

CHAPTER 2

THE HOSPITAL SYSTEM

2.1 DEFINITION OF HOSPITAL

A hospital is a place devoted primarily to the maintenance and operation of facilities for diagnosis, treatment and care of individuals suffering from illness or deformity or in needs of other medical or nursing care. It is construed as an institution where there are beds or cribs for 24-hours use or longer by patients for all kinds of treatment, be it diseased conditions, injuries, deformities, or abnormal states and maternity cases. It includes such as those for convalescence, senatorial care, infirmaries, nurseries, dispensaries, and such other names by which they may be designated.

2.2 FUNCTION/ROLE OF A HOSPITAL

In fulfilling its primary function of providing health care to the patients, the hospital's internal system has the following components:

- a) The medical staff who are responsible for administration, diagnosis and treatment of patients in addition to execution of quality control measures through its medical staff organization.

- b) Programs which are part of the process involving direct care and treatment of the patient such as x-ray, nursing and laboratory, and
- c) Support and administration services which handle the bureaucratic and business aspects of hospital operations.

2.3 CHARACTERISTICS OF A HOSPITAL

The hospital of today, however, has expanded its role in society. It has become by and large, more involved in the societal processes as a social and humanitarian institution ever responsive to the opportunities provided by scientific progress on one hand and social forces on the other. Because of this, hospitals extended their capabilities and resources to community service, not only with curative services but also with preventive and rehabilitative health care. A great deal of what takes place in the health services today affects the people and naturally what affects society brings about changes in hospital services. Today, hospitals have also become a place of confrontation for health care development, and of scientific, social, educational, ideological and political innovation.

By the very nature of the services it offers, hospital management is faced with complexities that result in difficult situations. Following are some of the major problems of the hospital industry.

- a) Its objectives and corresponding actions are torn between its duty to provide affordable and competent health care and the need

to remain commercially viable by giving its owners a reasonable return on investments (ROI).

b) Policies governing a hospital's operations are entrusted to a Board of Trustees/Directors whose members serve on a voluntary and often, uncompensated basis in contrast to directors sitting on the boards of profit-oriented organizations.

c) The hospital organizational structure enjoy the simplicity provided by a formal hierarchy. As a result, hospital administrators can only govern with endorsement of those they supervise (e.g. physicians)

Further aggravating the administrator's already inhibited position is the imperative to satisfy the needs of the physicians without undermining the cost and regulatory restrictions imposed by the Board of Trustees/Directors, financial creditors and a variety of environmental factors.

d) Hospitals need to maintain a broad array of skilled health care professionals on their staff and operate continuously throughout the year on a 24-hour basis. Consequently, hospitals are burdened with overhead costs stemming from high salary costs due to the competition faced in securing adequate staffing.

e) Operating under the yoke of servicing the needs of its patients and physicians while observing fiscal constraints, a hospital presents a problematic management environment. This is aggravated by the “life and death” nature of its services, a feature unique to the hospital industry.

2.4 CLASSIFICATION OF A HOSPITAL

The hospitals in the Philippines are classified according to category and ownership (Boxes 1 and 2):

Box 1 Category of Hospital

Category	Services
Primary Hospital	Medicines/ Pediatrics Obstetrics/ Minor Surgery
Secondary Hospital	Medicine/ Pediatrics/ Obstetrics Gynecology/ General Surgery/ Ancillary Services
Tertiary Hospital	Above services as well as full-departmentalization that needs the support of certified specialists including their subspecialties and ancillary services.

