



HOUSE OF REPRESENTATIVES

H. No. 41

BY REPRESENTATIVES MACIAS, BARBERS, VILLAROSA, GULLAS, LAGBAS,
ESPINOSA (E.T.), MERCADO, NICOLAS, BATERINA, GOLEZ, CODILLA,
CHATTO, APOSTOL, AMIN, ROQUERO, MANGUDADATU, BADELLES,
MARAÑON, MAGSAYSAY (E.) AND NANTES

AN ACT PROVIDING FOR THE MODERNIZATION OF THE HEALTH
CARE DELIVERY SYSTEM, APPROPRIATING FUNDS
THEREFOR AND FOR OTHER PURPOSES

*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 “Health Care
2 Delivery Modernization Act of 2006”.

3 SEC. 2. *Declaration of Policy.* – It is hereby declared a policy of the
4 State to modernize the health care delivery system to a level where it can fully
5 and effectively perform its constitutional mandate to protect and promote the
6 right to health of the people and instill health consciousness among them.
7 Towards this end, the thrusts of this modernization program under this Act
8 shall be the following:

9 (a) The development of an efficient and effective health care delivery
10 system throughout the country;

1 (b) The integration of the promotive, preventive, curative and
2 rehabilitative aspects of health care delivery to be under the local chief
3 executive (LCE) whenever appropriate;

4 (c) The transformation of government hospitals into self-governing
5 components, together with their respective rural health units;

6 (d) The development of cooperation among the local and national
7 government agencies, Members of Congress and the private sector, including
8 civic, religious and nongovernment organizations;

9 (e) The implementation of a residency training and accreditation
10 program and accreditation of private specialist practitioners in provincial
11 hospitals and medical centers;

12 (f) The establishment of a dependable two-way referral system
13 between the public and health worker up to the successive higher level of
14 health care stations reaching up to the specialty hospitals and vice versa;

15 (g) The delineation of specific and specialized functions that will
16 enable the Department of Health (DOH) to concentrate its efforts in
17 establishing and maintaining adequately equipped state-of-the-art medical
18 centers at the regional level, including those in Metro Manila, and specialty
19 hospitals in the country, including those with original charter;

20 (h) The development of partnership among local government units
21 (LGUs) and between LGUs and the DOH in the establishment of health care
22 delivery facilities; and

23 (i) The adoption of a system and procedure by the LGUs and the DOH
24 to attain a maximum level of transparency in the procurement of equipment
25 and medicines.

26 SEC. 3 *Statement of Objectives.* – The Health Care Delivery
27 Modernization Program, hereinafter referred to as the Program, shall be
28 implemented in accordance with the following objectives:

1 (a) To modernize the health care delivery by adopting a
2 comprehensive, consistent and systematic approach to health issues and
3 concerns which will be complemented by state-of-the-art technology;

4 (b) To further enhance local autonomy by granting LGUs full powers
5 in the formulation of policies and by mandating the DOH to perform its tasks
6 under Section 5 of this Act relative to the operation and maintenance of
7 hospitals and public health services under its supervision and control;

8 (c) To implement a program of extending technological, *financial and*
9 *administrative assistance to LGUs to support and improve the provision and*
10 *the operation and maintenance of health facilities and equipment;*

11 (d) *To enhance interagency multi-sectoral cooperation;*

12 (e) To enhance the capability of hospitals by requiring the DOH to
13 provide each LGU competent physicians to assist the LCE, as may be
14 appropriate, in the monitoring of health care delivery functions; and

15 (f) To encourage the employment and retention of doctors in rural
16 areas.

17 *SEC. 4. Definition of Terms.* – The following terms used in this Act are
18 defined as follows:

19 (a) “Health Care Delivery Modernization Program” refers to an
20 integrated approach to health care which as detailed under Section 5 hereof
21 shall have the following program components: a delineation of the role of the
22 LGUs and the DOH, the strengthening of the capability of provincial hospitals
23 and the establishment of hospital health boards.

