



Republic of the Philippines

# HOUSE OF REPRESENTATIVES

Quezon City, Metro Manila

NINETEENTH CONGRESS

First Regular Session



HOUSE BILL NO. 3040

Introduced by

**HON. CHRISTOPHERSON “COCO” M. YAP**

## EXPLANATORY NOTE

This measure seeks to modernize the regulation of health facilities in the country by repealing the more than half-a-century-old Republic Act No. 4226 and providing for a new regulatory paradigm.

This measure vests in the Bureau of Health Facilities and Services (BHSF) the power to regulate the entire health facility industry. This policy is a shift in the country's regulatory paradigm concerning hospitals, as the current Hospital Licensure Act only regulates individual and specific health facilities. The BHSF may exercise this regulatory power from the health facility's construction to classification, monitoring, and inspection.

Quasi-judicial functions are also entrusted to BHSF, enabling it to conduct investigations and hearings and to decide administrative cases against erring health facilities and establishments.

Diagnostic, therapeutic, and rehabilitative centers and other health facilities, which were beyond the regulatory ambit of the Hospital Licensure Act, will now be covered under the regulatory framework that the BHSF will promulgate.

Thus, we request support for enacting this measure in the 19th Congress.



CHRISTOPHERSON "COCO" M. YAP  
Representative, Second District of Southern Leyte



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## 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 the House of Representatives of the Philippines in  
Congress assembled:*

1 SECTION 1. **Short Title.** – This Act shall be known as the “Health Facilities and  
2 Services Regulation Act”.

3

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

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

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12 a) *Health Facilities* - refer to facilities or institutions, whether stationary  
13 or mobile, land based or otherwise, and other health related

14 establishments which provide for any of the following services: diagnostic,  
15 therapeutic, rehabilitative, and other health care services except medical  
16 radiation facilities and hospital-based or stand-alone pharmacies;

17  
18 b) *Health Services* - refer to services that may be preventive, diagnostic,  
19 therapeutic, rehabilitative, palliative, and other similar ones that are  
20 provided by non-health related establishments or entities including third  
21 party ambulance services and other emerging services;

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24 c) *License* - refers to a formal authorization issued by the Department of  
25 Health (DOH) to an individual, partnership, corporation or association  
26 to operate health facilities and provide health services. It is a prerequisite  
27 to the accreditation of a hospital and recognition of competence to provide  
28 services by any accrediting body that is recognized by the DOH;

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30 d) *Licensee* - refers to the person, partnership, corporation, cooperative or  
31 association granted a license to operate and maintain a health facility and  
32 provide health services according to an approved standard set by the  
33 Bureau of Health Facilities and Services (BHFS);

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35 e) *Permit to Construct (PTC)* - refers to a permit issued by the DOH  
36 through the BHFS to an applicant who shall establish and operate a  
37 hospital, upon compliance with required documents prior to the actual  
38 construction of the said facility.

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

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

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

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

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

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

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

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

f) To determine, levy, assess and collect the appropriate permit fee,

78 registration fee, license fee and surcharges pertinent to the operation of  
79 facilities and provision of health services except in cases where charges or  
80 rates are established by international bodies or associations of which the  
81 Philippines is a participating member or by bodies recognized by the  
82 Philippine government as the proper arbiter of such charges or rates;

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84 g) To coordinate and call the assistance of any department, office, agency  
85 or instrumentality of the national or local government and other entities  
86 concerned with any aspect involving health facilities for the effective  
87 implementation of this Act;

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89 h) To maintain a registry of health facilities and services and other related  
90 facilities with licenses indicating the name of the facility, address or  
91 location, classification, name of the director or administrator, ownership,  
92 number of authorized beds and such other pertinent data as may be  
93 necessary;

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95 i) To promulgate and implement the rules and regulations governing the  
96 registration, licensure and operations of health facilities and services and  
97 to periodically review and amend the same, subject to the approval of the  
98 Secretary of Health and in consultation with the sectors concerned:  
99 Provided, That such rules and regulations shall be in accordance with the  
100 provisions of this Act;

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102 j) To grant regulatory authorizations such as permits and licenses for the  
103 construction, operation and maintenance of health facilities and services,  
104 and to suspend or revoke the same in accordance with the provisions of  
105 this Act;

