



## HOUSE OF REPRESENTATIVES

H. No. 4546

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BY REPRESENTATIVE GARIN (J.), PER COMMITTEE REPORT NO. 882

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AN ACT CONVERTING THE WESTERN VISAYAS MEDICAL CENTER  
IN ILOILO CITY INTO A GOVERNMENT-OWNED AND  
-CONTROLLED HOSPITAL CORPORATION WITH THE SAN  
JOAQUIN MUNICIPAL HOSPITAL IN THE MUNICIPALITY OF  
SAN JOAQUIN, PROVINCE OF ILOILO, AS ITS SUBSIDIARY  
AND APPROPRIATING FUNDS THEREFOR

*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 Western  
2 Visayas Medical Center Charter”.

3           SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the  
4 State to adopt an integrated and comprehensive approach to health  
5 development which shall endeavor to make essential goods, health and other  
6 social services available to all the people at affordable cost; to prioritize the  
7 needs of the underprivileged, the sick, elderly, disabled, women and children;  
8 to provide free medical care to paupers; to establish and maintain an effective  
9 food and drug regulatory system; and to undertake appropriate health  
10 manpower development and research responsive to the country’s health needs  
11 and problems.

1 In pursuit of the Health Sector Reform Program undertaken by the  
2 national government in coordination with other health partners, this Act shall  
3 be anchored on these principles:

4 (a) Public health is a measure of the equitable distribution of wealth  
5 and sustainable economic growth;

6 (b) The citizens are entitled to a hospital care delivery system that is  
7 affordable, accessible and acceptable;

8 (c) Service provision to less-privileged and indigent patients shall be  
9 prioritized hence requiring necessary policy directions and financial support,  
10 closer cooperation with local government units and other partners;

11 (d) Fiscal and management autonomy of the Western Visayas Medical  
12 Center will lead to better quality and more efficient delivery of health services;  
13 and

14 (e) *The corporate form of organization will give hospital administrators*  
15 *the necessary flexibility for the effective stewardship of hospital assets, funds,*  
16 *management and personnel supervision.*

17 SEC. 3. *Conversion of the Western Visayas Medical Center.* – The  
18 Western Visayas Medical Center at Mandurriao, Iloilo City, hereinafter  
19 referred to as the WVMC, is hereby converted into a government-owned and  
20 -controlled hospital corporation with the San Joaquin Municipal Hospital at the  
21 Municipality of San Joaquin, Province of Iloilo as its subsidiary.

22 SEC. 4. *Duration and Conditions of Existence.* – The conversion of  
23 the WVMC as a government-owned and -controlled hospital corporation, with  
24 the San Joaquin Municipal Hospital as its subsidiary, shall be completed within  
25 a period of five (5) years from the effectivity of this Act which may be  
26 extended for another term of five (5) years by the Department of Health  
27 (DOH), subject to the termination clause that such failure amounts to an  
28 ineffective management of the hospital and jeopardizes the delivery of hospital

1 and medical services, or as subsequent legislation may provide: *Provided,*  
2 That during this transition, it will be monitored closely based on predetermined  
3 performance indices by the National Center for Health Facility Development  
4 (NCHFD)-in order to determine the applicability of corporate restructuring:  
5 *Provided, however,* That if these performance targets are not met or if  
6 backsliding is noted within five (5) years and/or if no significant improvement  
7 occurs after ten (10) years, the Secretary of Health may recommend to  
8 Congress the revocation of this Act: *Provided, further,* That upon revocation  
9 of this Act, the WVMC shall revert as a budgetary line agency under the DOH  
10 and the San Joaquin Municipal Hospital shall revert to the local government of  
11 San Joaquin for disposition in accordance with law: *Provided, finally,* That the  
12 DOH shall formulate the implementing rules and regulations (IRR) to carry out  
13 this reversion.

14 SEC. 5. *General Objectives.* – This Act has the following general  
15 objectives:

16 (a) To provide the Filipino people with a more affordable, quality and  
17 timely hospital care through a more efficient health service delivery system;  
18 and

19 (b) To institute reforms in the organization, administration and  
20 financial management of the WVMC as a means of reducing the cost and  
21 improving the quality of public health care.

