

PAMPANGA DIALYSIS NETWORK PROJECT
(PUBLIC-PRIVATE PARTNERSHIP)
PROVINCE OF PAMPANGA

I. Project Description/Background and Objective

Dialysis is essential for patients suffering from End Stage Renal Disease (ESRD) and it is observed from preliminary studies that the major contributing diseases are diabetes and high blood pressure.

Hypertension prevalence increases in the Philippines (2013 to 2021) by 32%. Having a “rate of increase by 3%-4% yearly.”

Philippine cases of diabetes were recorded at 34.7 million in 2004 and are to rise to about 57.2 million in 2025.

Philippine Statistics Authority (PSA) data showed that deaths due to diabetes mellitus ranked fourth in the year 2020 at 39,723.

Leading Causes of Death in the Philippines: 2019–2020. Approximately 6.5% of deaths in the Philippines were caused by diabetes mellitus. (*Source: PSA 2021*)

Leading Causes of Morbidity – Pampanga 2022: Hypertension is ranked 3rd with a total number of 1,509 cases (59.91%), and Diabetes Mellitus is ranked 8th with a total number of 532 cases (21.12%). (*Source: PHO 2022*)

On the other hand, for Leading Causes of Mortality in Pampanga 2022: Diabetes Mellitus is ranked 5th with a total of 238 cases (0.09%), and Chronic Kidney Diseases is ranked 8th with a total of 118 cases (0.04%). (*Source: PHO 2022*)

For the Census of Dialysis Patients in Pampanga (2017-2020): Approximately 60.58% of the dialysis cases in Region 3 are from Pampanga, with 3,065 cases. (*Source: PDOH PAMPANGA CLCHD*)

Pampanga has the highest number of Authorized Dialysis Stations (ADS) in Central Luzon, with a total of 716. (*Source: PDOH PAMPANGA CLCHD*)

The Pampanga Dialysis Network Project has entered into a joint venture agreement with the private firm Private Sector Proponent (PSP) regarding the Operation and Management (O&M) of two (2) Dialysis Centers, strategically located as follows;

- Dialysis Center I, within the premises of the Provincial Hospital, Diosdado P. Macapagal Memorial Hospital, Jose Abad Santos Avenue, Guagua, Pampanga, Pampanga
- Dialysis Center II, Sampaloc, Apalit, Pampanga.

Forty-three (43) units of dialysis machines are to be provided per facility by the province. Hence, PSP is responsible for the general management and daily operation of the dialysis centers, including the deployment of administrative, clinical, and technical personnel and the provision of supplies. On the other hand, the province shall be responsible for providing equipment, space, utilities, general waste disposal services, and other necessary medical and administrative services.

Objective of the project

1. To render renal replacement therapy
3. To provide an efficient, adequate, and safe hemodialysis treatment.
4. To promote low-cost effective dialysis packages for dialysis patients.

II. Governing Legal Framework

Republic Act No. 7160, also known as the Local Government Code of 1991, is a significant piece of legislation in the Philippines that provides for a more autonomous local government structure. This law aims to decentralize governance, empowering local government units (LGUs) with greater authority, responsibilities, and resources to enhance their capacity for local development.

Republic Act No. 11966, also known as the Public-Private Partnership (PPP) Code of the Philippines, is a comprehensive legal framework that governs the implementation of PPP projects in the Philippines. This law aims to streamline the approval and implementation processes for PPP projects, enhance transparency, and ensure that these partnerships contribute effectively to national development.

Implementing Rules and Regulations of Republic Act no. 11966, An Act Providing for the Public-Private Partnership (PPP) code of the Philippines. This Implementing Rules and Regulations, hereinafter referred to as the IRR, is promulgated pursuant to Section 34 of Republic Act (RA) No. 11966, otherwise known as the “Public- Private Partnership Code of the Philippines” (PPP Code or the Code), for the purpose of carrying out the provisions of said Code.

