773 Phil. 28

THIRD DIVISION

[G.R. No. 193158, November 11, 2015]

PHILIPPINE HEALTH INSURANCE CORPORATION, PETITIONER, VS. OUR LADY OF LOURDES HOSPITAL, RESPONDENT.

D E C I S I O N

PERALTA, J.:

This petition for review on *certiorari* under Rule 45 of the Rules of Court (*Rules*) seeks to reverse the July 27, 2010 Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 110444, which annulled and set aside the August 11, 2009 Resolution[2] and September 4, 2009 Order[3] of the petitioner's Arbitration Department denying respondent's resort to modes of discovery.

Petitioner Philippine Health Insurance Corporation (*PHIC*) is a government corporation created under Republic Act (*R.A.*) No. 7875,[4] as amended,[5] to administer and implement the country's National Health Insurance Program, while respondent Our Lady of Lourdes Hospital (*OLLH*) is an institutional health care provider duly accredited with the PHIC.

On May 14, 2009, PHIC filed a Complaint[6] with its Legal Sector -Prosecution Department against OLLH for the administrative offense of filing multiple claims, which is penalized under Section 145, Rule XXVIII of the Implementing Rules and Regulations (*IRR*) of R.A. No. 7875. Allegedly, OLLH filed two claims of the same amount of PhilHealth benefits involving the same patient for the same diagnosis and covering the same period of confinement.

The case, which was docketed as HCP-NCR-09-082, was assigned to Senior Arbiter Atty. Darwin G. De Leon (*De Leon*) and Summons was duly served upon OLLH.[7] On June 23, 2009, OLLH filed a Verified Answer.[8] After which, the parties were directed to file their respective Position Papers.[9] PHIC complied with the order.[10]

On its part, OLLH moved to defer the submission of its position paper pending the answer of the PHIC President and CEO to the written interrogatories as well as the inspection and copying of the original transmittal letter and all other claims that accompanied Annex B[11] of the Complaint.[12] According to OLLH, these modes of discovery were availed of because its representatives were denied and/or not given access to documents and were not allowed to talk to PHIC personnel with regard to the charge.[13]

PHIC filed its Comment[14] on OLLH's motion. Thereafter, the PHIC Arbitration Department, through Arbiter De Leon, denied OLLH's motion. The August 11, 2009

Resolution opined:

> In the light of being summary in nature of the rules that govern the administrative proceedings as in this case, the interrogatories and motion for production and inspection of documents filed by [OLLH] [cannot] be given due course by this Office. Relevantly, for an obvious reason as can be inferred from the purpose of the said pleadings, the allowance of the same would not practically hasten the early disposition of the instant case, instead undermine the objective of the above-cited provisions [Sections 91 and 92 of the 2004 IRR of R.A. No. 7875, as amended by R.A. No. 9241] which clearly and explicitly demand or call for an immediate resolution of the subject case. The bare and unsubstantiated allegations of [OLLH] that its representatives were denied access to the documents pertaining to the PhilHealth claim subject of this controversy and at the same time were not allowed to talk to any of the PhilHealth personnel which prompted the respondent to resort to the modes of discovery herein above-mentioned, deserve scant consideration for being self-serving. [On] the contrary, this Office perceives the [OLLH's] filing of the aforesaid pleadings [was] designed for no other conceivable end or purpose but to delay the proceedings.[15]

The Motion for Reconsideration[16] filed by OLLH suffered the same fate as the September 4, 2009 Order held:

> Evidently, the main argument of [OLLH] as can be perused in its Motion is predicated on the Supreme Court ruling, specifically in ***Koh v. Intermediate Appellate Court***, 144 SCRA 259 [1986], which recognizes the importance of rules on discovery in expediting the trial of the case. However, in the same cited case, it was also declared that "*the recourse to discovery procedure is not mandatory. If the parties do not choose to resort to such procedures, the pre-trial conference should be set x x x x.* " Likewise, it is worth emphasizing that the above-cited decision of the Supreme Court relied upon by [OLLH] pertains to a civil case filed in the regular court of justice. It would have been convincing if not plausible if respondent presented the same citation or ruling concerning mode of discovery which was indispensably applied in administrative case.
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> Further, it bears stressing that as early as in the case of ***Angara v. Electoral Commission,*** 63 Phil. 139, it was ruled by the Supreme Court that "*where an administrative body is expressly granted the power of adjudication, it is deemed also vested with the implied power to prescribe the rules to be observed in the conduct of its proceedings*. " Hence, it is beyond cavil that the Corporation is vested a quasi-judicial power by virtue of Section 17 of Rep. Act No. 7875, therefore, it is empowered to provide its own rules. Thus, [OLLH] should be wary of the following provisions in the IRR: (1) Section 96 of its 2004 IRR expressly gives the Arbiter original and exclusive jurisdiction over all complaints filed with the Corporation in accordance with the Act; and (2) Section 112 of the same

