

[PRESIDENTIAL DECREE NO. 1411, June 09, 1978]

DISSOLVING THE GSIS HOSPITAL INC., AND TRANSFERRING ALL ITS ASSETS, LIABILITIES AND PROPERTIES TO THE DEPARTMENT OF HEALTH AND APPROPRIATING FUNDS FOR ITS OPERATIONS AND FOR OTHER PURPOSES

WHEREAS, the GSIS General Hospital was established by the Government Service Insurance System in 1969 as part of its services to its members;

WHEREAS, it is imperative for the Government service Insurance System to keep its funds actuarially solvent by confining its investments to those that carry a reasonable assurance of earning a sufficient rate of return over the long-range;

WHEREAS, preserving actuarial solvency of the GSIS funds should take priority over the direct provision and delivery of medical services, a task more appropriately performed by other agencies;

WHEREAS, there is a basic conflict between the aim of the GSIS Hospital to provide high quality hospital services on the one hand, and to limit its charges and fees to those within the reach of the low-income groups on the other hand;

WHEREAS, the cost of providing and delivering high quality medical care cannot be financed and sustained on a self-liquidating basis by the low-levels of fees and charges within the paying capacity of the low-income groups;

WHEREAS, one possible but unacceptable way of making the GSIS Hospital self-sustaining and self-liquidating is to increase its fees and charges to levels that will only convert it into a hospital for the relatively higher-income groups;

WHEREAS, on the other hand, another possible but unacceptable solution to the conflict is to reduce the cost of its medical services by reducing their quality to undesirably low levels;

WHEREAS, the provision of high quality medical services at relatively low fees and charges can only be made possible by subsidizing the operations of the GSIS Hospital;

WHEREAS, the provision of subsidies is the proper function not of the GSIS but of the national government, since subsidizing an inherently unprofitable operation is inconsistent with the over-riding need to preserve the actuarial solvency of the GSIS funds;

WHEREAS, the GSIS Hospital has been incurring losses since its establishment, for the reasons cited above, and is expected to continue incurring losses in the future if it is to continue incurring medical services of acceptable quality at cost within the reach of the low-income groups;

WHEREAS, in view of the above-mentioned factors, it has become a matter of sound national policy to transfer the ownership of and the operating responsibilities over the GSIS Hospital from the GOVERNMENT SERVICE INSURANCE SYSTEM to the National Government;