

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 893**

HOUSE OF REPRESENTATIVES <b>RECEIVED</b> DATE: <u>04 JUL 2016</u> TIME: <u>2:55 pm</u> BY: <u>[Signature]</u> REGISTRATION UNIT BILLS AND INDEX SERVICE
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Introduced by: Hon. Angelina "Helen" D.L. Tan, M.D.

**AN ACT STRENGTHENING THE REGULATION OF HEALTH FACILITIES AND SERVICES IN THE PHILIPPINES, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 4226, OTHERWISE KNOWN AS THE HOSPITAL LICENSURE ACT, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

A number of health facilities in the country no longer qualify under the existing regulatory mandate of the Department of Health (DOH) through the Bureau of Health Facilities and Services (BHFS) because of the emergence and development of their variety of forms and structures primarily because of a new world order that has opened up countries to a new level of competition and which has slowly caused the disappearance of trade borders alongside global development.

This has led industries such as those in the field of health facilities maintenance and health service provision to grow, evolve and expand. As a result, the regulation of this field should also be enhanced to respond to such changes as it greatly affects the well being of the people. Hence, this phenomenon has forced the transformation of health regulations to adapt into the changing times. Health facilities today must be able to maintain its relevance and expand its scope of authority.

This proposed measure introduces a shift from the traditional way of regulation by regulating the industry as opposed to mere regulation of individual and specific health facilities. As such, there shall be fewer opportunities for circumvention and the health cost becomes controlled. In addition, with this measure, the quality of health facilities and services shall improve as well as the competitiveness, efficiency and productivity of the industry.

The measure provides for the upgrading of critical technical and infrastructure to enable the DOH to cope with the challenges of globalization. Thus, aside from competitiveness, the high quality of health facilities and services are ensured. The creation of a Health Facilities Regulation Fund, which would be a new and innovative way of creating and disbursing resources in pursuit of a revitalized regulatory mandate, will facilitate access, productivity and efficiency.

The creation and management of a system of benchmarking system would definitely improve quality and efficiency in health regulation and ensure accessibility with respect to necessary health facilities especially to the poor.

This measure addresses a pressing issue in the field of health care, which is the increasing cost of health services. The increasing cost of health care, particularly hospital care, is a reality recognized by both the government and other stakeholders in the health sector.

By regulating the costs of health services in health facilities especially through a strengthened Bureau of Health Facilities and Services, these services will be made more accessible financially to the population, especially those who belong to the lowest income group.

This bill proposes to strengthen the regulation of health facilities and services by authorizing the Bureau of Health Facilities and Services (BHFS) of the Department of

Health to establish and prescribe rules, regulations, and standards; inspect and monitor for continued compliance; implement a classification system; approve building plans and construction design; provide advise; collect fees; and conduct administrative hearing and impose penalties.

It is hoped that this bill would bring about improved mandate and available financial resources towards efficient and effective health regulation in the country.

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

  
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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 "Health Facilities Regulation Act".

**SEC. 2. Definitions.** - As used in this Act:

(a) Health facilities refer to institutions and other health-related establishments, which provide diagnostic, therapeutic, rehabilitative, and/or other health care services except medical radiation facilities and hospital pharmacies;

(b) License refers to a formal authorization issued by the Department of Health (DOH) to an individual, partnership, corporation or association to operate a hospital and other health facilities. It is a prerequisite for accreditation of a hospital and other health facilities by any accrediting body that is recognized by the DOH; and (c) Licensee refers to the person, partnership, corporation or association granted a license to operate and maintain a health facility according to an approved standard set by the Bureau.

**SEC. 3. Regulating Agency.** - The Bureau of Health Facilities and Services (BHFS) shall act as the regulatory agency pertaining to the licensing and operation of health facilities and services in the country.

**SEC. 4. Powers and Functions.** - The BHFS shall have the following powers and functions:

(a) To establish and prescribe rules, regulations, standards and specifications in all cases related to the issued certificate of license of health facilities and other related facilities and administer and enforce the same;

(b) To inspect and monitor all health facilities and other related facilities to ensure their continued compliance with the rules and regulations in accordance with this Act and to make recommendations to directors or administrators of health facilities for the correction of deficiencies found during the inspections;

(c) To study and adopt a system of classifying health facilities and other related facilities in the Philippines;

(d) To approve construction designs and plans for health facilities, government or private, including renovation or expansion of the same in accordance with the provisions of this Act;

(e) To provide consultative and advisory services relative to the establishment and construction of health facilities and other related facilities;

(f) To determine, levy, assess and collect the appropriate permit fee, registration fee, license fee and surcharges pertinent to the operation of facilities and services except

in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by 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 register of health facilities and other related facilities with licenses indicating the name of the facility, address or location, classification, name of 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 operations of health facilities and other related facilities and to periodically review and amend the same, subject to the approval of the Secretary 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 a certificate of license for the 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 submit yearly reports to the Secretary of Health, and the Chairpersons of the Committees on Health of both Houses of Congress; and

(l) Perform such other functions as may be prescribed by law.