> Rules grants said Arbiter the **discretion** to resolve the case **after the submission of respective position papers** of the parties including any other evidence in support of their claims and defenses or **conduct a hearing when it is deemed necessary**. In other words, it is wise and proper for the Arbiter to follow and adhere to the rules of procedure set forth in this Act which may expedite the resolution of any case brought to its attention and discard any pleading that may tend to delay the early disposition of the case for being summary in nature.
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> Lastly, [OLLH] should be reminded also that the President of this Corporation, who incidentally is the person to whom the interrogatories are addressed to, albeit being the top official of the corporation is not the most competent to answer the interrogatories. The type of questions in the interrogatories point toward issues arising from and related to the filing and processing of claims, naturally and logically, the one who is entrusted and tasked to process said claim is the competent person. The resort to modes of discovery shall be defeated if it is not addressed to the proper competent party. Indisputably, [OLLH] has already been accredited by the Corporation for quite some time already that it made this Office wonder why until now respondent is not yet aware on how a certain filed claim is being processed and what department of this Corporation is tasked to do the job in order for it to have an idea to whom it shall address its interrogatories. Be that as it may, this Office believes that all the issues and queries raised by [OLLH] in its motion may be addressed in the hearing to be held **AFTER** submission of its position paper.[17]

Aggrieved, OLLH elevated the issue to the Court of Appeals via petition for *certiorari.* As stated, the CA reversed the Resolution and Order of the PHIC Arbitration Department. In ruling that grave abuse of discretion was committed when OLLH's resort to modes of discovery was denied, the appellate court said:

> In the case at bench, petitioner OLLH has shown good cause for its resort to the modes of discovery as the same was anchored on its being able to intelligently prepare a position paper considering that it was not allowed access to some pertinent documents or talk to PHIC personnel with regard the charge of filing multiple claims. Petitioner OLLH also seeks the fullest possible information that are material and relevant to the case. The subject of the Interrogatories appears to be relevant and not privileged as they pertain to the procedure being followed by PHIC in processing and evaluating claims. Petitioner OLLH has also shown the materiality and relevancy of the document sought to be produced or inspected - the transmittal letter and other claims that accompanied the alleged second claim dated June 19, 2007 - which was PHIC's basis for the charge of filing multiple claims against petitioner OLLH. Verily, petitioner OLLH's resort to modes of discovery was necessary for the preparation of its defense and the full determination of petitioner the issue raised in the administrative case.[18]

Before Us, PHIC contends that Arbiter De Leon did not gravely abuse his discretion since he merely complied with the rules of procedure governing the exercise of PHIC's quasi-judicial function. In particular, under Sections 109, 111 and 112 of the 2004 IRR of R.A. No. 7875, an Answer and Position Paper are the only pleadings recognized and required in the proceedings before the Arbiter. PHIC holds that OLLH's resort to modes of discovery is not a matter of right as it is provided neither in the PHIC Charter nor in the IRR, and that even if the *Rules* may be applied in suppletory character, the Arbiter may exercise his sound discretion on whether to resort to modes of discovery consistent with Our ruling in *Limos, et al. v. Spouses Odones*.[19]

PHIC asserts that OLLH's overt acts clearly reveal its intent to delay the administrative proceedings. It stresses that the material points which OLLH seeks to establish in its resort to modes of discovery were already presented in the pleadings and documents it submitted for consideration of the Arbiter. Specifically, the subject information and documents sought to be examined are the same information and documents which OLLH itself prepared, produced, and submitted to the PHIC. Likewise, the PHIC procedure subject of the interrogatories, apart from being publicly accessible and already known to OLLH, is immaterial to the case given OLLH's sole defense that it inadvertently attached the wrong document that led to the processing of two separate claims. Thus, the Arbiter rightly found no further need to grant such application for being superfluous or redundant.

Before proceeding to the merits of the case, We shall deal with OLLH's proposition that the petition should be dismissed outright for PHIC's non-compliance with Section 5, Rule 7 of the *Rules* on certification against non-forum shopping.[20] According to OLLH, PHIC Board Resolution No. 695, S. 2004,[21] does not indicate that Alex B. Canaveral, who is the Officer-in-Charge of the Office of the Senior Vice-President (SVP) for Legal Services Sector (*LSS*) of PHIC, is duly authorized to sign the verification and certification against forum shopping at the time of the filing of the petition on September 20, 2010.[22] Having been signed without proper authorization from the PHIC Board of Directors, the certification is defective and, therefore, constitutes a valid cause for the dismissal of the petition.

While Resolution No. 695 does not expressly provide for the authority of Canaveral to sign the verification and certification against forum shopping, the Court notes that PHIC subsequently submitted as attachments in its Reply PHIC Board Resolution No. 694, S. 2004, and PHIC Board Resolution No. 1105, S. 2008. Resolution No. 694 designates, among others, the Vice-President for Legal Services Group "to sign on all verifications and certificates of non-forum shopping of all cases involving the Corporation, whether to be filed in court, administrative agency or quasi-judicial body," while Resolution No. 1105 states that the SVP for LSS is one of those officers authorized "to represent the Corporation in any and all legal proceedings before any judicial and/or quasi-judicial bodies that may involve the Corporation, including the signing of initiatory and/or responsive pleadings including all the necessary and/or incidental legal documents relative to the legal proceedings."[23]

Following Shipside, Inc. v. Court of Appeals,[24] which, in turn, was relied upon in the subsequent cases of *Novelty Philippines, Inc. v. Court of Appeals*,[25] *Vicar Int'l*