



HOUSE OF REPRESENTATIVES

H. No. 6497

BY REPRESENTATIVES TAN (A.), YAP (V.), VILLARICA, ROMAN, ROMERO, SUANSING (E.), ROBES, SY-ALVARADO, ERIGUEL, LOYOLA, VERGARA, UNGAB, GARCIA (J.E.); MOMO, BASCUG, BORDADO, GAITE, GO (M.), NATIVIDAD-NAGAÑO, ROMULO, TUTOR, ROMUALDEZ (F.M.), SANGCOPAN AND ARENAS, PER COMMITTEE REPORT NO. 271

AN ACT MODERNIZING THE REGULATION OF HEALTH FACILITIES AND SERVICES, AND APPROPRIATING FUNDS THEREFOR, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 4226, OTHERWISE KNOWN AS THE "HOSPITAL LICENSURE ACT"

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 "Health Facilities and Services Regulation Act".

3 SEC. 2. *Declaration of Policy.* – Article II, Section 15 of the
4 Constitution states that "The State shall protect and promote the
5 right to health of the people and instill health consciousness among
6 them". Furthermore, Article XIII, Section 11 provides that the State
7 shall endeavor to make essential goods, health and other services
8 available to all Filipinos at affordable cost.

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

2 **(a) *Health facilities*** refer to facilities or institutions,
3 whether stationary or mobile, land-based or otherwise, and other
4 health-related establishments which provide for any of the
5 following services: diagnostic, therapeutic, rehabilitative, and other
6 health care services except medical radiation facilities and
7 hospital-based or stand-alone pharmacies;

8 **(b) *Health services*** refer to services that may be preventive,
9 diagnostic, therapeutic, rehabilitative, palliative, and other similar
10 ones that are provided by non-health-related establishments or
11 entities including third party ambulance services and other
12 emerging services;

13 **(c) *License*** refers to a formal authorization issued by the
14 Department of Health (DOH) to an individual, partnership,
15 corporation, cooperative or association to operate health facilities
16 and provide health services. It is a prerequisite to the accreditation
17 of a hospital and recognition of competence to provide services
18 by any accrediting body that is recognized by the DOH;

19 **(d) *Licensee*** refers to the person, partnership, corporation,
20 cooperative or association granted a license to operate and
21 maintain a health facility and provide health services according
22 to an approved standard set by the Bureau of Health Facilities
23 and Services (BHFS);

24 **(e) *Permit to Construct (PTC)*** refers to a permit issued by
25 the DOH through the BHFS to an applicant who shall establish
26 and operate a hospital, upon compliance with required documents
27 prior to the actual construction of the said facility;

1 A PTC is also required for hospitals and services that will
2 entail a transfer of hospital site, substantial alteration, expansion,
3 or physical renovation, and increase in the number of beds or for
4 additional services (add-ons) beyond their service capability. It shall
5 likewise be a documentary requirement of the application for a
6 License to Operate (LTO) a hospital; and

7 (f) *Registration* refers to the act or process of entering
8 information about a health facility into the records of the public
9 health system.

10 SEC. 4. *Bureau of Health Facilities and Services (BHFS)*. –
11 The Health Facilities and Services Regulatory Bureau (HFSRB)
12 is hereby renamed as the BHFS. The BHFS shall be under the
13 Office of the Secretary of Health and shall have the following
14 functions, powers and duties:

15 (a) To promulgate, establish and prescribe rules, regulations,
16 standards, requirements and specifications in the construction
17 and operation of health facilities and impose penalties for
18 violations thereof;

19 (b) To inspect all health facilities and services for
20 compliance with the prescribed rules and regulations prior to
21 the issuance of regulatory authorizations in accordance with
22 the provisions of this Act and to give feedback to directors
23 or administrators of health facilities and services for the
24 correction of deficiencies found during the inspections;

25 (c) To monitor and conduct surveillance of health
26 facilities and services to ensure their continued compliance with
27 the rules and regulations in accordance with this Act;

1 (d) To study and adopt a system of classifying health
2 facilities and services in the Philippines;

3 (e) To review and approve construction designs and plans
4 for all health facilities including renovation or expansion of the
5 same in accordance with the provisions of this Act;