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107 k) To hire and train competent individuals and provide qualifications of  
108 personnel to be designated as regulatory officers;

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110 l) To submit yearly reports to the Secretary of Health, and the  
111 Chairpersons of the Committee on Health of the House of Representatives  
112 and the Committee on Health and Demography of the Senate of the  
113 Philippines; and

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

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

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121 a) To investigate, hear and decide administrative cases initiated by the  
122 BHFS or filed by any person against a health facility or health service  
123 establishment violating any provision of this Act and its implementing  
124 rules and regulations and to impose appropriate administrative sanctions  
125 or penalties provided in this Act;

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127 b) To promulgate rules governing the conduct of administrative  
128 investigations and hearings: Provided, That in such proceedings, the BHFS  
129 shall not be bound by the technical rules of evidence of the Rules of Court:  
130 Provided, further, That the latter may be applied in a suppletory manner;

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132 c) To administer oaths and affirmations, and to issue subpoena duces  
133 tecum and ad testificandum, requiring the production of such books,  
134 contracts, correspondence, records, statement of accounts and other  
135 documents and the attendance and testimony of parties and witnesses, as  
136 may be material to the investigation being conducted by the BHFS;

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

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

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

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

**SEC. 6. Mandatory Conciliation-Mediation.** – The BHFS shall exert all efforts toward the amicable settlement of an administrative case within its jurisdiction on or before the first hearing set for the purpose. Toward this end, it shall have the power to ask the assistance of relevant government officials and qualified private individuals to act as a compulsory mediator on cases referred to it.

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

**SEC. 8. Minimum Qualifications for Appointment as Chief Executive Officer, Chief Operating Officer, or Administrative Officer.** – The Chief Executive Officer, Chief Operating Officer, or Administrative Officer of a hospital or health facility who shall be responsible for the overall management and administration of the hospital or health facility; formulation of policies, plans, programs and strategies to ensure implementation of health standards; and the day-to-day supervision of the functional units shall

174 possess the following minimum qualifications: a) formal baccalaureate  
175 degree, preferably with a master's degree in hospital administration or  
176 related course; and b) at least five (5) years experience in a supervisory or  
177 managerial position.

178

179 **SEC. 9. Classification of Hospitals and Services.** - The existing classification of  
180 hospitals and services including the system, rules and regulations  
181 governing their classification shall be subject to automatic review by the  
182 BHFS, in consultation with relevant stakeholders, within three (3) years  
183 from the effectivity of this Act and thereafter as it may deem necessary. It  
184 shall take into consideration the findings and recommendations made by  
185 Congress, if any, and the actual situation in dealing with the existing  
186 classification of hospitals and services for the purpose of protecting and  
187 promoting the health of the public by ensuring a minimum quality of  
188 service rendered by hospitals and other regulated health facilities and to  
189 assure the safety of patients and personnel.

190

191 Classification of health facilities and services shall only be made upon the  
192 approval of the Secretary of Health after mandatory consultation with  
193 representatives from government and private hospital associations and  
194 patient organizations.

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196 **SEC. 10. Construction Design.** – The BHFS shall review and approve the  
197 construction design and plans of health facilities to be constructed or  
198 which shall undergo renovation or expansion.

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200 An application for the construction design of a health facility shall be  
201 submitted to the BHFS in a form prescribed by the latter and accompanied  
202 by a plan of the facility proposed to be constructed. The approved  
203 construction design and plan issued by the Bureau shall be a prerequisite  
204 for the issuance of a building permit by the official of the municipality or  
205 city where the facility is proposed to be constructed.

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**SEC. 11. Application, Inspection, and Issuance of License to Operate.** – All health facilities shall be duly licensed by the BHFS in accordance with Republic Act No. 11032 or the “Ease of Doing Business Act” before such facilities are allowed to operate or be opened to the public.

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

The license to operate 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: Provided, That the BHFS 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): Provided further, That an applicant shall get the approval of the Food and Drug Administration (FDA) for its pharmacy and radiology facilities, and the Philippine Nuclear Research Institute (PNRI) for medical radiation facility.

