



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY
 827 Aurora Blvd. Service Road, Brgy. Immaculate Conception,
 1111 Cubao, Quezon City, Philippines



Memorandum Circular No. 2012- 13
Series of 2012

SUBJECT : GUIDELINES FOR THE REGISTRATION
OF HEALTH SERVICE COOPERATIVES

DATE : July 18, 2012

Pursuant to the powers vested by Section 3(e) of Republic Act No. 6939 and Article 2, Article 23 (e) and (o) of RA 9520, the Cooperative Development Authority (CDA) hereby promulgates the following guidelines for the registration of Health Service Cooperatives.

Section 1. Title. These guidelines shall be known as the *“Guidelines for the Registration of Health Service Cooperatives”*.

Section 2. Policy. It is the declared policy of the State to foster the creation and growth of cooperatives as practical vehicles for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.

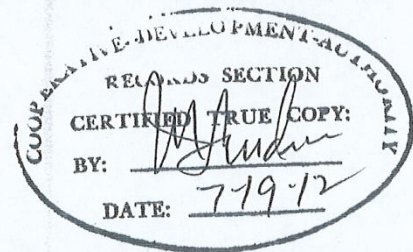
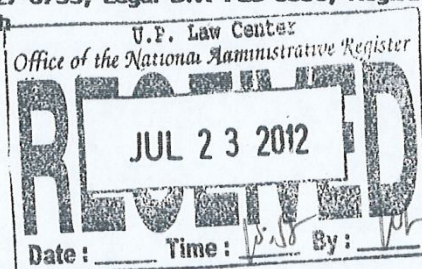
Section 3. Purpose. These guidelines are issued for the orderly registration of proposed Health Service Cooperative in compliance with the requirements as provided under RA 9520, Implementing Rules and Regulations, and relevant administrative issuances by CDA. These guidelines modify the procedures and requirements for registration of Health Service Cooperatives, including hospital related business operation, previously set forth in CDA MC No. 2011-15, and serve as supplement of CDA MC No. 2012-08.

Section 4. Coverage. These guidelines shall cover all cooperatives engaged in hospital operation, health services and other related business operation.

Section 5. Definition of Terms. As used in these guidelines, the following terms shall be defined as:

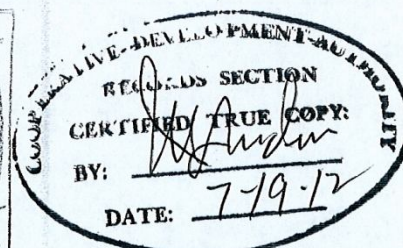
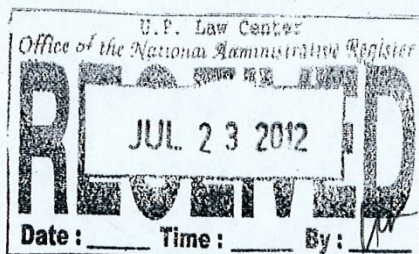
- (i) *Area of Business Operation* – refers to the principal place of business of cooperative where the cooperative conducts its business as provided for in their articles of cooperation and by-laws.

Office of the Chairman 721-5325 Telefax 725-5324; Admin Office 725-2107; Office of the Executive Director 725-6450; Planning Div. 726-2814; MIS 725-0750; Supplies/Cash/Records 723-8306; Finance Div. 721-5328; Office of the Auditor 721-5329; Coop Reseach Info & Training Div. 725-6604; Coop Project & Devt. Assistance Div. 727-6735; Legal Div. 725-8536; Registration Div. 725-5510; Officer of the Day 725-3764-www.cda.gov.ph