Source: DOH Annual Report, 1995

Box 2. Ownership of Hospital

Ownership			Total Beds
Public	DOH	47 Retained Hospitals 4 specialty 5 spec. hospital 2 R&D hospital 9 medical centers 3 distr. hospitals (NCR) 14 regional hospitals 8 sanitaria	20,948 beds
	LGUs	580 devolved hospitals	n/a
Private	Corporation/Cooperative	1,187 combined	39,707 combined
	Foundation	private hospitals	private hospital beds
	Single Proprietorship Partnership		n/a
	Religious Order		n/a

Source: DOH Annual Report, 1995

The public hospitals owned by either the national government or the local government are 33 % of the total hospital but serve 54% of the total beds. Of the 580 devolved public hospitals, majority (57 %) are secondary type institutions, 31 % are primary, and 12.5 % are classified as tertiary hospitals. The retained hospitals controlled by DOH account for 20,948 beds. They are considered as some of the best and the most expensive hospitals in the country, and are geographically dispersed nationwide with a central core in Metro Manila.

There are 1,187 private hospitals that manage 39,707 combined beds. Many of these hospitals are small primaries, no more than a health center and an acute care center meaning they are not capable of providing care for the more serious diseases requiring hospital care.

Today the goal of the DOH hospital system is to develop an effective network of facilities which is *capable, accessible, acceptable, and affordable*. A DOH hospital as well as a local government unit (LGU) hospital will not only be a center for curative care but also a venue for preventive medicine. Such a system shall also provide efficacious alternatives to in-patient care a wider use of allied medical professionals and paramedical personnel. Such goal is consistent with the vision and mission of DOH (Table 2.1).

Table 2.1 Vision and Mission of the Department of Health

Vision	Mission
Health is a basic human right. A continuum of services must be provided to assure the enjoyment of this right especially the poor	The Department should work to make enjoyment of the rights to health a reality, by making services available, by mobilizing resources, and by promoting the means to better health.

Source: Department of Health, 1994

2.5 GOVERNMENT ROLE

The government for the past years has shown a number of initiatives through its policies and programs. A review of important actions made by the government to correct the imbalances in the health care facilities and qualified manpower in the face of an ever increasing demand for health care are provided to give a fresh outlook of how the hospital industry in the Philippines is affected:

a) Manpower

Health manpower has definitely received attention from the government and academe which have recognized the deterioration of academic standards in medical schools, the maldistribution of health manpower, and their adverse effects on health care delivery. With health manpower in the government hospitals increased by 14 % since 1990 (table 2.2), this indication showed that there was no comprehensive health manpower planning in the country which further resulted in too little coordination between production and utilization of manpower.

Table 2.2 Government Health Manpower in the Philippines, 1990 - 92

Medical Personnel	1990	1991	1992
Doctors	7,431	7,328	7,107
Dentists	1,550	1,523	1,604
Manpower	1990	1991	1992
Nurses	10,270	12,408	12,339
Total	30,855	31,376	35,903

Source: Department of Health (DOH), 1995

Fortunately, the government has taken important steps to resolve the cited problems (table 2.3) and this is hoped to impact and improve the situation.

Table 2.3 Policy Measures Initiated by the Government

1. Medical schools setting quota on student admission.
2. Admission is selective on a national basis.
3. Medical and nursing schools mandatory accreditation.
4. Upgrading of curricula.
5. Utilization of government hospitals
6. Discouragement of nursing course
7. Pressure to hire nurses and dentists in the industries.
8. Moratorium in the opening of medical schools and closing of sub-standard ones are enforced.
9. Organization of post-graduate courses in medicine.

Source: Department of Health, 1994

B. Health Facilities

The government has also tried to address the inadequacy of health care facilities and equipment. It has provided incentives for the manufacture of pharmaceuticals and medical equipment as listed in the 1989 Investment Priorities Plan such as the exemption from taxes and duties for imported capital equipment, and also exemption from corporate income taxes to pioneer businesses. And recently, the 1995 Export Development Act that mandates substantial fiscal and supply-side incentives to equipment manufacturers, a law favoring the end buyers such as hospitals and other health care institutions.

The government has also included the construction of health care facilities as among the areas in which the country's external debt can be converted to equity investments--similar to Debt-for-Nature swap scheme.

