

# Republic of the Philippines Supreme Court Manila



**EN BANC** 

PRIVATE HOSPITALS ASSOCIATION OF THE PHILIPPINES, INC. (PHAPi) represented by its President, DR. RUSTICO JIMENEZ,

G.R. No. 234448

Present:

Petitioner,

- versus -

CARPIO, J., PERALTA, BERSAMIN, DEL CASTILLO,\* PERLAS-BERNABE, LEONEN, JARDELEZA, CAGUIOA, TIJAM, A. REYES, JR., GESMUNDO,\* J. REYES, JR.,\* and HERNANDO, JJ.

HON. SALVADOR MEDIALDEA, Executive Secretary, and the ACTING SECRETARY of Department of Health,

Promulgated:

Respondents.	November 6,	2018
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# **DECISION**

# TIJAM, J.:

On grounds of denial of substantive due process, repugnancy to the constitutional presumption of innocence, violation of the equal protection and involuntary servitude clauses, petitioner Private Hospitals Association of the Philippines, Inc., (PHAPi) – an organization of privately-owned clinics, hospitals, and other health facilities – seeks to declare as unconstitutional and void the duty imposed upon hospitals, medical practitioners and employees to prevent actual death or injury under

\* On official leave.

Section 1; the penal provisions under Section 4; the presumption of liability clause under Section 5; and the reimbursement and tax deduction clause under Sections 7 and 8, all of Republic Act (R.A.) No. 10932<sup>1</sup> otherwise known as an Act Strengthening the Anti-Hospital Deposit Law.

#### The Antecedents

In 1984, Batas Pambansa (BP) Bilang 702 entitled An Act Prohibiting the Demand of Deposits or Advance Payments for the Confinement or Treatment of Patients in Hospitals and Medical Clinics in Certain Cases was enacted. BP 702 was described as a landmark legislative measure that aimed to stop the practice of hospitals and medical clinics of asking for deposits or advance payments for treatment or confinement of patients in emergency and serious cases.<sup>2</sup>

Essentially, BP 702 makes it unlawful for any director, manager or any other officer of a hospital or medical clinic to demand any deposit or any other form of advance payment for confinement or treatment in such hospital or medical clinic in emergency or serious cases.<sup>3</sup> BP 702 penalizes such erring director, manager or any other officer of a hospital or medical clinic with a fine of not less than one thousand pesos but not more than two thousand pesos or imprisonment for not less than fifteen days but not more than thirty days, or both such fine and imprisonment.<sup>4</sup>

On August 25, 1997, BP 702 was amended by R.A. No. 8344.<sup>5</sup> R.A. No. 8344 makes it unlawful not only to demand, but also to request, solicit, and accept any deposit or advance payment as a prerequisite for confinement or medical treatment in emergency or serious cases. R.A. No. 8344 further makes the refusal to administer medical treatment and support

<sup>&</sup>lt;sup>1</sup> AN ACT STRENGTHENING THE ANTI-HOSPITAL DEPOSIT LAW BY INCREASING THE PENALTIES FOR THE REFUSAL OF HOSPITALS AND MEDICAL CLINICS TO ADMINISTER APPROPRIATE INITIAL MEDICAL TREATMENT AND SUPPORT IN EMERGENCY OR SERIOUS CASES, AMENDING FOR THE PURPOSE BATAS PAMBANSA BILANG 702, OTHERWISE KNOWN AS "AN ACT PROHIBITING THE DEMAND OF DEPOSITS OR ADVANCE PAYMENTS FOR THE CONFINEMENT OR TREATMENT OF PATIENTS IN HOSPITALS AND MEDICAL CLINICS IN CERTAIN CASES", AS AMENDED BY REPUBLIC ACT NO. 8344, AND FOR OTHER PURPOSES. Approved August 3, 2017.

<sup>&</sup>lt;sup>2</sup> See Explanatory Note of House Bill No. 6341.

<sup>&</sup>lt;sup>3</sup> Section 1. It shall be unlawful for any director, manager or any other officer of a hospital or medical clinic to demand any deposit or any other form of advance payment for confinement or treatment in such hospital or medical clinic in emergency or serious cases.

<sup>&</sup>lt;sup>4</sup> Section 2. Any director, manager or any other officer of a hospital or medical clinic who violates Section 1 of this Act shall be punished by a fine of not less than one thousand pesos but not more than two thousand pesos or imprisonment for not less than fifteen days but not more than thirty days, or both such fine and imprisonment.

Section 3. Any person convicted under this Act shall not be entitled to probation under the provisions of Presidential Decree No. 968, as amended, otherwise known as the Probation Law of 1976.

<sup>&</sup>lt;sup>5</sup> AN ACT PENALIZING THE REFUSAL OF HOSPITALS AND MEDICAL CLINICS TO ADMINISTER APPROPRIATE INITIAL MEDICAL TREATMENT AND SUPPORT IN EMERGENCY OR SERIOUS CASES, AMENDING FOR THE PURPOSE BATAS PAMBANSA BILANG 702, OTHERWISE KNOWN AS "AN ACT PROHIBITING THE DEMAND OF DEPOSITS OR ADVANCE PAYMENTS FOR THE CONFINEMENT OR TREATMENT OF PATIENTS IN HOSPITALS AND MEDICAL CLINICS IN CERTAIN CASES."

as dictated by good practice of medicine to prevent death or permanent disability unlawful. In case the hospital or the medical clinic has no adequate medical capabilities, R.A. No. 8344 outlines the procedure for the transfer of the patient to a facility where appropriate care can be given.<sup>6</sup> Under a new provision, R.A. No. 8344 allows the transfer of the patient to an appropriate hospital consistent with the latter's needs after the hospital or medical clinic has administered medical treatment and support.<sup>7</sup>

R.A. No. 8344 also provides the following governing definitions for purposes of the law:

(a) Emergency - a condition or state of a patient wherein based on the objective findings of a prudent medical officer on duty for the day there is immediate danger and where delay in initial support and treatment may cause loss of life or cause permanent disability to the patient.

(b) Serious case - refers to a condition of a patient characterized by gravity or danger wherein based on the objective findings of a prudent medical officer on duty for the day when left unattended to, may cause loss of life or cause permanent disability to the patient.

(c) Confinement - a state of being admitted in a hospital or medical clinic for medical observation, diagnosis, testing, and treatment consistent with the capability and available facilities of the hospital or clinic.

(d) Hospital - a facility devoted primarily to the diagnosis, treatment and care of individuals suffering from illness, disease, injury or deformity, or in need of obstetrical or other medical and nursing care. It shall also be construed as any institution, building or place where there are facilities and personnel for the continued and prolonged care of patients.