- (ii) *Area of Operation* – refers to the area where the cooperative members come from as provided for in their articles of cooperation and by-laws.
- (iii) *Authority* - refers to the Cooperative Development Authority.
- (iv) *Bond of Membership* – refers to the condition where members associate themselves to attain their common goals and objectives which may either be residential, occupational, associational, and institutional.
- (v) *Business Transaction* – refers to any business activity or livelihood engaged in by the cooperative.
- (vi) *Cooperative* – refers to an autonomous and duly registered association of persons, with a common of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
- (vii) *Health Service Cooperative* – refers to a cooperative organized for the primary purpose of providing medical, dental, and other health services.
- (viii) *Hospitalization* – refers to hospital services and other related business operation.
- (ix) *Primary Cooperative* – refers to a cooperative the members of which are natural persons except electric cooperative, water service cooperative and other cooperatives which the implementing rules and regulations of RA9520 or the Authority may allow.
- (x) *Registration* – refers to the operative act of the Authority granting judicial personality to a proposed cooperative and is evidenced by the Certificate of Registration.
- (xi) *Share* - refers to a unit of capital in primary cooperative the par value of which is fixed at any figure not more than One Thousand Pesos (P1,000.00) and should be divisible by one peso which may be divided into common share capital and preferred share capital.
- (xii) *Share Capital* – refers to the money paid or required to be paid by the members for the conduct of the operation of the cooperative.
- (xiii) *Service Cooperative* – refers to a cooperative which engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication, professional, and other services.

Section 6. **Jurisdiction**– In accordance with Section 6 of MC No. 2012-08, all applications for registration under these Guidelines shall be directly filed with the Central Office (CO). However, this shall not in any way prejudice the future delegation of the registration of this type of cooperative to the Extension/Regional offices of the Authority.



Section 7. **Procedures**

7.1 Technical assistance. The proposed cooperative may inquire from the Extension/Regional office the list of requirements, and any CDS may assist in explaining the procedures and compliance hereto.

7.2 Submission of required documents in accordance with MC 2011-15 on Revised Guidelines in the Registration of Primary Cooperatives.

7.3 Validation and Verification of Submitted Documents. In accordance with Section 9 of MC No. 2012-08, applications for registration of Hospital, Health Service, and other related Cooperatives covered by these guidelines shall be subject to verification and validation prior to registration.

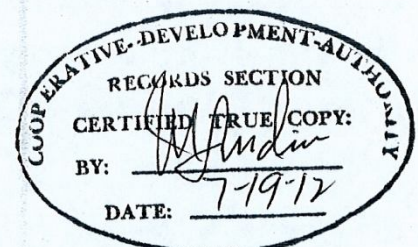
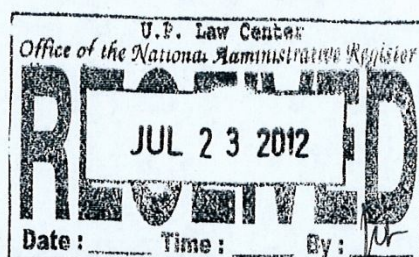
7.3.1 It shall be conducted by the Registration Section of the concerned Extension Office upon order from the Central Office Registration Division within the period provided for in the Order which shall be sent through electronic or other means of communication.

7.3.2 Report of Verification and Validation shall be prepared and submitted to the Central Office Registration Division through electronic or other means of communication within five (5) days after the conduct of such verification and validation.

7.3.3 Original copy of the validation/verification report must likewise be submitted.

Section 8. **Registration Requirements.** The following documents shall be submitted to the Authority in Four (4) copies except for item (1) below:

1. Original copy of Cooperative Name Reservation Notice (CNRN);
2. Economic Survey
3. Articles of Cooperation and the approved By-laws;
 - a. All original;
 - b. The Articles of Cooperation shall be signed by all the cooperators on each and every page; and
 - c. The By-Laws shall be signed by all the members on the adoption page.
4. Treasurer's Affidavit;
5. Copy of Surety Bond/s of accountable officers;
6. Certificate of Pre-Membership Seminar (PMES) signed by the cooperative Interim Chairman, as validated by the Authority;
7. Undertaking to change name;



8. Undertaking to comply with the auditing and accounting standards prescribed by the Authority
9. Undertaking to comply with other requirements prescribed by the other regulatory agency, when applicable;
10. Favorable endorsement/written certification from the concerned health related professional regulatory board attesting to the fact that the concerned health related profession is not prohibited from forming a cooperative for the purpose of engaging in the subject undertaking;
11. Tax Identification Number (TIN) of all cooperators;
12. Detailed feasibility study (expressly mentioning whether the undertaking is primary, secondary or tertiary level hospital, diagnostic center, spa and wellness center, home for the aged, lying in, drop-off centers, etc. AND specifying the financial, technical- including architectural, plans etc.,);
13. Registration fee.