However, the success of this program may ultimately depend upon the government's commitment to improve the general business climate.

The National Health Facilities Enhancement Bill offers another opportunities although it is threatened by greater capital demand needed in building and equipment considering the deterioration under the devolution and LGU's lackadaisical management of these areas.

C. Medical Cost

The another important initiative the government has taken in the area of health care is to address the ever increasing medical cost, particularly on drugs. It has implemented the national drug policy which requires the use of generic names in the prescription, sale and dispensation of drugs. The Generics Act although it contained serious defects has helped people to make cost saving choices. Situationally, most physicians disregard the provision on generic prescribing and most consumers do not ask for generic options. Some of the problems are structural--few generic products are carried in the drugstores. Moreover, with or without generics, people continue to be bombarded by inappropriate marketing and advertising of essential drugs such as cough and cold remedies, vitamins, and anti-diarrheals, adding to the expenses altogether

d) Future Prospects

Furthermore, a recent hospital study revealed that the government current regional industrialization thrust would be able to disperse economic opportunities resulting in the rise of new growth areas, notably the South Cotabato-Sarangani-General Santos City (SOCSARGEN) area. The increasing urbanization, in turn, will allow the population to have better access to sanitation and water supplies, education and superior personnel health services. Morbidity and mortality rates, especially among the infants, are expected to decline as economic, social and environmental conditions improve. Increasing degenerative and chronic diseases will probably require the country's hospitals, both public and private, to move towards more high technology treatment at significantly higher cost. The next two decades may witness a significant rise in the geriatric (old) population leading to adverse impact on the country's social security system.

The operationalization of the National Health Insurance and the passage of essential health care related legislation particularly on the institutionalization of private care providers will provide substantial improvements in the whole sector. The government's liberalization and deregulation policies have provided economic boon to the country and thus, bright prospects in the health care sector.

The continued promotion and implementation of the primary health care delivery system has moved the Philippines closer to achieving the “Health for All in 2000”.

2.6 LOGIC OF THE HOSPITAL INDUSTRY

The hospital industry is intertwined by competition between private and public hospitals. The public hospital exists due to the mandate of legislation to fundamentally provide health care services to a particular community. Private hospitals see their existence both for profit motive and social responsiveness to serve the people as in the case of a few big corporations and the religious societies.

With the Philippine’s hospital industry traditionally meshed with the presence of many private hospitals, the challenge to become ever more affordable, accessible and acceptable to over 70 million populace is still a long way to go.

2.7 PROBLEMS ON THE INDUSTRY

The country’s hospital industry has been confronted with major problems affecting the viability of many hospitals. It is viewed as a business but its image is that of a public service. The researcher evaluated critical problems:

- a) There is a moderately rapid turn-over of health manpower, particularly the nurses, owing to the lure of high salaries offered for working

abroad (to traditional foreign destinations) and compounded further by opening of new foreign job markets.

b) There is a high-level of receivable accounts from government agencies as in the case of Social Security System and Government Service Insurance System subsidies for Medicare members. In most instances, receivables ranging from 1.5 to 4.5 million pesos are only collected three to five months after the date of filing. This is further aggravated now that the entire system of the country's health insurance under the Philippine Health Insurance Corporation (PHIC) was badly shaken by hundreds of alleged fraudulent claims. There were as 232 hospitals mostly in Mindanao monitored for dubious claims made (interviewed to PHIC CEO Jose Fabia, 1995). This includes misrepresentation claims to submitting of padded claims the common practices. According to PHIC, its monitoring has resulted in the drop of fraudulent claims from 38-40 % to around 30 % and policy improvements are needed to improve its performance.

c) There is an inadequate support for private hospitals in the delivery of health services to indigent patients as well as inadequate medicine resources and manpower. Patients slated for transfer to the government hospital after receiving emergency treatment at a private hospital in order to complete their treatment are actually absorbed by the private hospitals. Truly, private hospitals are major players in bringing hospital services to rural areas since 62% of all rural-based hospitals are private hospitals.

