

IGNACIO DELOS ANGELES, PETITIONER, VS. GOVERNMENT SERVICE INSURANCE SYSTEM (PHILIPPINE COCONUT AUTHORITY) AND THE EMPLOYEES' COMPENSATION COMMISSION, RESPONDENTS.*G.R. No. L-47099. August 26, 1982*

Ponente: MAKASIAR, J.

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This is one of the several compensation claims redeemed from the retrogressive compensation scheme under the New Labor Code by the doctrine etched in the landmark case of *Corales vs. ECC, et al.* (G.R. No. L-44063, August 25, 1978, 84 SCRA 762; February 27, 1979, 88 SCRA 547). WE declared in that case that compensation claims filed with the Government Service Insurance System (GSIS) with causes of action that accrued during the regime of the Workmen's Compensation Act, as amended should be resolved on the basis of the provisions of said Act; because claimants so circum-stanced should be considered as having acquired a vested right under the provisions of the Workmen's Compensation Act, as amended, which undoubtedly are more favorable to them than those of the New Labor Code on employees' compensation benefits.

The dilution of the constitutional commitment to promote social justice by the present compensation scheme under the New Labor Code as compared with the previous compensation law has been intimated in a resolution of the Second Division of this Court, thus: "Upon consideration of the allegations of the petition and the comments thereon of respondents Employees' Compensation Commission and Government Service Insurance System, the Court resolved to DENY the petition, noting that since the current Labor Code, as amended by Presidential Decree No. 626, has indeed reduced the broad instances of compensability under the former Workmen's Compensation Act, the court is powerless to apply the doctrines laid down under said Act to petitioner's case, even as it feels that perhaps a legislative remedy may be worthy of study by those concerned to the end that what was conceded to be humane attitude inspired by the social justice precepts of the Constitution may be reconciled with the new or additional benefits, if any, that the Labor Code provides in compensation cases and thereby avoid the impression that in regard to the security aspect of public or private employment, so worthy of compassionate approach, there has been an intentional backward step in the policies of the New Society." (*Ibañez vs. ECC, et al.*, L-47008, March 8, 1978).

Despite *Ibañez*, WE endeavored to still apply the provisions of the former Workmen's Compensation Act to compensation claims filed with the Government Service Insurance System (GSIS) under the New Labor Code by claimants whose causes of action supervened during the effectivity of the former compensation law and continued after the effectivity of the new compensation scheme provided for in the New Labor Code. WE initiated this in *Corales* as aforesated. Several claims thereafter benefited from this pronouncement, one of which is this claim of herein petitioner.

In Our November 16, 1979 decision in this case, WE ordered respondent GSIS "(a) to pay claimant Ignacio delos Angeles Six Thousand [P6,000.00] Pesos as compensation benefits; (b) to reimburse claimant his medical,

hospital and surgical expenses duly supported by proper receipts; (c) to pay claimant six hundred [P600.00] Pesos as Attorney's Fees; and (d) to pay sixty-one [P61.00] Pesos as administrative fees."

On December 26, 1979, respondent Employees' Compensation Commission (ECC) through the Solicitor General, filed a motion for reconsideration on the following grounds: "I. Assuming that the cause of action of petitioner accrued at the time when the Workmen's Compensation Act was in full force and effect, he should have filed a claim for Workmen's Compensation with the appropriate regional office of the Ministry (Department) of Labor not later than March 31 1975; otherwise, his claim shall be forever barred; II. The New Labor Code provisions on Employees' Compensation apply to injury, sickness, disability or death occurring on or after January 1, 1975; III. The State Fund which is established in the Social Security System (SSS) for the private sector and in the Government Service Insurance System (GSIS) for the Government Sector, shall be used exclusively for the payment of the benefits under the Title on Employees' Compensation and State Insurance Fund as provided in the New Labor Code" (pp. 194-195, rec.).

On January 9, 1980, We denied for lack of merit the aforesaid motion of respondent ECC and declared the same as final (p. 208, rec.).