Section 9. Number of members required for Registration. Fifteen (15) or more natural persons who are Filipino citizens, having a common bond of membership as provided in Section 14 hereof and are residing or working in the intended area of operation.

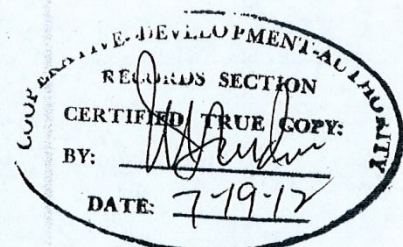
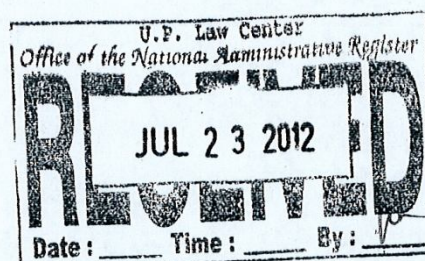
Section 10. Capital Requirements. (a) All Health Service Cooperatives shall be organized with share capital contribution of members. The authorized share capital of a cooperative shall be provided for in its Articles of Cooperation. At least twenty five percent (25%) of the authorized share capital shall be subscribed by the members and at least twenty five percent (25%) of the subscribed share capital shall be paid by the members prior to registration.

(b) The paid up capitalization requirement for Health Service Cooperatives shall not be less than fifteen thousand Pesos (P15,000.00), or the amount required in the detailed feasibility study, or as required by the appropriate government agency expressly granted by law to have a certain regulatory function over the operation of the activity sought to be engaged in by the Health Service Cooperative, whichever is higher.

Section 11. Cooperative Name and Prohibition. (a) The word "Cooperative" "Kooperatiba" or "Cooperativa" shall be included in the name of the cooperative, which name shall likewise specify the term "Health Service" in accordance with Article 23 of RA 9520.

(b) No cooperative name shall be allowed by the Authority if the proposed name is *identical* or *deceptively* or *confusingly similar* to that of any existing cooperative, contrary to public policy, moral and existing laws.

The use of the words "development" and "integrated" in the cooperative name shall be discouraged.



Section 16. **Dual Membership.** A prospective cooperative may include in its by-laws a provision not allowing members of existing cooperatives of the same type within the same area of operation to be a member of the proposed cooperative unless they resign from the former.

Section 17. **Bonding Requirements of Accountable Officers / Employees of the Cooperative.** In order to meet any contingency that may arise in the operations of the cooperative accountable officers/employees of cooperatives shall submit a **surety** bond for the faithful performance of their functions in accordance with Articles 14(5) and (56) of the Code and in accordance with the following sub-sections:

(a) The following persons shall be bonded:

- (1) Chairperson
- (2) Treasurer and Cashier;
- (3) Manager/hospital director/coordinator;
- (4) Signatories of checks and other financial instruments; and
- (5) Such other persons as may be authorized by the cooperative to act as a custodian of funds merchandise, inventories, securities and other assets of the cooperative.

(b) The board of directors shall determine the adequacy of such bonds. For this purpose, the Board of Directors shall be guided based on the initial networth of the cooperative which shall include the paid-up capital, the membership fees and the other assets of the cooperative at the time of registration.

Section 18. **Required Period for Approval of Registration.**

(a) An application for registration shall be finally disposed by the Authority within the period of Sixty (60) days from the filing of complete documentary requirements. Otherwise, the application is deemed approved unless the cause of the delay is attributable to the applicant.

