

Annex 18. Experiences on Registration of Medical Tourism Ecozones in the Philippines

Experiences on Registration of Medical Tourism Ecozones in the Philippines

Atty. Genesis M. Adarlo
Consultant

"APEC Seminar on Trade in Health Services"
February 9-11, 2010
Venue: Shangri-La's Mactan Resort & Spa, Lapu-Lapu City, Cebu

Experiences on Registration of Medical Tourism Ecozones in the Phils.

What is the State policy involved?

- The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments. (Sec. 20, Art II, 1987 Constitution)

Experiences on Registration of Medical Tourism Ecozones in the Phils.

What is Medical Tourism in the Phil. context?

- It is travel to the Philippines for the purpose of availing quality but affordable healthcare services or treatment of illnesses and health problems in order to maintain one's health and well-being.

Experiences on Registration of Medical Tourism Ecozones in the Phils.

What is the legal basis?

- Executive Order No. 372, series of 2004 – created the Public-Private Sector Task Force for the Development of Globally Competitive Philippine Service Industries
- Executive Order No. 571, series of 2006 – created a Public-Private Sector Task Force on Philippine Competitiveness
- Board of Investments (BOI) included the health and wellness products and services as preferred activities in the 2005 Investment Priorities Plan (IPP)
- Philippine Economic Zone Authority (PEZA) issued Board Resolution No. 06-512 approving the Guidelines for the Registration of Medical Tourism Special Economic Zones (Medical Tourism Parks/Centers) and Medical Tourism Enterprises under Republic Act No. 7916, as amended

Experiences on Registration of Medical Tourism Ecozones in the Phils.

What are the health and wellness services in the 2005 Investment Priorities Plan (IPP)?

- Hospital/Medical Services
- Ambulatory Surgical Services
- Dental Services
- Other Human Health and Wellness Services including Rehabilitation and Recuperation Services
- Retirement Village and Other Related Services
- Development of Medical Zones

Experiences on Registration of Medical Tourism Ecozones in the Phils.

What is R.A. No. 7916, as amended by R.A. No. 8748?

- An Act providing for the legal framework and mechanisms for the creation, operation, administration, and coordination of special economic zones in the Philippines, creating for this purpose, the Philippine Economic Zone Authority (PEZA), and for other purposes
- The Special Economic Zone Act of 1995

Annex 18. Experiences on Registration of Medical Tourism Ecozones in the Philippines

Experiences on Registration of Medical Tourism Ecozones in the PHs.

What is a Special Economic Zone?

- Special Economic Zone (SEZ) – a selected area that is highly developed or which have the potential to be developed into agro-industrial, industrial tourist/recreational, commercial, banking, investment and financial centers. An ECOZONE may contain any or all of the following: Industrial Estates (IEs), Export Processing Zones (EPZs), Free Trade Zones, and Tourist/Recreational Centers.

7

Experiences on Registration of Medical Tourism Ecozones in the PHs.

What are the pertinent terms involved?

- Medical Tourism Economic Zone
- Medical Tourism Park
- Medical Tourism Center
- Medical Tourism Enterprise

8

Experiences on Registration of Medical Tourism Ecozones in the PHs.

What is a Medical Tourism Economic Zone?

- A selected area that is highly developed or which has the potential to be developed into a Medical Tourism Park/Center
- The location is fixed/delimited and declared by Presidential Proclamation

9

Experiences on Registration of Medical Tourism Ecozones in the PHs.

What is a Medical Tourism Park?

- An area which has been developed into a complex capable of providing medical infrastructures and other support facilities in compliance with DOH and DOT requirements
- Includes medical accommodations, wellness centers, spa, health farms, sports and recreational facilities, and rehabilitation facilities required by Medical Tourism Enterprises, as well as amenities required by foreign patients including professionals and workers involved in medical tourism activities
- Shall have a minimum lot area of one (1) hectare

10

Experiences on Registration of Medical Tourism Ecozones in the PHs.

What is a Medical Tourism Center?

