

**[DOH ADMINISTRATIVE ORDER NO. 2010 - 0035,
December 14, 2010]**

**RE-CENTRALIZATION OF THE ISSUANCES OF PERMIT TO
CONSTRUCT (PTC) FOR ALL LEVELS OF HOSPITALS, LICENSE TO
OPERATE (LTO) FOR ALL NEW HOSPITALS AND RENEWAL OF
LTO FOR LEVELS THREE (3) AND FOUR (4) HOSPITALS**

I. BACKGROUND

The primary policy directives under DOH Administrative Order No. 2007-0021 dated June 6, 2007 entitled "Harmonization and Streamlining of the Licensure System for Hospitals," were the following: 1) Establishment of One-Stop Shop Licensure System for Hospitals; and 2) Decentralization of the licensing process to the CHDs. Under the second primary policy directive, the licensing process for hospitals, both for initial License To Operate of Level 3 and Level 4 hospitals, including the issuance of the Permit To Construct, shall be decentralized to the CHDs. Based on the said Order, the CHDs assumed the regulatory functions last January 1, 2008.

Before the decentralization of the licensing process to the CHDs, the aforementioned regulatory functions specifically the evaluation for Permit To Construct (PTC) and the License To Operate (LTO) of Level 3 and Level 4 hospitals were both essentially undertaken by the Bureau of Health Facilities and Services (BHFS) of the DOH-CO, as originally mandated by and pursuant to Republic Act No. 4226 otherwise known as the Hospital Licensure Act of 1965 and its accompanying administrative issuances.

After two and a half years of implementation, the current management of the DOH-CO has decided to re-centralize the licensing and regulatory functions of the CHDs pertaining to all hospital DOH-PTC evaluations, issuance of LTO for all new hospitals and issuance of renewal of LTO for Level 3 and Level 4 hospitals back to the jurisdiction of the BHFS for the following reasons:

- a) First, the BHFS is conducting a thorough review of the criteria on Certificate of Need (CON) to establish a new general hospital as detailed under Department Circular No. 2010 - 0141. With the suspension of Certificate of Need (CON) and its related issuances, the BHFS shall map out all kinds of services being provided by every hospital particularly level 3 and level 4 hospitals;
- b) Second, decentralization is anchored on the premise that the DOH rationalization plan shall address the requisite number of personnel complement in the different regulatory offices and the CHDs. Yet, after two and a half (2 ½) years of decentralization, an approved rationalized standard staffing requirement is not evident.

- c) Third, on March 23, 2010, the BHFS, in one of its regulatory officers' dialogue, conducted a rapid survey of the existing CHD plantilla position which revealed inadequate number of technical staff among the current members of the Licensing, Regulatory and Enforcement Units of the CHDs nationwide;
- d) Last but not the least, the DOH through the BHFS by virtue of Republic Act No. 4226 or the Hospital Licensure Act of 1965 and pursuant to its subsequent administrative issuances, is the authorized regulatory body to undertake PTC and LTO applications.

In dealing with the situations above, the DOH-CO has agreed to re-centralize the licensing and regulatory functions of the CHDs pertaining to all hospital DOH-PTC evaluations, issuance of LTO for new hospitals and issuance of renewal of LTO for Level 3 and Level 4 hospitals back to the BHFS.

II. OBJECTIVE

This Order, through the re-establishment and implementation of the One-Stop Shop Licensure System for Hospitals at the DOH-CO, aims to standardize the conduct of DOH-PTC evaluations and the regulation of Level 3 and Level 4 hospitals nationwide.

III. SCOPE AND COVERAGE

This Order covers the issuance of PTC for all levels of hospitals, the issuance of LTO for all new Hospitals, any changes in the LTO of existing hospitals and renewal of LTO for Level 3 and Level 4 hospitals by the BHFS, DOH-CO.

The CHDs shall continue with their regulatory function of renewing the LTO of Level 1 and Level 2 hospitals.

IV. DEFINITION OF TERMS

For purposes of this Order, the following terms and acronyms shall have the following definition:

1. Applicant – refers to the Hospital that is applying for the issuance of a DOH-Permit to Construct (DOH-PTC) and subsequently a License to Operate (LTO) the health facility.
2. BHFS – acronym for the Bureau of Health Facilities and Services.
3. CHD – acronym for the Center for Health Development.
4. CO – acronym for the Central Office of the DOH.
5. DOH – acronym for the Department of Health.
6. DOH – PTC – refers to the DOH Permit To Construct issued by the DOH through the BHFS to an applicant who will establish and operate a

hospital, upon compliance with required documents set forth in this Order prior to the actual construction of the subject facility. It is also required for hospitals with substantial alteration, expansion or renovation, change in classification, or increase in bed capacity. It is a prerequisite for LTO.

7. FDA – acronym for the Food and Drug Administration.

8. HFERC – acronym for Health Facility Establishment Review Committee.

9. LTO – acronym for License to Operate. It is a formal authorization issued by the DOH through the BHFS or the CHD as the case may be, to an individual, partnership, corporation or association to operate a hospital and other health facilities. It is a pre-requisite for accreditation of a hospital and other health facilities by any accrediting body that is recognized by the DOH.

10. One-Stop Shop Licensure – a strategy of the DOH to harmonize the licensure of hospitals, their ancillary and other facilities including but not limited to, the clinical laboratory, HIV testing, drinking water analysis; and blood bank, blood collection unit and blood station; dialysis clinic; ambulatory surgical clinic; pharmacy and medical x-ray facility; excluding drug testing laboratories, medical facilities for overseas workers and seafarers, hospital-based drug abuse and treatment rehabilitation center, facility using radioactive material that are currently regulated by the Philippine Nuclear Research Institute (PNRI) and performance of kidney transplantation.

V. POLICIES

A. One-Stop Shop Licensure for Hospitals

1. General Policies

a) The DOH-CO through the BHFS shall implement the One-Stop Shop Unit for licensure of new hospitals including renewal of LTO of Level 3 and Level 4 hospitals. The Secretary of Health or his authorized representative shall issue the LTO of all new hospitals including renewal of LTO of Level 3 and Level 4 hospitals.

b) The CHDs shall retain issuance of the renewal of LTO for all Level 1 and Level 2 hospitals under its current licensing tasks and management following the One-Stop Shop Licensure System for Hospitals embodied in Administrative Order No. 2007 – 0021 “Harmonization and Streamlining of the Licensure System for Hospitals.”

2. Specific Policies

a) Organizational Structure