

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



22 NOV 29 P5:17

SENATE

S. No. 1571

RECEIVED BY:

Introduced by SENATOR RAMON BONG REVILLA, JR.

**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"**

EXPLANATORY NOTE

The COVID-19 pandemic has led to the growth, evolution and expansion of health service provisions in an unprecedented means. This global phenomenon has forced the transformation of health regulations to adapt into the changing times. Relatedly, 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).

The measure provides for the upgrading of critical technical guidelines and infrastructure to enable the DOH to cope with the challenges of ensuring a high quality of health facilities and services. The management of a benchmarking system will improve quality and efficiency in health regulation, ensure accessibility with respect to necessary health facilities and address the increasing cost of health services.

According to a study conducted by the DOH in 2017, the increasing health care cost, particularly hospital care, is a reality recognized by both the government and other health stakeholders. 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, particularly for the disadvantaged sector of the population.

This bill proposes to strengthen the regulation of health facilities and services by authorizing the 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 advice; collect fees; and conduct administrative hearings and impose penalties.

In view of establishing a whole-of-industry regulation to health facilities, the passage of this bill is earnestly sought.



RAMON BONG REVILLA, JR.

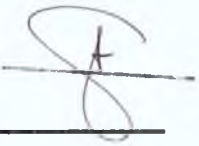
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Short Title.* - This Act shall be known as the "*Health Facilities*
2 *Regulation Act of 2022*".

3 Sec. 2. *Definition of Terms.* - For purposes of this Act, the following terms are
4 hereby defined as follows:

5 a. *Health Facilities* refer to institutions whether stationary or mobile, land based
6 or otherwise and other health related establishments which provide diagnostic,
7 therapeutic, rehabilitative, and other health care services, except hospital
8 pharmacies;

9 b. *License* refers to a formal authorization Issued by the Department of Health
10 (DOH) to an Individual, partnership, corporation or association to operate a
11 health facility or services. It is a prerequisite for accreditation of a hospital and
12 other health facilities by any accrediting body that is recognized by the DOH;

13 c. *Licensee* refers to the person, partnership, corporation, cooperative or
14 association granted a license to operate and maintain a health facility or serves
15 according to an approved standard set by the Bureau;

- 1 d. *Department of Health-Permit to Conduct (DOH-PTC)* refers to a permit issued
2 by DOH through the Health Facilities and Services Regulatory Bureau (HFSRB)
3 to an applicant who will establish and operate a hospital or other health facility,
4 upon compliance with required documents set forth in this order prior to the
5 actual construction of the said facility. A DOH-PTC is also required for hospitals
6 and other health facilities with substantial alteration, expansion, renovation,
7 increase in the number of beds or for additional services (add-ons) beyond their
8 service capability. It is a prerequisite for License to Operate;
- 9 e. *Registration* refers to the act or process of entering information about a health
10 facility into the records of the public health system.

11 *Sec. 3. Bureau of Health Facilities and Services (BHFS).* - The Health Facilities
12 and Services Regulatory Bureau (HFSRB) is hereby renamed as the Bureau of Health
13 Facilities and Services (BHFS) herein referred to as the Bureau, which shall be created
14 in the DOH. The Bureau shall be under the Office of the Secretary and shall have the
15 following functions, powers and duties:

- 16 a. To promulgate, establish and prescribe rules, regulations, standards,
17 requirements and specifications in the construction and operation of health
18 facilities and impose penalties for violations of such;
- 19 b. To inspect and monitor all health facilities and other related facilities to ensure
20 their continued compliance with the rules and regulations in accordance with
21 this Act, and to make recommendations to the directors or administrators of
22 health facilities for the correction of deficiencies found during the inspections;
- 23 c. To study and adopt a system of classifying health facilities and other related
24 facilities in the Philippines;
- 25 d. To review and approve construction designs and plans for all health facilities
26 including renovation or expansion of the same, in accordance with the
27 provisions of this Act;
- 28 e. To determine, levy, assess and collect the appropriate permit fee, registration
29 fee, license fee and surcharges pertinent to the operation of facilities and
30 services, except in cases where charges or rates are established by international
31 bodies or associations of which the Philippines is a participating member or by