Table 2.4 Factors for Bad Debts in the Hospital

Patients inability to pay	41 %
Unpaid Medicare claims due to disallowance	21 %
Unpaid emergency cases	18 %
Others	20 %

Source: Joaquin, Cunanan & Co, 1993

The requirements for hospitals to allocate at least 10 % of their authorized bed capacity for charity patients represent income loss to hospitals as private hospitals could use these charity bed for paying patients. The “no-deposit law” for emergency cases contributes to the problem of bad debts (table 2.4), particularly since the term, “emergency” is not well defined.

d) The escalating cost of manpower comprises as much as 34-36 % of the total hospital’s expenditure. Medical and hospital supplies aggravated the cost at 18-30 % and the rest to utilities (7-9 %). This has led to growing number of bad debts, as the overall economic contractions severally hampered the ability of patients to pay for their medical needs.

e) The higher the hospital category, the lower the profit margins. The ratio of operating expenses to operating revenues as revealed in table 2.5 showed that tertiary hospitals incurred substantial cost. The low pay back for tertiary hospitals is due to low margins and a large capital base which is composed mostly of land, building, and equipment, The higher the

hospital category becomes, the bigger the percentage of bad debts to total revenues it suffers. In comparison, private educational institutions had 9 % and net income margin (NIM) of 10.1 %. A sharp contrast to the hospital industry of 1.9 % and 2 %, respectively.

Table 2.5 Financial Characteristics in Private Hospitals in the Philippines

Category	Operating Expenses to Operating Revenues	Return of Equity	Bad Debts to Total Revenues
Primary	62 %	10 %	8.8 %
Secondary	82 %	13 %	18 %
Tertiary	88 %	5 %	18.34 %

Source: Joaquin, Cunanan & Co., 1993

f) The rising cost of medicines and medical equipment and the incremental cost affect the price of hospital services. In most hospitals, critical equipment is unserviceable, non-functional, outdated and obsolete, and a rational, effective system for disposal and replacement does not exist.

g) The internal revenue allotments (IRAs) to most provinces are inadequate to finance devolved hospital operations. Health and hospitals are not a priority of some local government units and often used as “milking cow” for patronage by many politicians and influential people.

h) According to a DOH strategy paper, there is a cumbersome LGU administration and its system and procedures for procurement which hampers the health services is another point. The lack of autonomy with respect to fund disbursement, absence of clear-cut policies for fund releases, and “red tape” in the release of supplies, drugs, and materials, results in shortages which severely affect the quality of health service.

I) The integration of public health programs and hospital services is uncertain. As provinces and municipalities develop their own health priorities, the linkage between the hospital activities and public health programs weaken.

j) The local health boards (LHBs) of provinces and municipalities are not functioning effectively as designed under the Local Government Code (LGC) and in most cases, are not operational e.g., in General Santos City. Furthermore, chiefs of hospitals in municipal or district are not members of the local health boards. Their non-inclusion in the health boards also weakens the health system.

h) The hospital referral system was adversely affected by devolution as patients move from district to provincial to regional hospitals to secure available medicines and supplies.

l) The same strategy paper commented that the transition problems (hiring, replacement and absorption) related to personnel include the following: 1) appointments are handled at the provincial capitol where political

interference/patronage becomes the order, 2) vacant positions were dropped and renewal of appointments not permitted, 3) recruitment of non-qualified health personnel, 4) the non-compliance of local government executives of the rights and benefits of health care workers under the Magna Carta for Public Health Workers caused low morale, 5) security of tenure is threatened by the pending reorganization at the LGU level, and 6) devolution has limited the career development opportunities for medical personnel, as well as limited funds for education and training. The over enforcement of the Attrition Law which bans the creation of new positions in the next five years has crippled the manpower requirements in the public hospitals and thus, contractual or casual employment is created to augment or beef-up existing backlog. The absence of rational staff recruitment and promotion process makes it difficult for hospitals to replace key personnel who have resigned or retired. Lack of incentives to stay in the country continues to lure medical personnel to foreign shores.