<sup>6</sup> Section 1. Section 1 of Batas Pambansa Bilang 702 is hereby amended to read as follows:

<sup>7</sup> Section 2. Section 2 of Batas Pambansa Bilang 702 is hereby deleted and in place thereof, new sections 2, 3 and 4 are added, to read as follows:

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SECTION 1. In emergency or serious cases, it shall be unlawful for any proprietor, president, director, manager or any other officer, and/or medical practitioner or employee of a hospital or medical clinic to request, solicit, demand or accept any deposit or any other form of advance payment as a prerequisite for confinement or medical treatment of a patient in such hospital or medical clinic or to refuse to administer medical treatment and support as dictated by good practice of medicine to prevent death or permanent disability: Provided, That by reason of inadequacy of the medical capabilities of the hospital or medical clinic, the attending physician may transfer the patient to a facility where the appropriate care can be given, after the patient or his next of kin consents to said transfer and after the receiving hospital or medical clinic agrees to the transfer: Provided, however, That when the patient is unconscious, incapable of giving consent and/or unaccompanied, the physician can transfer the patient even without his consent: Provided, further, That such transfer shall be done only after necessary emergency treatment and support have been administered to stabilize the patient and after it has been established that such transfer entails less risks than the patient's continued confinement: Provided, furthermore, That no hospital or clinic, after being informed of the medical indications for such transfer, shall refuse to receive the patient nor demand from the patient or his next of kin any deposit or advance payment: Provided, finally, That strict compliance with the foregoing procedure on transfer shall not be construed as a refusal made punishable by this Act.

SEC. 3. After the hospital or medical clinic mentioned above shall have administered medical treatment and support, it may cause the transfer of the patient to an appropriate hospital consistent with the needs of the patient, preferably to a government hospital, specially in the case of poor or indigent patients.

(e) Emergency treatment and support - any medical or surgical measure within the capability of the hospital or medical clinic that is administered by qualified health care professionals to prevent the death or permanent disability of a patient.

(f) Medical clinic - a place in which patients can avail of medical consultation or treatment on an outpatient basis.

(g) Permanent disability - a condition of physical disability as defined under Article 192-C and Article 193-B and C of Presidential Decree No 442; as amended, otherwise known as the Labor Code of the Philippines.

(h) Stabilize - the provision of necessary care until such time that the patient may be discharged or transferred to another hospital or clinic with a reasonable probability that no physical deterioration would result from or occur during such discharge or transfer.

R.A. No. 8344 also increased the penalties prescribed under BP 702 to imprisonment of not less than six months and one day but not more than two years and four months, or a fine of not less than twenty thousand pesos, but not more than one hundred thousand pesos, or both at the discretion of the court. However, if the violation was committed pursuant to an established hospital or clinic policy or upon the instruction of its management, the director or officer responsible for the formulation and implementation of such policy shall suffer imprisonment of four to six years, or a fine of not less than one hundred thousand pesos, but not more than five hundred thousand pesos, or both, at the court's discretion.<sup>8</sup>

Sensing the need to curb the still prevalent practice of refusing to provide initial medical treatment and support in emergency or serious cases without the corresponding deposit or advance payment, House Bill No. 5159<sup>9</sup> was submitted by the House Committee on Health which seeks to increase the penalties for violation of BP 702 as amended by R.A. No. 8344; expand the definition of "emergency care" to include women in active labor and at the risk of miscarriage or fetal distress; include reimbursement from

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<sup>9</sup> AN ACT STRENGTHENING THE PROVISION OF EMERGENCY HEALTH CARE SERVICE TO PATIENTS, FURTHER AMENDING FOR THE PURPOSE BATAS PAMBANSA BILANG 702, AS AMENDED, ENTITLED "AN ACT PROHIBITING THE DEMAND OF DEPOSITS OR ADVANCED PAYMENTS FOR THE CONFINEMENT OR TREATMENT OF PATIENTS IN HOSPITALS AND MEDICAL CLINICS IN CERTAIN CASES."



<sup>&</sup>lt;sup>8</sup> Section 2. Section 2 of Batas Pambansa Bilang 702 is hereby deleted and in place thereof, new sections 2, 3 and 4 are added, to read as follows:

SEC. 4. Any official, medical practitioner or employee of the hospital or medical clinic who violates the provisions of this Act shall, upon conviction by final judgment, be punished by imprisonment of not less than six (6) months and one (1) day but not more than two (2) years and four (4) months, or a fine of not less than Twenty thousand pesos (P20,000.00), but not more than One hundred thousand pesos (P100,000.00) or both, at the discretion of the court: Provided, however, That if such violation was committed pursuant to an established policy of the hospital or clinic or upon instruction of its management, the director or officer of such hospital or clinic responsible for the formulation and implementation of such policy shall, upon conviction by final judgment, suffer imprisonment of four (4) to six (6) years, or a fine of not less than One hundred thousand pesos (P100,000.00), but not more than Five hundred thousand pesos (P500,000.00) or both, at the discretion of the court.

the Philippine Health Insurance Corporation (PhilHealth) for the expenses advanced by hospitals and medical facilities in treating poor and indigent patients; and mandate the Philippine Charity Sweepstakes Office (PCSO) to provide assistance to poor and marginalized patients on emergency treatment in hospitals.<sup>10</sup>

This development met similar support from the Senate through Senate Bill No. 1353<sup>11</sup> submitted by its Committees on Health and Demography, Justice and Human Rights, and Ways and Means. Similar to its lower house counterpart, Senate Bill No. 1353 aims to increase the penalties for violation of the law; define "basic emergency care"; and include PhilHealth reimbursement of basic emergency care incurred by the hospital or medical clinic. However, peculiar to the Senate version is the presumption of liability imposed against the hospital, medical clinic, and the involved official, medical practitioner, or employee in the event of death, permanent disability, serious impairment of the health condition of the patient, or injury to or loss of the unborn child proceeding from the denial of admission to the health facility pursuant to a policy or practice of demanding deposits or advance payments for confinement or treatment.

A consolidation of Senate Bill No. 1353 and House Bill No. 5159 gave birth to R.A. No. 10932 which was signed into law on August 3, 2017.

Thus, as it presently stands, R.A. No. 10932 makes it unlawful to request, solicit, demand or accept deposit or advance payment as a prerequisite not only for confinement or medical treatment but also for administering basic emergency care.<sup>12</sup> It expands the scope of "basic

Sec. 1. In emergency or serious cases, it shall be unlawful for any proprietor, president, director, manager or any other officer and/or medical practitioner or employee of a hospital or medical clinic to request, solicit, demand or accept any deposit or any other form of advance payment as a prerequisite for administering basic emergency care to any patient, confinement or medical treatment of a patient in such hospital or medical clinic or to refuse to administer medical treatment and support as dictated by good practice of medicine to prevent death, or permanent disability, or in the case of a pregnant woman, permanent injury or loss of her unborn child, or noninstitutional delivery: Provided, That by reason of inadequacy of the medical capabilities of the hospital or medical clinic, the attending physician may transfer the patient to a facility where the appropriate care can be given, after the patient or his next of kin consents to said transfer and after the receiving hospital or medical clinic agrees to the transfer: Provided, however, That when the patient is unconscious, incapable of giving consent and/or unaccompanied, the physician can transfer the patient even without his consent: Provided, further, That such transfer shall be done only after necessary emergency treatment and support have been administered to stabilize the patient and after it has been established that such transfer entails less risks than the patient's continued confinement: Provided, furthermore, That no hospital or clinic, after being informed of the medical indications for such transfer, shall refuse to receive the patient nor demand from the

<sup>&</sup>lt;sup>10</sup> See Fact Sheet of House Bill No. 5159.

