

## FIRST DIVISION

[ G.R. No. 169737, February 12, 2008 ]

**BLUE CROSS HEALTH CARE, INC., Petitioner, vs. NEOMI\* and  
DANILO OLIVARES, Respondents.**

### D E C I S I O N

**CORONA, J.:**

This is a petition for review on certiorari<sup>[1]</sup> of a decision<sup>[2]</sup> and resolution<sup>[3]</sup> of the Court of Appeals (CA) dated July 29, 2005 and September 21, 2005, respectively, in CA-G.R. SP No. 84163 which affirmed the decision of the Regional Trial Court (RTC), Makati City, Branch 61 dated February 2, 2004 in Civil Case No. 03-1153,<sup>[4]</sup> which in turn reversed the decision of the Metropolitan Trial Court (MeTC), Makati City, Branch 66 dated August 5, 2003 in Civil Case No. 80867.<sup>[5]</sup>

Respondent Neomi T. Olivares applied for a health care program with petitioner Blue Cross Health Care, Inc., a health maintenance firm. For the period October 16, 2002 to October 15, 2003,<sup>[6]</sup> she paid the amount of P11,117. For the same period, she also availed of the additional service of limitless consultations for an additional amount of P1,000. She paid these amounts in full on October 17, 2002. The application was approved on October 22, 2002. In the health care agreement, ailments due to "pre-existing conditions" were excluded from the coverage.<sup>[7]</sup>

On November 30, 2002, or barely 38 days from the effectivity of her health insurance, respondent Neomi suffered a stroke and was admitted at the Medical City which was one of the hospitals accredited by petitioner. During her confinement, she underwent several laboratory tests. On December 2, 2002, her attending physician, Dr. Edmundo Saniel,<sup>[8]</sup> informed her that she could be discharged from the hospital. She incurred hospital expenses amounting to P34,217.20. Consequently, she requested from the representative of petitioner at Medical City a letter of authorization in order to settle her medical bills. But petitioner refused to issue the letter and suspended payment pending the submission of a certification from her attending physician that the stroke she suffered was not caused by a pre-existing condition.<sup>[9]</sup>

She was discharged from the hospital on December 3, 2002. On December 5, 2002, she demanded that petitioner pay her medical bill. When petitioner still refused, she and her husband, respondent Danilo Olivares, were constrained to settle the bill.<sup>[10]</sup> They thereafter filed a complaint for collection of sum of money against petitioner in the MeTC on January 8, 2003.<sup>[11]</sup> In its answer dated January 24, 2003, petitioner maintained that it had not yet denied respondents' claim as it was still awaiting Dr. Saniel's report.

In a letter to petitioner dated February 14, 2003, Dr. Saniei stated that:

This is in response to your letter dated February 13, 2003. [Respondent] Neomi T. Olivares called by phone on January 29, 2003. She stated that she is invoking patient-physician confidentiality. That she no longer has any relationship with [petitioner]. And that I should not release any medical information concerning her neurologic status to anyone without her approval. Hence, the same day I instructed my secretary to inform your office thru Ms. Bernie regarding [respondent's] wishes.

xxx                      xxx                      xxx<sup>[12]</sup>

In a decision dated August 5, 2003, the MeTC dismissed the complaint for lack of cause of action. It held:

xxx the best person to determine whether or not the stroke she suffered was not caused by "pre-existing conditions" is her attending physician Dr. Saniei who treated her and conducted the test during her confinement. xxx But since the evidence on record reveals that it was no less than [respondent Neomi] herself who prevented her attending physician from issuing the required certification, petitioner cannot be faulted from suspending payment of her claim, for until and unless it can be shown from the findings made by her attending physician that the stroke she suffered was not due to pre-existing conditions could she demand entitlement to the benefits of her policy.<sup>[13]</sup>

On appeal, the RTC, in a decision dated February 2, 2004, reversed the ruling of the MeTC and ordered petitioner to pay respondents the following amounts: (1) P34,217.20 representing the medical bill in Medical City and P1,000 as reimbursement for consultation fees, with legal interest from the filing of the complaint until fully paid; (2) P20,000 as moral damages; (3) P20,000 as exemplary damages; (4) P20,000 as attorney's fees and (5) costs of suit.<sup>[14]</sup> The RTC held that it was the burden of petitioner to prove that the stroke of respondent Neomi was excluded from the coverage of the health care program for being caused by a pre-existing condition. It was not able to discharge that burden.<sup>[15]</sup>

Aggrieved, petitioner filed a petition for review under Rule 42 of the Rules of Court in the CA. In a decision promulgated on July 29, 2005, the CA affirmed the decision of the RTC. It denied reconsideration in a resolution promulgated on September 21, 2005. Hence this petition which raises the following issues: (1) whether petitioner was able to prove that respondent Neomi's stroke was caused by a pre-existing condition and therefore was excluded from the coverage of the health care agreement and (2) whether it was liable for moral and exemplary damages and attorney's fees.

The health care agreement defined a "pre-existing condition" as:

x x x a disability which existed before the commencement date of membership whose natural history can be clinically determined, whether or not the Member was aware of such illness or condition. Such conditions also include disabilities existing prior to reinstatement date in

the case of lapse of an Agreement. Notwithstanding, the following disabilities but not to the exclusion of others are considered pre-existing conditions including their complications when occurring during the first year of a Member's coverage:

- I. Tumor of Internal Organs
- II. Hemorrhoids/Anal Fistula
- III. Diseased tonsils and sinus conditions requiring surgery
- IV. Cataract/Glaucoma
- V. Pathological Abnormalities of nasal septum or turbinates
- VI. Goiter and other thyroid disorders
- VII. Hernia/Benign prostatic hypertrophy
- VIII. Endometriosis
- IX. Asthma/Chronic Obstructive Lung disease
- X. Epilepsy
- XI. Scoliosis/Herniated disc and other Spinal column abnormalities
- XII. Tuberculosis
- XIII. Cholecystitis
- XIV. Gastric or Duodenal ulcer
- XV. Hallux valgus
- XVI. Hypertension and other Cardiovascular diseases
- XVII. Calculi
- XVIII. Tumors of skin, muscular tissue, bone or any form of blood dyscracias
- XIX. Diabetes Mellitus
- XX. Collagen/Auto-Immune disease

After the Member has been continuously covered for 12 months, this pre-existing provision shall no longer be applicable except for illnesses specifically excluded by an endorsement and made part of this Agreement.<sup>[16]</sup>

Under this provision, disabilities which existed before the commencement of the agreement are excluded from its coverage if they become manifest within one year from its effectivity. Stated otherwise, petitioner is not liable for pre-existing conditions if they occur within one year from the time the agreement takes effect.

Petitioner argues that respondents prevented Dr. Saniel from submitting his report regarding the medical condition of Neomi. Hence, it contends that the presumption that evidence willfully suppressed would be adverse if produced should apply in its favor.<sup>[17]</sup>

Respondents counter that the burden was on petitioner to prove that Neomi's stroke was excluded from the coverage of their agreement because it was due to a pre-existing condition. It failed to prove this.<sup>[18]</sup>