Department of Health (DOH) Administrative Order No. 2012-001 dated 26 January 2012 entitled New Rules and Regulations governing the Licensure and Regulation of Dialysis Facilities in the Philippines.

The Provincial Government of Pampanga through the Sangguniang Panlalawigan has enacted Ordinance No. 841 otherwise known as An Ordinance Enacting the Revised Provincial Code Pursuing a Public-Private Partnership (PPP) approach towards Development, providing for the Procedure for Selecting the Private Sector Proponent, adopting a Contract Management Framework and Providing Appropriations and other Purposes. (*January 30, 2023*)

The Provincial Government of Pampanga executed Executive Order No. 16-2023, the Public-Private Partnership Selection Committee (PPP-SC) convenes for the Dialysis

Center Network Project for the Province of Pampanga for the purpose of selecting Private Sector Proponent for the Project and who shall be responsible for all aspects of the pre-selection of the and selection process of the partnership. *(February 16, 2023)*

PDC Resolution No. 7, Series of 2024, a Resolution confirming the Establishment, Operation, and Management of two (2) Free-Standing Dialysis Centers located in the Municipality of Guagua, within the compound of Diosdado P. Macapagal Memorial Hospital, and in the Municipality of Apalit, both known as the Pampanga Dialysis Network Project through Public-Private Partnership approach. *(March 6, 2024)*

Resolution No. 8540, A resolution approving the Unsolicited Proposal of PSP for the Operation of the Pampanga Dialysis Centers Located in the Municipality Guagua, within the compound of Diosdado P. Macapagal Memorial Hospital, and in the Municipality of Apalit, both of the Province of Pampanga, subject to compliance with applicable laws, rules and regulations. *(May 6, 2024)*

III. Project Structure (Organization Structure)

The following are the respective manpower deployment of each party:

The Province of Pampanga

No.	Experience Required	Minimum Years of Experience
1.	Medical Director (1) <ul style="list-style-type: none"> - a Nephrologist duly accredited by the Philippine Society of Nephrology (PSN) - His/her main responsibility is the overall clinical management of the center, including protocols, quality management programs, among others 	5
2.	Nephrologists <ul style="list-style-type: none"> - Practicing Nephrologists in the province. Said doctors must also be duly accredited by PSN - Treatment management of the patients 	5
3.	Administrative Personnel (5) <ul style="list-style-type: none"> - Responsible for the registration of the patients in whatever program the Province may have. - Man the front desk of the Dialysis Center - Provide assistance to the patients in relation to documentation, referral, schedules, among others 	1

The Private Sector Proponent

No.	Experience Required	Minimum Years of Experience
1.	Operations/Unit Manager (one head count) <ul style="list-style-type: none"> - Responsible for the general/daily operation of the Dialysis Network based on the established procedures and protocols 	10

No.	Experience Required	Minimum Years of Experience
2.	Physician on Duty (up to three) - Provide clinical support to the patients in the absence of the Nephrologists	10
3.	Head/Charge Nurse (up to two) - Responsibility includes ensuring that the protocols and procedures are properly adhered to	10
4.	Staff Renal Nurse (up to 24) - Responsible for patient care, monitoring of treatments, documents, etc.	10
5.	Dialysis Technician (up to 5) - Provide support to the clinical staff on machine operations, inventory management, dialyzer reprocessing, etc.	10
6.	Technical Support Technician (1-2) - Provides technical support for the machineries and systems	10

IV. Concession Period

JOINT VENTURE AGREEMENT (5 years J.V. contract)

The agreement shall be binding upon signing of the parties and shall be valid for five (5) years from the date the center starts operation.

V. Demand Forecast Analysis

Comparative computation on the Operation of the Pampanga Dialysis Network Project under Public-Private Partnership.

The estimated investment/project cost for the operation and management of the Project as proposed by the Province and agreed upon by the OP amounts to Ninety-Five Million Ninety-One Thousand Six Hundred Thirty-One and Twenty-Eight Centavos (Php 95,091,631.28) for five (5) year and two (2) Free-Standing Dialysis Facilities. This estimated investment/project cost includes the Medicines (EPO 400 IU and IV IRON), Manpower/Personnel Requirements, and Other Costs such as supplies consumables, repair and maintenance of the facility, utilities, security, waste disposal, and office supplies.

