



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. 8433

Introduced by Representative Maria Angela S. Garcia

EXPLANATORY NOTE

The 1987 Constitution mandates the State to protect and promote the right to health of the people and adopt an integrated and comprehensive approach to health development. In particular, Article II, Section 15 and Article XIII, Section 11 emphasize that the State shall ensure access to quality health care services for all Filipinos.

The enactment of Republic Act No. 7160, or the "Local Government Code of 1991", devolved the delivery of basic health services to local government units (LGUs), including the management and operation of provincial, district, and city hospitals. While this policy strengthened community-based health services and empowered local governments to respond to local health needs, the past three decades have revealed significant disparities in health system capacity among LGUs.

Variations in fiscal capacity, administrative capability, and infrastructure investments have resulted in uneven hospital development and service quality across provinces and cities, creating inequities in access to hospital care for many Filipinos. Wealthier LGUs have been able to upgrade and modernize their hospitals, while poorer provinces struggle to maintain adequate facilities, equipment, and specialized medical personnel.

Recognizing these challenges, Congress enacted Republic Act No. 11223, or the "Universal Health Care Act", which seeks to establish an integrated and coordinated health system through province-wide and city-wide health systems and Health Care Provider Networks (HCPNs). However, the continued fragmentation of hospital governance under multiple LGUs poses structural challenges to the effective implementation of Universal Health Care.

Hospitals play a critical role in the health system as providers of secondary and tertiary care services that require substantial investments in infrastructure,

specialized equipment, and highly trained medical personnel. These requirements often exceed the fiscal and administrative capacity of many LGUs.

This measure seeks to rationalize the distribution of responsibilities between national and local governments in the health sector by establishing a shared governance framework for health services.

Under this proposed framework:

- Primary health care and population-based services—including preventive and promotive health programs delivered through barangay health stations and rural health units—shall remain under the responsibility of LGUs, consistent with their proximity to communities;
- Public hospitals, including district, provincial, and city hospitals, shall revert to the national government through the Department of Health, enabling stronger financing, uniform standards, and equitable access to hospital services across the country.

To respect local autonomy and preserve successful local health systems, LGUs that demonstrate sufficient financial and operational capacity may opt to retain the management of their hospitals, subject to national standards and integration into Health Care Provider Networks under the Universal Health Care framework.

This shared governance model aims to strengthen health service delivery by ensuring that each level of government focuses on the functions it is best equipped to perform.

Ultimately, the measure seeks to reduce health inequities across regions, strengthen hospital services nationwide, and fully realize the objectives of Universal Health Care.

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


MARIA ANGELA S. GARCIA
Third District, Bataan



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AN ACT
STRENGTHENING THE UNIVERSAL HEALTH CARE SYSTEM
BY RATIONALIZING THE DEVOLUTION OF HEALTH SERVICES UNDER
REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL
GOVERNMENT CODE OF 1991, ESTABLISHING A SHARED GOVERNANCE
FRAMEWORK BETWEEN THE NATIONAL GOVERNMENT AND LOCAL
GOVERNMENT UNITS, PROVIDING FOR THE REVERSION OF PUBLIC
HOSPITALS TO THE NATIONAL GOVERNMENT THROUGH THE
DEPARTMENT OF HEALTH, AND FOR OTHER PURPOSES

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

SECTION 1. Declaration of Policy. - Pursuant to Article II, Section 15 and Article XIII, Section 11 of the 1987 Constitution, the State shall protect and promote the right to health of the people and adopt an integrated and comprehensive approach to health development.

The State recognizes the framework established under Republic Act No. 11223, or the "Universal Health Care Act", which seeks to ensure equitable access to quality and affordable health care services for all Filipinos through integrated and coordinated health systems.

While the devolution of health services under Republic Act No. 7160, or the "Local Government Code of 1991", strengthened community-based health programs, disparities in fiscal capacity among local government units have resulted in uneven development and management of hospitals across the country.

It is therefore the policy of the State to strengthen the Universal Health Care system by rationalizing the distribution of health service responsibilities between the national government and local government units, ensuring that:

1. Population-based and primary health care services remain under local government units, which are closest to communities; and
2. Hospital services are strengthened under national government management to ensure equitable access to quality inpatient and specialized medical care nationwide.