<sup>&</sup>lt;sup>11</sup> AN ACT INCREASING THE PENALTIES FOR THE REFUSAL OF HOSPITALS AND MEDICAL CLINICS TO ADMINISTER APPROPRIATE INITIAL MEDICAL TREATMENT AND SUPPORT IN EMERGENCY OR SERIOUS CASES, AMENDING FOR THE PURPOSE BATAS PAMBANSA BILANG 702, OTHERWISE KNOWN AS "AN ACT PROHIBITING THE DEMAND OF DEPOSITS OR ADVANCE PAYMENTS FOR THE CONFINEMENT OR TREATMENT OF PATIENTS IN HOSPITALS AND MEDICAL CLINICS IN CERTAIN CASES" AS AMENDED BY REPUBLIC ACT NO. 8344, AND FOR OTHER PURPOSES.

<sup>&</sup>lt;sup>12</sup> Section 1. Section 1 of Batas Pambansa Bilang 702, as amended, is hereby further amended to read as follows:

emergency care" to include medical procedures and treatment administered to a woman in active labor.<sup>13</sup>

In case a transfer to another hospital is deemed appropriate, R.A. No. 10932 further mandates the local government unit where the hospital or medical clinic is located to allow free use of its emergency medical vehicle. Moreover, all hospitals are required to post a notice indicating its classification level and the list of medical services it is authorized to perform.<sup>14</sup>

R.A. No. 10932 also introduces the creation of a Health Facilities Oversight Board (Board) where complaints against health facilities for violations of the law shall be initially filed. The Board is given the power to investigate, adjudicate and impose administrative sanctions including the revocation of the health facility's license.<sup>15</sup>

<sup>13</sup> Section 2. Section 2 of the same Act, as amended, is hereby further amended to read as follows: "Sec. 2. For purposes of this Act, the following definitions shall govern:

"(i) 'Basic emergency care' – the response to a situation where there is urgently required medical care and attention, and shall include procedures required for initial diagnosis, use of equipment and supplies in sufficiently addressing the emergency situation, considering the welfare of the patient. It also includes the necessary medical procedures and treatment administered to a woman in active labor to ensure the safe delivery of the newborn.

"(j) 'Noninstitutional delivery' – the delivery of a newborn while in transit, outside of a health facility, after an initial consultation was done with a health facility."

<sup>14</sup> SEC. 3. Section 3 of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 3. After the hospital or medical clinic mentioned above shall have administered medical treatment and support, it may cause the transfer of the patient to an appropriate hospital consistent with the needs of the patient, especially in the case of poor or indigent patients.

Where there is no ambulance available for use by the hospital or medical clinic for the emergency transfer of the patient to a facility where the appropriate care shall be given, the local government unit (LGU) where the hospital or medical clinic is located must allow the free use of its emergency vehicle to transport the patient to the hospital or medical clinic where a continuation of care shall be given. The hospital or medical clinic must provide a staff nurse with advanced cardiovascular life support (ACLS) certification or its equivalent to accompany the patient in the emergency vehicle.

All hospitals are required to post at their entrance a notice indicating the classification level of the hospital as licensed by the Department of Health (DOH) and the list of medical services that the hospital is authorized to perform."

<sup>15</sup> SEC. 5. New Sections 5, 6, 7 and 8 shall be inserted after Section 4 of Batas Pambansa bilang 702, as amended, to read as follows:

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SEC. 6. Health Facilities Oversight Board. – All complaints for violations of this Act against health facilities shall be filed initially with the Health Facilities Oversight Board under the Health Facilities and Services Regulatory Bureau (HFSRB) of the [DOH]. The Board shall be composed of a DOH representative with a minimum rank of director to serve as Chair, a representative from the Philippine Health Insurance Corporation (PhilHealth), a representative from the Philippine Medical Association (PMA), a representative from private health institutions and three (3) representatives from non-government organizations (NGOs) advocating for patient's rights and public health, one of whom should be a licensed physician.

The Board shall investigate the claim of the patient and after adjudication, impose administrative sanctions in accordance with this Act including the revocation of the health facility's license. On the basis of its own findings, the Board shall also facilitate the filing of the criminal case in the proper courts. This is without prejudice to the right of the patient-complainant to directly institute criminal proceedings in the courts.

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patient or his next of kin any deposit or advance payment: *Provided, finally*, That strict compliance with the foregoing procedure on transfer shall not be construed as a refusal made punishable by this Act.

<sup>&</sup>quot;x x x x

Further to the matter of penalties, R.A. No. 10932 imposes upon an erring official, medical practitioner or employee of the hospital or medical clinic the penalty of imprisonment of not less than six (6) months and one (1) day but not more than two (2) years and four (4) months, or a fine of not less than P100,000.00, but not more than P300,000.00, or both at the court's discretion. However, when the violation was made pursuant to an established hospital policy or upon instructions of its management, the penalties are increased as against the director or officer formulating and implementing such policy to four (4) years to six (6) years, or a fine of not less than P500,000.00, but not more than P1,000,000.00, or both, without prejudice to an award for damages.<sup>16</sup>

In addition, R.A. No. 10932 introduces the three-strike rule, or when upon 3 repeated violations committed pursuant to an established policy or upon instruction of the management, the health facility's license to operate shall be revoked by the Department of Health (DOH). The law also makes the president, chairman, board of directors, or trustees and other officers of the health facility solidarily liable for damages.<sup>17</sup>

Apart from the foregoing, R.A. No. 10932 presumes liability against the hospital, medical clinic, and the official, medical practitioner, or employee involved, in the event of death, permanent disability, serious impairment or permanent injury to or loss of an unborn child, proceeding from the denial of admission to a health facility pursuant to a policy of requiring deposits or advance payments for confinement or treatment.<sup>18</sup>

<sup>18</sup> SEC. 5. New Sections 5, 6, 7 and 8 shall be inserted after section 4 of Batas Pambansa bilang 702, as amended, to read as follows:

<sup>&</sup>lt;sup>16</sup> SEC. 4. section 4 of the same Act, as amended, is hereby further amended to read as follows:

SEC. 4. Any official, medical practitioner or employee of the hospital or medical clinic who violates the provisions of this Act shall, upon conviction by final judgment, be punished by imprisonment of not less than six (6) months and one (1) day but not more than two (2) years and four (4) months, or a fine of not less than One hundred thousand pesos (P100,000.00), but not more than Three hundred thousand pesos (P300,000.00 or both, at the discretion of the court: Provided, however, That if such violation was committed pursuant to an established policy of the hospital or clinic or upon instruction of its management, the director or officer of such hospital or clinic responsible for the formulation and implementation of such policy shall, upon conviction by final judgment, suffer imprisonment of four (4) to six (6) years, or a fine of not less than Five hundred thousand pesos (P500,000.00), but not more than One million pesos (P1,000,000.00) or both, at the discretion of the court, without prejudice to damages that may be awarded to the patient-complainant: Provided, further, That upon three (3) repeated violations committed pursuant to an established policy of the hospital or clinic or upon the instruction of its management, the health facility's license to operate shall be revoked by the DOH. The president, chairman, board of directors, or trustees, and other officers of the health facility shall be solidarily liable for damages that may be awarded by the court to the patient-complainant.