24 (b) “Hospital” refers to a place devoted primarily to the maintenance
25 and operation of facilities for the diagnosis, treatment and care of individuals
26 suffering from illness, disease, injury or deformity, or in need of obstetrical or
27 other medical and nursing care.

1 (c) "Primary hospital" refers to a hospital with capabilities and
2 facilities for providing first contact emergency care and hospitalization in
3 simple cases.

4 (d) "Secondary hospital" refers to a hospital which has capabilities and
5 facilities for providing medical care to cases requiring hospitalization and the
6 expertise of physicians with training of not less than six months on certain
7 specialties.

8 (e) "Tertiary level I hospital" refers to a hospital which has capabilities
9 for providing medical care to cases requiring sophisticated diagnostic and
10 therapeutic equipment and the expertise of trained specialists and sub-
11 specialists.

12 (f) "Tertiary level II hospital" refers to a departmentalized hospital
13 with teaching and research capabilities and which have accredited residency
14 training programs in the fields of surgery, pediatrics, medicine, OB-Gyne,
15 EENT, orthopedics, anesthesia and other ancillary disciplines. It likewise
16 offers dental services.

17 (g) "Tertiary level III hospital" refers to a hospital which has been
18 particularly selected to provide tertiary hospital services with teaching, training
19 and research functions.

20 (h) "Tertiary level IV hospital" refers to a tertiary hospital with
21 expensive and sophisticated diagnostic and therapeutic facilities for a specific
22 medical problem area.

23 (i) "District hospital" refers to the front-line hospital, which has its
24 own catchment area, and with capabilities and facilities for providing
25 secondary medical care to cases requiring hospitalization and the expertise of
26 trained doctors.

1 (j) "Provincial hospital" refers to a central district hospital with its own
2 catchment area which provides at least a minimum of tertiary level I hospital
3 care.

4 (k) "Regional hospital" refers to a departmentalized hospital which
5 provides tertiary level II hospital care.

6 (l) "Medical center" refers to a hospital which provides tertiary level
7 III hospital care.

8 (m) "Specialty hospital" refers to a hospital which provides services for
9 one particular illness or disease or health medical care need, with the highest
10 medical care rendered by medical experts using highly specialized equipment
11 for a specific medical problem area. It provides tertiary level IV hospital care.

12 (n) "Competent physician" refers to a licensed medical doctor who
13 possesses both technical and managerial knowledge or expertise in health care.

14 (o) "Local government units (LGUs)" refers to provinces, cities,
15 municipalities, barangays and other political subdivisions as may be created by
16 law.

17 SEC. 5. *Health Care Delivery Modernization Program.* – In order to
18 meet its objectives, there shall be created a Health Care Delivery
19 Modernization Program which shall have the following components:

20 (A) *Delineation of the Role of the LGUs and the DOH.* – The leagues
21 of LGUs and the DOH shall support the implementation of the Health Care
22 Delivery Modernization Program by performing the mandated tasks herein
23 defined, to wit:

24 (1) The province shall be responsible for the promotive, preventive,
25 curative and rehabilitative aspects of health care delivery except in places
26 where municipal and city hospitals exist, in which case these shall be under the
27 responsibility of the LGU concerned. They shall also undertake an annual
28 review of health program in their areas of jurisdiction.

1 The Integrated Provincial Health Office (IPHO), with the assistance of
2 the DOH resident consultant, shall continue to coordinate with the municipal or
3 city health officer in all activities pertaining to public health at the municipal or
4 city level.

5 (2) The DOH shall, in addition to the powers vested in it under existing
6 laws, be responsible for the following:

7 (a) Delivery of health care services higher than or more sophisticated
8 than that provided by LGUs;

9 (b) Provision of competent physicians for each province or qualified
10 cities or municipalities to assist the LCE, as may be appropriate, in the
11 management and monitoring of devolved health care functions;

12 (c) Upper tertiary hospital care where the expertise in the different
13 organ specific medical-surgical specialty is needed;

14 (d) Operation and maintenance of medical centers, including those in
15 Metro Manila, and specialty hospitals whose functions are to provide tertiary
16 expertise: *Provided, however,* That a specialty hospital with original charter
17 shall continue to be governed by its own charter;