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

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

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

238 SEC. 12. Monitoring and Surveillance of Health Facilities. – The BHFS  
239 shall monitor health facilities to ensure continued compliance with the  
240 rules and regulations in the licensure and operation of health facilities and  
241 shall perform surveillance activities whenever necessary. Health facilities  
242 shall ensure that key staff, records, premises and facilities are made  
243 available to the BHFS’ authorized regulatory officers during the  
244 monitoring activity.

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246 **SEC. 13. Validity and Renewal of License.** - The initial license to operate issued to  
247 a health facility shall be valid for a period of three (3) years from its date  
248 of issuance, and shall be renewed regularly, subject to the rules and  
249 regulations to be issued by the BHFS.

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251 **SEC. 14. Suspension and Revocation of License.** - The BHFS, after conducting an  
252 administrative hearing, may suspend or revoke the license to operate and  
253 maintain a health facility of any person, partnership, corporation or  
254 association upon due process for any of the following grounds:

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

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259 (b) Failure to make necessary corrections or adjustments required by the  
260 Bureau in the improvement or maintenance of facilities and services.

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

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265 **SEC. 16. Separate Licenses Required.** - Separate licenses shall be required for health  
266 facilities and services or branches thereof maintained in separate premises  
267 even though they are operated under the same management: Provided,  
268 however, That separate licenses shall not be required for separate  
269 buildings in the same compound: Provided, further, That the approval of

270 the designs and plans for construction or renovation of buildings within  
271 the same compound shall also be secured from the Bureau to determine  
272 compliance with standards and requirements herein authorized.

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274 **SEC. 17. Non-Transferability of License.** – A license to operate shall not be  
275 transferable. The BHFS shall be notified of any change in ownership,  
276 change of name of the health facility. Transfer of the location or site of  
277 the facility shall require an application for a new license.

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279 **SEC. 18. Penalties.** - Any person, partnership, association, or corporation that  
280 establishes, operates, conducts, manages or maintains a health facility and  
281 renders health and ancillary services within the meaning of this Act  
282 without first obtaining a license, or violates any provision of this Act or  
283 its implementing rules and regulations shall be liable to a fine of not less  
284 than Fifty thousand pesos (P50,000.00) but not to exceed One hundred  
285 thousand pesos (P100,000.00) for the first offense, not less than One  
286 hundred thousand pesos (P100,000.00) but not to exceed Five hundred  
287 thousand pesos (P500,000.00) for the second offense, and not less than  
288 Five hundred thousand pesos (P500,000.00) but not to exceed One million  
289 pesos (P1,000,000.00) for the third and subsequent offenses. After the  
290 third offense, the license of the health facility shall be revoked. Each day  
291 that the health facility and services operates after the first violation shall  
292 be considered a subsequent offense.

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294 In addition to the penalties specified in the preceding paragraph, the BHFS  
295 may summarily order the closure of any health facility or other related  
296 facility found operating without a license or revoke the license to operate  
297 of any health facility after due process. Facilities may only re-apply for a  
298 new license to operate one (1) year after revocation of its license.

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300 **SEC. 19. Appropriations.** – The initial amount necessary to implement the  
301 provisions of this Act shall be charged against the current year's

302 appropriation of the DOH. Thereafter, such sum as may be necessary for  
303 the continued implementation of this Act shall be included in the annual  
304 General Appropriations Act.

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

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312 **SEC. 21. Implementing Rules and Regulations.** - The Secretary of Health, upon the  
313 recommendation of the BHFS, FDA, PNRI, and other concerned agencies  
314 and after consultation with recognized health facilities, associations,  
315 patients’ organizations and other civil society organizations, shall issue the  
316 rules and regulations implementing the provisions of this Act within ninety  
317 (90) days from its effectivity.

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319 **SEC. 22. Separability Clause.** - If any part or provision of this Act shall be held  
320 unconstitutional or invalid, other provisions hereof which are not affected  
321 shall continue to be in full force and effect.

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323 **SEC. 23. Repealing Clause.** – Republic Act No. 4226, otherwise known as the  
324 “Hospital Licensure Act,” is hereby repealed. Presidential decrees,  
325 executive orders, rules and regulations and other issuances or parts thereof  
326 which are inconsistent with the provisions of this Act are hereby repealed,  
327 amended or modified accordingly.

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

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332 Approved,