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 hospital or health service establishment violating any provision of this Act and its implementing rules and regulations and to impose appropriate administrative sanctions or penalties provided in this Act;

(b) To promulgate rules governing the conduct of administrative 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, contracts, 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 BHFS;

(d) To exercise contempt powers and impose appropriate penalties;

(e) To cause the prosecution of all cases involving violations of this Act and its implementing rules and regulations; and

(f) To summarily order the closure of health facilities and other related facilities operating without a license.

SEC. 6. *Registration and License.* - All health facilities and other related facilities, government or private, shall be registered and duly licensed by the BHFS before such facilities are allowed to operate or be opened to the public.

SEC. 7. *Construction Design.* - The BIIFS shall review and approve the construction design and plans of government or private health facilities and other related facilities to be constructed or which shall undergo renovation or expansion.

An application for the construction design of a health facility or other related 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 Bureau 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. 8. *Application for Registration and Issuance of License.* - An application for registration of a health facility or other related facility and for the issuance of a license for its operation and maintenance, including that of a facility performing medical ancillary services, shall be filed with the BHFS or its deputized office using the form prescribed by it: Provided, That an applicant for a license to operate and maintain a hospital pharmacy or a medical radiation facility shall seek the approval of the Food and Drug Administration (FDA) and the Philippine Nuclear Research Institute (PNRI), respectively. The application for registration shall be filed and a license 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.

SEC. 9. *Validity and Renewal of License.* - The initial license to operate and maintain a health facility or other related facility shall be valid for a period of two (2) years from date of issuance, and shall be renewed regularly, subject to the rules and regulations to be issued by the BHFS.

SEC. 10. *Inspection.* - The license to operate and maintain a health facility or other related facility shall be issued by the BHFS only after it 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 implementing rules and regulations (IRR).

SEC. 11. *Suspension and Revocation of License.* - The BHFS, after conducting an administrative hearing, with due notice to the licensee, may suspend or revoke the license to operate and maintain a health facility or other related facility of any person, partnership, corporation or association for any of the following grounds:

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

SEC. 12. *Appeal.* - The orders, rulings or decisions of the BHFS shall be appealable to the Secretary of Health.

SEC. 13. *Separate Licenses Required.* - Separate licenses shall be required for health facilities and other related facilities 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. 14. *Nontransferability of License.* A license for the operation of a health facility or other related facility shall not be transferable. The BHFS shall be notified of any change in ownership, change of name of the health facility or other related facility. Transfer of location of the facility shall require an application for a new license.

SEC. 15. *Regulation of the Price of Health Care Services.* - The President of the Philippines, upon recommendation of the Secretary of Health, shall have the power to impose the maximum price over diagnostic, therapeutic, rehabilitative and other health care services rendered in the facilities. The period of price regulation shall not exceed one hundred twenty (120) days.

SEC. 16. *Penalties.* - Any person, partnership, association or corporation who establishes, operates, conducts, manages or maintains a health facility or other related facility 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 (P50,000.00) but not to exceed One hundred thousand pesos (P100,000.00) for the first offense, not less than One hundred thousand pesos (P100,000.00) but not to exceed Five hundred thousand pesos (P500,000.00) for the second offense, and not less than Five hundred thousand pesos (P500,000.00) but not to exceed One million pesos (P1,000,000.00) for the third and subsequent offenses. Each day that the health facility or other related facility operates after the first violation shall be considered a subsequent offense.

In addition to the penalties specified in the preceding paragraph, the Bureau may summarily order the closure of any health facility or other related facility found operating without a license.

SEC. 17. *Implementing Rules and Regulations.* - The Secretary of Health, upon the recommendation of the BHFS, shall issue the necessary rules and regulations for its effective implementation within sixty (60) days upon the effectivity of this Act.

SEC. 18. *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. 19. *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. 20. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,