



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated July 25, 2023 which reads as follows:*

**“G.R. No. 252844 (Leilani B. Mercado-Asis, MD, PhD, MPH v. Philippine Health Insurance Corporation).—**Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45, Rules of Court, seeking to reverse and set aside the Decision<sup>2</sup> dated 18 September 2019 and the Resolution<sup>3</sup> dated 16 June 2020 of the Court of Appeals (CA) in CA-G.R. SP No. 155647, which dismissed the Petition for Review<sup>4</sup> filed by Leilani B. Mercado-Asis, MD, PhD, MPH (petitioner) for being premature and/or for being the wrong judicial remedy to assail the Letter<sup>5</sup> dated 12 April 2018 of Philippine Health Insurance Corporation (PhilHealth) President and Chief Executive Officer Dr. Celestina Ma. Jude P. De La Serna (De La Serna).

Petitioner applied for re-accreditation as a health care professional for the period of 1 July 2016 to 4 June 2019. Petitioner’s application for re-accreditation was denied in a Letter<sup>6</sup> dated 13 October 2016 by respondent PhilHealth National Capital Region (NCR) Accreditation Sub-Committee due to “practice inconsistent with the acceptable quality of care.” The Letter also stated that petitioner may file a motion for reconsideration within 30 calendar days from receipt thereof.<sup>7</sup>

Petitioner sent a Letter<sup>8</sup> to respondent on 24 November 2016, requesting reconsideration. On 13 February 2017, petitioner sent another Letter<sup>9</sup> to respondent reiterating her request for reconsideration, stating that

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<sup>1</sup> *Rollo*, pp. 3–27.

<sup>2</sup> *Id.* at 29–40. Penned by Associate Justice Rafael Antonio M. Santos and concurred in by Associate Justices Manuel M. Barrios and Ruben Reynaldo G. Roxas.

<sup>3</sup> *Id.* at 42–44. Penned by Associate Justice Rafael Antonio M. Santos and concurred in by Associate Justices Manuel M. Barrios and Ruben Reynaldo G. Roxas.

<sup>4</sup> *Id.* at 60–73.

<sup>5</sup> *Id.* at 74.

<sup>6</sup> *Id.* at 75.

<sup>7</sup> *Id.* at 30.

<sup>8</sup> *Id.* at 76–77.

<sup>9</sup> *Id.* at 78–80.

she has never been involved in any fraudulent transaction. Both letters averred that there was no basis to deny her re-accreditation and no specifics were given for denying her application for re-accreditation. Petitioner requested a re-examination of her qualification as a health care professional.<sup>10</sup>

In response, PhilHealth sent a Letter<sup>11</sup> dated 30 June 2017, signed by De La Serna, denying the appeal of petitioner for re-accreditation, stating that petitioner's re-accreditation was being denied due to "misrepresentation by adding a non-existing condition in the diagnosis to receive higher benefit payment x x x and admission of patients despite non-admissibility of conditions as evidenced by the absence of intervention nor medication ordered during their hospital stay." The said Letter stated that petitioner may file a motion for reconsideration within 15 days from receipt of the decision.<sup>12</sup>

In a Letter<sup>13</sup> dated 12 July 2017, petitioner sought reconsideration of the denial of her application for re-accreditation and questioned the inclusion of the new ground of "misrepresentation," etc., which was not even mentioned in the 13 October 2016 Letter. Meanwhile, PhilHealth, in another Letter<sup>14</sup> dated 17 August 2017, advised petitioner that taking into consideration her status as PhilHealth's partner in health and the service she has provided to PhilHealth members, her re-accreditation may be granted if she were to submit a notarized Letter of Undertaking.<sup>15</sup>

Petitioner submitted her Letter of Undertaking<sup>16</sup> on 6 November 2017. However, in a Letter<sup>17</sup> dated 12 April 2018, PhilHealth denied petitioner's motion for reconsideration of her denied application for re-accreditation as a health care professional for the period 1 July 2016 to 4 June 2019. According to PhilHealth, an administrative case had already been filed against petitioner before its Prosecution Department with docket number 032818-CA-NCR-0459 for misrepresentation by furnishing false or incorrect information, breach of warranties of accreditation/performance commitment and other fraudulent acts. PhilHealth added that the denial of her motion for reconsideration was the result of a diligent review of her accreditation status, the series of events that led to the denial of her application, her Letter of Undertaking and the action taken on the validated adverse findings by the PhilHealth Regional Office. Philhealth also specified that only one motion for reconsideration is allowed, hence, its decision is already final.<sup>18</sup>

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<sup>10</sup> Id. at 30.

