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BY REPRESENTATIVES GARIN AND PINGOY, PER COMMITTEE REPORT  
No. 2604

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AN ACT CONVERTING THE WESTERN VISAYAS MEDICAL  
CENTER INTO A GOVERNMENT-OWNED AND -CONTROLLED  
HOSPITAL CORPORATION WITH THE SAN JOAQUIN  
MUNICIPAL HOSPITAL 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  
2 Conversion of the Western Visayas Medical Center to a Government-Owned  
3 and -Controlled Hospital Corporation (GOCC) with the San Joaquin Municipal  
4 Hospital as its Subsidiary”.

5           SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the  
6 State to adopt an integrated and comprehensive approach to health  
7 development which shall endeavor to make essential goods, health and other  
8 social services available to all the people at affordable cost; to prioritize the  
9 needs of the underprivileged, sick, elderly, disabled, women and children; to  
10 provide free medical care to paupers; to establish and maintain an effective

1 food and drug regulatory system; and to undertake appropriate health  
2 manpower development and research responsive to the country's health needs  
3 and problems.

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

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

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

11 (c) Service provision to less privileged and indigent patients shall be  
12 prioritized hence requiring necessary policy directions and financial support,  
13 closer cooperation with local government unit (LGU) and other partners;

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

17 (e) The corporate form of organization will give hospital administrators  
18 the necessary flexibility for the effective stewardship of hospital assets, funds,  
19 management and personnel supervision.

20 *SEC. 3. Name and Domicile.* - The Western Visayas Medical Center,  
21 with principal office at Mandurriao, Iloilo City, hereinafter referred to as the  
22 WVMC, is hereby converted into a pilot government-owned and -controlled  
23 hospital corporation, hereinafter referred to as the Corporation, with the  
24 San Joaquin Municipal Hospital as its subsidiary, with principal office at  
25 San Joaquin, Iloilo.

26 *SEC. 4. Duration and Conditions of Existence.* - The conversion of  
27 the WVMC as a government-owned and -controlled corporation, with the San  
28 Joaquin Municipal Hospital as its subsidiary, shall be for a period of five (5)

1 years to commence at the beginning of the fiscal year 2010 up to the end of  
2 fiscal year 2015 and shall be extendable for another term of five (5) years upon  
3 the discretion of the Department of Health (DOH) subject to the termination  
4 clause provided hereunder or as subsequent legislation may provide.

5 During this transition, it will be monitored closely based on  
6 predetermined performance indices by the National Center for Health Facility  
7 Development (NCHFD) in order to determine the applicability of corporate  
8 restructuring. If these said performance targets are not met or if backsliding is  
9 noted within five (5) years and/or if no significant improvement occurs after  
10 ten (10) years, upon the recommendation of the Secretary of Health, this  
11 corporation Act shall be revoked and the WVMC shall revert as a budgetary  
12 line agency under the DOH and the San Joaquin Municipal Hospital shall  
13 revert to the local government of San Joaquin. In this event, the DOH shall  
14 formulate the implementing rules and regulations (IRR) to carry out this  
15 reversion.

16 SEC. 5. *General Objectives.* - This Act has the following general  
17 objectives:

18 (a) Provide the Filipino people with a more affordable, quality and  
19 timely hospital care through a more efficient health service delivery system;  
20 and

21 (b) Institute reforms in the organization, administration and financial  
22 management of the WVMC as a means of reducing the cost and improving the  
23 quality of public health care.

24 SEC. 6. *Purposes.* - The WVMC, with the San Joaquin Municipal  
25 Hospital as its subsidiary, shall have the following purposes:

26 (a) To provide and maintain affordable, quality and timely hospital  
27 care through a more efficient health service delivery system with priority for

1 the needs of the underprivileged sick, elderly, disabled, women and children,  
2 and resources permitting to provide free medical care to indigent citizens;

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

6 (c) To foster hospital and medical service operation conditions  
7 conducive to the efficient delivery service to the public;

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

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

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

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

21 (a) To enter into contracts with any person or entity, domestic or  
22 foreign, and with the government for the undertaking of the varied aspects of  
23 hospital and health care operation, including the acquisition, by way of  
24 purchase, lease or rent or other deferred payment arrangements of equipment  
25 and/or raw materials and supplies, as well as for service connected therewith  
26 under such terms and conditions as it may deem proper and reasonable;

27 (b) To borrow money from local and foreign sources as may be  
28 necessary for its operations;