<sup>&</sup>lt;sup>17</sup> Id.

SEC. 5. Presumption of Liability.- In the event of death, permanent disability, serious impairment of the health condition of the patient-complainant, or in the case of a pregnant woman, permanent injury or loss of her unborn child, proceeding from the denial of his or her admission to a health facility pursuant to a policy or practice of demanding deposits or advance payments for confinement or treatment, a presumption of liability shall arise against the hospital, medical clinic, and the official, medical practitioner, or employee involved.

R.A. No. 10932 also mandates that the PhilHealth reimburse the cost of the basic emergency care and transportation services rendered by the hospital or medical clinic to poor and indigent patients and that the PCSO provide medical assistance for the basic emergency care needs of the poor and marginalized groups. Expenses incurred in giving basic emergency care to poor and indigent patients not reimbursed by PhilHealth are allowed to be treated as tax deductions.<sup>19</sup>

Meanwhile, pending resolution of the instant petition or on April 4, 2018, the DOH issued Administrative Order No. 2018-0012 implementing R.A. No. 10932.

### The Arguments for the Petitioner

Petitioner claims *locus standi* to file the present Petition for *Certiorari* and Prohibition as it stands to be directly injured by the implementation of R.A. No. 10932 insofar as the law regulates the conduct of its members and places the latter's management and staff at the risk of administrative, civil, and criminal sanctions.<sup>20</sup> At any event, petitioner claims that the issues herein presented specifically on the denial of due process and to equal protection of laws are of transcendental importance that should allow the present petition to prosper despite the absence of direct injury.<sup>21</sup>

Petitioner further claims that the issues raised in the instant petition are ripe for adjudication given the imminent threat of the imposition of the unconstitutional duties and the corresponding unconstitutional sanctions under R.A. No. 10932 against petitioner's members with the impending approval of the rules implementing R.A. No. 10932.<sup>22</sup> Petitioner also argues that an allegation that R.A. No. 10932 infringes upon the constitutional rights to due process, equal protection of laws and the presumption of innocence, is sufficient to invoke the Court's power of review.<sup>23</sup>

Claiming exception to the doctrine of hierarchy of courts, petitioner also advances the view that direct resort to the Court is justified given the genuine issues of constitutionality posed by the present petition.<sup>24</sup>

<sup>20</sup> *Rollo*, p. 8.



<sup>&</sup>lt;sup>19</sup> SEC. 5. New Sections 5, 6, 7 and 8 shall be inserted after section 4 of Batas Pambansa bilang 702, as amended, to read as follows:

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SEC. 7. *PhilHealth Reimbursement of Basic Emergency Care.* PhilHealth shall reimburse the cost of basic emergency care and transportation services incurred by the hospital or medical clinic for the emergency medical services given to poor and indigent patients. Furthermore, the Philippine Charity Sweepstakes Office (PCSO) shall provide medical assistance for the basic emergency care needs of the poor and marginalized groups.

<sup>&</sup>lt;sup>21</sup> Id.

<sup>&</sup>lt;sup>22</sup> Id. at 10.

<sup>&</sup>lt;sup>23</sup> Id. at 10-11.

<sup>&</sup>lt;sup>24</sup> Id. at 11.

Going into the merits of the petition, petitioner seeks to strike down as unconstitutional R.A. No. 10932 for being unduly oppressive and thus violative of substantive due process. Elaborating, petitioner argues that Section 1 of BP 702 as amended by R.A. No. 8344 and R.A. No. 10932 *imposes* upon the proprietor, president, director, manager or any other officer, medical practitioner or employee of a health care institution the *duty* to administer basic emergency care or medical treatment and support as dictated by good practice of medicine to *prevent* death, or permanent disability, or in the case of a pregnant woman, permanent injury or loss of her unborn child, or non-institutional delivery in emergency or serious cases.<sup>25</sup>

Petitioner argues that "basic emergency care" and "emergency treatment and support" as defined under R.A. No. 10932 imposes upon the physician, the hospital, its management and staff the *untenable* duties to *actually prevent* death, permanent disability, permanent injury to or loss of an unborn baby or its non-institutional delivery and to *sufficiently address* an emergency situation and in case of a woman in active labor, to *ensure* the safe delivery of the baby.<sup>26</sup> Echoing *Lucas, et al. v. Dr. Tuaño*,<sup>27</sup> petitioner emphasizes that a physician is not an insurer of the good result of treatment.<sup>28</sup> Petitioner thus argues that the duty imposed by R.A. No. 10932, being predicated on the achievement of an end that is impossible to guarantee, amounts to a denial of due process.<sup>29</sup>

Further, petitioner aims to strike down the fines imposed under Section 4 for being unjust, excessive, and oppressive as they are not commensurate to the act or omission that is being penalized.<sup>30</sup> Petitioner also questions the solidary liability for damages under Section 4 insofar as it generally makes "other officers" of the health facility solidarily liable with the president, chairman, members of the board of directors or trustees.<sup>31</sup>

The presumption of liability spelled under Section 5 of R.A. No. 10932 is also being assailed for being repugnant to the constitutional presumption of innocence. It is the contention of petitioner that the presumption of liability clause allows for a presumption of generalized liability, *i.e.*, administrative, civil and criminal, upon the occurrence of death, permanent disability and serious impairment of the health condition of the patient or her unborn child after the denial of the patient's admission due to a hospital policy of demanding deposits or advance payments.<sup>32</sup>

<sup>26</sup> Id. at 14.

<sup>28</sup> Id. at 125.

<sup>30</sup> Id.

<sup>&</sup>lt;sup>25</sup> Id. at 13-14.

<sup>27 604</sup> Phil. 98 (2009).

<sup>&</sup>lt;sup>29</sup> *Rollo*, p. 16.

<sup>31</sup> Id. at 18.

<sup>&</sup>lt;sup>32</sup> Id. at 20.

