

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

SENATE

S. No. 333

Introduced by Senator Antonio "Sonny" F. Trillanes IV

Explanatory Note

Government hospitals while receiving subsidy from the National Government, cannot utilize their income for their maintenance and other operating expenses. Similar to other income generating agencies of the government, these hospitals are required by law to remit their income back to the national treasury.

This practice of disallowing government hospitals from spending their income for MOOE limits the hospital's capability to expand and improve. It is precisely the primary reason that government hospitals fail to deliver quality and efficient basic health services for the people.

In view of this counterproductive system, this representation is filing this proposed measure to give more meaning to the autonomy of government hospitals in the area of physical and operational development. This can be achieved by granting them the authority to utilize their income for their maintenance and other operating expenses.

Approval of this bill, therefore, is earnestly sought.


ANTONIO "SONNY" F. TRILLANES IV
Senator

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U. S. J. - E. 1118

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AN ACT

AUTHORIZING GOVERNMENT HOSPITALS UNDER THE DEPARTMENT OF HEALTH (DOH) TO RETAIN AND UTILIZE ALL THEIR INCOME AND INTEREST DERIVED FROM DEPOSITS, FOR MAINTENANCE AND OTHER OPERATING EXPENSES, CAPITAL OUTLAYS AND FOR OTHER PURPOSES

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

1 **SECTION 1. Utilization of Hospital Income.** - All government hospitals under the
2 Department of Health (DOH) are hereby authorized to retain and utilize one hundred percent
3 (100%) of their income, which include hospital fees from in-house services and facilities, income
4 derived from nonpatient-related services such as rental fees, parking fees,
5 affiliation/medical/professional fees, interview and tour fees, and income derived from interest
6 on account deposits, without necessarily remitting the same to the Bureau of Treasury.

7
8 **SEC. 2. Trust Fund.** - A trust fund constituting the income collected shall be established
9 for the maintenance and other operating expenses, capital outlays for the purpose of equipment
10 and infrastructure projects including construction, improvement and/or renovation of hospital
11 facility and for other purposes recommended by the Board of the said hospital: *Provided*, That
12 pharmacy income or proceeds from the sale of drugs and medicines and laboratory income shall
13 be considered as a revolving fund and shall be specifically utilized by the hospital pharmacy and
14 laboratory for purposes as may be determined by the DOH: *Provided, further*, That no amount of
15 the said income shall be used for payment of salaries and other allowances of employees.

16 The trust fund shall be deposited in an authorized government depository bank/s
17 recommended by the DOH, the Department of Finance (DOF) and the Department of Budget and
18 Management (DBM).

1 **SEC. 3. Hospital Board.** - There shall be established a board in each national hospital
2 retained under the DOH with the chief or head of the hospital concerned as chairman and the
3 following as members:

4 (1) A senator;

5 (2) A congressman of the congressional district where the hospital is located;

6 (3) A representative of the Philippine Hospital Association (PHA);

7 (4) A representative of the Philippine Medical Association (PMA);

8 (5) A representative of nongovernment organizations (NGOs) involved in health
9 services;

10 (6) A representative of the religious sector;

11 (7) A representative of the private sector; and

12 (8) A representative of the rank and file employees.

13 The Chairman of the Senate Committee on Health shall choose from among the senators
14 who shall represent the Senate as a member of each of the retained national hospital health
15 board.

16 The representatives from the PHA, the PMA and NGOs involved in health services,
17 religious sector and private sector in the hospital health boards shall be appointed by the
18 chairman of the respective health boards. The representative of the rank and file employees shall
19 be voted upon by the entire members of the rank and file.

20 The hospital health board shall monitor the collection and determine the utilization of the
21 hospital income, and perform such other functions as may be deemed necessary for the effective
22 management of the said income.

23 The Board shall meet at least once a week or as often as may be necessary.

24 A majority of the members of the board shall be present during meetings when income
25 utilization proposals are prepared and considered.

26 Members thereof who are not government officials or employees shall be entitled to
27 necessary traveling expenses and allowances chargeable against the funds.

1 **SEC. 4. *Audit and Reports.***- Expenditures under this Act shall be subject to existing
2 auditing rules and regulations. In addition, the retained hospitals shall submit quarterly reports of
3 income and utilization thereof to the DBM and the Committee on Health of both Houses of
4 Congress.

5
6 **SEC. 5. *Implementing Rules and Regulations.***- The DOH, in coordination with the
7 DOF, the DBM and the Commission on Audit (COA), shall formulate the necessary rules and
8 regulations for the effective implementation of this Act within sixty (60) days from its approval.

9
10 **SEC. 6. *Separability Clause.***- If any provision of this Act is held invalid by a competent
11 court, any other provision not affected thereby shall continue to be valid and effective.

12
13 **SEC. 7. *Repealing Clause.***- Any laws, presidential decree, executive orders and letters of
14 instruction which are inconsistent with any of the provisions of this Act are hereby repealed or
15 amended accordingly.

16
17 **SEC. 8. *Effectivity.***- This Act shall take effect fifteen (15) days after its publication in
18 any newspaper of general circulation.

Approved,