PROVINCE FULL OPERATION & MANAGEMENT

DESCRIPTION:	DIALYSIS NETWORK PROJECT OPERATIONS & MANAGEMENT OF PROVINCE					
TREATMENT FORECAST						
No. of Months						12
No. of days/mo						26
No of shifts/day/machine						3
Total No of treatment/machine/mo						78
No. of Machine						43
No. of Treatments per Month						3,354
No. of Treatments Covered						144
No. of patient a year						280
No. of Treatments per Annum						40,248
REVENUE						
Treatment rate (Philhealth)		P				2,250.00
No. of treatment per annum (projected):						40,248
Gross Revenue		P				90,558,000.00
ITEM	Description	Medicine needed of a px/yr	Unit(s)	No. of Px a year	Unit Cost	Amount
A	MEDICINES					
	EPO400 IU (2 EPO per px per week)	96	unit	280	500.00	13,440,000.00
	IVIRON (1 IVIRON per px per week)	48	unit	280	400.00	5,376,000.00
						Sub-total A
B	Designation	No. of Person(s)	SG	Annual Rate	Amount	
	MANPOWER					
	Medical Specialist I (Nephrologist)	1	22	1,291,958.98	1,291,958.98	
	Medical Officer III (Physician on Duty)	3	21	1,170,548.10	3,511,644.30	
	Nurse I	11	15	749,640.06	8,246,040.66	
	Nurse II (Chief Nurse)	1	16	806,853.28	806,853.28	
	Administrative Assistant III (Philhealth/Billing/Records)	3	9	460,894.14	1,382,682.42	
	Social Welfare Officer I	1	11	569,380.00	569,380.00	
	Medical Equipment Technician III	2	11	569,380.00	1,138,760.00	
	Administrative Aide I	4	1	307,020.00	1,228,080.00	
	Administrative Aide V (Security Guard II)	2	5	373,415.82	746,831.64	
		28			Sub-total B	18,922,231.28
C	OTHER COST	Quantity	Unit	Unit Cost	Amount	
	Supplies and Consumables	40,248	tx	1,100.00	44,272,800.00	
	Repair and Maintenance of Facility	40,248	tx	25.00	1,006,200.00	
	Utilities (Power, Water, Telephone)	40,248	tx	150.00	6,037,200.00	
	Security, etc	40,248	tx	80.00	3,219,840.00	
	Waste Disposal	40,248	tx	50.00	2,012,400.00	
	Office Supplies	40,248	tx	20.00	804,960.00	
					Sub-total C	57,353,400.00
D.	TOTAL COST (A+B+C)					95,091,631.28
E	GROSS PROFIT (REVENUE - TOTAL COST)					-P 4,533,631.28

