# GODOFREDO S. SISON, IN HIS CAPACITY AS DEPUTY ADMINISTRATOR, SOCIAL SECURITY SYSTEM, PETITIONER, VS. COURT OF APPEALS AND DR. CONCEPCION O. LIM-TAN, RESPONDENTS.

*G.R. NO. 124086. June 26, 2006*

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-124086/

**CARPIO, J.:**

The Case

This is a petition for review on certiorari[1] of the Decision[2] dated 27 February 1996 of the Court of Appeals ("appellate court"). The Decision ordered petitioner Godofredo S. Sison ("petitioner") and the Social Security System (SSS) Regional Manager for Region 6[3] to pay 80% of the claims of Leona O. Lim Memorial Hospital (LLMH) and Paulina Lim Memorial Hospital (PLMH) under the Medical Care Program ("Medicare").

The Facts

SSS Regional Office No. 6 in Cebu City ("SSS Cebu City Regional Office"), then managed by petitioner, received several Medicare claims from respondent Dr. Concepcion O. Lim-Tan ("respondent") from August 1988 to April 1989. Respondent is the proprietor of LLMH in Valencia, Bohol and the administrator of PLMH in Guindulman, Bohol. Claims in behalf of LLMH amounted to P1,654,345 while claims for PLMH amounted to P765,861.95. The claims were supposedly for the medical care services by the hospitals to persons who represented themselves as SSS members or as dependents of SSS members.

Respondent made oral and written demands for payment upon petitioner. Sometime in December 1988, respondent visited petitioner in his office to inquire on the status of her claims. Petitioner told respondent that there would be delays in the payment of her claims because there were irregularities which require further investigation.[4]

In a demand letter dated 3 June 1989, without specifying the period for which she was claiming for payment, respondent again asked petitioner for payment of her claims.[5] Respondent premised her demand on Medicare Circular No. 258, s. of 1988 ("Circular No. 258") dated 12 October 1988. The pertinent portions of Circular No. 258 state:

> 1.2 Claims Processing
>
> Claims from all hospitals will be compared with the average number of claims filed for the same time period as established by previous statistics. Any deviation will be investigated and if a claim is patently in violation of rules and regulations, it will be denied. If a claim appears doubtful, the System concerned will investigate and:
>
> (1) file a case within ninety days suspending payment thereon; or
>
> (2) pay within ninety days and subject it to pre-audit without prejudice to filing a case later.

> The two Systems will be exchanging statistics on claims from each hospital.

Respondent asserted that because no case has been filed suspending payment within the reglementary 90-day period, SSS Cebu City Regional Office should pay respondent within the 90-day period and subject the claim to pre-audit, without prejudice to the filing of a case at a later time. Moreover, respondent directed petitioner's attention to the dismissal of I.S. No. 89-655, a criminal case filed by respondent against petitioner for violation of Section 30 of the Medicare Law.

Respondent did not receive any word from petitioner. On 3 July 1989, respondent filed a civil case for Mandamus and Damages before the Regional Trial Court of Tagbilaran City. The case was docketed as Special Civil Case No. 4522 and titled "Dr. Concepcion O. Lim-Tan v. Godofredo S. Sison." Respondent wanted petitioner to pay not only the Medicare claims, but also included interest on the claims, moral and exemplary damages, and attorney's fees and costs of the suit. On 5 March 1990, respondent filed an urgent motion for leave of court to amend petition. Respondent wanted to include the incumbent manager of SSS Cebu City Regional Office as a formal party.[6] The trial court granted the motion in an order dated 8 March 1990.[7]

