



HOUSE OF REPRESENTATIVES

H. No. 7437

BY REPRESENTATIVES ZARATE, TINIO, DE JESUS, CASTRO (F.L.),
BROSAS, CASILAO, ELAGO, ATIENZA, TAMBUNTING, TAN (A.),
ROMAN, CASTELO, BOLILIA, HERRERA-DY, FORTUN, BIAZON,
BRAVO (A.), BATOCABE, LANETE, ROA-PUNO, ESPINA,
ROQUE (R.), AUMENTADO, DALIPE, LOBREGAT, NOGRALES
(K.A.), FERNANDO, ALBANO, ACOP, VARGAS, SUANSING (E.),
ARAGONES, ESCUDERO, BRAVO (M.V.), CATAMCO, VIOLAGO,
PRIMICIAS-AGABAS AND NIETO, PER COMMITTEE REPORT
No. 680

AN ACT PROHIBITING THE PRIVATIZATION AND
CORPORATIZATION OF PUBLIC HOSPITALS, PUBLIC
HEALTH FACILITIES AND PUBLIC HEALTH
SERVICES, AND PROVIDING PENALTIES FOR
VIOLATIONS THEREOF

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

1 SECTION 1. *Short Title.* – This Act shall be known as the
2 “Anti-Privatization of Public Hospitals, Health Facilities and Health
3 Services Act”.

4 SEC. 2. *Declaration of Policy.* – It is the policy of the State to
5 ensure the protection and promotion of the right to health of the
6 people and to instill health consciousness among them. Further, the

1 State shall endeavor to make essential goods, health and other
2 services available to all people at affordable cost.

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

4 (a) *Indigent/Service/Poor patients* refer to those who have no
5 source of income, or whose family income are below the mandated
6 minimum daily wage and/or below the minimum monthly cost of
7 living as set by appropriate government agencies;

8 (b) *Privatization* refers to the process in which
9 nongovernment actors become increasingly involved in the financing
10 and the provision of health care services which include: outright
11 sale; public-private partnership; corporatization; contracting out of
12 equipment; joint venture; franchising; management control and
13 corporatization; leasing; and user charges;

14 (c) *Public hospitals* refer to all Department of Health (DOH)-
15 retained and national hospitals, provincial and regional hospitals
16 under the local government, including specialty hospitals with
17 separate legislative charters like the Philippine Heart Center, the
18 National Kidney and Transplant Institute, the Lung Center of the
19 Philippines and the Philippine Children's Medical Center;

20 (d) *Public health facilities* refer to health centers, lying-in
21 clinics, and barangay health stations under the national or local
22 government; and

23 (e) *Public health services* refer to all diagnostic, laboratory,
24 medical, surgical, and health-related services provided by public
25 hospitals and public health facilities to indigent, service or poor
26 patients.

27 SEC. 4. *Prohibition of Privatization of Public Hospitals,*
28 *Public Health Facilities, and Public Health Services.* – No public

1 hospital, public health facility, and public health services shall be
2 privatized. Likewise, under no circumstance shall the Secretary of
3 Health or any person, whether natural or juridical, initiate, cause,
4 and approve the privatization of any public hospital, public health
5 facility or public health services.

6 This prohibition against privatization shall cover specialty
7 hospitals with separate legislative charters like the Philippine
8 Heart Center, the National Kidney and Transplant Institute,
9 the Lung Center of the Philippines and the Philippine Children's
10 Medical Center.

11 SEC. 5. *Bed Allotment for Indigent/Service/Poor Patients in*
12 *Public Hospitals.* – At least ninety percent (90%) of the total bed
13 capacity of all public hospitals shall be allotted for indigent/service/
14 poor patients, pursuant to Republic Act No. 1939, otherwise known
15 as “An Act Prescribing the Appropriate Share of the National,
16 Provincial, City and Municipal Governments in the Financial
17 Contributions for the Operation and Maintenance of Free Beds in
18 Government Hospitals and/or the Establishment of Additional
19 Wards or Hospitals in the Philippines”.

20 SEC. 6. *Liability and Accountability.* – Any person, whether
21 natural or juridical, who initiates, causes, and approves the
22 privatization of any public hospital, public health facility or public
23 health services shall be considered in violation of this Act.

24 SEC. 7. *Penalties.* – Any person who violates any provision of
25 this Act shall be penalized accordingly:

26 (a) First Offense – A fine of not less than One hundred
27 thousand pesos (₱100,000.00) but not more than Two hundred

1 thousand pesos (P200,000.00) and suspension of one (1) to two (2)
2 years from public office;

3 (b) Second Offense – A fine of not less than Two hundred
4 thousand pesos (P200,000.00) but not more than Five hundred
5 thousand pesos (P500,000.00) and temporary disqualification from
6 holding any public office for not less than three (3) years but not
7 more than six (6) years; and

8 (c) Third Offense – A fine of not less than Five hundred
9 thousand pesos (P500,000.00) but not more than Eight hundred
10 thousand pesos (P800,000.00) and removal from public office and
11 perpetual disqualification from holding any public position or office.

12 SEC. 8. *Implementing Rules and Regulations.* – The
13 Secretary of the Department of Health shall promulgate the rules
14 and regulations necessary to implement the provisions of this Act
15 within ninety (90) days from its effectivity.

16 SEC. 9. *Separability Clause.* – If any provision of this Act is
17 declared invalid or unconstitutional, the other provisions hereof
18 which are not affected thereby shall continue to be in full force and
19 effect.

20 SEC. 10. *Repealing Clause.* – All laws, orders, decrees, rules
21 and regulations and other issuances or parts thereof which are
22 inconsistent with the provisions of this Act are hereby repealed or
23 modified accordingly.

24 SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15)
25 days after its publication in the *Official Gazette* or in any newspaper
26 of general circulation.

Approved,