VI. Key Responsibilities

PROVINCE - General Obligations

- ✓ **Dialysis Unit Physical Facilities** - THE PROVINCE shall be responsible for and bear the costs of the construction and/or physical improvements of the Dialysis Units including architectural, electrical, plumbing, and other necessary fixtures and systems required in a Dialysis Unit as per the guidelines issued by the Department of Health. All licenses and permits needed to renovate the Dialysis Center shall be for the account of and be secured by THE PROVINCE. THE PROVINCE shall allow PSP to occupy the said facility and perform its obligations and functions related to the operation and management of the dialysis unit, at no cost to PSP.
- ✓ **Dialysis Equipment and Systems** - THE PROVINCE shall provide, at its own cost, the dialysis machines, systems, and instruments, as required by the Department of Health, necessary in the conduct of dialysis treatments. THE PROVINCE shall ensure that said equipment and systems comply with the minimum requirements of the Department of Health and other government agencies that have regulatory jurisdiction over them.
- ✓ **Facility Maintenance** - THE PROVINCE shall be responsible for and bear the costs of the maintenance of the infrastructure of the facility and other non-medical equipment installed in the dialysis unit, such as air conditioning systems, water and electrical systems as well as the building maintenance, among others.
- ✓ **Utilities** - THE PROVINCE shall provide the main supply of utilities, including power and water. THE PROVINCE shall also provide and bear the costs of operation and maintenance of a suitable stand-by generator set.
- ✓ **Laboratory Services** - THE PROVINCE shall provide and perform all laboratory requests/requirements of the dialysis patients. PSP shall refer all laboratory requests exclusively to the laboratory unit of THE PROVINCE, which shall exert its best efforts to accommodate said requests with reasonable promptness.
- ✓ **Dialysis Unit Medical Director** - THE PROVINCE shall provide, appoint, and/or assign, at its own cost, a licensed Nephrologist qualified to head a Dialysis Unit. THE PROVINCE shall also invite other Nephrologists practicing in the province to actively involve themselves in the clinical management of the patients and compensate them properly as per PhilHealth guidelines.
- ✓ **Clinical and Medical Support** - THE PROVINCE shall allow and provide consent to its physicians who may want to serve a Physician/s-on-Duty in the Dialysis Unit. THE PROVINCE shall also ensure that its other medical facility shall always be available on call by the Dialysis Unit to address any emergency situations that may arise in the Dialysis Unit.
- ✓ **Administrative and Technical Personnel** - THE PROVINCE shall employ and deploy an adequate number of administrative and social service personnel, who shall be responsible for the screening and classification of patients, processing of their documents, and coordination with relevant offices of THE PROVINCE prior to allowing the patients to have their treatments done in the

dialysis unit. The said personnel shall assist the patients during their scheduled treatment days. THE PROVINCE shall also deploy at least one (I) technical personnel who shall be responsible for the maintenance of the infrastructure, electrical, and water facilities, among others.

- ✓ **Dialysis Center Registration and Licenses** - The Dialysis Center shall be registered under the name of THE PROVINCE, as such, THE PROVINCE shall be responsible for and bear the costs of the application and processing of all related licenses and permits pertaining to the Dialysis Center. THE PROVINCE shall also be responsible for the application for accreditation with the Philippine Healthcare Insurance Corporation (PhilHealth), PCSO, and other organizations.
- ✓ **Billing and Collection** - THE PROVINCE shall be responsible for the collection of treatment fees from the patients, PhilHealth, and other organizations or third-party payors that sponsor the treatments of patients in the Dialysis Unit. In addition, THE PROVINCE shall be responsible for and bear the costs of the preparation and submission of claim documents required by PhilHealth and other organizations.
- ✓ **Healthcare Programs** - THE PROVINCE shall implement suitable and applicable healthcare programs for the patients of the dialysis unit and shall be responsible for the dissemination of the availability of said programs in the dialysis facility to its constituents.

VII. Key Responsibilities

PSP - General Obligations

- ✓ **General Management and Operation** - PSP shall be responsible for the general management and daily operation of the Dialysis Unit based on its established procedures and protocols, including but not limited to patient care, maintenance of medical records, inventory management, technical concerns such as machine maintenance, among others.
- ✓ **Machine Maintenance** - PSP shall be responsible for the maintenance, including provision of replacement parts and preventive maintenance, of all machines and systems installed and used at the Dialysis Unit and shall ensure that said equipment is in good operating conditions at all times. However, any replacement item for defective parts due to malfunctioning main electric and/or water supply as well as damages resulting from natural disaster or calamity shall be for the account of THE PROVINCE.
- ✓ **Additional or Replacement Dialysis Machines** - PSP shall provide up to five (5) units of additional backup dialysis machines, which are of the same make and model or similar to the existing machines when the dialysis center achieves an average of eighty (80) treatments per day sustained for at least three (3) consecutive months. PSP shall provide the said machines within sixty (60) days after the achievement of the preceding condition.
- ✓ During the term of the agreement, in the event any of the existing dialysis machines shall need replacement upon reaching the mandatory retirement age as prescribed by the Department of Health, PSP shall provide replacement

units for the "retired" machines within sixty (60) days prior to the expected date of retirement of the said machines, at no cost to THE PROVINCE. PSP shall retain ownership of all machines that it shall provide.