6 (f) To determine, levy, assess and collect the appropriate
7 permit fee, registration fee, license fee and surcharges pertinent
8 to the operation of facilities and provision of health services except
9 in cases where charges or rates are established by international
10 bodies or associations of which the Philippines is a participating
11 member or by bodies recognized by the Philippine government as
12 the proper arbiter of such charges or rates;

13 (g) To coordinate and call the assistance of any department,
14 office, agency or instrumentality of the national or local government
15 and other entities concerned with any aspect involving health
16 facilities for the effective implementation of this Act;

17 (h) To maintain a registry of health facilities and services
18 and other related facilities with licenses indicating the name of
19 the facility, address or location, classification, name of the director
20 or administrator, ownership, number of authorized beds and such
21 other pertinent data as may be necessary;

22 (i) To promulgate and implement the rules and regulations
23 governing the registration, licensure and operations of health
24 facilities and services and to periodically review and amend
25 the same, subject to the approval of the Secretary of Health
26 and in consultation with the sectors concerned: *Provided, That*

1 such rules and regulations shall be in accordance with the
2 provisions of this Act;

3 (j) To grant regulatory authorizations such as permits
4 and licenses for the construction, operation and maintenance
5 of health facilities and services, and to suspend or revoke the
6 same in accordance with the provisions of this Act;

7 (k) To hire and train competent individuals and provide
8 qualifications of personnel to be designated as regulatory officers;

9 (l) To submit yearly reports to the Secretary of Health,
10 and to the Chairpersons of the Committee on Health of the House
11 of Representatives and the Committee on Health and Demography
12 of the Senate of the Philippines; and

13 (m) To perform other duties as may be necessary to carry out
14 the functions prescribed under this Act.

15 SEC. 5. *Quasi-Judicial Powers.* - To carry out its tasks
16 more effectively, the BHFS shall be vested with the following
17 quasi-judicial powers:

18 (a) To investigate, hear and decide administrative cases
19 initiated by the BHFS or filed by any person against a health
20 facility or health service establishment violating any provision
21 of this Act and its implementing rules and regulations (IRR)
22 and to impose appropriate administrative sanctions or penalties
23 provided in this Act;

24 (b) To promulgate rules governing the conduct of
25 administrative investigations and hearings: *Provided,* That in
26 such proceedings, the BHFS shall not be bound by the technical

1 rules of evidence of the Rules of Court: *Provided, further, That*
2 the latter may be applied in a suppletory manner;

3 (c) To administer oaths and affirmations, and to issue
4 subpoena *duces tecum* and *ad testificandum*, requiring the
5 production of such books, contracts, correspondence, records,
6 statement of accounts and other documents and the attendance
7 and testimony of parties and witnesses, as may be material to
8 the investigation being conducted by the BHFS;

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

11 (e) To cause the prosecution of all cases involving violations
12 of this Act and its IRR;

13 (f) To summarily order the closure of health facilities and
14 services operating without a license; and

15 (g) To impose appropriate sanctions against health facilities
16 found to have committed gross violations of the standards or
17 rules and regulations such as noncompliance with the approved
18 hospital construction design; any fraudulent, unscrupulous
19 activities, false claims or misrepresentations; operating with
20 unlicensed or unqualified health personnel; and the commission
21 or omission of any act which may result to serious injury,
22 permanent disability or loss of life of a patient or staff, or would
23 compromise public safety.

24 SEC. 6. *Mandatory Conciliation-Mediation.* - The BHFS
25 shall exert all efforts toward the amicable settlement of an
26 administrative case within its jurisdiction on or before the first
27 hearing set for the purpose. Towards this end, it shall have the

1 power to ask the assistance of relevant government officials and
2 qualified private individuals to act as a compulsory mediator on
3 cases referred to it.

4 **SEC. 7. *Organization.*** – The Director of BHFS shall
5 organize its operations in such divisions and units as will
6 ensure efficiency and effectiveness, subject to the approval of
7 the Secretary of Health and the Secretary of Department of Budget
8 and Management.