<sup>11</sup> Id. at 81.

<sup>12</sup> Id. at 30.

<sup>13</sup> Id. at 82–86.

<sup>14</sup> Id. at 87.

<sup>15</sup> Id. at 31.

<sup>16</sup> Id. at 90–91.

<sup>17</sup> Id. at 74.

<sup>18</sup> Id. at 31–32.

On 23 May 2018, petitioner filed a Petition for Review on *Certiorari* before the CA. In a Resolution dated 5 June 2018, the CA dismissed the Petition for Review on the ground that: (1) some of the annexes attached in the Petition for Review are not duplicate originals or certified copies and (2) there is a violation of the rule on exhaustion of administrative remedies. Petitioner filed a Motion for Reconsideration on 11 July 2018 and attached the certified true copies of the annexes. Thereafter, in a Resolution dated 6 December 2018, the CA reinstated the Petition for Review.<sup>19</sup>

In a Decision<sup>20</sup> dated 18 September 2019, the CA dismissed the Petition, the dispositive portion of which states:

**WHEREFORE**, the *Petition for Review* is hereby **DISMISSED** for being premature and/or for being the wrong judicial remedy to assail the *Letter* dated 12 April 2018 of PhilHealth President and Chief Executive Officer Celestina Ma. Jude P. De La Serna.

**SO ORDERED.**<sup>21</sup>

The CA held that petitioner's recourse to the CA under Rule 43, Rules of Court, was premature considering that she should have appealed the denial of her motion for reconsideration first to the PhilHealth Board before filing the Petition for Review. As a consequence, petitioner violated the doctrine of exhaustion of administrative remedies and primary jurisdiction when she failed to utilize the available administrative remedies within PhilHealth. The CA observed that even if the denial of petitioner's motion for reconsideration is already final and executory, the proper recourse is to file a special civil action of *certiorari* under Rule 65, Rules of Court.

Aggrieved, petitioner filed a Motion for Reconsideration which the CA rejected in a Resolution<sup>22</sup> dated 16 June 2020. Hence, the instant Petition for Review on *Certiorari*<sup>23</sup> raising the issue of whether the CA erred in ruling that petitioner failed to exhaust administrative remedies and violated the doctrine of primary jurisdiction.

The Petition lacks merit.

The CA ruled that petitioner violated the doctrines of exhaustion of administrative remedy and primary jurisdiction when she filed a Petition for Review under Rule 43. Petitioner should have first appealed the 12 April 2018 Letter with the PhilHealth's Board of Directors since PhilHealth has the primary jurisdiction in deciding the application for re-accreditation of petitioner.

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<sup>19</sup> Id. at 32.

<sup>20</sup> Id. at 29-40.

<sup>21</sup> Id. at 39-40.

<sup>22</sup> Id. at 42-44.

<sup>23</sup> Id. at 3-26.

This Court agrees.

Under the doctrine of exhaustion of administrative remedies, a party must first avail of all available administrative processes before seeking the courts' intervention. The administrative officer concerned must be given every opportunity to decide on the matter within his or her jurisdiction. Failing to exhaust administrative remedies affects the party's cause of action as these remedies refer to a condition precedent which must be complied with prior to filing a case in court.<sup>24</sup> Meanwhile, under the doctrine of primary administrative jurisdiction, if an administrative tribunal has jurisdiction over a controversy, courts should not resolve the issue even if it may be within its proper jurisdiction. This is especially true when the question involves its sound discretion requiring special knowledge, experience, and services to determine technical and intricate matters of fact.<sup>25</sup>

The main reason for the denial of petitioner's re-accreditation was a pending administrative case with PhilHealth's Prosecution Department. It is necessary that for her application for re-accreditation to be favorably considered, she must first clear her name in the pending administrative case. By seeking judicial intervention at an early stage, petitioner was in a way pre-empting the decision on her case.

Petitioner contends that she exhausted all administrative remedies provided by the 2013 Revised Implementing Rules and Regulation (2013 RIRR) of Republic Act No. (RA) 7875, Title V, Rule II, Section 62 (e) on the process of accreditation for health care professionals which states:

x x x x

- e. All matters pertaining to accreditation shall be decided by the Accreditation Committee whose decision shall become effective upon approval by the President and CEO. Such decision may be the subject of a motion for reconsideration to be filed with the Accreditation Committee. Only one motion for reconsideration shall be entertained.