1 bodies recognized by the Philippine government as the proper arbiter of such
2 charges or rates;

3 f. To coordinate and call the assistance of any department, office, agency or
4 instrumentality of the national or local government and other entities concerned
5 with any aspect involving health facilities for the effective implementation of
6 this Act;

7 g. To maintain a register of health facilities and other related facilities with licenses
8 indicating the name of the facility, address or location, classification, name of
9 the director or administrator, ownership, number of authorized beds and such
10 other pertinent data as may be necessary;

11 h. To promulgate and implement the rules and regulations governing the
12 registration, licensure and operations of health facilities and related facilities,
13 and to periodically review and amend the same, subject to the approval of the
14 Secretary and in consultation with the sectors concerned: *Provided*, That such
15 rules and regulations shall be in accordance with the provisions of this Act;

16 i. To grant a certificate of license for the operation and maintenance of health
17 facilities and services, and to suspend or revoke the same in accordance with
18 the provisions of this Act;

19 j. To hire and train competent individuals and provide qualifications of personnel
20 to be designated as regulatory officers;

21 k. To submit annual reports to the Secretary of Health, and the Chairpersons of
22 the Committees on Health of both Houses of Congress; and

23 l. To perform such other functions necessary to carry out the duties prescribed
24 under this Act.

25 *Sec. 4. Quasi-Judicial Powers.* - To carry out its tasks more effectively, the
26 Bureau shall be vested with the following quasi-judicial powers:

27 a. To investigate, hear and decide administrative cases initiated by the Bureau or
28 filed by any person against a health facility or health service establishment
29 violating any provision of this Act and its implementing rules and regulations
30 and to impose appropriate administrative sanctions or penalties provided in this
31 Act;

- 1 b. To promulgate rules governing the conduct of administrative hearings:
2 *Provided*, That in such proceedings, the Bureau shall not be bound by the
3 technical rules of evidence of the Rules of Court: *Provided, further*, that the
4 latter may be applied in a suppletory manner;
- 5 c. To administer oaths and affirmations, and to issue subpoena *duces tecum* and
6 *ad testificandum*, requiring the production of such books, contracts,
7 correspondence, records, statement of accounts and other documents and the
8 attendance and testimony of parties and witnesses, as may be material to the
9 investigation being conducted by the Bureau;
- 10 d. To exercise contempt powers and impose appropriate penalties;
- 11 e. To cause the prosecution of all cases involving violations of this Act and its
12 implementing rules and regulations;
- 13 f. To summarily order the closure of health facilities and other related facilities
14 operating without a license; and
- 15 g. To preventively suspend health facilities found during inspection or monitoring
16 to have committed gross violations of the standards or rules and regulations,
17 such as non-compliance to the approved construction design; any fraudulent,
18 unscrupulous activities, false claims or misrepresentations; operating with
19 unlicensed or unqualified health personnel; and the commission or omission of
20 any act which may result to serious injury, permanent disability or loss of life
21 of patient or staff, or would compromise public safety.

22 *Sec. 5. Mandatory Conciliation-Mediation.* - The Bureau shall exert all efforts
23 towards the amicable settlement of an administrative case within its jurisdiction on or
24 before the first hearing. Towards this end, it shall have the power to ask the assistance
25 of relevant government officials and qualified private individuals to act as a compulsory
26 mediator on cases referred to it.

27 *Sec. 6. Registration and License.* - The Bureau shall facilitate the delivery of
28 high-quality and cost-effective health care by promoting competition among health
29 facilities. Towards this end, all hospitals and other health facilities, government or
30 private, shall be registered and duly licensed by the Bureau before such facilities are
31 allowed to operate or be opened to the public. Both public and private health facilities
32 shall be required to apply for the permit to construct and license to operate.

1 *Sec. 7. Organization.* - The Director of the Bureau shall, subject to the approval
2 of the Secretary of Health, organize its personnel in such divisions and units as will
3 ensure efficiency and effectiveness.

4 The Bureau shall establish, operate and maintain a regional office in each of
5 the administrative regions of the country to enforce regulatory policies and standards
6 for the licensing, accreditation, and monitoring of health facilities to ensure quality
7 health care. In order to allow the Bureau to carry out its functions and responsibilities,
8 the Secretary of Health shall hire additional personnel, as deemed necessary. The
9 head of the Bureau shall make the necessary recommendations to the Secretary of
10 Health regarding the number of competencies of additional personnel to be hired.