Also, petitioner emphasizes that the presumption of liability clause necessarily presumes that there is, at all times, a causal connection between the injury and the acts or omissions complained of.<sup>33</sup> Expounding on this argument, petitioner argues that the offense defined under R.A. No. 10932 involves medical malpractice. As such, the causation between the injury and the medical action are determinable only through the technical and scientific competence of physicians and thus, cannot be presumed by law.<sup>34</sup>

Finally, petitioner seeks to strike down as unconstitutional the exclusion of the basic emergency care of patients *not* classified as poor, indigent or marginalized from PhilHealth reimbursement, PCSO assistance and tax deductibility under Sections 7 and 8 of R.A. No. 10932 for being violative of the equal protection clause.

Illustrating its argument, petitioner contends that these provisions would allow a hospital who treats a poor patient to receive PhilHealth reimbursement, PCSO assistance and tax deduction, and yet the hospital who treats a patient not classified as poor, indigent or marginalized will not be allowed a similar PhilHealth reimbursement, PCSO assistance and tax deduction.<sup>35</sup> It is likewise the view of petitioner that the law, insofar as it obliges hospitals, its staff and management to render services to patients not classified as poor, indigent, or marginalized without the corresponding reimbursement, assistance and tax deduction, amounts to involuntary servitude.<sup>36</sup>

# The Arguments for the Respondents

Respondents Hon. Salvador Medialdea, Executive Secretary, and the Acting Secretary of Department of Health, through the Office of the Solicitor General (OSG), seek to dismiss the instant petition for being procedurally infirm on the ground that *certiorari* and prohibition are proper only against judicial, quasi-judicial, or ministerial act. Like so, respondents seek a dismissal of the petition for lack of a justiciable controversy in the absence of an actual governmental act which directly causes or will imminently cause injury to the alleged right of petitioner.<sup>37</sup> Respondents also attacks petitioner's standing to file the present petition for lack of personal stake in the outcome of the controversy, it being neither a hospital or health facility itself.<sup>38</sup> Further, respondents assert that the issues raised by petitioner being speculative are not matters of transcendental importance that would

<sup>33</sup> Id.
<sup>34</sup> Id.
<sup>35</sup> Id. at 22.
<sup>36</sup> Id.
<sup>37</sup> Id. at 55.
<sup>38</sup> Id. at 56.

justify a disregard of the rule on *locus standi* and the doctrine of hierarchy of courts.<sup>39</sup>

Contrary to petitioner's claims, respondents contend that R.A. No. 10932 does not impose upon the hospital, medical facility, its staff or management the duty to guarantee that death, permanent loss or injury is prevented, neither does it penalize the failure of the physician or the hospital staff to prevent such occurrences. Rather, respondents argue that what R.A. No. 10932 prohibits is the act of requesting any form of advance payment as a prerequisite for administering basic emergency care or medical treatment, or the act of refusing to administer such as dictated by good practice to prevent death, permanent loss or injury.<sup>40</sup>

Also, respondents maintain that the fines imposed under R.A. No. 10932 are reasonable, and that in any case, the determination of the propriety of fines for violation of offenses lies within the discretion of the legislature.<sup>41</sup> Respondents add that neither is the solidary liability imposed by law unreasonable because such arises only from the participatory acts of the directors and officers who are responsible for the formulation and implementation of policies contrary to the mandates of R.A. No. 10932 and pertains only to damages which may be awarded to the patient-complainant.<sup>42</sup>

Respondents likewise defend the validity of the presumption of liability clause on the argument that the liability therein mentioned pertains to the liability for the death, permanent disability, serious impairment, injury or loss of the unborn child and that such presumption arises only upon prior proof that there was denial of admission to the health facility and that such denial was made pursuant to a policy of demanding deposits for confinement or treatment.<sup>43</sup>

Addressing the supposed violation of the equal protection clause, respondents maintain that patients classified as "poor", "indigent", or "marginalized" substantially differ from those who are not categorized as such, hence the provision on PhilHealth reimbursement, PCSO assistance and tax deduction must be upheld in the face of the equal protection challenge.<sup>44</sup>

#### Issues

Before the Court addresses the questions of constitutionality raised against certain provisions of R.A. No. 10932, it is imperative to first

<sup>&</sup>lt;sup>39</sup> Id. at 58-59.
<sup>40</sup> Id. at 61.
<sup>41</sup> Id. at 68.
<sup>42</sup> Id. at 71.

<sup>&</sup>lt;sup>43</sup> Id. at 72.

<sup>44</sup> Id. at 73-74.

determine whether the Court, in fact, can discharge its power of judicial review. This is, in turn, determined by addressing the following issues: (a) are petitions for *certiorari* and prohibition proper to assail the constitutionality of R.A. No. 10932; (b) is direct resort to the Court proper; (c) has petitioner, as an association of privately-owned hospitals, clinics and other health facilities, the requisite legal standing; and (c) is the petition ripe for adjudication.

#### **Ruling of the Court**

We dismiss the petition. While the remedies of *certiorari* and prohibition are proper legal vehicles to assail the constitutionality of a law, the requirements for the exercise of the Court's judicial review even under its expanded jurisdiction must nevertheless first be satisfied.

#### Propriety of *Certiorari* and Prohibition

Petitioner seeks to declare as unconstitutional certain provisions of R.A. No. 10932 and for this purpose, availed of the remedy of *certiorari* and prohibition. Respondents counter that *certiorari* and prohibition are available only against judicial, quasi-judicial or ministerial functions and not against legislative acts, as in the instant case.

The rule is settled that the allegations in the complaint and the character of the relief sought determine the nature of the action and the court that has jurisdiction over it.<sup>45</sup> The present petition specifically alleges that R.A. No. 10932 is unconstitutional for being violative of substantive due process, the presumption of innocence, and the equal protection of laws and as such, seeks that the enforcement and implementation thereof be prohibited.

Under Rule 65 of the Rules of Court, the ground for review in *certiorari* and prohibition is grave abuse of discretion, and there is grave abuse of discretion when an act is *done contrary to the Constitution*, the law or jurisprudence or executed whimsically, capriciously or arbitrarily, out of malice, ill will or personal bias.<sup>46</sup> Petitions for *certiorari* and prohibition are thus appropriate remedies to raise constitutional questions.<sup>47</sup>

Grave abuse of discretion as a ground for review does not only appear under Rule 65 of the Rules of Court but also under Section 1,<sup>48</sup> Article VIII of the Constitution defining judicial power. As constitutionally defined,

<sup>&</sup>lt;sup>45</sup> Hon. Ermita v. Hon. Aldecoa-Delorino, 666 Phil. 122, 132 (2011).

<sup>&</sup>lt;sup>46</sup> Ocampo, et al. v. Rear Admiral Enriquez, et al., 798 Phil. 227, 294 (2016).

<sup>&</sup>lt;sup>47</sup> Francisco, Jr., et al. v. Toll Regulatory Board, et al., 648 Phil. 54, 86 (2010).