Earlier or on January 7, 1980, respondent GSIS filed its own motion for reconsideration contending that "I. This case is no longer open for a decision on the merits by this Honorable Court; II. The disability retirement benefit received by the petitioner is already integrated with his employees' compensation benefit if he is entitled thereto; III. Petitioner's cause of action did not accrue in 1965; IV. If petitioner's cause of action accrued in 1965, then petitioner's claim has already prescribed; V. Under the old Workmen's Compensation Law which was applied by this Honorable Court, it is the employer and not the State Insurance Fund that is liable for payment of the claim; VI. The State Insurance Fund should have the right of reimbursement from the employer who is liable under the old workmen's compensation law which was applied in this case; VII. The State Insurance Fund cannot be liable for attorney's fees; VIII. The State Insurance Fund is not liable for administrative fees; and IX. If petitioner's claim is compensable, the benefits he should receive should be under the present law on employees' compensation" (pp. 209-210, rec.).

On March 5, 1980, petitioner filed his comment (pp. 234-235, rec.).

On March 20, 1980, respondent GSIS filed its reply (pp. 237-248, rec.).

On April 26, 1980, petitioner filed a rejoinder to respondent GSIS' reply (pp. 249-250, rec.).

I

Under its first ground, respondent GSIS contends that this case was at the time We rendered our decision on November 16, 1979 no longer open for decision on the merits because upon respondent ECC's motion to dismiss, this Honorable Court had already directed the remand of the record to the ECC for computation of the benefits due to the petitioner and that there was already an entry of judgment (p. 213, rec.).

The records reveal that this case was submitted for decision on July 5, 1978. However on January 8, 1979, respondent ECC filed a motion to dismiss alleging that "1. On December 7, 1978, the Employees' Compensation Commission, upon recommendation of the ECC Secretariat and the Office of the Solicitor General, promulgated a resolution approving payment by the Government Service Insurance System (GSIS) of the claim for compensation filed by the herein petitioner under Presidential Decree No. 626, as amended; and 2. In view of the aforesaid resolution, the petition filed in the present case has now become moot and academic" and thereby prayed "that the petition filed in the instant case be considered dismissed and that the records of the case be remanded to the Employees' Compensation Commission for computation of the benefits to be paid to the

petitioner" (p. 111, rec.).

On January 15, 1979, We issued a resolution which reads: "Acting on respondent Employees' Compensation Commission's motion to dismiss this case, stating that it has approved the payment by the Government Service Insurance System of petitioner's claim for compensation, the Court resolved to REMAND the records thereof to said commission for computation of the benefits to the petitioner-claimant, and to require said commission to INFORM this Court of the implementing action taken there on within thirty (30) days from notice hereof" (p. 114, rec.; underscoring supplied).

Accordingly, on February 15, 1979, respondent Employees' Compensation Commission filed a manifestation stating that on February 6, 1979, it remanded the entire records of the case to the respondent GSIS with an order that payment of compensation benefits in accordance with law be effected immediately, and on the same day, it received from the Manager, Disability Benefits Department of the respondent GSIS a letter-report stating that the claim is under evaluation by the Medical Evaluation and Underwriting Group of the type of benefits payable (pp. 119-120, rec.).

On February 26, 1979, We resolved to note the aforesaid manifestation of respondent ECC and required it or the GSIS to inform the Court within fifteen (15) days from notice, of the final implementing action and payment made to the petitioner-claimant (p. 124, rec.).

On March 17, 1979, We received a manifestation dated March 7, 1979 from petitioner stating that "until this date, after a lapse of more than two months already, no benefit has ever reached the herein undersigned nor a result of the computation thereof" and further expressed his eagerness "to receive necessary compensation benefits due him as soon as possible" and that his fast deteriorating physical condition and his dire financial situation has compelled (him) to make this appeal again so that he could enjoy those benefits while still living" (p. 125, rec.).