11 *Sec. 8. Minimum Qualifications for Appointment as Chief Executive Officer,*
12 *Chief Operating Officer, or Administrative Officer.* - The Chief Executive Officer, Chief
13 Operating Officer, or Administrative Officer of a hospital or health facility who shall be
14 responsible for the overall management and administration of the hospital;
15 formulation of policies, plans, programs and strategies to ensure implementation of
16 health standards; and the day-to-day supervision of the functional units shall possess
17 any of the following minimum qualifications:

- 18 a. Formal baccalaureate degree, preferably with a master's degree in hospital
19 administration or related course; or
20 b. At least five (5) years' experience in a supervisory or managerial position.

21 *Sec. 9. Classification of Hospitals and Other Health Facilities.* - The existing
22 classification of hospitals and other health facilities including the system, rules and
23 regulations governing their classification shall be subject to automatic review by the
24 Bureau, in consultation with relevant stakeholders, within three (3) years from the
25 effectivity of this Act and thereafter as it may deem necessary. It shall take into
26 consideration the findings and recommendations made by Congress, if any, and the
27 actual situation in dealing with the existing classification of hospitals and other health
28 facilities for the purpose of protecting and promoting the health of the public by
29 ensuring a minimum quality of service rendered by hospitals and other regulated
30 health facilities and to assure the safety of patients and personnel. Classification of
31 health facilities and other related facilities shall only be made upon the approval of the

1 Secretary of Health after mandatory consultation with representatives from
2 government and private hospital associations and patient organizations.

3 Sec. 10. *Construction Design.* - The Bureau shall review and approve the
4 construction design and plans of health facilities or related facilities to be constructed
5 or which shall undergo renovation or expansion. An application for the construction
6 design of a health facility or other related facility shall be submitted to the Bureau in
7 a form prescribed by the latter and accompanied by a plan of the facility proposed to
8 be constructed. The approved construction design and plan Issued by the Bureau shall
9 be a prerequisite for the issuance of a building permit by the official of the municipality
10 or city where the facility is proposed to be constructed. All Level III government
11 hospitals to be constructed shall include in its design the provision of geriatric ward.

12 Sec. 11. *Application, Inspection, and Issuance of License to Operate (LTO).* -
13 All health facilities shall be duly licensed by the Bureau, in accordance with Republic
14 Act No. 11032 or the "*Ease of Doing Business Act*", before such facilities are allowed
15 to operate or be opened to the public. An application of a health facility for the
16 issuance of a License to Operate (LTO), including its medical ancillary services, shall
17 be filed with the Bureau or its Regional office using the prescribed forms. The LTO
18 shall be issued upon due compliance of the applicant with the rules and regulations
19 prescribed by the Bureau pursuant to the provisions of this Act: *Provided*, That the
20 Bureau has conducted a comprehensive on-site inspection and has certified that the
21 applicant has satisfactorily complied with the requisites prescribed in this Act and its
22 implementing rules and regulations (IRR). *Provided, further*, that an applicant shall
23 get the approval of the Food and Drug Administration (FDA) for its pharmacy or
24 Philippine Nuclear Research Institute (PNRI) for medical radiation facility.

25 The FDA, PNRI, Department of Environment and Natural Resources (DENR)
26 and other agencies involved in the regulation of health facilities shall employ a One
27 Stop Shop strategy in the processing of applications through systems that are
28 accessible to the public. Upon issuance of the LTO, a health facility shall be included
29 in the Bureau's registry and in the National Health Facility Registry upon the approval
30 of the DOH. All licensed health facilities shall be automatically allowed to participate
31 in the National Health Insurance Program.

1 Sec. 12. *Validity and Renewal of License.* - The initial license to operate and
2 maintain a health facility or other related facility shall be valid for a period of three (3)
3 years from its date of issuance, and shall be renewed regularly, subject to the rules
4 and regulations to be issued by the Bureau.

