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January 5, 2007

ADMINISTRATIVE ORDER

No. 2007- 0001

SUBJECT: Revised Schedule of Fees for Certain Services Rendered by the Bureau of Health Facilities and Services and Centers for Health Development in Relation to the Regulation of Health Facilities and Services and Validity Period of License to Operate, Accreditation, Authority to Operate, and Clearance to Operate for Certain Health Facilities and Services

I. BACKGROUND/RATIONALE

On January 13, 2000, Executive Order No. 197 entitled *Directing All Departments, Bureaus, Commissions, Agencies, Offices and Instrumentalities of the National Government, Including Government-Owned or Controlled Corporations, To Increase Their Rates of Fees and Charges By Not Less Than Twenty Percent* was issued by the Office of the President. An earlier issuance, E.O. No. 159 s. 1994, also directed government offices to adjust their fees and charges by just and reasonable rates sufficient to cover the full cost of services rendered. However, compliance by government offices to this E.O. was poor.

Since E.O. 197, the Bureau of Health Facilities and Services (BHFS) has revised its schedule of fees for regulatory services several times, through Administrative Order No. 104 s. 2000 *Revised 2000 Schedule of Fees for Services Rendered by BLR, BRL, BFAD and NQO*; A. O. No. 102 s. 2002 for the Schedule of Fees for regulatory services for hospitals and other health facilities (i.e. Birthing Homes, Psychiatric Care Facilities); A.O. No. 118 s. for clinical laboratories; and A.O. 2005-0029 for dialysis clinics and ambulatory surgical clinics. Except for dialysis clinics and ambulatory surgical clinics, regulatory fees for health facilities have not been reviewed for the last four years.

On examination of the current fees charged by the BHFS, the fees are still very minimal compared to the actual cost of services, despite the recent adjustments. Thus for the last five years and may be even before, the Department of Health is in effect subsidizing the entry of both public and private entities in the health services market.

Under the reform mechanisms of Fourmula One for Health, the restructuring and rationalization of fees of regulatory offices is one of the strategies formulated to support and sustain the needed reforms in health regulation. When a rationalized fee schedule is coupled with an income retention policy and performance-based fund allocation, the expected outcome is improvement in the efficiency, quality of services and client-responsiveness of regulatory offices.

In consideration of all of the above, the BHFS reviewed and revised the schedule of fees for regulatory services, basing the computation of fees on cost estimates of both labor and non-labor inputs used in the provision of services. Stakeholders' comments and suggestions were taken into account in the final revisions on the fee schedule.

Another reform strategy identified in Fourmula One for Health is to make health regulation more rational and client-responsive through less frequent more intensive regulatory procedures. During the stakeholders' consultation mentioned above, as well as in other forums, it has been suggested that the validity period of a license/accreditation should be extended. Less frequent renewal of license/accreditation would be beneficial for both the regulatory offices and their clients in terms of decreased cost. In order not to compromise the safety and quality of services in the regulated health facilities, a longer validity period should be coupled with more intensive monitoring and enforcement activities by the regulatory offices. However, the extension of the validity period of the license/accreditation can only be done for certain health facilities. For others, such as hospitals and clinical laboratories, the yearly renewal of the license is mandated by law.

II. OBJECTIVES:

This Administrative Order has the following objectives:

1. Prescribe a new schedule of fees for certain services rendered by the Bureau of Health Facilities and Services and the Centers for Health Development in relation to the regulation of health facilities and services
2. Extend the validity period of the license to operate/accreditation/authority to operate/clearance to operate for certain health facilities and services

III. SCOPE

This schedule of fees shall apply to all government and private individuals and organizations applying for a permit to construct, license to operate, accreditation, authorization, registration, and/or certification for health facilities and services regulated by the Bureau of Health Facilities and the Centers for Health Development. Government-owned hospitals are exempted from payment of registration and license to operate fees for hospitals.

The extension of the validity period shall include only the following health facilities and services: Kidney Transplant Facility, Medical Facility for Overseas Workers and Seafarers, Dialysis Clinic, Water Testing Laboratory, Dental Laboratory, Blood Bank/Blood Center, Blood Collection Unit, Blood Station and Health Maintenance Organization.