<sup>&</sup>lt;sup>48</sup> Section 1. The judicial power shall be vested in the Supreme Court and in such lower courts as may be established by law.

Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or

judicial power includes not only the duty to settle actual controversies involving rights which are legally demandable and enforceable, but also, the duty to determine whether or not there has been grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the government. Such innovation under the 1987 Constitution later on became known as the Court's "traditional jurisdiction" and "expanded jurisdiction," respectively.<sup>49</sup>

Given the commonality of the ground of grave abuse of discretion, the Court has allowed the use of a Rule 65 petition to invoke this Court's expanded jurisdiction.<sup>50</sup>

As expressly granted by the Constitution, the Court's expanded jurisdiction when invoked permits a review of acts not only by a tribunal, board or officer exercising judicial, quasi-judicial or ministerial functions, but also by any branch or instrumentality of the Government. "Any branch or instrumentality of the Government" necessarily includes the legislative and the executive, even if they are not exercising judicial, quasi-judicial or ministerial functions.<sup>51</sup>

In Pedro Agcaoili, Jr., et al. v. The Honorable Representative Rodolfo C. Fariñas, et al.,<sup>52</sup> we affirmed the availability of the extraordinary writs for determining and correcting grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the legislative and executive branches following Judge Villanueva v. Judicial and Bar Council,<sup>53</sup> as follows:

With respect to the Court, however, the remedies of *certiorari* and prohibition are necessarily broader in scope and reach, and the writ of *certiorari* or prohibition may be issued to correct errors of jurisdiction committed not only by a tribunal, corporation, board or officer exercising judicial, quasi-judicial or ministerial functions but also to set right, undo and restrain any act of grave abuse of discretion amounting to lack or excess of jurisdiction by any branch or instrumentality of the Government, even if the latter does not exercise judicial, quasi-judicial or ministerial functions. This application is expressly authorized by the text of the second paragraph of Section 1, *supra*.

Thus, petitions for *certiorari* and prohibition are appropriate remedies to raise **constitutional issues and to review and/or prohibit or nullify the acts of legislative and executive officials**.<sup>54</sup> (Citation omitted and emphasis ours)

<sup>53</sup> 757 Phil. 534 (2015).

instrumentality of the Government.

<sup>&</sup>lt;sup>49</sup> See Francisco, Jr. v. The House of Representatives, 460 Phil. 830, 883, 909-910 (2003). <sup>50</sup> Association of Medical Clinics for Overseas Workers, Inc. (AMCOW) v. GCC Approved

Medical Centers Association, Inc., et al., 802 Phil. 116, 139 (2016).

<sup>&</sup>lt;sup>51</sup> Araullo, et al. v. President Benigno S.C. Aquino III, et al., 737 Phil. 457, 531 (2014).

<sup>&</sup>lt;sup>52</sup> G.R. No. 232395, July 3, 2018.

<sup>&</sup>lt;sup>54</sup> Id. at 544, citing Araullo, et al. v. President Benigno S.C. Aquino III, et al., supra at 531.

Accordingly, we held as proper remedies the writs of *certiorari* and prohibition in *Samahan ng mga Progresibong Kabataan (SPARK), et al. v. Quezon City, as represented by Mayor Herbert Bautista, et al.*<sup>55</sup> assailing the constitutionality of curfew ordinances and in *Agcaoili* questioning the contempt powers of the Congress in the exercise of its power of inquiry in aid of legislation. Following this trend in jurisprudence, petitioner therefore correctly availed of *certiorari* and prohibition under Rule 65 of the Rules of Court to assail the constitutionality of R.A. No. 10932 and enjoin its enforcement, notwithstanding that these governmental actions do not involve the exercise of judicial, quasi-judicial or ministerial functions.

#### **Direct Resort to the Court**

Jurisdiction over petitions for *certiorari* and prohibition are shared by this Court, the Court of Appeals, the Sandiganbayan and the Regional Trial Courts.<sup>56</sup> Since the remedies of *certiorari* and prohibition are available to assail the constitutionality of a law, the question as to which court should the petition be properly filed consequently arises given that the hierarchy of courts "also serves as a general determinant of the appropriate forum for petitions for the extraordinary writs."<sup>57</sup>

Respondents argue that direct resort to this Court is unjustified and thus violates the doctrine of hierarchy of courts.

Under the doctrine of hierarchy of courts, "recourse must first be made to the lower-ranked court exercising concurrent jurisdiction with a higher court."<sup>58</sup> As a rule, "direct recourse to this Court is improper because the Supreme Court is a court of last resort and must remain to be so in order for it to satisfactorily perform its constitutional functions, thereby allowing it to devote its time and attention to matters within its exclusive jurisdiction and preventing the overcrowding of its docket."<sup>59</sup>



<sup>&</sup>lt;sup>55</sup> G.R. No. 225442, August 8, 2017.

<sup>&</sup>lt;sup>56</sup> Section 4 of Rule 65 provides:

SEC. 4. *When and where petition filed.* – The petition shall be filed not later than sixty (60) days from notice of the judgment, order or resolution. In case a motion for reconsideration or new trial is timely filed, whether such motion is required or not, the sixty (60) day period shall be counted from notice of the denial of the said motion.

The petition shall be filed in the Supreme Court or, if it relates to the acts or omissions of a lower court or of a corporation, board, officer or person, in the Regional Trial Court exercising jurisdiction over the territorial area as defined by the Supreme Court. It may also be filed in the Court of Appeals whether or not the same is in aid of its appellate jurisdiction, or in the Sandiganbayan if it is in aid of its appellate jurisdiction. If it involves the acts or missions of a quasi-judicial agency, unless otherwise provided by law or these rules, the petition shall be filed in and cognizable only by the Court of Appeals.

No extension of time to file the petition shall be granted except for compelling reason and in no case exceeding fifteen (15) days.

<sup>&</sup>lt;sup>57</sup> Chamber of Real Estate and Builders Assn., Inc. (CREBA) v. Sec. of Agrarian Reform, 635 Phil. 283, 300 (2010), citing Heirs of Bertuldo Hinog v. Hon. Melicor, 495 Phil. 422, 432 (2005).

<sup>&</sup>lt;sup>58</sup> Arroyo v. DOJ, et al., 695 Phil. 302, 334 (2012).

<sup>&</sup>lt;sup>59</sup> Dy v. Judge Bibat-Palamos, et al., 717 Phil. 776, 782 (2013).