9 **SEC. 8. *Minimum Qualifications for Appointment as Chief***
10 ***Executive Officer, Chief Operating Officer, or Administrative Officer.***

11 – The Chief Executive Officer, Chief Operating Officer, or
12 Administrative Officer of a hospital or health facility who shall
13 be responsible for the overall management and administration
14 of the hospital or health facility; formulation of policies, plans,
15 programs and strategies to ensure implementation of health
16 standards; and the day-to-day supervision of the functional units
17 shall possess the following minimum qualifications: (a) formal
18 baccalaureate degree, preferably with a master's degree in hospital
19 administration or related course; and (b) at least five (5) years
20 experience in a supervisory or managerial position.

21 **SEC. 9. *Classification of Hospitals and Services.*** – The existing
22 classification of hospitals and services including the system, rules
23 and regulations governing their classification shall be subject to
24 automatic review by the BHFS, in consultation with relevant
25 stakeholders, within three (3) years from the effectivity of this Act
26 and thereafter as it may deem necessary. It shall take into
27 consideration the findings and recommendations made by

1 Congress, if any, and the actual situation in dealing with the
2 existing classification of hospitals and services for the purpose
3 of protecting and promoting the health of the public by ensuring
4 a minimum quality of service rendered by hospitals and other
5 regulated health facilities and to assure the safety of patients
6 and personnel.

7 Classification of health facilities and services shall only
8 be made upon the approval of the Secretary of Health after
9 mandatory consultation with representatives from government
10 and private hospital associations and patient organizations.

11 SEC. 10. *Construction Design.* - The BHFS shall review
12 and approve the construction design and plans of health facilities
13 to be constructed or which shall undergo renovation or expansion.

14 An application for the construction design of a health
15 facility shall be submitted to the BHFS in a form prescribed by
16 the latter and accompanied by a plan of the facility proposed to
17 be constructed. The approved construction design and plan issued
18 by the BHFS shall be a prerequisite for the issuance of a
19 building permit by the official of the municipality or city where
20 the facility is proposed to be constructed.

21 SEC. 11. *Application, Inspection, and Issuance of License*
22 *to Operate.* - All health facilities shall be duly licensed by
23 the BHFS in accordance with Republic Act No. 11032 or the
24 "Ease of Doing Business and Efficient Government Service Delivery
25 Act of 2018" before such facilities are allowed to operate or be
26 opened to the public.

1 An application of a health facility for the issuance of a
2 license to operate, including its medical ancillary services, shall be
3 filed with the BHFS or its regional office using the prescribed
4 forms.

5 The license to operate shall be issued upon due compliance
6 of the applicant with the rules and regulations prescribed by the
7 BHFS pursuant to the provisions of this Act: *Provided, That* the
8 BHFS has conducted a comprehensive on-site inspection and has
9 certified that the applicant has satisfactorily complied with the
10 requisites prescribed in this Act and its IRR: *Provided, further, That*
11 an applicant shall get the approval of the Food and Drug
12 Administration (FDA) for its pharmacy and radiology facilities,
13 and the Philippine Nuclear Research Institute (PNRI) for medical
14 radiation facility.

15 The FDA, PNRI, Department of Environment and Natural
16 Resources (DENR) and other agencies involved in the regulation of
17 health facilities shall employ a one-stop-shop strategy in the
18 processing of applications through systems that are accessible to the
19 public.

20 Upon issuance of the license to operate, a health facility
21 shall be deemed included in the BHFS' registry, and in the
22 National Health Facility Registry upon the approval of
23 the DOH.

24 All licensed health facilities shall be automatically allowed to
25 participate in the National Health Insurance Program.

26 **SEC. 12. *Monitoring and Surveillance of Health Facilities.*** –
27 The BHFS shall monitor health facilities to ensure continued

1 compliance with the rules and regulations in the licensure and
2 operation of health facilities and shall perform surveillance
3 activities whenever necessary. Health facilities shall ensure
4 that key staff, records, premises and facilities are made available
5 to the BHFS' authorized regulatory officers during the monitoring
6 activity.

7 SEC. 13. *Validity and Renewal of License.* – The initial
8 license to operate issued to a health facility shall be valid for
9 a period of three (3) years from its date of issuance, and shall
10 be renewed regularly, subject to the rules and regulations to be
11 issued by the BHFS.