- Either a medical hospital or a stand-alone building attached to a hospital that hosts specialized medical clinics and other specialized medical related activities in compliance with DOH requirements
- A stand-alone building attached to a hospital shall have a minimum floor area of 5,000 sqm. for Metro Manila and Cebu City, and 2,000 sqm. minimum floor area for the provinces and cities outside of Manila and Cebu City
- Has infrastructures and other support facilities required by Medical Tourism Enterprises
- May also provide amenities required by foreign patients including professionals and workers involved in medical tourism activities

11

Experiences on Registration of Medical Tourism Ecozones in the PHs.

What is a Medical Tourism Enterprise?

- A corporation or other form of business entity which has been endorsed by the DOH and registered with the PEZA to engage in the practice of medical health services with foreign patients as primary clientele

12

Annex 18. Experiences on Registration of Medical Tourism Ecozones in the Philippines

Experiences on Registrations of Medical Tourism Ecozones in the PHs.

What are the types of activities of a Medical Tourism Enterprise?

- Medical Services – Allergology; Clinical Immunology; Rheumatology; Cardiology; Clinical Genetics; Clinical Nutrition; Emergency Care; Endocrinology and Metabolism; Gastroenterology; Infectious and Tropical Diseases; Nephrology; Neurology; Psychiatry; Radiology, Radiotherapy, and Interventional Radiology; Hematology; Oncology or Cancer Medicine; Pulmonology; Critical Care; Geriatric Care; Lifestyle Health Service; Dermatology; Pain management; Complementary and Integrative Medicine
- Surgical Services – Neurosurgery; Cardiothoracic surgery; Gastroenterology surgery; ENT; Ophthalmology; Urology; Transplant surgery; Orthopedics; Cosmetic, Plastic, and Reconstructive Surgery

13

Experiences on Registrations of Medical Tourism Ecozones in the PHs.

What are the types of activities of a Medical Tourism Enterprise?

- Obstetric and Gynecologic Services
- Pediatric, Perinatology and Neonatology Services
- Dental and Orthodontic Services
- Optometry and Orthoptic Services
- Spa and Health Farms
- Drug Addiction Treatment and Rehabilitation Services

14

Experiences on Registrations of Medical Tourism Ecozones in the PHs.

What are the fiscal incentives of a Medical Tourism Enterprise?

- 4 years Income Tax Holiday (ITH) on income solely derived from servicing foreign patients
- Upon the expiry of the ITH period, payment of 5% Gross Income Tax on income solely derived from servicing foreign patients, in lieu of all national and local taxes
- Tax and duty-free importation of medical equipment, including spare parts and equipment supplies, required for the technical viability and operation of the registered activity(ies) of the enterprise

15

Experiences on Registrations of Medical Tourism Ecozones in the PHs.

What are the non-fiscal incentives of a Medical Tourism Enterprise?

- Employment of foreign nationals
- Special Investor's Resident Visa (47A 2)

16

Experiences on Registrations of Medical Tourism Ecozones in the PHs.

What is the current status of Medical Tourism Ecozones in the Phils.?

- One (1) Registered Medical Tourism Park – located in Sto. Tomas, Batangas
- One (1) Registered Medical Tourism Center – located in Bonifacio Global City, Taguig City

17

Experiences on Registrations of Medical Tourism Ecozones in the PHs.

What is the participation of DOH?

- BOI requires DOH endorsement re: applications for BOI registration of healthcare projects
- ☐ DOH issued A.O. No. 6, s. 1998 and A.O. No. 81, s. 2000

18

Annex 18. Experiences on Registration of Medical Tourism Ecozones in the Philippines

Experiences on Registration of Medical Tourism Ecozones in the PHIL.

What is the participation of DOH?

- PEZA requires DOH endorsement of applications for PEZA registration of Medical Tourism Special Economic Zones (Medical Tourism Parks/Centers) and Medical Tourism Enterprises
- ☐ DOH issued A.O. No. 2009-0015 - Interim Policies and Guidelines for Endorsement of Applications for Registration of Global Healthcare or Medical Tourism Projects under the BOI and PEZA

19

Experiences on Registration of Medical Tourism Ecozones in the PHIL.