18 (e) Supervision of the operation of the more sophisticated organ-
19 specific medical centers;

20 (f) Initiation and assistance in the establishment of a residency training
21 program with the participation of private practicing specialists, as much as
22 practicable, as consultants in each provincial hospital;

23 (g) Provision of doctors in rural communities under its program of
24 doctors to doctorless areas who shall be assigned by the regional field units, in
25 consultation with the LCE as may be appropriate to qualified communities; and

26 (h) Creation and funding of positions for doctors to doctorless areas
27 including their incentives and benefits, in addition to those granted under
28 existing laws, to wit:

1 (h.1) Free legal representation and consultation services shall be
2 immediately provided by the Public Attorney's Office in cases of coercion,
3 interference and in other civil, criminal and administrative cases filed by or
4 against such doctors arising out of or in connection with the performance of
5 their duties as such; and

6 (h.2) Scholarship benefits in the form of tuition fees in state colleges or
7 universities to be granted to their legitimate children.

8 (B) Strengthening the Capability of Provincial Hospitals. – Provincial
9 hospitals shall be developed into responsive, efficient and modern institutions
10 with the capability to handle tertiary levels I to II hospital care. In pursuance
11 thereof, the following necessary steps shall be undertaken:

12 (1) The establishment of a residency training program and acquisition
13 of tertiary diagnostic facilities with, as much as practicable, the participation of
14 the private sector or private specialist practitioners as consultants in each
15 provincial hospital subject to the following conditions:

16 (a) Consultants, who shall be accredited to practice in the hospital,
17 may be entitled to honorarium to be determined by the district hospital health
18 board;

19 (b) Provincial hospital residents participating in the residency training
20 program shall not be permanent employees but shall be considered employed
21 for the whole duration of the residency training period; and

22 (c) Participants in the residency training program shall be given
23 preference in case of reemployment as residents of district hospitals.

24 (2) The Improvement and Upgrading of Provincial and Highly
25 Urbanized City Hospitals. – The DOH shall extend technical and financial
26 assistance relating to the establishment of diagnostic centers and acquisition of
27 modern and quality equipment to improve the capabilities of provincial
28 hospitals pursuant to its modernization objectives: *Provided, That the*

1 acquisition of new equipment shall be synchronized with the phasing out of
2 obsolete major equipment and subjected to the laws on public bidding.

3 In provinces with a population of at least one million and in island
4 provinces as well as in highly urbanized cities, the DOH shall establish an
5 extension of the regional medical center in the provincial or city hospital, as
6 the case may be. The extension hospital to be established shall have the
7 capability of tertiary level II hospital care: *Provided, further,* That the DOH
8 shall also extend assistance equivalent to the cost of maintenance of equipment
9 and personnel and, if necessary, the replacement or improvement of equipment
10 in the abovementioned hospitals.

11 (C) Establishment of Hospital Health Boards. – This component of the
12 Program is geared towards the realization of a genuine local autonomy. In
13 furtherance thereof, there shall be established a district hospital health board,
14 medical center health board, including those in Metro Manila, and specialty
15 hospital health board: *Provided, however,* That there shall also be established
16 hospital health boards in municipalities or cities which have hospitals:
17 *Provided, further,* That specialty hospitals with original charters, namely: the
18 National Kidney and Transplant Institute, the Lung Center of the Philippines,
19 the Philippine Children's Medical Center and the Philippine Heart Center,
20 shall continue to be governed by their respective charters.

21 (1) District Hospital Health Board

22 (a) Composition – The composition of the district hospital health
23 board shall be as follows:

24 (a.1) Chairman: Chief of the district hospital;

25 (a.2) Members: Representative of the congressional district for
26 hospitals in his political district; mayor of the catchment area of the district; a
27 member of the sangguniang panlalawigan of the political district; a
28 representative of the Philippine Hospital Association; a representative of the

1 Philippine Medical Association; a representative of nongovernment
2 organizations involved in health services; a representative of the religious
3 sector; and a representative of the private sector; and

4 (a.3) The members of the district hospital health board, except the
5 chairman and the representative of the congressional district, shall be
6 appointed by the provincial governor.

