

**[DOH ADMINISTRATIVE ORDER NO. 2007-0001,
January 05, 2007]**

**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 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) | | | | | | | |
|---------------------------|---------------------------------|-------|--------|--------|----------------|-------|-------|--------|
| | <u>Initial</u> | | | | <u>Renewal</u> | | | |
| | 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 | 1,500 | 3,000 | 6,000 | 7,500 | 1,000 | 2,000 | 4,500 | 5,500 |
| • Chronic | | | | | | | | |
| • 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) | | | | | | | |
|----------|---------------------------------|-------|-------|-------|----------------|-------|-------|-------|
| | <u>Initial</u> | | | | <u>Renewal</u> | | | |
| | 2007 | 2008 | 2009 | 2010 | 2007 | 2008 | 2009 | 2010 |
| Primary | 800 | 1,500 | 2,000 | 2,500 | 500 | 1,000 | 1,200 | 1,500 |