However, petitioner's remedies are not confined to Title V of the 2013 RIRR. Title VIII of the 2013 RIRR provides not only a procedure for investigation and prosecution by PhilHealth of the administrative offenses committed by health care professionals, but also a system for administrative review and appeal of any order, resolution or decision issued by the PhilHealth Arbitration Office in connection with such offenses. Thus, there are different stages in the administrative ladder which RA 7875, as amended by RA 9241 and RA 10606, mandates that every administrative case must go through.

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<sup>24</sup> *Rep. of the Phils. v. Gallo*, 823 Phil. 1090 (2018).

<sup>25</sup> *Id.*

As to the judicial remedy availed of by petitioner, Sec. 1, Rule 43, Rules of Court, clearly provides that decisions of any quasi-judicial agency in the exercise of its quasi-judicial functions (except to judgments or final orders issued under the Labor Code of the Philippines) shall be appealed to the CA under this rule. Thus:

RULE 43

**Appeals from the Court of Tax Appeals and Quasi-Judicial Agencies to the Court of Appeals**

**Section 1. Scope.** — This Rule shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi-judicial functions. Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals, Securities and Exchange Commission, Office of the President, Land Registration Authority, Social Security Commission, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunications Commission, Department of Agrarian Reform under Republic Act No. 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Inventions Board, Insurance Commission, Philippine Atomic Energy Commission, Board of Investments, Construction Industry Arbitration Commission, and voluntary arbitrators authorized by law.

The statutory basis of the CA's appellate jurisdiction over decisions rendered by quasi-judicial agencies (except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, etc.) in the abovementioned Rule 43 is RA 7902<sup>26</sup> which expanded the jurisdiction of the CA, and amended Sec. 9 (3) of Batas Pambansa Blg. 129, as amended, to read as follows:

Section 9. Jurisdiction. — The Court of Appeals shall exercise:

x x x x

(3) Exclusive appellate jurisdiction over all final judgments, decisions resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission and the Civil Service Commission, except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as

<sup>26</sup> Entitled, "AN ACT EXPANDING THE JURISDICTION OF THE COURT OF APPEALS, AMENDING FOR THE PURPOSE SECTION NINE OF BATAS PAMBANSA BLG. 129, AS AMENDED, KNOWN AS THE JUDICIARY REORGANIZATION ACT OF 1980." Approved: 23 February 1995.

amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph (4) of the fourth paragraph of Section 17 of the Judiciary Act of 1948.

x x x x

Rule 43 expressly provides that it should be applied to appeals from awards, judgments, final orders or resolutions **of any** quasi-judicial agency in the exercise of its quasi-judicial functions. The phrase “[a]mong these agencies” confirms that the enumeration made in the Rule is not exclusive to the agencies therein listed.<sup>27</sup>

In *Monetary Board et al. v. Philippine Veterans Bank*,<sup>28</sup> the Court defines a quasi-judicial agency or body:

A quasi-judicial agency or body is an organ of government other than a court and other than a legislature, which affects the rights of private parties through either adjudication or rule-making. The very definition of an administrative agency includes its being vested with quasi-judicial powers. The ever increasing variety of powers and functions given to administrative agencies recognizes the need for the active intervention of administrative agencies in matters calling for technical knowledge and speed in countless controversies which cannot possibly be handled by regular courts. A “quasi-judicial function” is a term which applies to the action, discretion, etc. of public administrative officers or bodies, who are required to investigate facts, or ascertain the existence of facts, hold hearings, and draw conclusions from them, as a basis for their official action and to exercise discretion of a judicial nature.

The foregoing considered, the ruling of the Accreditation Committee on petitioner’s application for re-accreditation as a health care professional is not an exercise of quasi-judicial powers of PhilHealth. Sec. 62, Title V, Rule II, 2013 RIRR of RA 7875 states:

SECTION 62. Process of Accreditation for Health Care Professionals

The following is the process for all health care professionals for them to be accredited:

- a. The health care professional shall apply for accreditation by submitting duly accomplished forms and documents as required by the Corporation. Such documents shall be subject to verification and authentication at the discretion of the Corporation.
- b. The health care professional shall submit all requirements for accreditation for evaluation and processing.

