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SECOND DIVISION

[G.R. No. 175773, June 17, 2013]

MITSUBISHI MOTORS PHILIPPINES SALARIED EMPLOYEES UNION (MMPSEU), PETITIONER, VS. MITSUBISHI MOTORS PHILIPPINES CORPORATION, RESPONDENT.

D E C I S I O N

DEL CASTILLO, J.:

The Collective Bargaining Agreement (CBA) of the parties in this case provides that the company shoulder the hospitalization expenses of the dependents of covered employees subject to certain limitations and restrictions. Accordingly, covered employees pay part of the hospitalization insurance premium through monthly salary deduction while the company, upon hospitalization of the covered employees' dependents, shall pay the hospitalization expenses incurred for the same. The conflict arose when a portion of the hospitalization expenses of the covered employees' dependents were paid/shouldered by the dependent's own health insurance. While the company refused to pay the portion of the hospital expenses already shouldered by the dependents' own health insurance, the union insists that the covered employees are entitled to the whole and undiminished amount of said hospital expenses.

By this Petition for Review on *Certiorari*,[1] petitioner Mitsubishi Motors Philippines Salaried Employees Union (MMPSEU) assails the March 31, 2006 Decision[2] and December 5, 2006 Resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 75630, which reversed and set aside the Voluntary Arbitrator's December 3, 2002 Decision[4] and declared respondent Mitsubishi Motors Philippines Corporation (MMPC) to be under no legal obligation to pay its covered employees' dependents' hospitalization expenses which were already shouldered by other health insurance companies.

Factual Antecedents

The parties' CBA[5] covering the period August 1, 1996 to July 31, 1999 provides for the hospitalization insurance benefits for the covered dependents, thus:

> **SECTION 4. DEPENDENTS' GROUP HOSPITALIZATION INSURANCE** – The COMPANY shall obtain group hospitalization insurance coverage or assume under a self-insurance basis hospitalization for the dependents of regular employees up to a maximum amount of forty thousand pesos (P40,000.00) per confinement subject to the following:

a. The room and board must not exceed three hundred pesos (P300.00) per day up to a maximum of thirty-one (31) days. Similarly, Doctor's Call fees must not exceed three hundred pesos (P300.00) per day for a maximum of thirty-one (31) days. Any excess of this amount shall be borne by the employee.

b. Confinement must be in a hospital designated by the COMPANY. For this purpose, the COMPANY shall designate hospitals in different convenient places to be availed of by the dependents of employees. In cases of emergency where the dependent is confined without the recommendation of the company doctor or in a hospital not designated by the COMPANY, the COMPANY shall look into the circumstances of such confinement and arrange for the payment of the amount to the extent of the hospitalization benefit.

c. The limitations and restrictions listed in Annex "B" must be observed.

d. Payment shall be direct to the hospital and doctor and must be covered by actual billings.

Each employee shall pay one hundred pesos (P100.00) per month through salary deduction as his share in the payment of the insurance premium for the above coverage with the balance of the premium to be paid by the COMPANY. If the COMPANY is self-insured the one hundred pesos (P100.00) per employee monthly contribution shall be given to the COMPANY which shall shoulder the expenses subject to the above level of benefits and subject to the same limitations and restrictions provided for in Annex "B" hereof.

The hospitalization expenses must be covered by actual hospital and doctor's bills and any amount in excess of the above mentioned level of benefits will be for the account of the employee.

For purposes of this provision, eligible dependents are the covered employees' natural parents, legal spouse and legitimate or legally adopted or step children who are unmarried, unemployed who have not attained twenty-one (21) years of age and wholly dependent upon the employee for support.

This provision applies only in cases of actual confinement in the hospital for at least six (6) hours.

Maternity cases are not covered by this section but will be under the next succeeding section on maternity benefits.[6]

When the CBA expired on July 31, 1999, the parties executed another CBA[7] effective August 1, 1999 to July 31, 2002 incorporating the same provisions on

dependents' hospitalization insurance benefits but in the increased amount of P50,000.00. The room and board expenses, as well as the doctor's call fees, were also increased to P375.00.

On separate occasions, three members of MMPSEU, namely, Ernesto Calida (Calida), Hermie Juan Oabel (Oabel) and Jocelyn Martin (Martin), filed claims for reimbursement of hospitalization expenses of their dependents.

MMPC paid only a portion of their hospitalization insurance claims, not the full amount. In the case of Calida, his wife, Lanie, was confined at Sto. Tomas University Hospital from September 4 to 9, 1998 due to Thyroidectomy. The medical expenses incurred totalled P29,967.10. Of this amount, P9,000.00 representing professional fees was paid by MEDICard Philippines, Inc. (MEDICard) which provides health maintenance to Lanie.[8] MMPC only paid P12,148.63.[9] It did not pay the P9,000.00 already paid by MEDICard and the P6,278.47 not covered by official receipts. It refused to give to Calida the difference between the amount of medical expenses of P27,427.10[10] which he claimed to be entitled to under the CBA and the P12,148.63 which MMPC directly paid to the hospital.

As regards Oabel's claim, his wife Jovita Nemia (Jovita) was confined at The Medical City from March 8 to 11, 1999 due to Tonsillopharyngitis, incurring medical expenses totalling P8,489.35.[11] Of this amount, P7,811.00 was paid by Jovita's personal health insurance, Prosper Insurance Company (Prosper).[12] MMPC paid the hospital the amount of P630.87,[13] after deducting from the total medical expenses the amount paid by Prosper and the P47.48 discount given by the hospital.