m) Discounts to private hospitals on electric power rates do exist. However, this discount is ensured only in MERALCO franchised areas. Hospitals outside MERALCO area are not assured of such privilege since some electric cooperatives do not recognize it.

n) No comprehensive or integrated government plan or policy defining the role of private hospitals in the overall health care system exists.

o) There is confusions as to the functions of the provincial health officers (PHOs) and district health officers (DHOs). Under the devolved set-up, PHO and DHO have no direct administrative supervision over rural health units. Furthermore, PHO supervision over health offices of component cities and municipalities is perceived as non-functional as these areas are now under local health executives, not directly accountable to the province.

p) Some hospital chiefs find it extremely difficult to maintain cleanliness and service delivery due to inadequate water supplies, insufficient back-up power system, and an unsatisfactory waste disposal system. They are experiencing undue restrictions on the management of procurement systems and funds due to auditors who impose too many and often contradictory requirements.

q) Standard definitions for hospital utilization, statistics, financial, operation ratios, unit cost, efficiency measures, and other input/output indicators do not exist, hence are not being used in budget presentation to any great degree making it impossible to determine performance among hospitals.

r) There are high levels of inconsistency between collection and reporting of statistical indicators and cost data.

2.8 OPPORTUNITIES

There are opportunities awaiting the country's hospital industry:

- a) The move to privatize the four (4) specialty hospitals i.e., National Kidney Institute, Philippine Health Center for Asia, National Lung Center and the National Children's Hospital may pave the way for national government's budget allocation shift to a more highly-focused and impact-based health programs at the grassroots levels though seen by militant groups as demeaning initiative.
- b) The rise in the health level awareness of the general populace is an opportunity for expansion of hospital services into the field of preventive health maintenance services.
- c) Inter-hospital working relationship shall result in the improvement of health care delivery through the sharing of resources and better cooperation while minimizing the duplication of services. By sharing resources, hospital should either lower or control their operational costs, while the reduction in duplication of services would permit more efficient control of scarce resources.
- d) RA 7600 gives incentives to all government and private hospitals for promoting breast feeding and rooming-in practices. Private hospitals that incur expenses in complying with the law may deduct twice the amount for income tax purposes.

e) Implementation of proper Generic drugs may lower the carrying and administrative costs of medical inventory that would otherwise generate more savings for hospitals.

f) Rapid urbanization, increasing population, controlled inflation, foreign investments and industrial and commercial expansion, are major economic factors that are seen as opportunities.

g) Legislative support for health and support of professional societies are also added to boost the hospital industry. This means health legislation gets the best priority in Congress.

2.9 KEY SUCCESS FACTORS

An enterprise has key success factors that are critical in attaining its objectives. From the study, it was gathered that a public hospital needs to fully understand key factors for its success utilize them maximally:

1. Physicians - based on his study, the Harvard professor, Jeff Goldsmith said that the impact the physician creates is significant, thus close personal and professional relationship between a hospital and the medical community is a requisite. Further, the physician can affect the economic functioning of the health care system in three ways: individual patient management decisions, managerial decisions involving the care organizations, and monitoring the system. This factor is true to all

hospitals in the country according to an in depth study of Arsenio Feria, an executive of DOLE Philippines, a Philippine-based multinational company.

2. Quality Patient Care - the concept of total quality care involves the services of competent medical staff, warmth and attentive nursing staff, and adequate facilities amidst a clean and orderly hospital environment. Since a potential patient relies on the recommendations of their friends, relatives and physicians in choosing a hospital, the importance of a hospital's reputation cannot be under estimated. Since the key to hospital use is an active, committed medical staff, recruiting and retaining physicians are the most important marketing issues facing hospital today. Physician recruitment is expensive, thus administration may have to guarantee attractive/reasonable compensation regardless of direct productivity for example, to physicians beginning their practice. The private hospital system has this quality care factor in hand and sees it as an important thing in its favor.