<sup>27</sup> *Cayao-Lasam v. Spouses Ramolete*, 595 Phil. 56, 71 (2008).

<sup>28</sup> 751 Phil. 176, 186 (2015).

c. The Corporation shall determine the period of accreditation and reserves the right to issue or deny accreditation after an evaluation of the capability and integrity of the health care professional.

d. Accreditation shall take effect prospectively.

e. All matters pertaining to accreditation shall be decided by the Accreditation Committee whose decision shall become effective upon approval by the President and CEO. Such decision may be the subject of a motion for reconsideration to be filed with the Accreditation Committee. Only one motion for reconsideration shall be entertained.

Meanwhile, the Court explained in its pronouncement in *Narra Nickel Mining and Development Corp. et al. v. Redmont Consolidated Mines Corp.*<sup>29</sup> the exercise of quasi-judicial power, thus:

Quasi-judicial or administrative adjudicatory power is the power of the administrative agency to adjudicate the rights of persons before it. The administrative body exercises its quasi-judicial power when it performs in a judicial manner an act which is essentially executive or administrative in nature, where the power to act in such manner is incidental to or reasonably necessary for the performance of the executive or administrative duty entrusted to it.

The accreditation committee's denial of petitioner's application for re-accreditation is not an "adjudication" in the sense above-described. It cannot be likened to the judicial function of a court of justice, or even a quasi-judicial agency or office. PhilHealth, through the accreditation committee was exercising an administrative function pursuant to RA 7875, as amended by RA 9241 and RA 10606. Clearly, the quasi-judicial powers of PhilHealth as a corporation are limited, as enumerated by RA 7875, as amended by RA 9241 and RA 10606. Thus:

SEC. 17. *Quasi-Judicial Powers.* – The Corporation, to carry out its tasks more effectively, shall be vested with the following powers:

a. Subject to the respondent's right to due process, to conduct investigations for the determination of a question, controversy, complaint, or unresolved grievance brought to its attention, and render decisions, orders, or resolutions thereon. It shall proceed to hear and determine the case even in the absence of any party who has been properly served with notice to appear. It shall conduct its proceedings or any part thereof in public or in executive session; adjourn its hearings to any time and place; refer technical matters or accounts to an expert and to accept his reports as evidence; direct parties to be joined in or excluded from the proceedings; and give all such directions as it may deem necessary or expedient in the determination of the dispute before it;

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<sup>29</sup> 775 Phil. 238 (2015).

b. to summon the parties to a controversy, issue subpoenas requiring the attendance and testimony of witnesses or the production of documents and other materials necessary to a just determination of the case under investigation;

c. Subject to the respondent's right to due process, to suspend temporarily, revoke permanently, or restore the accreditation of a health care provider or the right to benefits of a member and/or impose fines. The decision shall immediately be executory, even pending appeal, when the public interest so requires and as may be provided for in the implementing rules and regulations. Suspension of accreditation shall not exceed six (6) months. Suspension of the rights of members shall not exceed six (6) months.

The revocation of a health care provider's accreditation shall operate to disqualify him from obtaining another accreditation in his own name, under a different name, or through another person, whether natural or juridical.

The Corporation shall not be bound by the technical rules of evidence.

Having this in mind, petitioner's recourse to the CA under Rule 43, Rules of Court, was a wrong judicial remedy considering that the accreditation committee of PhilHealth was not exercising a quasi-judicial function when it denied petitioner's application for re-accreditation. As a corporation, PhilHealth exercises its powers through its Board of Directors and the subject matter of this case, the 12 April 2018 Letter, was clearly not a judgment, final order or resolution of the PhilHealth Board. Thus, absent PhilHealth's exercise of a quasi-judicial function, the CA had no appellate jurisdiction over the case. With this, it is unnecessary to delve into the substantive issues raised in the petition.

**WHEREFORE**, the instant Petition is **DENIED**, there being no reversible error committed by the Court of Appeals in its assailed Decision dated 18 September 2019 and Resolution dated 16 June 2020 in CA-G.R. SP No. 155647.

**SO ORDERED.**" *Rosario, J., on leave.*

**By authority of the Court:**

*mtb*

**MARIA TERESA B. SIBULO**  
Deputy Division Clerk of Court  
and Acting Division Clerk of Court *mtb*

**301-B**

**AUG 11 2023**



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