On March 19, 1979, respondent ECC pursuant to Our February 26, 1979 resolution manifested that on March 7, 1979, it (ECC) required respondent GSIS to submit to it a report on the implementing action taken in this case; and that on March 14, 1979 it received from the Manager, Disability Benefits Department of the respondent Government Service Insurance System a letter-report stating that petitioner's claim is under evaluation by the Medical Evaluation and Underwriting Group as to the type of benefits payable (p. 129, rec.).

On March 26, 1979, We noted aforesaid manifestation and further required the respondent ECC or the respondent GSIS to inform this Court of the final implementing action and payment made to petitioner within fifteen (15) days from notice (p. 132, rec.).

On April 17, 1979, respondent ECC informed this Court that it has received on April 6, 1979 a letter-report from the respondent GSIS with the information that a check numbered 297935 dated March 20, 1979 in the amount of P256.00 was mailed to petitioner on March 29, 1979 (p. 137, rec.).

WE noted the aforesaid manifestation in Our resolution of May 7, 1979 (p. 140, rec.).

On April 25, 1979, petitioner filed an urgent motion to require respondent Government Service Insurance System to explain why it should not be dealt with in contempt of court for failing to comply with court resolutions dated January 15, February 26 and March 26, 1979 issued in this case. It was also alleged therein that "no payment has ever been made by said respondent GSIS to herein undersigned petitioner-claimant until this date [April 23]" (pp. 145-146, rec.).

On May 12, 1979, petitioner filed an opposition stating that he is entitled to the maximum compensation of Twelve Thousand (P12,000.00) Pesos, instead of the Two Hundred and Fifty-Six (P256.00) Pesos stated in

respondents' manifestation dated April 17, 1979 because "on account of his illness which totally incapacitated him to continue performing his work (he) was forcibly retired from the government service at the age of sixty-two (62) years and immediately before his retirement his monthly salary was P666.00." At any rate, petitioner stated that he has not yet received the aforesaid amount of Two Hundred and Fifty-Six (P256.00) Pesos [pp. 151-152, rec.].

On May 18, 1979, respondent GSIS filed a manifestation stating that "1. Contrary to the allegation of petitioner in his 'Urgent Motion' dated April 23, 1979 that respondent GSIS 'practically ignored' this Honorable Court's Resolution dated January 15, February 26 and March 26, 1979, requiring the ECC or the GSIS to inform this Honorable Court of the implementing action and payment made to petitioner, a check in the amount of P256.00 for the petitioner's Temporary Total Disability (TTD) benefits from May 26 to January 10, 1976 was mailed to him last March 29, 1979; 2. Likewise, as early as March 15, 1979, the respondent GSIS advised the petitioner in writing to submit certain requirements necessary in effecting payment of additional benefits due him, such as his service record, date of return to work after confinement at Perpetual Succor Hospital, breakdown of hospitalization claim and certification as to condition upon discharge; however, the petitioner has not, up to this date, complied with the requirements, thereby causing a delay in the payment of his additional benefits; and 3. A follow-up tele-gram has been sent to the petitioner and, upon his compliance therewith, the processing and/or payment of the additional benefits claimed will proceed apace" (pp. 153-154, rec.).

At the time We acted upon petitioner's motion of April 25, 1979 on May 21, 1979, the aforesaid May 18, 1979 Manifestation of the respondent Government Service Insurance System had not yet been presented to Us; hence, We resolved to require respondent Government Service Insurance System to comment on the aforesaid April 25, 1979 motion of petitioner within ten (10) days from notice of resolution (p. 147, rec.).

On May 30, 1979, We resolved to require petitioner to comment on the aforesaid May 18, 1979 manifestation of respondent GSIS within ten (10) days from notice of resolution (p. 156, rec.).