SEC. 2. *Shared Governance of Health Services.* - To strengthen health service delivery, the State shall adopt a shared governance framework between the national government and local government units, recognizing their complementary roles.

Under this framework:

- a. Local government units shall primarily be responsible for population-based and primary health care services, including preventive, promotive, and basic curative services delivered through barangay health stations, rural health units, and municipal health offices;
- b. The National Government, through the Department of Health, shall primarily be responsible for the management, administration, financing, and regulation of public hospitals, including district, provincial, and city hospitals;
- c. All health facilities shall be integrated within the Health Care Provider Networks (HCPNs) established pursuant to Republic Act No. 11223 to ensure coordinated referral systems and continuity of care.

SEC. 3. *Amendment to Section 17 of Republic Act No. 7160.* - Section 17 of Republic Act No. 7160 is hereby amended to read as follows:

"SEC. 17. Basic Services and Facilities.

(a) Local government units shall continue exercising the powers and discharging the duties and functions currently vested upon them in the delivery of basic services and facilities.

(b) Such basic services and facilities shall include, but are not limited to:

(1) Barangay Level

Health services including:

- Barangay health stations;
- Community-based primary health care services;
- Maternal and child health services;
- Nutrition programs;
- Disease prevention and health promotion programs.

(2) Municipal and City Level

Health services including:

- Rural Health Units and municipal health offices;

- Primary care services;
- Preventive, promotive, and basic curative services;
- Public health programs including immunization, maternal care, family planning, and disease control programs.

(3) Provincial Level

Health services including:

- Province-wide health system coordination as provided under Republic Act No. 11223;
- Population health programs and epidemiological surveillance;
- Inter-local health coordination and support services for municipal and city health systems.

Provided, however, that the management, administration, and operation of public hospitals, including district hospitals, provincial hospitals, city hospitals, and other government hospitals, shall be vested in the National Government through the Department of Health.”

SEC. 4. *Reversion of Devolved Hospitals.* - All provincial, district, and city hospitals devolved to local government units pursuant to Republic Act No. 7160 are hereby reverted to and placed under the supervision and control of the Department of Health.

The Department of Health shall assume responsibility for:

1. Hospital administration and management;
2. Funding for hospital operations;
3. Personnel hiring, deployment, and compensation;
4. Infrastructure development and modernization; and
5. Compliance with national hospital standards and licensing requirements.

SEC. 5. *Option of Local Government Units to Retain Hospital Management.* - Notwithstanding the provisions of this Act, provincial, city, or municipal governments may opt to retain the ownership, management, and operation of their respective hospitals, subject to the following conditions:

1. The local government unit passes a resolution of the Sanggunian concerned, approved by the Local Chief Executive, signifying its intention to retain hospital management;
2. The hospital demonstrates financial, technical, and administrative capacity to sustain hospital operations;
3. The hospital complies with licensing and regulatory standards of the Department of Health;
4. The hospital is integrated into the Health Care Provider Networks (HCPNs) established under Republic Act No. 11223;
5. Hospitals established or operated under public-private partnership (PPP) arrangements or other contractual agreements entered into by local government units may continue under such arrangements, provided they comply with national health standards.

SEC. 6. *Transfer of Assets, Personnel, and Records.* - All assets, equipment, records, and personnel related to hospitals reverted under this Act shall be transferred to the Department of Health.

Personnel shall be absorbed into the national government without diminution of rank, tenure, salary, or benefits, subject to civil service laws and regulations.

SEC. 7. *Funding.* - The funding requirements for the operation, upgrading, modernization, and expansion of hospitals transferred under this Act shall be included in the annual General Appropriations Act under the budget of the Department of Health.

SEC. 8. *Transition Period.* - Within three (3) years from the effectivity of this Act, the Department of Health, in coordination with the Department of the Interior and Local Government and the Department of Budget and Management, shall complete the phased transition of devolved hospitals to national management.

SEC. 9. *Implementing Rules and Regulations.* - Within one hundred twenty (120) days from the effectivity of this Act, the Department of Health, in coordination with the Department of the Interior and Local Government and the Department of Budget and Management, shall promulgate the implementing rules and regulations.

SEC. 10. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

SEC. 11. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 12. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.