What are the interim policies provided in A.O. No. 2009-0015?

- Medical tourism projects must be part of the Philippines' integrated and comprehensive approach to health development which endeavors to make essential goods, health and other social services available to all the people at affordable cost.
- Registration of medical tourism projects shall always take into account the impact on the Philippines' public healthcare system and the concomitant risks.
- Applicants for registration of medical tourism projects must provide programs, mechanisms, or strategies which share the benefits of medical tourism with the public healthcare system through public service, such as community-building projects, establishment of service wards and facilities, scholarship programs, training agreements between public hospitals and private hospitals.

20

Experiences on Registration of Medical Tourism Ecozones in the PHIL.

How do you obtain DOH endorsement under A.O. No. 2009-0015?

```

graph TD
    A[BOI/PEZA Referral Letter w/ supporting documents to DOH-OSEC] --> B[DOH-OSEC forwards to Technical Evaluation Committee (TEC) for verification/evaluation]
    B --> C[TEC determines if proposed project shall engage in permitted facility/activity]
    C --> D[TEC determines if all conditions are present for fiscal incentives on medical devices/equipment]
    D --> E[TEC submits written recommendations for final approval/disapproval by the Secretary of Health]
    E --> F[DOH-OSEC transmits approved/disapproved endorsement to BOI/PEZA]
  
```

21

Experiences on Registration of Medical Tourism Ecozones in the PHIL.

What are the conditions to obtain fiscal incentives on medical devices/equipment?

- The medical devices or medical equipment must be brand new and up-to-date.
- Procurement and use of the said medical devices and equipment must have complied with all the necessary health regulatory documents and permits from the country of origin and from the BHDT.
- The medical devices or medical equipment shall be solely used for therapeutic and/or diagnostic purposes limited to the medical tourism services.

22

Experiences on Registration of Medical Tourism Ecozones in the PHIL.

What are the conditions to obtain fiscal incentives on medical devices/equipment?

- The medical devices or medical equipment shall have a minimum freight-on-board (FOB) unit cost of US\$100,000.00. The minimum FOB cost shall be determined and periodically reviewed every two (2) years by the BHDT based on the prevailing cost of medical devices or equipment.
- The medical devices or medical equipment must be fixed to or owned by the proposed facility or activity and cannot be considered as personal property.
- The medical devices or medical equipment must not be locally-manufactured.

23

Experiences on Registration of Medical Tourism Ecozones in the PHIL.

What are the conditions to obtain fiscal incentives on medical devices/equipment?

- The proposed healthcare or medical tourism project must use health care technology that has been scientifically proven effective, safe and evidence-based.
- The proposed facility or activity must provide the same quality of care, technology and services for Filipinos, foreigners and foreign-based patients. It must also provide the same quality healthcare to service patients.
- Facilities must submit a detailed program, mechanism, or strategy which provides public service, such as, but not limited to, community-building projects; establishment of service beds numbering at least 10% of the authorized total bed capacity; scholarship programs; and training agreements between public hospitals and private hospitals.

24

Annex 18. Experiences on Registration of Medical Tourism Ecozones in the Philippines

Experiences on Registration of Medical Tourism Ecozones in the Philippines

What are the notable conditions after BOI/PEZA registration?

- Secure specific licenses and/or accreditation (PhilHealth, PCAHO/JCI) within the prescribed timeframe
- Submit specified annual reports on number of foreign patients, actual income derived from foreign patients, actual income on utilization of medical devices/equipment granted fiscal incentives, actual expenditures, compliance to provide public service
- Maintain quality assurance as well as quality control and safety
- Provide the same quality of care, technology and services for Filipinos, foreigners and foreign-based patients. It must also provide the same quality healthcare to service patients.
- Willing to collaborate with DOH in research and training activities

25

Thank you!

26