On June 18, 1979, petitioner filed his reply (comment) stating that "1. the amount of P256.00 in the form of check mentioned in said manifestation by respondent GSIS, in spite of the long lapse of time, has not been received by the herein petitioner-claimant until this date (June 11, 1979); 2. on account of the indigence of petitioner-claimant, only one xerox copy of his Service Record is hereto attached particularly to the original of this reply, and another xerox copy to the copy of this reply furnished to respondent GSIS, said service record showing that petitioner was employed with PHILCOA on January 17, 1955 and was retired on October 1, 1975 with an annual salary of P7,992.00 (on date of retirement) at the age of sixty-three years considering that the birth date of petitioner as reflected thereon is July 31, 1912; 3. on May 26, 1975 the petitioner had a STROKE and consequently became unconscious and was able to recover consciousness six hours later, and petitioner then noticed the paralysis of his left arm, blurring of eyesight, weak limbs, speech difficulty, and general physical and mental weakness; 4. when petitioner suffered a stroke on May 26, 1975 he was hospitalized and confined at the Perpetual Succor Hospital, Gorordo Avenue, Cebu City with Dr. Bartolome V. Picornell (M.D.) as his attending physician, a xerox copy of the certification issued by Dr. Picornell is attached to the original of this reply and the original of said certification is furnished to respondent GSIS; and 5. although petitioner was discharged from the Perpetual Succor Hospital on June 10, 1975, for which he spent more than One Thousand Pesos for hospital bills, medicines and doctor's fees, he was no longer able to go back to work on account of his physical and mental incapacities as mentioned in par. 3 of this reply and, consequently, petitioner was retired by his employer the Philippine Coconut Authority (Philcoa) on October 1, 1975 for reason of total disability which was virtually considered permanent" and prayed of this Honorable Court "to make and render a definite award in favor of petitioner possibly in the aggregate sum of Twelve Thousand Pesos and directing respondent Government Service Insurance System to place petitioner in a reputable hospital for competent medical treatment and care until he gets cured at the expense

of said respondent GSIS. Petitioner further prays for such other relief and remedy that the Honorable Supreme Court may deem proper (grant) in accordance with justice and equity" (pp. 159--160; underscoring supplied).

On June 26, 1979, petitioner filed a supplemental to his aforesaid reply stating "that, for this year 1979, the only communication that was received by here-in petitioner from respondent Government Service Insurance System is that Manifestation adverted to in Supreme Court Resolution dated May 30, 1979; that all other communications -- that one dated March 25, 1979, the follow-up telegram, and the check in the amount of P256.00 -- were never received by the herein petitioner until this date (June 21); that the amount of P256.00 as payment for petitioner's Temporary Total Disability benefits for the period from May 26, 1975 to January 10, 1976 is grossly inadequate and not consistent with the law on compensation for total disability for such period of time considering that petitioner was actually retired on October 1, 1975 x x x and that the annual salary of petitioner at the time was P7,992.00 or a weekly rate of P153.69" and prayed "of the Honorable Supreme Court that a definite award be made in favor of herein petitioner and correspondingly require respondent Government Service Insurance System to course its payment thru the Office of the Clerk of Court of this Supreme Court in connection with the compensation due the said petitioner-claimant to insure that a remittance has actually been made by said respondent" (p. 165, rec.; underlining supplied).

On June 27, 1979, We resolved to require respondents to file a rejoinder to the aforesaid June 18, 1979 reply of petitioner (p. 164, rec.).