22 SEC. 6. *Purposes.* – The WVMC, with the San Joaquin Municipal  
23 Hospital as its subsidiary, shall have the following purposes:

24 (a) To provide and maintain affordable, quality and timely hospital  
25 care through a more efficient health service delivery system with priority for  
26 the needs of the underprivileged, sick, elderly, disabled, women and children,  
27 and resources permitting to provide free medical care to indigent citizens;

1           (b) To promote the development of hospital facilities of the WVMC,  
2 advancement in medical technology and establishment of health care providers  
3 for the underprivileged;

4           (c) To foster hospital and medical service operation conducive to the  
5 efficient delivery of service to the public;

6           (d) To promote, encourage and engage in scientific research in the  
7 prevention of diseases and the care and treatment of patients and related  
8 activities, including scholarship and conduct of relevant congresses,  
9 conventions, seminars and conferences;

10          (e) To encourage and undertake the training of physicians, nurses,  
11 medical technicians, health officers, social workers and other health  
12 professionals on the practical and scientific conduct and implementation of  
13 health and medical services, and related activities; and

14          (f) To extend services pursuant to the goals, objectives and rules of the  
15 National Health Insurance Program (NHIP).

16          SEC. 7. *Powers and Functions.* – The WVMC and its subsidiary, the  
17 San Joaquin Municipal Hospital, shall have the following powers and  
18 functions:

19           (a) To acquire, hold and own in any manner, property of whatever  
20 nature or description, and to dispose of such property under any mode of  
21 encumbrance or conveyance;

22           (b) To enter into and carry out contracts of every kind and for any  
23 lawful purpose with any person, firm, association or corporation, whether  
24 public or private, domestic or foreign;

25           (c) To mortgage, lease, sell, transfer, convey or otherwise dispose of its  
26 properties;

1 (d) To solicit and receive donations, endowments and funds in the form  
2 of contributions, whether in cash or in kind, from both the public and private  
3 sectors and from domestic or foreign sources;

4 (e) To open such accounts in banks and other financial institutions, and  
5 to disburse such funds or invest the same as the Board of Trustees may direct  
6 to accomplish or advance the purposes or interest of the WVMC Corporation;

7 (f) To invite foreign or local health specialists and similar experts in  
8 the various medical fields to train the personnel, trainees or residents of the  
9 WVMC Corporation;

10 (g) To send the personnel of the WVMC Corporation to research  
11 institutes, medical institutes or universities for advance training or observation  
12 and to attend international or regional conventions, conferences, congresses or  
13 seminars as the Board of Trustees may deem necessary to accomplish the  
14 purposes and objectives of the WVMC Corporation;

15 (h) To enter into such agreements and arrangements with other medical  
16 or similar institutions, domestic or foreign, as may be deemed desirable by the  
17 Board of Trustees toward promoting the purposes and objectives of the  
18 WVMC Corporation;

19 (i) To adopt a set of bylaws, rules and regulations consistent with law  
20 and the provisions hereof to govern the administration and operation of the  
21 WVMC Corporation; and

22 (j) To do all such other acts and things as are or may be necessary for  
23 or incidental to the accomplishment of the purposes and objectives of the  
24 WVMC Corporation.

25 SEC. 8. *Board of Trustees.* – The WVMC Corporation shall  
26 be administered by a Board of Trustees composed of ten (10) members as  
27 follows:

1 Voting members:

2 (a) The Secretary of the DOH as Chairman of the Board;

3 (b) The President of the Philippine Health Insurance Corporation or its  
4 duly authorized representative;

5 (c) The Director-General of the National Economic and Development  
6 Authority or its duly authorized representative;

7 (d) The Secretary of the Department of Budget and Management or its  
8 duly authorized representative;

9 (e) A member-representative from the Committee on Health of the  
10 House of Representatives;

11 (f) The duly elected president of the WVMC employees association,  
12 representing hospital personnel;

13 (g) A representative from local, medical and allied professional  
14 organizations;

15 (h) A representative from the people's organizations/  
16 socio-civic/nongovernment organizations;

17 (i) A representative from the business sector; and

18 Non-voting member:

19 (j) The WVMC director and chief.

20 The members of the Board of Trustees enumerated in subparagraphs (a),  
21 (b), (c), (d), (e), (f) and (j) shall serve as *ex officio* members. The members of  
22 the Board of Trustees enumerated in subparagraphs (g), (h) and (i) shall be  
23 appointed by the Secretary of Health for the first or initial appointees, and then  
24 by the Board of Trustees for subsequent appointees.

25 The appointive members of the Board of Trustees shall serve for a term  
26 of three (3) years and may be reappointed up to a maximum of two (2) terms,  
27 while the *ex officio* members mentioned in subparagraphs (a), (b), (c), (d), (e),

1 (f) and (j) shall serve as members of the Board of Trustees for the duration of  
2 their incurabency.

3 No person shall be appointed member of the Board of Trustees unless  
4 he/she is a citizen and a resident of the Philippines, of good moral character  
5 and has attained proficiency, expertise and recognized competence in one or  
6 more of the following fields: hospital finance and administration, medical  
7 care, public health care, government rules and regulations, law, business  
8 management and marketing. The members of the Board of Trustees shall have  
9 at least five (5) years experience in their fields of expertise.

