

## THIRD DIVISION

[ G.R. No. 172925, October 19, 2007 ]

**GOVERNMENT SERVICE INSURANCE SYSTEM, PETITIONER, VS.  
JAIME K. IBARRA, RESPONDENT.**

### D E C I S I O N

**CHICO-NAZARIO, J.:**

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, seeking to reverse and set aside the Decision,<sup>[1]</sup> promulgated on 15 November 2005 of the Court of Appeals in CA-G.R. SP. No. 88320. The Court of Appeals Decision, in turn, reversed the Decision dated 10 December 2004 of the Employees' Compensation Commission (ECC) in ECC Case No. GM-16683-1018-04, which affirmed the denial by the petitioner Government Service Insurance System (GSIS) of the claim of respondent Jaime K. Ibarra (Ibarra), for compensation benefits under Presidential Decree No. 626, as amended.

The factual and procedural antecedents of the case are as follows:

On 4 October 1978, respondent Ibarra joined the Development Bank of the Philippines (DBP), Makati City, initially as Clerical Aide. During his employment thereat, he was promoted several times until he was appointed as Bank Attorney I on 2 January 1987, then later as Division Chief III on 14 December 1990. As Division Chief, he regularly:

1. Evaluates requests for documentation of approved bank transaction;
2. Examines and checks registered documents; and
3. Notarizes and reviews various bank transactions.<sup>[2]</sup>

Respondent Ibarra claims that from the inception of his work with the bank up to the present, his principal work has been to read and analyze voluminous documents. During the course of his employment, he allegedly developed high blood pressure and cataracts on both eyes, which were eventually extracted on 23 January 1995.

In early 2000, respondent Ibarra again experienced blurring of vision. After seeking medical help, he was diagnosed to be suffering from retinal detachment in his left eye. This retinal detachment was later improved by surgery. However, sometime before November 2001, respondent Ibarra again suffered retinal detachment, this time in his right eye. This was, unfortunately, never corrected despite repeated surgery that spanned several years, leading eventually to the total blindness of said right eye.

Believing that his ailment was acquired because of his job, respondent Ibarra filed a claim for compensation benefits under Presidential Decree No. 626,<sup>[3]</sup> as amended. However, petitioner GSIS denied his claim *via* a letter dated 28 August 2000, the salient portions of which state:

Please be informed that on the basis of the proofs and evidences submitted to this Office, our Medical Evaluation and Underwriting Department (MEUD) found your ailment, Retina Detachment (R) Eye non-occupational disease as contemplated under the above-mentioned decree.

In view of the foregoing, this Office regrets that your claim cannot be noted upon favorably. x x x.<sup>[4]</sup>

However, while respondent Ibarra's claim under Presidential Decree No. 626 was denied, his illness was found by the Medical Evaluation and Underwriting Department (MEUD) to be a compensable contingency benefit under Presidential Decree No. 1146.<sup>[5]</sup> Nevertheless, in a **letter dated 23 August 2002**, the Chief of the Claims and Loans Division of the GSIS ruled that the claim for compensation under Presidential Decree No. 1146 had already prescribed:

Your claimed ailment, Cataract OU; Retinal Detachment OD S/P ECE w/ PCIOZ OU, which was evaluated by our Medical Services Group as Permanent Partial Disability was nevertheless, found not to be work-connected as contemplated under PD 626. It was instead, recommended as a compensable contingency but governed by the provisions of PD 1146, the law which grants benefit to a member due to the loss or reduction in earning capacity caused by a loss or impairment of the normal function of his/her physical and/or mental faculties as a result of an injury or disease.

However, may we invite you to the provision of the Implementing Rules & Regulations of PD 1146 under Section 7 (c) which states that:

"An application for disability benefit must be filed with the Manila Office or in any of the Branch Offices of the System within one (1) year from the date of the occurrence of the contingency, fully supported by supporting papers & documents as prescribed by the System.

Failure to file a claim within one (1) year from the date of the occurrence of the contingency, with the proper papers and documents as prescribed herein, shall operate as a bar to the right to enjoy the benefit."