On July 13, 1979, respondent GSIS filed its rejoinder stating, among others, that "4. x x despite the usual three (3) notices sent by the postal authorities to the petitioner, the aforementioned check and the communications of the respondent GSIS were all returned to sender as unclaimed mail matter, it appearing that the petitioner had moved to a new address; 5. the respondent acted on the honest belief that the petitioner was still residing at the above-stated address as it was the address stated in his application for income benefits claim for payment and other records on file with GSIS. In any case, the petitioner has not formally notified the respondent GSIS about his change of address; 6. As to type of benefits payable, the petitioner contends that he should be entitled to permanent total disability benefits and not to temporary benefits; 7. As already stated in the GSIS' manifestation dated May 16, 1979, the petitioner was advised in writing to submit certain requirements, such as his service record, date of return to work after confinement at the Perpetual Succor Hospital, breakdown of hospitalization claim and certification as to condition upon discharge -- all of which are necessary for the payment of additional compensation benefits, if any, to the petitioner; 8. the petitioner has so far submitted only his service record and the certification of his attending physician relative to his confinement and diagnosis of sickness; 9. Nonetheless, pending submission by the petitioner of the other requirements, and to avoid further delay in payment, the Medical Evaluation and Underwriting Group of the respondent GSIS has recently reevaluated the petitioner's ailment from temporary total disability to permanent partial disability; 10. a check for P1,209.06 corresponding to the petitioner's permanent partial disability will be sent to him at the soonest possible time; 11. should the petitioner be eventually found to be entitled to permanent total disability benefits, the benefits will be correspondingly adjusted and payment made in his favor; and 12. to prevent any further mishap, it is requested that the petitioner submit his present address or residence" (pp. 171-174, rec.).

On October 10, 1979, We received petitioner's letter dated September 20, 1979, pleading for the hastening of the processing and computation of all his checks so as to enable him to buy medicines as his ailment is getting worse and the setting aside temporarily of the requirements imposed by the ECC and instead continue the computation of his benefits. In the same letter, he informed this Court that he had received the check of P1,209.06 (p. 178, rec.).

On November 14, 1979, the GSIS transmitted all the records of petitioner's claim to the Judicial Records Division

of this Court, in compliance with the latter's request of November 13, 1979 (p. 212, rec.).

It is manifest from the foregoing incidents that this Court did not lose jurisdiction over the appeal of petitioner as to deprive It of Its author-ity to decide the same on the merits. The January 15, 1979 resolution of this Court did not dismiss the appeal but merely remanded the case for computation of benefits which computed benefits need not neces-sarily be binding on the petitioner as well as this Court as the same resolution expressly required the respondent commission "to INFORM this Court of the implementing action x x" so that We can pass upon the factual and legal sufficiency of such computation before We can close the case with an order of dismissal.

The initiative of the respondent ECC is in the nature of an admission and an offer of compromise and therefore the benefits it is willing to pay per its computation must be acceptable to petitioner and approved by this Court as one in accordance with the law.

Consequently, when the initial computations of respondent GSIS were rejected by petitioner, as not in accordance with the facts and the law, who there-after asked this Court to determine with finality his correct benefits, this Court has no other alter-native but to resolve the appeal of petitioner which It did when It promulgated Its questioned decision on November 16, 1979, two days after the records of the case were returned to this Court by the respondent ECC. The entry of judgment made in this case is but the result of the misapprehension of the real tenor of Our January 15 1979 resolution remanding the case to the respondent ECC for computation of the benefits due to petitioner and requiring respondent ECC to inform this Court of the im-plementing action taken thereon (p. 177, rec.).

II

With respect to grounds II, III and IV, the same are without merit. Besides, ground II is a new matter which is raised for the first time in this motion. In connection with grounds III and IV, it must be emphasized that herein petitioner despite his medical disability since 1965 persisted in work-ing through sheer determination until his retirement on October 1, 1975 by reason of his disability. It is therefore not correct to reckon the ten-year pre-scriptive period from 1965, considering that petitioner's ailment and/or disability was a continuing one, from 1965 up to the filing of his claim on May 12, 1976 and thereafter up to the present.

III

Grounds V and VI were likewise raised in the motions for reconsideration/clarification in the Corales case and related cases. And in a joint reso-lution promulgated on March 15, 1982, We ruled that the obligation of GSIS to pay claimants their compen-sation benefits was without prejudice to its right to reimbursement from their respective employers, after due hearing, thus:

"x x x the stand of the respondent ECC is that the re-spective employers of the peti-tioners are the ones liable to pay the awarded benefits in these compensation claims; respondent GSIS, however, is willing to pay the awarded compensation benefits on the con-dition that its right of reim-bursement from the aforesaid employers of petitioners is recognized. xx xx

"Respondent ECC is silent on the said offer of respondent GSIS.

