

**[ DOH ADMINISTRATIVE ORDER NO. 34, July 20, 1994 ]**

**RULES AND REGULATIONS ON THE SUPERVISION OF HEALTH MAINTENANCE ORGANIZATIONS**

*SECTION 1. Title* - These rules shall be known as the "Rules and Regulations on the Supervision of Health Maintenance Organizations."

*SECTION 2. Authority* - These rules and regulations are issued pursuant to Section 4(h), Executive Order No. 119 which mandates the Department of Health to,

"...regulate the operation of and issue licenses and permits to government and private hospitals, clinics and dispensaries, laboratories, bloodbanks, drugstores, and such other establishments which by the nature of their functions are required to be regulated by the (Department)..."

*SECTION 3. Purpose* - These rules and regulations are promulgated to:

3.1. ensure the general public of quality services by the Health Maintenance Organizations, and

3.2. promote the growth of these Health Maintenance Organizations.

*SECTION 4. Definition of Terms* - As used in these rules,

4.1. **"Association"** shall refer to the Association of Health Maintenance Organizations in the Philippines.

4.2. **"Contract"** shall refer to any contract or agreement entered into by the Health Maintenance Organization with a member or group of members for the provision of any pre-agreed or designated health care services.

4.3. **"Department"** shall refer to the Department of Health.

4.4. **"Health Maintenance Organization (HMO)"** shall refer to a juridical entity legally organized to provide or arrange for the provision of pre-agreed or designated health care services to its enrolled members for a fixed pre-paid fee for a specified period of time.

4.4.1. **"Investor-based HMO"** shall refer to one organized to operate at a profit.

4.4.2. **"Community-based HMO"** shall refer to one organized as non-profit for the benefit of a particular community.

4.4.3. **"Cooperative HMO"** shall refer to an HMO that fills the requirements of a cooperative as prescribed in the Cooperative Code of

the Philippines and whose nature and operation are governed by the Cooperative Development Authority.

4.5. **"Member"** shall refer to any individual who has contracted, or on whose behalf, a contract has been entered into, with an HMO.

4.6. **"Provider"** shall refer to the physician, hospital or any other institution or person licensed to provide health care services.

**SECTION 5. Regulatory Authority** - The Department through the Office for Health Facilities Standards and Regulations (OHFSR) shall exercise all regulatory functions embodied herein, subject to such powers and functions granted to the Securities and Exchange Commission and the Cooperative Development Authority by existing laws.

**SECTION 6. Clearance to Operate** - All Health Maintenance Organizations (HMOs), whether investor-based, community-based or cooperative, are hereby required to procure a *Clearance to Operate* from the Department through the OHFSR.

Existing entities who wish to expand operations and engage in the HMO business must likewise get a Clearance therefor from the Department.

**SECTION 7. Application Requirements** - The Department through the OHFSR shall supply a standard application form to be filled out by each applicant HMO. Each application for clearance shall be accompanied by the following:

7.1. A statement of the HMO's capitalization duly certified and attested by the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), as the case may be;

7.2. A listing of the names and locations of the providers and other persons or facilities either owned or controlled by the applicant HMO or with whom it has contracted to furnish designated health care services to its prospective members;

The minimum facilities required of any applicant HMO shall be:

7.2.1. For an investor-based HMO operating as a stock corporation:

7.2.1.1. management of one tertiary hospital or affiliation with five (5) affiliated tertiary hospitals

7.2.1.2. an Outpatient Clinic with basic diagnostic facilities for:

- resting ECG
- chest and extremity X-rays
- CBC, urinalysis and fecalysis

7.2.2. For a community based or cooperative HMO operating as non-stock or non-profit:

7.2.2.1. one (1) affiliated general hospital

7.2.2.2. one (1) affiliated Outpatient Clinic

7.3. A copy of the standard benefit packages to be offered to prospective members;

7.4. Schedule of fees to be charged for the standard packages;