- ✓ **Dialysis Supplies and Consumables** - PSP shall provide all standard dialysis supplies and consumables as well as pharmaceutical products necessary in the conduct of the dialysis treatments. However, all medicines that are not necessary for the performance of the treatments, such as, but not limited to EPO, IV Iron, and the like as well as maintenance medicines shall be for the account of THE PROVINCE or the patients, whichever is applicable.
- ✓ **Dialysis Personnel** - PSP shall provide and employ the necessary administrative, clinical, medical, and technical personnel for the operation of the Dialysis Unit. These employees shall not, in any way, be considered employees of THE PROVINCE. They, however, shall be required to comply with the prevailing policies of THE PROVINCE in relation to the performance of their duties, which may have a direct impact on the image of THE PROVINCE. PSP shall be liable for damages for any negligent act/s or omission of its dialysis personnel resulting in damage and/or injury to THE PROVINCE or any of its patients, visitors, employees, and officers. For purposes of clarity, PSP shall provide and deploy an adequate number of certified dialysis / renal nurses, nursing assistants/technicians, center technicians as well as necessary administrative personnel.
- ✓ **Physician on Duty** - PSP shall bear the costs of the deployment of necessary Physicians-on-Duty in compliance with the requirement of the Department of Health. PSP shall select and appoint the Physician-on-Duty.
- ✓ **Utilities** - PSP shall bear the costs of utilities, including power, water, cable, and/or internet services.
- ✓ **Waste Disposal** - PSP shall be responsible for the proper disposal of all wastes, including infectious and medical items, produced in the Dialysis Unit and shall engage the services of a service provider for the transport and eventual disposal of the said waste. All general wastes, however, shall be disposed of through the waste disposal facility of THE PROVINCE.
- ✓ **Security Services** - PSP shall provide the Dialysis Unit with adequate security twenty-four (24) hours a day.
- ✓ **Compliance with Prevailing Laws** - PSP shall ensure full and religious compliance with all applicable laws and government regulations pertaining to the operation and management of a healthcare facility, specifically a dialysis unit, such as but not limited to anti-corruption, labor, and environmental laws, magna carta for health workers, data privacy, among others.
- ✓ **Quality Improvement Program** - PSP shall exert its best efforts to provide the highest standards of care services and treatments to the patients. As such, it shall implement quality systems and programs to maintain or improve the quality of services that it provides to the patients. The said programs, shall include, but not be limited to the following:
 - Continuous Quality Improvement Systems
 - Patients' Forum

- Quarterly Operational Meetings with the stakeholders, including representatives from THE PROVINCE.
- ✓ **ISO Certification** - PSP, at its own option and upon approval of THE PROVINCE, may include the Dialysis Unit to be one of the ISO-certified Dialysis Centers of the PSP Renal Network. Provided, that the expenses for securing ISO accreditation and certification should be for the account of PSP.
- ✓ **Data Management System** - PSP shall implement and maintain a comprehensive patient and treatment data management system (NEXADIA), which shall be utilized to ensure better process management, including patient and treatment monitoring, and data analytics, among others. In addition, PSP shall provide a Billing Management System, which THE PROVINCE may utilize for purposes of submission of PhilHealth claims. For this purpose, the parties, when necessary, shall execute a separate agreement in compliance with the Data Privacy law.
- ✓ **Other Equipment / Instruments** - PSP shall provide and bear the costs of equipment and/or instruments that it shall need related to Information Technology (IT) and other related instruments required for any system that PSP shall install or implement in the dialysis unit.