- 1 (c) To invest its funds as it may deem proper and necessary in any  
2 activity related to hospital or medical care operations, including any bonds or  
3 securities issued and guaranteed by the government of the Philippines;
- 4 (d) To authorize such expenditures by the Corporation in the interest of  
5 effective administration and operation of the Corporation;
- 6 (e) To hold and acquire rights over lands of the areas permitted to  
7 corporations, associations and persons by statute;
- 8 (f) To engage in export and import business of medicines, medical  
9 equipment, hospital supplies and medical technology, as well as in related  
10 activities;
- 11 (g) To acquire assets, real or personal, or interest therein, and  
12 encumber or otherwise dispose the same as it may deem proper and necessary  
13 in the conduct of its business;
- 14 (h) Subject to existing laws and regulations, if it deems necessary, to  
15 establish and maintain such communication system, whether by radio,  
16 telegraph or any other manner;
- 17 (i) To establish and maintain offices or other units anywhere as may be  
18 needed by the Corporation and reorganize or abolish the same as it may deem  
19 proper;
- 20 (j) To exercise the right of eminent domain as may be necessary for the  
21 purpose which the Corporation is created;
- 22 (k) Subject to payment of the proper amount, to enter private lands for  
23 purposes of conducting medical experiment, research and studies in connection  
24 with hospital and medical care operations;
- 25 (l) To acquire easement over public and private lands necessary for the  
26 purpose of carrying out any work essential to its hospital and medical care  
27 operations, subject to payment of reasonable consideration;

1 (m) To establish and maintain administrative, management,  
2 professional and technical educational systems for the sustained development  
3 of the necessary manpower to manage and operate its affair and business;

4 (n) To create position items and hire personnel to fill up such created  
5 positions;

6 (o) To promulgate such rules and regulations as may be necessary to  
7 carry out the purpose of this Act;

8 (p) To adopt and use a corporate seal which shall be judicially noticed;

9 (q) To sue and be sued;

10 (r) To accept any gift, contribution, endowment, grant, bequest and  
11 device of any kind of real or personal property which are necessary and proper  
12 for the attainment of the purposes of the Corporation;

13 (s) To exercise the general powers mentioned in the Corporation Law,  
14 insofar as they are not inconsistent or incompatible with this Act;

15 (t) To perform such acts and exercise such functions as may be  
16 necessary for the attainment of the purposes and objectives herein specified;  
17 and

18 (u) To perform such other functions as may be provided by law.

19 SEC. 8. *Board of Trustees.* - The affairs and business of the WVMC  
20 and its subsidiary, the San Joaquin Municipal Hospital, shall be directed and  
21 its properties managed and preserved and its corporate powers exercised,  
22 unless otherwise provided in this charter, by a Board of Trustees, which shall  
23 be composed of ten (10) members, as follows:

24 Voting members:

25 (a) The Secretary of the Department of Health as Chairman of the  
26 Board;

27 (b) The President of the Philippine Health Insurance Corporation or  
28 his/her duly authorized representative;

1 (c) The Director-General of the National Economic and Development  
2 Authority or his/her duly authorized representative;

3 (d) The Secretary of the Department of Budget and Management or  
4 his/her duly authorized representative;

5 (e) The representative of the Committee on Health of the House of  
6 Representatives;

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

9 (g) A representative from local, medical and allied professional  
10 organization;

11 (h) A representative from the people's organization/socio-civic/  
12 nongovernment organization; and

13 (i) A representative from the business sector,

14 Non-voting member:

15 (j) The WVMC Director (Medical Center Chief as Chief Executive  
16 Officer).

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

22 The appointive members of the Board of Trustees shall serve for a term  
23 of three (3) years who may be appointed for a maximum of two (2) terms;  
24 while the *ex officio* members mentioned in subparagraphs (a), (b), (c), (d), (e),  
25 (f) and (j) shall serve as members of the Board of Trustees for the duration of  
26 their incumbency.

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

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

11           SEC. 9. *Corporate Officers.* – The Board of Trustees shall appoint a  
 12 Secretary of the Board and such other officers as may be deemed necessary.  
 13 Selection of the corporate officers must be based on the fundamental and  
 14 specific qualifications prescribed by existing laws.