7 (b) Powers and Functions – The powers and functions of the district
8 hospital health board shall be as follows:

9 (b.1) To assist the provincial governor in the operation and
10 management of the district hospital;

11 (b.2) To review and endorse the budgetary requirements of the district
12 health services;

13 (b.3) To devise a mechanism for internal control;

14 (b.4) To enhance the participation of LGUs and community
15 involvement in hospital service and public health activities;

16 (b.5) To screen and recommend to the Selection Board the
17 appointment of qualified applicants to fill vacant positions in the rural health
18 units and district hospitals;

19 (b.6) To be responsible for the recruitment of *volunteer barangay*
20 health workers who shall be entitled to monthly honorarium and other benefits
21 as provided for by law;

22 (b.7) To deposit, in trust, all the *earnings of the district hospital* and
23 rural health units derived from whatever source with the provincial treasurer's
24 office or with any authorized depository banks;

25 (b.8) To *determine the utilization of the earnings of the hospital* and
26 rural health units for the betterment of hospital and rural health services; and

27 (b.9) To perform such other functions as may be deemed necessary for
28 the effective management of the rural health units and hospitals.

1 (C) Meetings and Quorums –

2 (c.1) The board shall meet at least once a month or as often as may be
3 necessary.

4 (c.2) A majority of the members of the board shall constitute a quorum
5 but the chairman must be present during meetings where budgetary proposals
6 are prepared or considered. Members thereof who are not government officials
7 or employees shall be entitled to necessary traveling expenses and allowances
8 chargeable against the funds of the district hospital health board, subject to
9 accounting and auditing rules and regulations.

10 (2) Medical Centers and Specialty Hospitals Health Boards

11 (a) Composition – The composition of the medical center and
12 specialty hospital health boards shall be as follows:

13 (a.1) Chairman: Chief of medical centers or specialty hospitals, as the
14 case may be;

15 (a.2) Members: A senator of the Republic; a representative of the
16 congressional district where the medical center or specialty hospital is located;
17 a representative of the Philippine Hospital Association; a representative of the
18 Philippine Medical Association; a representative of nongovernment
19 organizations involved in health services; a representative of the religious
20 sector; and a representative of the private sector;

21 (a.3) The chairman of the medical center hospital health board,
22 including those in Metro Manila, and specialty hospital health boards shall
23 serve by operation of this Act without the need of any appointment;

24 (a.4) The chairman of the Senate Committee on Health shall choose
25 from among the senators who shall represent the Senate as a member of each
26 of the medical center or specialty hospital health boards; and

1 (a.5) The representative from nongovernment organizations, religious
2 and the private sector in the medical center and specialty hospital health boards
3 shall be appointed by the chairman of the respective health boards.

4 (b) Powers and Functions – The powers and functions of the medical
5 center and specialty hospital health boards shall, as they are applicable, be the
6 following:

7 (b.1) To assist the Secretary of Health, administrator or chairman of the
8 boards of trustees, as the case may be, in the operation and management of
9 *medical centers and specialty hospitals*;

10 (b.2) To review and endorse the budgetary requirements of the medical
11 centers and specialty hospitals;

12 (b.3) To devise a mechanism for internal control;

13 (b.4) To screen and recommend to the Selection Board the appointment
14 of qualified applicants to fill vacant positions in the medical centers and
15 specialty hospitals, as the case may be;

16 (b.5) To deposit, in trust, all the earnings derived from whatever source
17 with any authorized depository banks as part of their general fund;

18 (b.6) To determine the utilization of funds of the specialty hospitals or
19 medical centers, as the case may be, for the betterment of hospital health
20 services; and

21 (b.7) To perform such other functions as may be deemed necessary for
22 the effective management of the medical centers and specialty hospitals.

23 (c) Meetings and Quorums –

24 (c.1) The Board shall meet at least once a month or as often as may be
25 necessary.