TREATMENT RATE & REVENUE SHARING

- ✓ "PSP shall render in relation to the operation and management of the Dialysis Center." PSP shall be entitled to a share from PhilHealth claims equivalent to seventy-five percent (75%) of the reimbursement rate as a management fee. Based on the current reimbursement rate of P 2,250.00, net of Professional Fee, this shall amount to One Thousand Six Hundred Eighty-Seven & 50/100 Pesos (P 1,687.50).

"PSP shall render in relation to the operation and management of the Dialysis Center."

VIII. Procurement Timeline

With Challenger	
Milestone	Date
Publication of Invitation for Comparative	08-Aug-24
Issuance of availability of Tender Documents	16-Aug-24
Pre-bid Conference and One-on-One meetings	22-Aug-24
Release of approved JVA to Challengers	22-Aug-24
Submission of Comparative Proposal	14-Nov-24
Opening and Evaluation of Bids	14-Nov-24
OP to Exercise right-to-match	16-Dec-24
PBAC Recommendation to Award	15-Jan-25
Provincial Governor's Decision to Award	15-Jan-25
Issuance of Notice of Award (NOA)	16-Jan-25
Publication of NOA and/or bidding results	16-Jan-25
Winning Bidder's fulfillment of NOA	05-Feb-25
Province's determination of NOA requirements compliance	07-Feb-25
Contract Signing	07-Feb-25

Without Challenger	
Milestone	Date
Submission of Comparative Proposal	14-Nov-24
PBAC Recommendation to Award	14-Nov-24
Provincial Governor's Decision to Award	15-Nov-24
Issuance of Notice of Award (NOA)	15-Nov-24
Publication of NOA and/or bidding results	15-Nov-24
Winning Bidder's fulfillment of NOA	05-Dec-24
Province's determination of NOA requirements compliance	06-Dec-24
Contract Signing	06-Dec-24

IX. Dialysis Network Project Milestones

June 16, 2023	The Provincial Government of Pampanga has received an Unsolicited Proposal from PSP for the operation and management of the Pampanga Dialysis Network Project.
June 29, 2023	Convened the members of the PPP Selection Committee for an orientation and informed them that an unsolicited proposal had been submitted for consideration in the PPP process.
July 11, 2023	Conducted an initial screening of the unsolicited proposal to assess its completeness, feasibility & compliance with PPP guidelines.
July 25, 2023	Continuation of comprehensive evaluation ensured a comprehensive understanding of the proposal's feasibility and alignment with regulatory requirements.
November 14, 2023	Discussions covering the primary obligations of the province and PSP. These conversations aimed to clarify the responsibilities and commitments expected from both parties in the partnership.
November 21, 2023	The Technical Working Group (TWG) presented their assessment of the unsolicited proposal, including technical, financial, legal, and environmental aspects. This involves a detailed evaluation to verify the feasibility, viability, and potential risks associated with the project.
November 28, 2023	Resolution No. 01-2023 has been formulated, recommending the acceptance of the unsolicited proposal from PSP for the operation and management.
December 1, 2023	Upon completion of the initial and favorable recommendation of the PPP-SC, the Provincial Governor issued a Certificate of Acceptance for the unsolicited Proposal granting the Original Proponent Status.
December 13, 15 & 20, 2023	A series of meetings has been convened at the Provincial Capitol with representatives from the Provincial Government of Pampanga, led by Atty. Charlie G. Chua. The Original Proponent, PSP has concluded negotiations on the Joint Venture Agreement for the Dialysis Network Project.
December 21, 2023	A copy of the final draft of the Joint Venture Agreement for the Dialysis Network Project is submitted for the approval of the Governor.
March 6, 2024	Conducted the Provincial Development Council (PDC) meeting to confirm the Establishment, Operation, and Management of two (2) Free-Standing Dialysis Centers.
May 6, 2024	The Sangguniang Panlalawigan approved, the Resolution of the Unsolicited Proposal of PSP for the Operation of the Pampanga Dialysis Centers

X. Point of Contact for the PBAC

Attention: ATTY. CHARLIE G. CHUA
Provincial Administrator,
Chairperson, PPP-PBAC

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