"Under the New Labor Code, it is the ECC which is empowered to initiate, rationalize and coordinate the policies of the employees' compensation program (Article 176 [a]), while the general conduct of operations and management functions of the GSIS is vested in its chief executive officer, who shall be responsible for carrying out the policies of the Commission (Art. 176 [c]). Under Article 177, the Commission approves rules and regulations governing the process-ing of claims and other settlement of disputes arising therefrom as prescribed by the System (para-graph c); and may perform such other acts as it may deem appropriate for the

attainment of the purposes of the Commission and proper enforcement of the provisions of this Title (paragraph L). And Article 178 provides that all revenues collected by the System under this Title shall be deposited, invested, administered and disbursed in the same manner and under the same conditions, requirements and safeguards as provided by Republic Act Numbered Eleven Hundred Sixty-One, as amended, with regard to such other funds as are thereunder being paid to or collected by the SSS and GSIS, respectively: Provided, That the Commission, SSS and GSIS may disburse each year not more than twelve per cent (12%) of the contributions and investment earnings collected for operational expenses, including occupational health and safety programs, incidental to the carrying out of this Title.

"Respondent ECC's silence on the posture of respondent GSIS could be construed as acquiescence thereto.

"It must be noted that GSIS seeks to pursue its claims for re-imbursement against the employers of petitioners before the respondent ECC which, according to respondent GSIS, may take cognizance thereof by ordering the respective employers of the petitioners to reimburse what-ever payments may be made by the respondent GSIS to the petitioners, but only after the employers are afforded a hearing, in which they may plead any defense to defeat the right of reimbursement of respondent GSIS.

"Under the premises, respondent GSIS' offered solution merits Our approval. The reimbursement aspect will not be tainted with arbitrariness as due process is assured by affording the respective employers of petitioners in these cases opportunity to be heard."

There is no need to take up ground VII in view of the disposition of grounds V and VI. Moreover, petitioner's compensation claim was resolved on the basis of the Workmen's Compensation Act, as amended and therefore the award of attorney's fees should be maintained. Finally, it must be underscored that even under the compensation scheme in the New Labor Code, claimants may be awarded attorney's fees to be paid by the employers because what is prohibited under the new law is attorney's fees deducted from the awarded benefits (Cristobal vs. ECC, L-49280, April 30, 1980; Feb. 26, 1981).

It should be observed that the measly amount of P256.00, which the GSIS is willing to pay to the claimant practically nullifies Our award of P6,000.00, refund for medical expenses, and attorney's fees. This niggardly and selfish attitude towards a claimant and a contributor to the funds of the GSIS so subverts the specific constitutional guarantee of social justice that it creates a feeling of disaffection towards the government which has instituted a compassionate society.

IV

The last point of respondent GSIS that if petitioner's claim is compensable, the benefits he should receive should be under the present law on employees' compensation, cannot be accorded sanction in view of Our express pronouncement that the cause of action of petitioner accrued during the regime of the previous compensation law and therefore the governing law is the latter and not the new Labor Code on employees' compensation; hence, the benefits awarded are those provided for under said workmen's compensation law.

WE find merit in the contention of the GSIS that it should not be ordered to pay administrative fees.

WHEREFORE, THE GOVERNMENT SERVICE INSURANCE SYSTEM IS HEREBY DIRECTED TO PAY PETITIONER THE DECREED AWARD MINUS THE ADMINISTRATIVE FEES, WITHOUT PREJUDICE TO THE RIGHT OF THE GOVERNMENT SERVICE INSURANCE SYSTEM TO REIMBURSEMENT FROM THE EMPLOYER OF PETITIONER AFTER DUE HEARING.

SO ORDERED.

Teehankee, (Chairman), Melencio-Herrera, Plana, Vasquez, Relova, and Gutierrez, Jr., JJ. concur.

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