



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

MAR 22 2013

Administrative Order

No. ~~2013-0016~~ *NY* 2006-0004-C

SUBJECT: Amendment of Administrative Order No. 2006-0004, as amended, hereby requiring only the Certificate of Need (CON) to new government hospitals and providing additional requirements for new general hospitals.

I. RATIONALE

On March 16, 2004, the Department of Health issued Administrative Order No. 2006-004, entitled "*Guidelines for the Issuance of Certificate of Need to Establish a New Hospital*". The primary reason for issuing said Administrative Order was to address the maldistribution of hospital beds resulting in inaccessibility and inadequacy of the hospital delivery system in most regions of the country since most hospital beds are clustered in the urban areas.

To address such inadequacy, the Department of Health issued Administrative Order No. 2006-004, as amended by AO No. 2006-0004A & B, better known as the Guidelines for the Issuance of Certificate of Need to Establish a New Hospital, by regulating the establishment of new hospitals.

Since 2004 however, it has been observed that there was no significant increase of hospital beds in rural areas. Private individuals and corporations were hesitant to establish hospitals in most regions where market forces could not guarantee a reasonable return of investment. The Certificate of Need requirement has been identified as a major deterrent in private sector investment in the hospital sector.

Recognizing the need to evaluate the previous strategy, the Department of Health deemed it necessary to revise the current requirement of Certificate of Need. The private individuals and corporations who will establish new hospitals will not be required anymore to secure a Certificate of Need and they may establish new hospitals based on their own assessment but still subject to existing rules and regulations on the standards of the hospital and other health facilities. The Department of Health as well as the local government units should instead focus on their respective health initiatives and evaluate the necessity of establishment of hospitals within their area of responsibility to maximize government resources.

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II. OBJECTIVE

To ensure access and availability of hospital services to the Filipinos, only proposed new government hospitals shall be required to secure a Certificate of Need prior to its establishment.

III. SCOPE

This Order applies to all applications for proposed new general hospitals.

IV. SPECIFIC GUIDELINES

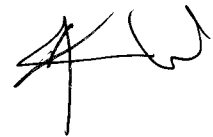
- A. The requirement for a Certificate of Need (CON) shall only apply to proposed new government general hospitals.
- B. Private individuals or corporations who shall establish new general hospitals shall no longer be required to secure a Certificate of Need (CON) from the Centers for Health Development.
- C. Proposed new private general hospitals should have at least one hundred (100) hospital beds.
- D. Proposed new private general hospitals with less than one hundred (100) beds shall apply for CON.

V. REPEALING CLAUSE

Provisions from previous issuances that are inconsistent or contrary to the provisions of this Order are hereby rescinded or modified accordingly.

VI. SEPARABILITY CLAUSE

In the event that any provision or part of this Order is declared unauthorized or rendered invalid by any court of law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

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VII. EFFECTIVITY

This Order shall take effect fifteen (15) days after its approval and publication in a newspaper of general circulation.

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ENRIQUE T. ONA, MD, MSc.
Secretary of Health

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