5 Sec. 13. *Suspension and Revocation of License.* - The Bureau, after conducting
6 an administrative hearing, with due notice to the licensee, may suspend or revoke the
7 license to operate and maintain a health facility or other related facility of any person,
8 partnership, corporation or association for any of the following grounds:

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

14 Sec. 14. *Appeal.* - The orders, rulings or decisions of the Bureau shall be
15 appealable to the Secretary of Health.

16 Sec. 15. *Separate Licenses Required.* - Separate licenses shall be required for
17 health facilities or other related facilities or branches thereof maintained in separate
18 premises even though they are operated under the same management: *Provided,*
19 however, That separate licenses shall not be required for separate buildings in the
20 same compound: *Provided, further,* That the approval of the designs and plans for
21 construction or renovation of buildings within the same compound shall also be
22 secured from the Bureau to determine compliance with standards and requirements
23 herein authorized.

24 Sec. 16. *Non-Transferability of License.* - A license for the operation of a health
25 facility or other related facility shall not be transferable. The Bureau shall be notified
26 of any change in ownership, change of name of the health facility or other related
27 facility. Transfer of location of the facility shall require an application for a new license.

28 Sec. 17. *Penalties.* - Any person, partnership, association, or corporation who
29 establishes, operates, conducts, manages or maintains a health facility or other related
30 facility within the meaning of this Act without first obtaining a license, or violates any
31 provision of this Act or its Implementing Rules and Regulations shall be liable to a fine
32 of not less than Fifty Thousand Pesos (P50,000.00) but not to exceed One Hundred

1 Thousand Pesos (P100,000.00) for the first offense, not less than One Hundred
2 Thousand Pesos (P100,000.00) but not to exceed Five Hundred Thousand Pesos
3 (P500,000.00) for the second offense, and not less than Five Hundred Thousand Pesos
4 (P500,000.00) but not to exceed One billion Pesos (P1,000,000.00) for the third and
5 subsequent offenses. After the third offense, the license of the hospital shall be
6 revoked. Each day that the health facility or other related facility operates after the
7 first violation shall be considered a subsequent offense. In addition to the penalties
8 specified in the preceding paragraph, the Bureau may summarily order the closure of
9 any health facility or other related facility found operating without a license or revoke
10 the license to operate of any health facility or other related facility after due process.
11 Facilities may only re-apply for a new LTO one (1) year after revocation of its license.

12 *Sec. 18. Income Retention.* - To ensure that the Bureau shall have full authority
13 to utilize its income and enhance its capacity to expand and to improve the quality of
14 its services, it is hereby authorized to retain and utilize one hundred percent (100%)
15 of its income generated from various fees and surcharges without remitting the same
16 to the Bureau of Treasury. In no case shall the retained income be used for the
17 payment of salaries and other personnel benefits. The retained income shall be
18 deposited in an authorized government depository bank recommended by the DOH,
19 the DBM, and the Department of Finance (DOF).

20 *Sec. 19. Appropriations.* - The current appropriations of the DOH under the
21 General Appropriations Act (GAA) shall be used to carry out the initial implementation
22 of this Act. Thereafter, such sums as may be necessary for the continued
23 implementation of this Act shall be included in the succeeding GAA.

24 *Sec. 20. Mandatory Review.* - With the primary objective of overseeing the
25 implementation of this Act and reviewing the accomplishments and the utilization of
26 income of the Bureau, Congress shall undertake a mandatory review of this Act at
27 least once every five (5) years and as often as it may deem necessary.

28 *Sec. 21. Implementing Rules and Regulations (IRR).* - The Secretary of Health,
29 upon the recommendation of the Bureau, FDA, PNRI, and other concerned agencies
30 and after consultation with recognized health facilities, associations, patients'
31 organizations and other civil society organizations, shall issue the IRR to implement
32 the provisions of this Act within ninety (90) days from its effectivity.

1 Sec. 22. *Separability Clause.* - If any portion of this Act shall be held invalid or
2 unconstitutional, such invalidity or unconstitutionality shall not affect the other
3 provisions hereof. and shall remain in full force and effect.

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

9 Sec. 24. *Effectivity Clause.* - This act shall take effect fifteen (15) days after its
10 complete publication either in the Official Gazette or in at least two (2) newspapers of
11 general circulation in the Philippines.

Approved,