IV. FEES, SURCHARGES AND DISCOUNTS

A. Schedule of Fees

The Bureau of Health Facilities and Services and the Centers for Health Development shall prescribe fees for their services related to the regulation of health facilities and services based on the schedule of fees presented below.

1. Permit to Construct Fee

Category	Permit to Construct Fee (in PHP)
Hospital	
▪ Level 1	1,500
▪ Level 2	2,000
▪ Level 3	2,500
▪ Level 4	3,000
Birthing Home	1,400
Psychiatric Care Facility	
▪ Acute-Chronic	1,500
▪ Custodial	1,500
Clinical Laboratory	
▪ Primary	1,000
▪ Secondary	1,100
▪ Tertiary	1,300
Dialysis Clinic	1,400
Ambulatory Surgical Clinic	1,400
Medical Facility for Overseas Workers and Seafarers	1,500
Drug Abuse Treatment and Rehabilitation Center	
▪ Residential	1,000
▪ Non-Residential	500

2. License to Operate Fee

a. Hospital, Birthing Home, Psychiatric Care Facility

Category	License to Operate Fee (in PHP)							
	Initial				Renewal			
	2007	2008	2009	2010	2007	2008	2009	2010
Hospital								
▪ Level 1	1,600	3,300	6,500	8,000	1,200	2,300	4,500	6,000
▪ Level 2	1,800	3,500	7,000	8,500	1,400	2,500	5,000	6,500
▪ Level 3	5,500	7,500	9,500	10,500	5,000	6,500	8,500	9,500
▪ Level 4	6,500	8,500	11,000	12,500	5,500	7,500	9,500	11,000
Birthing Home	900	1,800	3,500	4,500	600	1,200	2,500	3,000
Psychiatric Care Facility								
▪ Acute-Chronic	1,500	3,000	6,000	7,500	1,000	2,000	4,500	5,500
▪ Custodial	1,200	2,500	4,500	6,000	800	1,500	3,000	4,000

b. Hospital-Based Clinical Laboratory

Category	License to Operate Fee (in PHP)							
	Initial				Renewal			
	2007	2008	2009	2010	2007	2008	2009	2010
Primary	800	1,500	2,000	2,500	500	1,000	1,200	1,500
Secondary	1,000	2,000	2,500	3,000	700	1,200	1,600	2,000
Tertiary	2,000	3,000	3,500	4,000	1,700	2,500	3,000	3,500

c. Non-hospital-Based Clinical Laboratory

Category	License to Operate Fee (in PHP)							
	Initial				Renewal			
	2007	2008	2009	2010	2007	2008	2009	2010
Primary	900	1,800	2,500	3,000	800	1,500	2,000	2,500
Secondary	1,100	2,200	3,000	3,500	900	2,000	2,500	3,000
Tertiary	2,000	3,000	3,500	4,000	1,700	2,500	3,000	3,500

d. Other Health Facilities and Services

Category	License to Operate Fee (in PHP)	
	Initial	Renewal
Dialysis Clinic	9,500	9,500
Ambulatory Surgical Clinic	14,000	14,000
Blood Bank/Blood Center	5,000	5,000
Dental Laboratory		
▪ Primary	1,500	1,500
▪ Secondary	2,000	2,000
▪ Tertiary	2,500	2,500

3. Accreditation Fee

Category	Accreditation Fee (in PHP)	
	Initial	Renewal
Kidney Transplant Facility	38,000	38,000
Newborn Screening Center	8,500	8,500
Medical Facility for Overseas Workers and Seafarers	13,500	13,500
Occupational Establishment Dental Clinic	2,500	2,500
Private School Dental Clinic	2,500	2,500
Water Testing Laboratory	5,000	5,000
Drug Testing Laboratory		
▪ Screening	5,000	5,000
▪ Confirmatory	10,000	10,000
Drug Abuse Treatment and Rehabilitation Center		
▪ Residential	14,000	14,000
▪ Non-Residential	6,000	6,000
Drug Abuse Treatment and Rehabilitation Center Personnel		
▪ Physician	1,000	1,000
▪ Other Professional	500	500
▪ Non-Professional	500	500