10 The Board of Trustees shall be governed by a set of bylaws which shall  
11 contain, but not limited to, their responsibilities, accountabilities and cause of  
12 termination.

13 SEC. 9. *Corporate Officers.* - The Board of Trustees shall appoint  
14 a Secretary of the Board and such other officers as may be deemed necessary  
15 to carry out its objectives. Selection of the corporate officers must be based on  
16 the fundamental and specific qualifications prescribed by existing laws.

17 SEC. 10. *Chief Executive Officer.* - The present chief and director of  
18 the WVMC shall assume the position of Chief Executive Officer (CEO) of the  
19 Corporation: *Provided*, That the CEO shall be in charge of the usual and  
20 regular course of business of the Corporation and shall be accountable to the  
21 Board of Trustees of the Corporation who has the power of removal or  
22 replacement for reasons of fraud, incompetence, dishonesty and other similar  
23 grounds and after due process: *Provided, however*, That in case of vacancy of  
24 the office previously occupied by the Director of the WVMC, the next CEO  
25 shall be appointed by the Board of Trustees of the WVMC: *Provided, finally*,  
26 That the CEO appointed by the Board shall only serve the unexpired term of  
27 office of the predecessor.

1           SEC. 11. *Corporate Structure.* – The WVMC shall follow the  
2 standard corporate structure to be formulated by the DOH Central Office in  
3 coordination with different agencies.

4           SEC. 12. *Executive Committee and Other Committees.* – The Board of  
5 Trustees may, by resolution approved by the majority of all its members, create  
6 an Executive Committee of not more than five (5) members and other  
7 committees with such powers and functions as may be delegated to them by the  
8 Board: *Provided, That,* at least three (3) members of the Executive Committee  
9 shall be members of the Board of Trustees: *Provided, however, That,* the  
10 committees so created shall keep regular minutes of its proceedings and report  
11 the same to the Board whenever required: *Provided, finally,* That the Board of  
12 Trustees shall have the power to change the members of such committees at  
13 any time or dissolve such committees with or without cause.

14           SEC. 13. *Board of Trustees' Meetings and Quorum.* – The Board  
15 of Trustees shall hold meetings at least once a month. Special meetings may  
16 be convened at the call of the Chairman or by the majority of the members of  
17 the Board of Trustees. The Chairman or the designated representative shall  
18 preside over the meetings of the Board. In the absence of the Chairman or the  
19 representative, a temporary presiding officer shall be designated by the  
20 majority of the quorum.

21           Six (6) members of the Board of Trustees shall constitute a quorum to  
22 transact business and the vote of the majority of those present, there being a  
23 quorum, shall constitute valid and binding act of the WVMC: *Provided,*  
24 *however,* That the affirmative vote of at least six (6) members of the Board is  
25 required on the following matters:

- 26           (a) Adoption or changes of policy;  
27           (b) Investment of the WVMC funds;



1 (c) Contracting loans, except as may be provided for in the  
2 implementing rules and regulations (IRR) of this Act where a vote of a  
3 majority of those present, there being a quorum, shall suffice as to a specified  
4 certain amount of loan borrowed;

5 (d) Appointment, discipline and termination of the WVMC hospital  
6 chief or director. The appointment, discipline and termination of other officers  
7 and employees shall be by a vote of a majority of those present, there being a  
8 quorum; and

9 (e) Authority to use corporate assets as collateral for loans and  
10 borrowings.

11 SEC. 14. *Compensation of Nongovernment Members of the Board of*  
12 *Trustees.* – The appointive nongovernment members of the Board of Trustees  
13 shall be entitled to honorarium for each meeting actually attended at such  
14 amount as may be fixed by the Board in accordance with existing laws, rules  
15 and regulations.

16 The members of the Board of Trustees, by resolution of the majority of  
17 the members in good standing of the Corporation, may claim expenses for  
18 attendance in regular or special meetings of the Board: *Provided, however,*  
19 *That actual and necessary traveling expenses of the members of the Board*  
20 *while engaged in serving the interests of the Corporation and in pursuit of its*  
21 *defined objectives and purposes may be allowed by special resolution of the*  
22 *Board.*

23 SEC. 15. *Property of the WVMC and the San Joaquin Municipal*  
24 *Hospital.* – The property of the WVMC and the San Joaquin Municipal  
25 Hospital shall consist of such real, personal and other type of property now  
26 owned by it or reserved for or may hereafter be given, donated, acquired,  
27 transferred or conveyed to it by the Philippine government, its branches and  
28 instrumentalities, or any foreign government, as well as by trust, foundation,

1 corporations or persons, alien or domestic, in order to carry out its purposes  
2 and objectives as set forth herein.