Nevertheless, we cautioned in *The Diocese of Bacolod, et al. v. COMELEC, et al.*,<sup>60</sup> that the Supreme Court's role to interpret the Constitution and act in order to protect constitutional rights when these become exigent is never meant to be emasculated by the doctrine of hierarchy of courts. As such, this Court possesses full discretionary authority to assume jurisdiction over extraordinary actions for *certiorari* filed directly before it for exceptionally compelling reasons, or if warranted by the nature of the issues clearly and specifically raised in the petition.<sup>61</sup>

As developed by case law, the instances when direct resort to this Court is allowed are enumerated in *The Diocese of Bacolod*<sup>62</sup> as follows: (a) when there are genuine issues of constitutionality that must be addressed at the most immediate time;<sup>63</sup> (b) when the issues involved are of transcendental importance;<sup>64</sup> (c) in cases of first impression;<sup>65</sup> (d) the constitutional issues raised are better decided by the Supreme Court;<sup>66</sup> (e) the time element or exigency in certain situations;<sup>67</sup> (f) the filed petition reviews an act of a constitutional organ;<sup>68</sup> (g) when there is no other plain, speedy, and adequate remedy in the ordinary course of law;<sup>69</sup> (h) the petition includes questions that are dictated by public welfare and the advancement of public policy, or demanded by the broader interest of justice, or the orders complained of were found to be patent nullities, or the appeal was considered as clearly an inappropriate remedy.<sup>70</sup>

The present petition, while directed against an act of a co-equal branch of the government and concerns a legislative measure directly affecting the health and well-being of the people, actually presents no *prima facie* challenge, as hereunder expounded, as to be so exceptionally compelling to justify direct resort to this Court.

#### **Requisites of Judicial Review**

Notwithstanding the propriety of the legal vehicle employed, the Court cannot exercise its power of judicial review, even under its expanded jurisdiction, when the requisites for the exercise thereof are not satisfied.

- 60 751 Phil. 301 (2015).
- <sup>61</sup> Id. at 330-331.
- <sup>62</sup> Supra note 60.
- 63 Id. at 331.
- <sup>64</sup> Id. at 332.
- 65 Id.
- <sup>66</sup> Id. at 333.
- <sup>67</sup> Id.
- 68 Id. at 334. 69 Id.
- 70 Id. at 334-335.

"The power of judicial review is the power of the courts to test the validity of executive and legislative acts for their conformity with the Constitution."<sup>71</sup> When exercised, the judiciary does not arrogate upon it a position superior to that of the other branches of the government but merely upholds the supremacy of the Constitution.

In *Congressman Garcia v. The Executive Secretary*,<sup>72</sup> the Court held that, for a proper exercise of its power of review, certain requisites must be satisfied, namely:

(1) an actual case or controversy calling for the exercise of judicial power; (2) the person challenging the act must have standing to challenge; he must have a personal and substantial interest in the case such that he has sustained, or will sustain, direct injury as a result of its enforcement; (3) the question of constitutionality must be raised at the earliest possible opportunity; and (4) the issue of constitutionality must be the very *lis mota* of the case.<sup>73</sup>

Arguing the absence of the first and second requisites, respondents seek an outright dismissal of the instant petition. We agree.

#### **Actual Case or Controversy**

"[A]n actual case or controversy is one which involves a conflict of legal rights, an assertion of opposite legal claims, susceptible of judicial resolution as distinguished from a hypothetical or abstract difference or dispute."74 To be justiciable, the case or controversy must present a contrariety of legal rights that can be interpreted and enforced on the basis of existing law and jurisprudence. Regardless of whether the Court's power of review is invoked under the traditional or expanded concept, the presence of an actual case or controversy remains a requisite before judicial power is exercised.<sup>75</sup> However, when the Court's expanded jurisdiction is invoked, the requirement of an actual case or controversy is satisfied upon a *prima facie* showing of grave abuse of discretion in the assailed governmental act.<sup>76</sup> Alexander A. Padilla, et al. v. Congress of the Philippines<sup>77</sup> emphasized that for the Court to exercise its power of judicial review and give due course to a petition for certiorari, the petitioners should set forth their material allegations to make out a prima facie case for certiorari.

<sup>72</sup> 602 Phil. 64 (2009).

<sup>&</sup>lt;sup>71</sup> Congressman Garcia v. The Executive Secretary, et al, 602 Phil. 64, 73 (2009).

<sup>73</sup> Id. at 73.

<sup>&</sup>lt;sup>74</sup> Hon. Exec. Sec. Belgica, et al. v. Ochoa, Jr., et al., 721 Phil. 416, 519 (2013).

<sup>&</sup>lt;sup>75</sup> Samahan ng mga Progresibong Kabataan (SPARK), et al., v. Quezon City, as represented by Mayor Herbert Bautista, et al., supra note 55.

<sup>&</sup>lt;sup>76</sup> Id.

<sup>&</sup>lt;sup>77</sup> G.R. No. 231671, July 25, 2017.

Interrelated with the requirement of an actual case or controversy is the requirement of ripeness. Consistently, a question is considered ripe for adjudication when the act being challenged has had a direct adverse effect on the individual or entity challenging it. The question of ripeness asks whether a case involves contingent events that may not occur as anticipated and whether there is actual injury to the party being suit.<sup>78</sup> Thus, it is required that an act had been accomplished or performed by either branch of the government and that there is an immediate or threatened injury to the petitioner as a result of the challenged action before courts may interfere.<sup>79</sup> In *Province of North Cotabato, et al. v. Gov't. of the Rep. Of the Phils. Peace Panel on Ancestral Domain (GRP), et al.*,<sup>80</sup> we held that "[w]hen an act of a branch of government is seriously alleged to have infringed the Constitution, it becomes not only the right but in fact the duty of the judiciary to settle the dispute.<sup>381</sup>

The allegations set forth in the petition failed to meet the requirement of a *prima facie* showing of grave abuse of discretion on the part of the Congress relative to the provisions of R.A. No. 10932. While R.A. No. 10932 and its implementing rules are accomplished acts of a co-equal branch of the government, the petition is unfortunately bereft of any allegation that petitioner, nor any of its members, had thereby suffered an actual or direct injury as a result of a discretion gravely abused. In the absence of an actual and direct injury, any pronouncement by the Court would be purely advisory or sheer legal opinion, in view of the mere hypothetical scenarios which the instant petition presents.

The challenged law also enjoys the presumption of constitutionality which the Court, at the first instance, cannot disturb in the absence of a *prima facie* showing of grave abuse of discretion and, upon delving into the merits, in the absence of a clearest showing that there was indeed an infraction of the Constitution.<sup>82</sup> If the Court were to invalidate the questioned law on the basis of conjectures and suppositions, then it would be unduly treading questions of policy and wisdom not only of the legislature that passed it, but also of the executive which approved it.<sup>83</sup>

#### Legal Standing

Closely related to the constitutional mandate that the Court settle only actual cases or controversies is the requirement of legal standing.

<sup>&</sup>lt;sup>78</sup> Lawyers Against Monopoly and Poverty (LAMP), et al. v. The Secretary of Budget and Management, et al., 686 Phil. 357, 369 (2012).

<sup>&</sup>lt;sup>79</sup> Philippine Constitution Association (PHILCONSA) v. Philippine Government (GPH), G.R. No. 218406, November 29, 2016, 811 SCRA 284, 297.