4. Bond

Category	Bond (in PHP)
Medical Facility for Overseas Workers and Seafarers	50,000
Drug Testing Laboratory	20,000
Drug Abuse Treatment and Rehabilitation Center	20,000

5. Authority to Operate Fee

Category	Authority to Operate Fee (in PHP)	
	Initial	Renewal
Blood Collection Unit	1,500	1,500
Blood Station	1,400	1,400

6. Clearance to Operate Fee

Category	Clearance to Operate Fee (in PHP)	
	Initial	Renewal
Health Maintenance Organization		
▪ Stock Corporation	50,000	50,000
▪ Non-Stock or Non-Profit Cooperative/ Community-based HMO	15,000	15,000

7. Registration Fee

Category	Registration Fee (in PHP)
New Hospital / Birthing Home / Psychiatric Care Facility	200
Dental Laboratory	200

8. Certification / Authentication Fee

Category	Fee (in PHP)
Registered Hospital	50
Medical and HIV-AIDS Clearance Certificate of Overseas Filipino Worker	50

B. Additional Fee to be Charged by the CHD

The Center for Health Development may charge an additional fee of not more than twenty percent (20%) of the prescribed fee, depending on the actual costs incurred by the concerned CHD in the provision of the service.

C. Payment of Fees

The applicant, upon filing an application for permit to construct, license to operate, accreditation, registration, authority to operate, and/or clearance to operate, shall pay the corresponding fee to the Cashier of the Department of Health or the Center for Health Development in person or through postal money order.

For a permit to construct application, a second evaluation of floor plans shall not be charged the permit to construct fee. However, any subsequent re-evaluation of floor plans shall be charged the corresponding permit to construct fee.

D. Re-Survey Fee

If additional site visits or surveys are needed before the license to operate/ accreditation/authority to operate can be granted, a re-survey fee that is equal to one hundred percent (100%) of the license to operate/accreditation/authority to operate fee shall be charged to the applicant for each re-survey conducted by the BHFS or CHD, over and above the original license to operate/accreditation/authority to operate fee.

The re-survey fee shall be applicable to both initial and renewal of license to operate/ accreditation/authority to operate.

E. Discount on Renewal Fee

If an application for renewal of license to operate/accreditation/authority to operate/clearance to operate is filed within the renewal period for that particular health facility or service, a ten percent (10%) discount on the renewal fee shall be granted.

F. Surcharge

If an application for renewal of license to operate/accreditation/authority to operate/clearance to operate is filed after the expiration date, a surcharge equal to fifty percent (50%) of the renewal fee shall be imposed.

G. Review of Schedule of Fees

The Bureau of Health Facilities and Services shall review and revise the schedule of fees on a regular basis.

Section IV.B to IV.G of this Administrative Order shall be applicable to all fees for regulatory services that will be set by the BHFS in the future.

V. VALIDITY PERIOD

The validity period of the license to operate/accreditation/authority to operate/clearance to operate for the following health facilities and services shall be increased to three (3) years.

To compensate for the longer validity period and to ensure compliance to regulatory standards, the BHFS and the CHD shall intensify monitoring and enforcement activities.

Category	Validity Period	
	Previous	New
Kidney Transplant Facility	2 years	3 years
Medical Facility for Overseas Workers and Seafarers	2 years	3 years
Dialysis Clinic	2 years	3 years
Water Testing Laboratory	2 years	3 years
Dental Laboratory	1 year	3 years
Blood Bank/Blood Center	1 year	3 years
Blood Collection Unit	1 year	3 years
Blood Station	1 year	3 years
Health Maintenance Organization	1 year	3 years

VI. SEPARABILITY CLAUSE

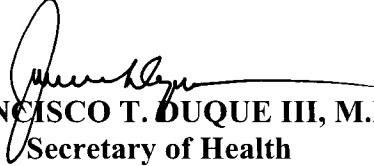
In the event that any provision or part of this Order be declared unauthorized or rendered invalid by any court of law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

VII. REPEALING CLAUSE

This Administrative Order shall repeal or supercede all administrative orders and previous issuances inconsistent thereof.

VIII. EFFECTIVITY

This Administrative Order shall take effect upon approval and publication in the official gazette or newspaper of general circulation.


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Secretary of Health