3 SEC. 16. *Assistance from Other Government Offices.* – The WVMC  
4 may call upon any department, bureau, office, agency or instrumentality of the  
5 government, including government-owned or -controlled corporations, for  
6 technical assistance in the pursuit of its purposes and objectives.

7 Said offices, agencies, institutions or other entities are hereby enjoined  
8 to render full assistance and cooperation to the WVMC in the accomplishment  
9 of its objectives and activities.

10 SEC. 17. *Loans.* – The Corporation is hereby authorized to contract  
11 loans, credits and other indebtedness in any convertible foreign currency, from  
12 time to time, from foreign governments, or any international financial  
13 institutions or fund sources, or any other entities, on such terms and conditions  
14 it shall deem appropriate for the accomplishment of its purposes and to enter  
15 into and execute agreements specifying such terms and conditions.

16 The property and assets of the Corporation may be used as collateral for  
17 its loans and borrowings.

18 SEC. 18. *Exemption of Donations from Taxes and Duties.* – Any  
19 donation, contribution, bequest and grant which may be made to the WVMC  
20 shall be exempt from the donor's tax and the same shall be considered as  
21 allowable deduction from the gross income in the computation of the income  
22 tax of the donor in accordance with the provisions of the National Internal  
23 Revenue Code (NIRC), as amended: *Provided*, That such donations shall not  
24 be disposed of, transferred or sold.

25 SEC. 19. *Continuous and Subsequent Government Appropriations.* –  
26 The amounts necessary for the operation and maintenance to further improve  
27 the hospital facilities of the WVMC and to continuously subsidize their

1 indigent patients based on the Department of Health Medical Social Worker  
2 classification shall be included in the annual General Appropriations Act.

3 SEC. 20. *Auditor.* – The Commission on Audit shall appoint an  
4 auditor of the WVMC and such personnel as may be necessary to assist said  
5 auditor.

6 SEC. 21. *Civil Service Law Coverage for Employees.* – The hiring,  
7 appointment, promotion, discipline and other terms and conditions of the  
8 service of all employees of the WVMC and the San Joaquin Municipal  
9 Hospital shall be consistent with the provisions of the civil service law, rules  
10 and regulations, except as otherwise provided for in this Act.

11 SEC. 22. *Salaries, Benefits and Other Compensation.* – The salaries,  
12 benefits and other compensation of the officers and employees of the WVMC  
13 and the San Joaquin Municipal Hospital shall be in accordance with the  
14 existing compensation and position classification system.

15 SEC. 23. *Early Retirement and Separation Benefits.* – The officials  
16 and employees of the WVMC and the San Joaquin Municipal Hospital  
17 voluntarily opting for separation or retirement shall be entitled to the benefits  
18 provided for under existing laws.

19 SEC. 24. *Implementing Rules and Regulations (IRR).* – Within fifteen  
20 (15) days from completion of membership, the Board of Trustees shall  
21 convene to formulate the rules and regulations necessary for the  
22 implementation of this Act which shall be issued within six (6) months after the  
23 approval of this Act. The IRR shall adopt appropriate provisions of issuances  
24 of government agencies on corporate organizational structures as well as  
25 corporate governance.

26 SEC. 25. *Suppletory Application of Corporation Code.* – The  
27 provisions of the Corporation Code shall have suppletory application on  
28 matters not provided for in this Act.

1           SEC. 26. *Reports.* – The Corporation shall submit periodic or other  
2 reports as may be required from time to time by the DOH, within three (3)  
3 months after the end of every fiscal year.

4           SEC. 27. *Transfer of Personnel, Assets, Records and Equipment.* – All  
5 personnel, assets, funds, records, equipment and liabilities of the WVMC and  
6 the San Joaquin Municipal Hospital are hereby transferred to and shall  
7 henceforth appertain to the WVMC as a Corporation and the San Joaquin  
8 Municipal Hospital as its subsidiary.

9           SEC. 28. *Separability Clause.* – If any part, section or provision of  
10 this Act is held invalid or unconstitutional, the other parts or provisions not  
11 affected thereby shall remain in force and effect.

12           SEC. 29. *Repealing Clause.* – All other laws, decrees, orders,  
13 issuances, rules and regulations that are inconsistent with the provisions of this  
14 Act are hereby repealed, amended or modified accordingly.

15           SEC. 30. *Effectivity.* – This Act shall take effect fifteen (15) days after  
16 its publication in the *Official Gazette* or in any newspaper of general  
17 circulation.

Approved,

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