26 (c.2) A majority of the members of the board shall constitute a quorum
27 but the chairman must be present during meetings where budgetary proposals
28 are prepared or considered. Members thereof who are not government officials

1 or employees shall be entitled to necessary traveling expenses and allowances
2 chargeable against the funds of the health boards of the medical center and
3 specialty hospitals, subject to accounting and auditing rules and regulations.

4 (3) Municipality or City Hospital Health Board

5 (a) Composition – The composition of the municipal or city hospital
6 health board shall be as follows:

7 (a.1) Chairman: Chief of the municipality or city hospital;

8 (a.2) Members: Representative of the congressional district for
9 hospitals in his political district; the municipal or city mayor of the area where
10 the hospital is located; a member of the sangguniang bayan or sangguniang
11 panlungsod; a representative of the Philippine Hospital Association; a
12 representative of the Philippine Medical Association; a representative of
13 nongovernment organizations involved in health services; a representative of
14 the religious sector; and a representative of the private sector; and

15 (a.3) The members of the municipal or city hospital health board,
16 except the chairman and the representative of the congressional district, shall
17 be appointed by the municipal or city mayor, as the case may be.

18 (b) Powers and Functions – The powers and functions of the
19 municipal or city hospital health board shall be as follows:

20 (b.1) To assist the mayor in the operation and management of the
21 municipal or city hospital;

22 (b.2) To review and endorse the budgetary requirements of the
23 municipal or city health services;

24 (b.3) To devise a mechanism for internal control;

25 (b.4) To enhance the participation of LGUs and community
26 involvement in hospital service and public health activities;

1 (b.5) To screen and recommend to the Selection Board the appointment
2 of qualified applicants to fill vacant positions in the rural health units and
3 municipal or city hospitals;

4 (b.6) To be responsible for the recruitment of volunteer barangay health
5 workers who shall be entitled to monthly honorarium and other benefits
6 provided for by law;

7 (b.7) To deposit, in trust, all the earnings of the municipal or city
8 hospitals and rural health units derived from whatever source with the
9 municipal or city treasurer's office, as the case may be, or with any authorized
10 depository banks;

11 (b.8) To determine the utilization of funds of the hospitals for the
12 betterment of hospital and rural health services; and

13 (b.9) To perform such other functions as may be deemed necessary for
14 the effective management of the rural health units and hospitals.

15 (c) Meetings and Quorums --

16 (c.1) The Board shall meet at least once a month or as often as may be
17 necessary;

18 (c.2) A majority of the members of the board shall constitute a quorum
19 but the chairman must be present during meetings where budgetary proposals
20 are prepared or considered. Members therefore who are not government
21 officials or employees shall be entitled to necessary traveling expenses and
22 allowances chargeable against the funds of the municipal or city hospital health
23 board, subject to accounting and auditing rules and regulations.

24 SEC. 6. *Period of Implementation.* -- The Program shall be
25 implemented over a period of three years from the approval of this Act.

26 SEC. 7. *Appropriations.* -- The Secretary of Health shall immediately
27 include in the Department's program the implementation of this Act, the
28 funding of which shall be included in the annual General Appropriations Act.

1 For the implementation of the devolved health services, the amount
2 necessary shall be taken from the Internal Revenue Allotment of the LGU
3 concerned.

4 Funds may be augmented by grants, donations and endowments from
5 various sources, domestic or foreign.

6 SEC. 8. *Implementing Rules and Regulations.* – The DOH and the
7 Department of the Interior and Local Government (DILG) shall, in
8 coordination with the League of Provinces, promulgate the rules and
9 regulations for the implementation of this Act within sixty (60) days from its
10 publication in two newspapers of general circulation.

11 SEC. 9. *Separability Clause.* – If, for any reason or reasons, any part or
12 provision of this Act shall be declared to be unconstitutional or invalid, other
13 parts or provisions hereof which are not affected thereby shall continue to be in
14 full force and effect.

15 SEC. 10. *Repealing Clause.* – All laws, orders, decrees, rules and
16 regulations inconsistent with the provisions of this Act are hereby repealed or
17 modified accordingly.

18 SEC. 11. *Effectivity.* – This Act shall take effect upon its approval.

Approved,

O