15           SEC. 10. *Chief Executive Officer.* – The present Director of the WVMC  
 16 shall assume the position of Chief Executive Officer (CEO) of the Corporation.  
 17 As CEO he/she shall be in-charge of the usual and regular course of business  
 18 of the Corporation and shall be accountable to the Board of Trustees of the  
 19 Corporation who can remove or replace him/her for a cause for reasons of  
 20 fraud, incompetence, dishonesty and other similar grounds and after due  
 21 process. In case of vacancy after the assumption of office by the present  
 22 Director of the WVMC, the next CEO shall be appointed by the Board of  
 23 Trustees of the WVMC.

24           SEC. 11. *Corporate Structure.* – The WVMC should follow the  
 25 standard corporate structure to be formulated by the DOH Central Office in  
 26 coordination with different agencies.



1           SEC. 12. *Executive Committee and Other Committees.* - The Board of  
2 Trustees may, by resolution passed by the majority of all its members, create  
3 an Executive Committee of not more than five (5) members who shall be  
4 appointed by the Board of Trustees. At least three (3) members of the  
5 Executive Committee shall be members of the Board of Trustees. The  
6 Executive Committee shall have and exercise all such powers as may be  
7 delegated to it by the Board of Trustees. The Executive Committee shall keep  
8 regular minutes of its proceedings and report the same to the Board of Trustees  
9 whenever required. The Board of Trustees shall have the power to change the  
10 members of the Executive Committee at any time, to fill vacancies therein and  
11 to discharge or dissolve such committee either with or without cause.

12           The majority of all the members of the Board of Trustees may, by  
13 resolution, create other committees with such powers and functions as may be  
14 delegated to them by the Board of Trustees. All such committees shall keep a  
15 record of their proceedings and report the same to the Board of Trustees,  
16 whenever required. The Board of Trustees shall have the power to appoint and  
17 remove the members of such committees and may, at any time, with or without  
18 cause, dissolve any of such committees.

19           SEC. 13. *Board of Trustees' Meetings and Quorum.* - The Board of  
20 Trustees shall hold meetings at least once a month. Special meetings may be  
21 convened at the call of the Chairman or by the majority of the members of the  
22 Board of Trustees. The Chairman or his/her designated representative shall  
23 preside over the meeting of the Board of Trustees. In the absence of the  
24 Chairman or his/her representative, a temporary presiding officer shall be  
25 designated by the majority of the quorum. Six (6) members of the Board of  
26 Trustees shall constitute a quorum to transact business, and the vote of the  
27 majority of those present, there being a quorum, shall constitute valid and

1 binding act of the WVMC. However, the affirmative vote of at least six (6)  
2 members of the Board is required on the following matters:

3 (a) Adoption or changes of policy;

4 (b) Investment of the WVMC funds;

5 (c) Contracting loans, except as may be provided for in the IRR where  
6 a vote of a majority of those present, there being a quorum, shall suffice as to  
7 specified certain amount of loan borrowed;

8 (d) Appointment, discipline and termination of the WVMC Hospital  
9 Chief Executive Officer/Director. The appointment, discipline and termination  
10 of other officers and employees shall be by a vote of a majority of those  
11 present, there being a quorum; and

12 (e) Authority to use corporate assets as collateral for loans and  
13 borrowings.

14 SEC. 14. *Compensation of Nongovernment Members of the Board of*  
15 *Trustees.* -- The appointive nongovernment members of the Board of Trustees  
16 shall be entitled to honorarium for each meeting actually attended at rates in  
17 accordance with existing laws, rules and regulations.

18 However, all members of the Board of Trustees, by resolution of the  
19 majority of the members in good standing of the Corporation, claim expenses  
20 for attendance in regular or special meetings of the Board of Trustees. Actual  
21 and necessary traveling expenses of the members of the Board of Trustees  
22 while engaged in serving the interests of the Corporation and in pursuit of its  
23 defined objectives and purposes may be allowed by special resolution of the  
24 Board of Trustees.

25 SEC. 15. *Property of the WVMC and the San Joaquin Municipal*  
26 *Hospital.* -- The property of the WVMC and San Joaquin Municipal Hospital  
27 shall consist of such real, personal, mix and other type of property now owned  
28 by it or reserved for or may hereafter be given, donated, acquired, transferred

1 or conveyed to it by the Philippine government, its branches and  
2 instrumentalities, or any foreign government, as well as by trust, foundation,  
3 corporations or persons, alien or domestic, in order to carry out its purposes  
4 and objectives as set forth herein.

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

9       All individuals, entities and institutions are hereby enjoined to render  
10 full assistance and cooperation to the WVMC in the accomplishment of its  
11 objectives and activities.