3. Operational and Financial Flexibility - the demand for hospital services varies from location-to-location and contingent on the following factors:

- a) A given population's demographic and socio-economic conditions can be translated to an outright potential demand for basic services. When a population is burgeoning and socio-

economic status is above poverty level, the implication suggests that the area demands hospital and health services.

b) The level of health consciousness in a given area means that a given population knows product or service substitutes necessary for them to remain healthy and that most likely, the hospital easily comes to mind.

c) The rate of technological advancement provides a hospital player a chance to see itself competing in an environment where technology affects its services and products and thus there is a need for it to change in the process.

d) The level of participation of third-party players in the health care programs suggests that hospital industry is alive. A case of proliferating health maintenance organizations and preferred provider organizations shows that hospital is guaranteed with insurance coverage at least. Private hospitals indeed capitalize on their networking arrangement with these corporate institutions.

4) Socialized Pricing - a patient is entitled to full benefits and complete health care regardless of an individual's financial capacity or incapacity. Hence, hospitals should adopt appropriate schemes to make their services affordable to anyone who may need them. This is also a way for private hospital to show and extend its social responsiveness. This is attempt too to create an image that a hospital exists to serve all kinds of customers.

The public hospital charges its patients no fees in every instance but services have terribly sunken below standards creating an image of a rundown institution. Such an image provides an impression that only poor people may enjoy its services when majority of the taxpayers are rich and who are likely beneficiaries of hospital and health services, of the community.

5) Accessibility of Hospitals - accessibility is another important consideration to a patient when choosing a hospital. A hospital accessible to a public transport route gives a person an opportunity to save from waiting and commuting which are nevertheless opportunity losses. The location of a hospital near a pharmacy outlet, store or mall may afford him to walk rather than ride on vehicle, which is very costly.

The researcher found the description of the local hospital industry players appropriate for application to the previously identified key success factors. Specifically, competition in the hospital industry is largely affected in terms of location, category, scope of services, composition of medical staff and a good hospital image.

2.10 INDUSTRY PLAYERS

The researcher has identified three (3) private hospitals and one (1) public hospitals as the most feasible industry players in the SOCSARGEN area for this study (table 2.6). The following players are, to wit:

1) General Santos Doctors' Hospital (GDSHI) - is a tertiary hospital located in the heart of the city. It is a profit corporation owned by prominent physicians and specialists. The group is headed by the president and the administration is handled by the Congregation of Sisters of St. Paul of Charters (SPC) - a religious group of women mostly health professionals.

Success of GSDHI is attributed to a tract record of reputable and competent physician-owners. These individuals brought about its good image. The administration of SPC is another strength since the congregation has a reputation and experiences in hospital administration in many private hospitals in the country. Continuous training of skilled nurses and midwives has kept the hospital abreast with new trends in hospitals and health care delivery. Cleanliness is another major strength--a unique factor common among private hospitals.

2) St. Elizabeth Hospital, Inc. (SEH) - is another tertiary private hospital that has been serving the community for the past thirty-three years with high quality medical care in terms of professional services, modern equipment and latest facilities in the different fields of medicine. It has similar services offered by GSDHI.

The Veneracion family owns the hospital but there is a plan to sell 50% of the outstanding stock to some medical specialists in a bid to keep the latter's loyalty and patronage.

Several key success factors observe among them were: a good staff of physicians and specialists who have been trained in specialty medicine, have obtained their advanced diploma, and fellows of specialty organizations--traits similar to GSDHI. Being bounded between two major thoroughfares is another point-- strategic location fully accessible to public transportation and important commercial establishments and space for good parking area. The cleanliness of the facilities and the expansion of infrastructures housing the suite and private rooms are perceived as come-ons.

