation and to attend international or regional conventions, conferences, congresses or seminars as the Board of Trustees may deem necessary to accomplish the purposes and objectives of the Lung Center;
- j. Enter into such agreements and arrangements with other medical or similar institutions, domestic or foreign, as may be deemed desirable by the Board of Trustees promoting the purposes and objectives of the Lung Center;
- k. Adopt a set of by-laws, rules, regulations, policies, guidelines, and procedures consistent with law and provisions hereof to govern the administration and operation of the hospital; and
- l. Do all such other acts and things as are or may be necessary for or incidental to the accomplishment of the purposes and objectives of the Lung Center.

SEC. 8. *Duties and Responsibilities of the Executive Director.* - The Lung Center shall be headed by the Executive Director who shall have the following duties and responsibilities:

- a. Prepare the agenda for the meetings of the board, and to submit for consideration of the board such policies and measures as they believe necessary to carry out the purposes and objectives of this Act;
- b. Execute, administer, and implement the policies and measures approved by the board;

- c. Exercise such other powers and perform such other duties provided in the by-laws and as vested to them by the board.

SEC. 9. *Program for Indigents.* - The Department of Health (DOH) shall ensure that the Lung Center shall adopt and enforce a program for indigents needing lung products and patients with lung diseases in accordance with the implementing guidelines on classification of patients on Availment of Medical Social Services in Government Hospitals.

SEC. 10. *Retention of Income.* - The Lung Center is hereby authorized to retain and utilize their income derived from its operation and non-patient related activities for the maintenance of the other operating expenditures, including capital outlay especially in the acquisition of equipment and supplies, subject to auditing rules and regulations. Further, no amount from such income shall be used to augment the salaries and other compensation of the Lung Center personnel beyond the amounts determined by the Governance Commission for Government-Owned and Controlled Corporations (GOCC), as provided for in R.A. No. 10149.

The Department of Health (DOH), in coordination with the Department of Budget and Management (DBM) shall issue the necessary rules and regulations to implement this provision.

SEC. 11. *Exemption from Taxes.* - The Lung Center shall be exempt from the payment of taxes on all contributions thereto and all accruals on its income and investment earnings.

Any donation, contribution, bequest, subsidy or financial aid which may be made to it shall constitute allowable deduction from the income of the donor for the income tax purposes and shall be exempt from donor's tax, subject to such conditions as provided in the National Internal Revenue Code of 1997, as amended.

The Lung Center shall be exempt from all other taxes, whether direct or indirect on its income, properties, and operations.

SEC. 12. *Contracts.* - The Lung Center shall have the authority to enter into contracts with any person or entity, domestic or foreign, and with government for the undertaking of the varied aspects of the Lung Center, including the acquisition, by way of purchase, lease, rent or other deferred payment arrangements of equipment and/or raw materials and supplies, as well as for services connected therewith under such terms and conditions as it may deem proper and reasonable.

In the acquisition and disposal of property real or personal, a bidding process shall be necessary to conform with the requirements of public bidding as provided for in R.A. 9184, otherwise known as the Government Procurement Reform Act, and related laws.

SEC. 13. *Supervision.* - The Lung Center shall be under the direct supervision of the DOH for purposes of policy direction and control. It shall submit an annual report, pursuant to the pertinent provisions of R.A. No. 10149.

SEC. 14. *Implementing Rules and Regulations.* - Within thirty (30) days from the completion of the appointment of its members, the Board of Trustees shall convene to formulate the rules and regulations necessary for the implementation of this Act.

SEC. 15. *Appropriations.* - The amount of three hundred million pesos (Php 300,000,000) is hereby appropriated for the initial operation and maintenance of the Lung Center. Thereafter, the sum necessary for its continued operation shall be included in the annual General Appropriations Act.

SEC. 16. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the other provisions not so declared shall remain in force and in effect.

SEC. 17. *Repealing Clause.* - Any other law, issuance or part thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC.18. *Effectivity Clause.* - This Act shall take fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,