In the case of Martin, his father, Jose, was admitted at The Medical City from March 26 to 27, 2000 due to Acid Peptic Disease and incurred medical expenses amounting to P9,101.30.[14] MEDICard paid P8,496.00.[15] Consequently, MMPC only paid P288.40,[16] after deducting from the total medical expenses the amount paid by MEDICard and the P316.90 discount given by the hospital.

Claiming that under the CBA, they are entitled to hospital benefits amounting to P27,427.10, P6,769.35 and P8,123.80, respectively, which should not be reduced by the amounts paid by MEDICard and by Prosper, Calida, Oabel and Martin asked for reimbursement from MMPC. However, MMPC denied the claims contending that double insurance would result if the said employees would receive from the company the full amount of hospitalization expenses despite having already received payment of portions thereof from other health insurance providers.

This prompted the MMPSEU President to write the MMPC President[17] demanding full payment of the hospitalization benefits. Alleging discrimination against MMPSEU union members, she pointed out that full reimbursement was given in a similar claim filed by Luisito Cruz (Cruz), a member of the Hourly Union. In a letter-reply, [18] MMPC, through its Vice-President for Industrial Relations Division, clarified that the claims of the said MMPSEU members have already been paid on the basis of official receipts submitted. It also denied the charge of discrimination and explained that the case of Cruz involved an entirely different matter since it concerned the admissibility of certified true copies of documents for reimbursement purposes,

which case had been settled through voluntary arbitration.

On August 28, 2000, MMPSEU referred the dispute to the National Conciliation and Mediation Board and requested for preventive mediation.[19]

Proceedings before the Voluntary Arbitrator

On October 3, 2000, the case was referred to Voluntary Arbitrator Rolando Capocyan for resolution of the issue involving the interpretation of the subject CBA provision. [20]

MMPSEU alleged that there is nothing in the CBA which prohibits an employee from obtaining other insurance or declares that medical expenses can be reimbursed only upon presentation of original official receipts. It stressed that the hospitalization benefits should be computed based on the formula indicated in the CBA without deducting the benefits derived from other insurance providers. Besides, if reduction is permitted, MMPC would be unjustly benefitted from the monthly premium contributed by the employees through salary deduction. MMPSEU added that its members had legitimate claims under the CBA and that any doubt as to any of its provisions should be resolved in favor of its members. Moreover, any ambiguity should be resolved in favor of labor.[21]

On the other hand, MMPC argued that the reimbursement of the entire amounts being claimed by the covered employees, including those already paid by other insurance companies, would constitute double indemnity or double insurance, which is circumscribed under the Insurance Code. Moreover, a contract of insurance is a contract of indemnity and the employees cannot be allowed to profit from their dependents' loss.[22]

Meanwhile, the parties separately sought for a legal opinion from the Insurance Commission relative to the issue at hand. In its letter[23] to the Insurance Commission, MMPC requested for confirmation of its position that the covered employees cannot claim insurance benefits for a loss that had already been covered or paid by another insurance company. However, the Office of the Insurance Commission opted not to render an opinion on the matter as the same may become the subject of a formal complaint before it.[24] On the other hand, when queried by MMPSEU,[25] the Insurance Commission, through Atty. Richard David C. Funk II (Atty. Funk) of the Claims Adjudication Division, rendered an opinion contained in a letter,[26] *viz*:

January 8, 2002

Ms. Cecilia L. Paras
President Mitsubishi Motors Phils.
[Salaried] Employees Union
Ortigas Avenue Extension,
Cainta, Rizal

Madam:

We acknowledge receipt of your letter which, to our impression, basically poses the question of whether or not recovery of medical expenses from a Health Maintenance Organization bars recovery of the same reimbursable amount of medical expenses under a contract of health or medical insurance.

We wish to opine that in cases of claims for reimbursement of medical expenses where there are two contracts providing benefits to that effect, recovery may be had on both simultaneously. In the absence of an Other Insurance provision in these coverages, the courts have uniformly held that an insured is entitled to receive the insurance benefits without regard to the amount of total benefits provided by other insurance. (INSURANCE LAW, A Guide to Fundamental Principles, Legal Doctrines, and Commercial Practices; Robert E. Keeton, Alau I. Widiss, p. 261). The result is consistent with the public policy underlying the collateral source rule – that is, x x x the courts have usually concluded that the liability of a health or accident insurer is not reduced by other possible sources of indemnification or compensation. (ibid).

Very truly yours,

(SGD.)
RICHARD DAVID C. FUNK II
Attorney IV
Officer-in-Charge
Claims Adjudication Division

On December 3, 2002, the Voluntary Arbitrator rendered a Decision[27] finding MMPC liable to pay or reimburse the amount of hospitalization expenses already paid by other health insurance companies. The Voluntary Arbitrator held that the employees may demand simultaneous payment from both the CBA and their dependents' separate health insurance without resulting to double insurance, since separate premiums were paid for each contract. He also noted that the CBA does not prohibit reimbursement in case there are other health insurers.

Proceedings before the Court of Appeals

MMPC filed a Petition for Review with Prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction[28] before the CA. It claimed that the Voluntary Arbitrator committed grave abuse of discretion in not finding that recovery under both insurance policies constitutes double insurance as both had the same subject matter, interest insured and risk or peril insured against; in relying solely on the unauthorized legal opinion of Atty. Funk; and in not finding that the employees will be benefitted twice for the same loss. In its Comment,[29]