12 SEC. 14. *Suspension and Revocation of License.* – The BHFS,
13 after conducting an administrative hearing, may suspend or
14 revoke the license to operate and maintain a health facility of
15 any person, partnership, corporation, cooperative or association
16 upon due process for any of the following grounds:

17 (a) Violation by the licensee of any provision of this Act,
18 its rules and regulations or any other existing law; and

19 (b) Failure to make necessary corrections or adjustments
20 required by the BHFS in the improvement or maintenance of
21 facilities and services.

22 SEC. 15. *Appeal.* – The orders, rulings or decisions of the
23 BHFS shall be appealable to the Secretary of Health.

24 SEC. 16. *Separate Licenses Required.* – Separate licenses
25 shall be required for health facilities and services or branches
26 thereof maintained in separate premises even though they are
27 operated under the same management: *Provided, however, That*

1 separate licenses shall not be required for separate buildings
2 in the same compound: *Provided, further,* That the approval of
3 the designs and plans for construction or renovation of buildings
4 within the same compound shall also be secured from the BHFS
5 to determine compliance with standards and requirements herein
6 authorized.

7 **SEC. 17. Nontransferability of License.** -- A license to
8 operate shall not be transferable. The BHFS shall be notified
9 of any change in ownership and/or change of name of the health
10 facility. Transfer of the location or site of the facility shall require an
11 application for a new license.

12 **SEC. 18 Penalties.** -- Any person, partnership, association,
13 cooperative or corporation that establishes, operates, conducts,
14 manages or maintains a health facility and renders health and
15 ancillary services within the meaning of this Act without first
16 obtaining a license, or violates any provision of this Act or its IRR
17 shall be liable to a fine of not less than Fifty thousand pesos
18 (P50,000.00) but not to exceed One hundred thousand pesos
19 (P100,000.00) for the first offense, not less than One hundred
20 thousand pesos (P100,000.00) but not to exceed Five hundred
21 thousand pesos (P500,000.00) for the second offense, and not less
22 than Five hundred thousand pesos (P500,000.00) but not to exceed
23 One million pesos (P1,000,000.00) for the third and subsequent
24 offenses. After the third offense, the license of the health facility
25 shall be revoked. Each day that the health facility and services
26 operates after the first violation shall be considered a subsequent
27 offense.

1 In addition to the penalties specified in the preceding
2 paragraph, the BHFS may summarily order the closure of any
3 health facility or other related facility found operating without
4 a license or revoke the license to operate of any health facility
5 after due process. Facilities may only reapply for a new license
6 to operate one (1) year after revocation of its license.

7 **SEC. 19. Appropriations.** – The initial amount necessary to
8 implement the provisions of this Act shall be charged against
9 the current year's appropriation of the DOH. Thereafter, such
10 sum as may be necessary for the continued implementation of
11 this Act shall be included in the annual General Appropriations Act.

12 **SEC. 20. Mandatory Review.** – Congress shall undertake a
13 mandatory review of this Act at least once every five (5) years
14 and as often as it may deem necessary with the primary objective
15 of overseeing the implementation of this Act and reviewing the
16 accomplishments and the utilization of income of the BHFS.

17 **SEC. 21. Implementing Rules and Regulations.** – The
18 Secretary of Health, upon the recommendation of the BHFS,
19 FDA, PNRI, and other concerned agencies and after consultation
20 with recognized health facilities, associations, patients'
21 organizations and other civil society organizations, shall issue
22 the rules and regulations implementing the provisions of this
23 Act within ninety (90) days from its effectivity.

24 **SEC. 22. Separability Clause.** – If any part or provision
25 of this Act shall be held unconstitutional or invalid, other
26 provisions hereof which are not affected shall continue to be
27 in full force and effect.

1 SEC. 23. *Repealing Clause.* - Republic Act No. 4226,
2 otherwise known as the "Hospital Licensure Act", is hereby
3 repealed. Presidential decrees, executive orders, rules and
4 regulations and other issuances or parts thereof which are
5 inconsistent with the provisions of this Act are hereby repealed,
6 amended or modified accordingly.

7 SEC. 24. *Effectivity.* - This Act shall take effect fifteen (15)
8 days after its publication in the *Official Gazette* or in a newspaper
9 of general circulation.

Approved,

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