Since the occurrence of your contingency happened in February 1995, it is regretted that we cannot act favorably on the above-mentioned claim for disability due to rules on prescription.<sup>[6]</sup>

On 3 October 2002, respondent Ibarra filed with petitioner GSIS an Offer of Clarificatory Evidence with Manifestation, arguing that his claim had not prescribed, alleging that: (1) he was suffering from hypertension when he sustained his retinal

detachments and, (2) the retinal detachment occurred in November 2001 as borne out by a certification of a doctor.

Apparently, acting favorably on respondent Ibarra's Offer of Clarificatory Evidence and Manifestation, petitioner GSIS wrote respondent Ibarra advising him to submit a certification of leave without pay. On 25 November 2002, petitioner GSIS partially paid respondent Ibarra his permanent partial total disability benefits under Presidential Decree No. 1146 for the period covering 12 November 2001 to 11 February 2003. Per GSIS voucher, the next payment covering 12 February 2003 to 11 December 2003 was supposed to have been paid on 12 February 2003.

On 12 February 2003, however, respondent Ibarra did not receive any further payment from petitioner GSIS. After several follow-ups, respondent Ibarra learned from petitioner GSIS that it would no longer make the payment it had earlier committed itself to, because the remaining balance on Ibarra's benefits under Presidential Decree No. 1146 was applied against his outstanding emergency and salary loans.

Believing that his loans were already settled with the GSIS by set-off, respondent Ibarra availed himself of the Enhanced Salary Loan Program (ESLP). To his surprise, respondent Ibarra learned that the GSIS would still make deductions from the new loan he was applying for. This prompted respondent Ibarra to write the GSIS to give him an accurate presentation of the real status of his account.

In a letter dated 27 July 2004, petitioner GSIS explained that the balance from his permanent partial disability benefits had been applied as partial payment to his previous loans, and that despite the set-off, there remained an outstanding loan in the amount of P193,349.23.

Respondent Ibarra thereafter elevated to the ECC the **23 August 2002 denial of his claim under Presidential Decree No. 626** by petitioner GSIS. On 10 December 2004, the ECC affirmed the Decision of petitioner GSIS, dismissing respondent Ibarra's claim on the ground that the records did not show any proof that respondent Ibarra suffered an injury on his right eye while he was performing his duty:

**The appeal is not meritorious.**

A perusal of **Retinal Detachment** in Textbook of Ophthalmology by Fajardo, Romeo M.D. shows the following discussion to wit:

"Retinal Detachment or retinal separation may either be primary (idiopathic) or secondary. In the primary type, for which the cause is not known, there is actually separation of the inner sensory layer of the retina from the outer pigmentary layer. Primary retinal detachment is always associated with a break in the retina either as a tear or a hole. Vitreous fluid seeps in through the retinal break and initiates the separation and detachment of the retina. The secondary type of retinal detachment is due to some disease process of the retina or its neighboring structures – the vitreous and choroids. This could be due to a history of

trauma, prior cataract extraction, inflammatory process or exudes (choroiditis, Harada's disease), tumor cells or traction on the retina."

Medical science has established that trauma to the eyes may precipitate the development of **Retinal Detachment**. In this case, however, the records are bereft of any proof that the deceased (sic) suffered an injury on his right eye while he was performing his duty. Thus, this Commission cannot conclude that his job as a division chief must have substantially contributed to the development of his eye ailment.

The presumption that an illness causing death or disability arose out of the employment or was at least aggravated by such employment is now a thing of the past. It was abolished upon the effectivity of the new law – PD 626 on January 1, 1975. Awards of compensation benefits for death or disability can now no longer be made to rest on presumption, but on a showing that the causative disease is among those listed by the ECC, with the conditions set therein satisfied, or on substantial evidence that the risk of contracting said disease is increased by the employees' working conditions.<sup>[7]</sup>

Respondent Ibarra filed with the Court of Appeals a Petition for Review under Rule 43 of the Rules of Court, assailing this Decision of the ECC.