<sup>&</sup>lt;sup>80</sup> 589 Phil. 387 (2008).

<sup>&</sup>lt;sup>81</sup> Id. at 486.

<sup>&</sup>lt;sup>82</sup> See Hon. Drilon v. Mayor Lim, 305 Phil. 146, 150 (1994).

<sup>&</sup>lt;sup>83</sup> ABAKADA GURO Party List (formerly AASJS), et al. v. Hon. Purisima, et al., 584 Phil. 246, 268 (2008).

Invariably, legal standing or *locus standi* is defined as a personal and substantial interest in a case such that the party has sustained or will sustain direct injury as a result of the governmental act that is being challenged.<sup>84</sup>

18

As a rule, a party is allowed to raise a constitutional guestion when (1) he can show that he will personally suffer some actual or threatened injury because of the allegedly illegal conduct of the government; (2) the injury is fairly traceable to the challenged action; and (3) the injury is likely to be redressed by a favorable action.<sup>85</sup>

Sans doubt, R.A. No. 10932 governs the conduct of hospitals, medical facilities, medical practitioners and employees inasmuch as the law imposes upon the latter certain obligations and imposes corresponding sanctions in case of violation. However, petitioner itself, is not a hospital, a medical facility, a medical practitioner or employee, but an *association* thereof.

Section 1,<sup>86</sup> Rule 3 of the Rules of Court provides that juridical persons authorized by law may be parties in a civil action. In turn, Article 44<sup>87</sup> of the Civil Code enumerates the juridical persons having capacity to sue which includes corporations, partnerships and associations for private interest or purpose to which the law grants a juridical personality, separate and distinct from that of each shareholder, partner or member. Section 4,<sup>88</sup> Rule 8 of the Rules of Court mandates that "[f]acts showing the capacity of a party to sue or be sued or the authority of a party to sue or be sued in a representative capacity or the legal existence of an organized association of persons that is made a party, must be averred."

Thus, while juridical persons, like an association, are endowed with the capacity to sue or be sued, it must demonstrate substantial interest that it has sustained or will sustain direct injury. Assuming a hospital is found liable for violating the provisions of R.A. No. 10932, the liability or direct

<sup>&</sup>lt;sup>84</sup> Anak Mindanao Party-List Group v. Exec. Sec. Ermita, 558 Phil. 338, 350 (2007).

<sup>&</sup>lt;sup>85</sup> Tolentino v. Commission on Elections, 465 Phil. 385, 402 (2004).

<sup>&</sup>lt;sup>86</sup> SECTION 1. *Who may be parties; plaintiff and defendant.* – Only natural or juridical persons, or entities authorized by law may be parties in a civil action. The term "plaintiff" may refer to the claiming party, the counter-claimant, the cross-claimant, or the third (fourth, etc.) – party plaintiff. The term "defendant" may refer to the original defending party, the defendant in a counterclaim, the cross-defendant, or the third (fourth, etc.) – party defendant.

<sup>&</sup>lt;sup>87</sup> Art. 44. The following are juridical persons:

<sup>(1)</sup> The State and its political subdivisions;

<sup>(2)</sup> Other corporations, institutions and entities for public interest or purpose, created by law; their personality begins as soon as they have been constituted according to law;

<sup>(3)</sup> Corporations, partnerships and associations for private interest or purpose to which the law grants a juridical personality, separate and distinct from that of each shareholder, partner or member.

<sup>&</sup>lt;sup>88</sup> Sec. 4. *Capacity*. — Facts showing the capacity of a party to sue or be sued or the authority of a party to sue or be sued in a representative capacity or the legal existence of an organized association of person that is made a party, must be averred. A party desiring to raise an issue as to the legal existence of any party or the capacity of any party to sue or be sued in a representative capacity, shall do so by specific denial, which shall include such supporting particulars as are peculiarly within the pleader's knowledge.

injury inures not to the petitioner association itself but to the memberhospital.

To be sure, the rule on standing admits of recognized exceptions: the over breadth doctrine, taxpayer suits, third party standing and the doctrine of transcendental importance.<sup>89</sup> To fall under the third party exception, an association filing a case on behalf of its members must not only show that it stands to suffer direct injury, but also that it has been duly authorized by its members to represent them or sue in their behalf.<sup>90</sup>

In this case, while petitioner successfully averred that it is a nonstock, non-profit organization, existing under the laws of the Philippines and identified its members being the sole national organization of purely privately owned clinics, hospitals or other health facilities in the Philippines, dedicated to the management and concerns of private hospitals in the country,<sup>91</sup> it failed to demonstrate that ample authority had been extended to it by its members to file the instant petition.

The attached Board Resolutions<sup>92</sup> and Secretary's Certificate<sup>93</sup> merely state that the "members of the [petitioner], view [R.A. No. 10932] as [unconstitutional] with respect to its penal provisions or Section 4 thereof, the same being oppressive and confiscatory; and with respect to its provision on 'Presumption of Liability' or Section 5 thereof, which is utterly against the Constitutional provision on 'Presumption of Innocence'' without authorizing petitioner to file the necessary petition to question the constitutionality of the law before any court. Petitioner therefore cannot benefit from the third party exception to the requirement of *locus standi*.

In view of the foregoing limitations, there is no reason for the Court to take cognizance of the present petition.

WHEREFORE, the Petition is **DISMISSED**.

#### SO ORDERED.

iate Justice

<sup>&</sup>lt;sup>89</sup> White Light Corp., et al. v. City of Manila, 596 Phil. 444, 456 (2009).

<sup>&</sup>lt;sup>90</sup> Pharmaceutical and Health Care Assoc. of the Phils. v. Health Sec. Duque III, 561 Phil. 386,

<sup>396 (2007).</sup> 

<sup>&</sup>lt;sup>91</sup> *Rollo*, pp. 4-5.

<sup>92</sup> Id. at 33-34 and 36-37.

<sup>93</sup> Id. at 35.

20

G.R. No. 234448

# WE CONCUR:

ANTONIO T. CARPIO Senior Associate Justice

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(on official leave) MARIANO C. DEL CASTILLO

Associate Justice

IC M.V.F.

Associate Justice

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DIOSDADO M. PERALTA Associate Justice

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Concurring Opinion Pha. All ESTELA PERLAS-BERNABE

Associate Justice

FRANCIS I LEZA

Associate Justice

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(on official leave) ALEXANDER G. GESMUNDO Associate Justice ANDRES B. REYES, JR. Associate Justice

(on official leave) JOSE C. REYES, JR. Associate Justice

**RAMON PAUL'L. HERNANDO** 

Associate Justice

# CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court.

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ANTONIO T. CARPIO Senior Associate Justice (Per Section 12, R.A. 296, The Judiciary Act of 1948, as amended)

**CERTIFIED TRUE COPY** 

EDGAR O. ARICHETA Clerk of Court En Banc Supreme Court