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

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

20       SEC. 18. *Donations.* – Any donation, contribution, bequest and grant  
21 which may be made to the WVMC shall be exempt from the donor's tax and  
22 the same shall be considered as allowable deduction from the gross income in  
23 the computation of the income tax of the donor in accordance with the  
24 provisions of the National Internal Revenue Code (NIRC) of 1997, as  
25 amended: *Provided,* That such donations shall not be disposed of, transferred  
26 or sold.

1           SEC. 19. *Continuous and Subsequent Government Appropriations.* -  
2   Amounts as may be necessary to further improve hospital facilities, support the  
3   continued operation and maintenance of the WVMC and to continuously  
4   subsidize their indigent patients based on the Department of Health Medical  
5   Social Worker classification shall be appropriated in the annual General  
6   Appropriations Act.

7           SEC. 20. *Auditor.* - The Commission on Audit shall appoint a  
8   representative who shall be the auditor of the WVMC and such personnel as  
9   may be necessary to assist said representative in the performance of his/her  
10   duty.

11          SEC. 21. *Civil Service Law Coverage for Employees.* - The hiring,  
12   appointment, promotion, discipline and other terms and conditions of the  
13   service of all employees of the WVMC and the San Joaquin Municipal  
14   Hospital shall be consistent with the provisions of the Civil Service law, rules  
15   and regulations, except as otherwise provided for in this Act.

16          SEC. 22. *Salaries, Benefits and Other Compensation.* - The salaries,  
17   benefits and other compensation of the officers and employees of the WVMC  
18   shall be in accordance with the existing compensation and position  
19   classification system.

20          SEC. 23. *Early Retirement and Separation Benefits.* - Officials and  
21   employees of the WVMC and the San Joaquin Municipal Hospital voluntarily  
22   opting for separation or retirement shall be entitled to the benefits provided for  
23   under existing laws.

24          SEC. 24. *Non-registration with the Securities and Exchange*  
25   *Commission.* - The WVMC, as a government-owned and -controlled hospital  
26   corporation, with the San Joaquin Municipal Hospital as its subsidiary, shall be  
27   governed by its charter and prohibited from being registered in the Securities  
28   and Exchange Commission (SEC) as a private corporation.

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

8           SEC. 26. *Events of Early Termination*. – (a) In the event a law has  
9 been passed and approved by Congress revoking the conversion of the WVMC  
10 into a Corporation and the San Joaquin Municipal Hospital as its subsidiary.

11           (b) In the event that the Corporation shall fail to perform or to meet  
12 pre-arrange indicators or to a degree such that in a reasonable opinion of the  
13 Secretary of the DOH, such failure amounts to an ineffective management of  
14 the hospital and it jeopardizes the delivery of hospital and medical services.

15           SEC. 27. *Supplementary Application of Corporation Code*. – The  
16 provisions of the Corporation Code shall have supplementary application in  
17 matters not provided for in this Act.

18           SEC. 28. *Reports*. – The Corporation shall, within three (3) months  
19 after the end of every fiscal year, submit such periodic or other reports as may  
20 be required of it from time to time to the DOH.

21           SEC. 29. *Transfer of Personnel, Assets, Records and Equipments*. –  
22 All personnel, assets, funds, records, equipments and liabilities of the WVMC  
23 and the San Joaquin Municipal Hospital are hereby transferred to and shall  
24 henceforth appertain to the WVMC as a Corporation and the San Joaquin  
25 Municipal Hospital as its subsidiary.

26           SEC. 30. *Effect of Dissolution of the Center*. – If, for any reason, the  
27 WVMC is dissolved, its property and personnel remaining at the time of such

1 dissolution shall revert to the DOH and the San Joaquin Municipal Hospital  
2 shall revert to the local government of San Joaquin for disposition in  
3 accordance with law.

4       SEC. 31. *Separability Clause.* - If any part, section or provision of  
5 this Act is held invalid or unconstitutional, the other parts or provisions not  
6 affected thereby shall remain in force and effect.

7       SEC. 32. *Repealing Clause.* - All other laws, decrees, orders,  
8 issuances, rules and regulations that are inconsistent with the provisions of this  
9 Act are hereby repealed, amended or modified accordingly.

10       SEC. 33. *Effectivity.* - This Act shall take effect fifteen (15) days  
11 after its publication in the *Official Gazette* or in any newspaper of general  
12 circulation.

Approved,

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