On 15 November 2005, the Court of Appeals issued the assailed Decision reversing the Decision of the ECC. The Court of Appeals cited the Decision of this Court in *Bonilla v. Court of Appeals*,<sup>[8]</sup> wherein we recognized that hypertension is an admitted cause of retinal detachment. Hence, according to the Court of Appeals, if it could reasonably be shown that the nature of respondent Ibarra's job was an aggravating factor in acquiring hypertension, then petitioner GSIS is bound to award him benefits under Presidential Decree No. 626.<sup>[9]</sup>

The Court of Appeals found the Certification issued by the DBP's resident doctor to the effect that respondent Ibarra had been under the company doctor's care "for hypertension since 1995 to date," is sufficient to establish that he indeed was suffering from such ailment during his employment.

As regards petitioner's objection that said Certification from the DBP resident doctor was presented only on appeal to the Court of Appeals, the appellate court ruled that "it would be contrary to conscience to deny a person of his much needed means for medical upkeep because of belated submission of proof of illness."<sup>[10]</sup> The Court of Appeals added that it was not poised to rule that respondent Ibarra's claim of hypertension was a mere afterthought, for even while the case was still pending before the ECC, respondent Ibarra had already manifested before the ECC in his Offer of Clarificatory Evidence and Manifestation that he had been suffering from hypertension owing to stress at work.

The Court of Appeals, however, also held that petitioner GSIS was not remiss for having applied respondent Ibarra's benefits to his outstanding loans, as shown by the letter of petitioner GSIS outlining in detail respondent Ibarra's outstanding loan and payments. Thus, the Court of Appeals disposed of the Petition as follows:

WHEREFORE, in light of the foregoing, the decision subject of this petition is **REVERSED** and **SET ASIDE**. Accordingly, the respondent GSIS is hereby ordered to pay the petitioner the appropriate benefits under PD 626, subject, however, to set-off of his outstanding and unpaid loans with GSIS.<sup>[11]</sup>

On 31 May 2006, the Court of Appeals denied the Motion for Reconsideration filed by petitioner GSIS.

Petitioner GSIS thus instituted the present recourse, submitting the following issues for our consideration:

1. Whether or not the Honorable Court of Appeals committed error of judgment by reversing the decision of the Employees' Compensation Commission denying the claim for compensation benefits under P.D. No. 626, as amended, of respondent Jaime K. Ibarra, due to his ailment, RETINAL DETACHMENT.
2. Whether or not petitioner GSIS and ECC erred in denying respondent's claim for compensation benefit under R.A. (sic) 626, as amended, due to his ailment, Retinal Detachment.<sup>[12]</sup>

Presidential Decree No. 626, as amended, defines compensable sickness as "any illness definitely accepted as an occupational diseases listed by the Commission, or any illness caused by employment subject to proof by the employee that the risk of contracting the same is increased by the working conditions." In this connection, Section 1(b), Rule III of the Implementing Rules of Presidential Decree No. 626, as amended, provides that a disease and the resulting disability or death is compensable when it is included in the list of Occupational Diseases under Annex "A" of the Rules, subject to the satisfaction of certain conditions prescribed for the particular disease. On the other hand, ECC Board Resolution No. 93-08-0068 dated 5 August 1993, provides that an illness not included in the list may be considered compensable if the same, as shown by proofs, is caused or precipitated by factors inherent in the employee's nature of work and working conditions.

Respondent Ibarra's ailment, retinal detachment, is not one of the listed occupational diseases. Consequently, respondent Ibarra must prove with substantial evidence that his retinal detachment was caused or precipitated by factors inherent in nature of his work and working conditions.

Petitioner GSIS reiterates the explanation of retinal detachment in Dr. Fajardo's book as quoted by the Court of Appeals:

Retinal Detachment or retinal separation may either be primary (idiopathic) or secondary. In the primary type, for which the cause is not known, there is actually separation of the inner sensory layer of the retina from the outer pigmentary layer. Primary retinal detachment is always associated with a break in the retina either as a tear or a hole. Vitreous fluid seeps in through the retinal break and initiates the separation and detachment of the retina. The secondary type of retinal detachment is due to some disease process of the retina or its neighboring structures – the vitreous and choroids. This could be due to a history of trauma, prior cataract extraction, inflammatory process or