3) Howard Hubbard Medical Hospital (HHMH) - is a 95-bed capacity hospital owned by Dolefil, Inc.--one of the largest multinational companies in the Philippines engaged in the export of agricultural and marine products--but is now leased to Philam Care, a premier health maintenance organization (HMO) in the country. Located in the bustling town of Polomolok it is about 25 kilometers away from General Santos City.

It has good location nestled close to a residential zone, is accessible to the residents of Polomolok and Tupi and offers natural ambiance with its calm, serene and quiet environment. Its pool of resident physicians and retained-medical consultants provided by the above HMO company are widely known for their specialties.

4) South Cotabato Provincial Hospital (SCPH) - with over a million targeted constituents, the only tertiary public hospital in South Cotabato is owned by the provincial government. It has a pool of promising resident physicians and specialists regularly supported by the state-owned Davao Medical Center. Accessibility to public transport, institutions and commercial offices is a major success factor. Another is full-governmental appropriation that makes possible the imposition of socialized pricing and sometimes, free service for indigents. It served as the regular training hospital of nursing and midwifery students from Tacurong and Marbel.

Table 2.6 Tertiary Hospital Industry Players in the SOCSARGEN Area

Name/Ownership	Location	Services
General Santos Doctors' Hospital (Dr. and Mrs. Venancio Yap-majority stockholder)	General Santos City	Radiology/General/Internal Medicine/General Surgery/Orthopedics/Pediatrics/OB-Gyne/Rehabilitation/Anesthesiology/Pathology/Other
St. Elizabeth Hospital (Dr. Antonio Veneracion and family)	General Santos City	Radiology/General/Internal Medicine General Surgery/Orthopedics/Pediatrics /OB-Gyne/Rehabilitation/Anesthesiology Pathology/Other
Howard Hubbard Memorial Hospital (Dolefil now leased to Philam Care, Inc)	South Cotabato (Polomolok)	Radiology/ General/Internal Medicine General Surgery/Orthopedics Pediatrics/OB-Gyne/Rehabilitation /Anesthesiology/Pathology/Other
South Cotabato Provincial Hospital (LGU-South Cotabato Province)	South Cotabato (Koronadal)	Radiology/ General/Internal Medicine General Surgery/Orthopedics/Pediatrics OB-Gyne/Rehabilitation/Anesthesiology Pathology/Other

Interviews with hospital staff members and executives , 1995

b) Hospital Room Rates

The price of each private hospital room rates varies within the range of 20 to 35 % depending on its location. These industry players cater to the middle and upper income groups, and expectedly, their revenue sources (corporate and individual accounts) are the same.

The prices of the provincial public hospitals were on a socialized scale--these are payments that can be charged for the use of room occupancy, at-cost of drugs and meals, waiver of professional medical fees, among others--although there were many instances when services are free for indigents and the “favored few”--people identified with the ruling administration.

a) Manpower

The hospitals in the area differ in manpower set-up depending on the services offered and the volume of patients handled. All industry players have resident physicians. In the case of GSDH, resident physicians are limited because the salary is not so attractive and the facilities are not at par with industry requirements.

2.10 SUMMARY

The Philippine hospital system is basically confronted with an expanded role in the society. Now it is perceived as a socio-cultural, economic and political arena--a venue for intervention and confrontation since many public hospitals consumed sizable expenditures in every government annual budget. Of course, they are being used as a patronage facility of local politicians.

Now in a new milieu, the country's hospital system has become a unique system specifically for a public hospital.

The public hospital has grown distinct as a result of the devolution of the state's public services to the local governments. Certainly, its total physical count of 33 % of all hospital and 54 % of the all beds in the country are real figures, something to value. And the fact, that the public hospital system is a geographically-dispersed and socialized-service institution.