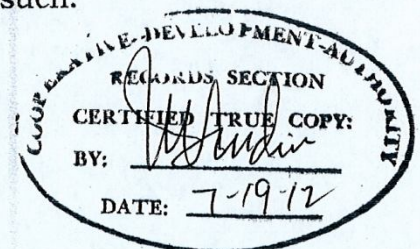
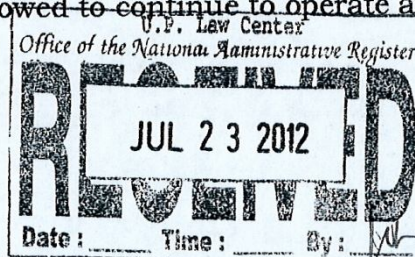
(b) In the case of denial by the Authority, appeal of such denial may be sent to the Office of the President within ninety (90) days from receipt of the notice of denial.

(c) The failure of the Office of the President to act on the appeal within ninety (90) days from the filing thereof shall mean the approval of said application.

Section 19. **Monitoring and Inspection**

The Extension Office (EO) concerned shall monitor and conduct inspection of the said Health Service Cooperative to ensure compliance with these Guidelines, laws, rules and regulations, issuances of the Authority and other appropriate government agencies.

Section 20. **Transitory Provision.** Existing Health Service Cooperatives which have not complied with the minimum requirements set for registration are hereby given two (2) years from the effectivity hereof within which to comply in order for them to be allowed to continue to operate as such.



Section 20. **Repealing Clause.** All previous circulars and/or guidelines issued by the Authority which are inconsistent with this guideline are hereby repealed or modified accordingly.

Section 21. **Separability Clause.** If any provision of these guideline is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

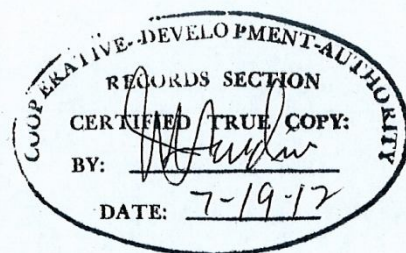
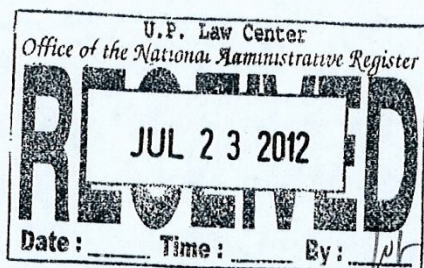
Section 22. **Effectivity.** These guidelines shall take effect upon the approval of the Board of Administrators and fifteen (15) days after filing with the Office of National Administrative Registry (ONAR).

Approved pursuant to BOA Resolution No. 187, S-2012 dated July 13, 2012.

For the Board of Administrators

By:


EMMANUEL M. SANTIAGUEL, Ph.D
Chairman





**EXCERPTS FROM THE
MINUTES OF REGULAR MEETING
OF THE CDA BOARD OF ADMINISTRATORS HELD ON JULY 13, 2012
6/F CDA Board Room 827 Aurora Boulevard, Bgy. Immaculate Conception, Cubao, Q.C.**

PRESENT:

- | | |
|-----------------------------------|------------------------------|
| Hon. Emmanuel M. Santiago, Ph.D. | - Chairman/Presiding Officer |
| Hon. Felicitas S. Acosido, Ph. D. | - Administrator |
| Hon. Nelson B. Alindogan | - Administrator |
| Hon. Paisalin P.D. Tago | - Administrator |

ALSO PRESENT:

- | | |
|--------------------------|-----------------------------|
| Dir. Orlando R. Ravanera | - Acting Executive Director |
|--------------------------|-----------------------------|

RESOLUTION NO. 187, s-2012

Upon motion of Adm. Felicitas S. Acosido duly seconded by Adm. Nelson B. Alindogan be it RESOLVED as it is hereby RESOLVED to *approve the GUIDELINES FOR THE REGISTRATION OF HEALTH SERVICE COOPERATIVES.*

APPROVED.

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This is to certify that the foregoing is true and correct from the minutes of the CDA Board of Administrators' Regular Meeting


MARY GRACE L. CINCO
 Acting Board Secretary IV

ATTESTED:


EMMANUEL M. SANTIAGUEL, Ph.D.
 Chairman