Petitioner alleged that SSS Cebu City Regional Office found that several claims from LLMH and PLMH were systematically tampered.[8] Tampering consisted of forgery of claimants' signatures, claims for reimbursement by people who were never admitted in the hospitals, and use of SSS membership of other persons to pay purported hospital charges. SSS Cebu City Regional Office then segregated the tampered claims from the valid ones. To justify the segregation, petitioner referred to a memorandum on deceptions done by some hospitals and doctors issued on 26 May 1988 by SSS Deputy Administrator for Regional Operations Atty. Florencio Ongkingco. Atty. Ongkingco instructed that SSS offices should carefully screen Medicare claims and should initiate administrative and criminal actions against violators of the Medicare laws and rules.[9] However, petitioner did not file any action in court or with the Philippine Medical Care Commission (PMCC) to suspend payment of respondent's claims within 90 days of filing.[10]

Aside from the declarations above, the findings of the trial court also include the following:

> Seventh: [Petitioner] Sison admitted his awareness of PMCC Resolution No. 89-2074 authorizing payment of eighty percent (80%) of all claims upon filing under certain conditions. This resolution however could not be availed of by petitioner for the reason that it was adopted on April 27, 1989 and therefore, beyond the period covered by the claims in the extant case.
>
> Eight [sic]: [Petitioner] Sison caused the publication in Sun Star Daily of Cebu and then the Sunday Post of Tagbilaran City the alleged involvement of [respondent] and her hospitals in the multi-million [M]edicare scam when, in truth and in fact, Sison could only specify the case of the Galimbas involving about SEVEN HUNDRED THIRTY NINE (P739.00) PESOS.
>
> Ninth: [Petitioner] Sison filed various criminal cases against petitioner (Exhs. "D", "E", "F", "I", and "J") which were dismissed by the provincial prosecutor's office.
>
> Tenth: [Petitioner] Sison with malice aforethought caused the cancellation of the membership of certain self-employed members (Exh. "3") without notifying [respondent] and the other hospitals in Bohol in order to justify his act which departs from tenets of good faith and fair play, and
>
> Eleventh: [Petitioner] introduced evidence which were either not priorly reserved for presentation during the pretrial or were immaterial, impertinent and irrelevant to the extant case such as Exh. "2", Exhs. "3" to "8-A", Exhs. "39" to "48", Exhs. "49" to "117", Exhs. "118" to "402", Exh. "403", Exh. "419", Exhs. "420" to "450" and Exhs. "451" to "457".[11]

While the case was pending before the trial court, SSS Cebu City Regional Office authorized the payment of

P850,000 in various checks despite the segregation. Authorization of payment was made without prejudice to further review of questionable claims. Respondent did not encash these checks upon advice of her counsel.[12]

The Ruling of the Trial Court

In its decision dated 24 August 1990, the trial court ruled that respondent has clearly shown her right to demand payment from petitioner. Petitioner has the ministerial duty to pay respondent in view of Circular No. 258. Thus:

> WHEREFORE, in view of all the foregoing considerations, judgment is hereby rendered in favor of petitioner [Dr. Concepcion O. Lim-Tan] and against respondents [Godofredo Sison and the manager of the SSS Cebu City Regional Office] ordering forthwith:
>
> - Respondents Godofredo Sison and the SSS Regional Manager, Region 7 to pay jointly and severally petitioner the sums of ONE MILLION SIX HUNDRED FIFTY FOUR THOUSAND THREE HUNDRED FORTY FIVE (P1,654,345.00) PESOS, for the claims of Leona O. Lim Memorial Hospital and SEVEN HUNDRED SIXTY FIVE THOUSAND EIGHT HUNDRED SIXTY ONE PESOS and NINETY FIVE CENTAVOS (P765,861.95) for the claims of Paulina Lim Memorial Hospital with the prevailing bank rate of interest thereon reckoned from demand of payment until fully paid.
>
> - Respondent Sison to pay petitioner ONE MILLION (P1,000,000.00) PESOS, as moral damages and ONE HUNDRED THOUSAND (P100,000.00) PESOS, as exemplary damages; and
>
> - Respondents to pay in solidum the attorney's fees of counsels for petitioner in the sum of EIGHT HUNDRED SIXTY SEVEN THOUSAND THREE HUNDRED ONE (P867,301.00) PESOS, representing twenty five percent (25% ) of the total claims and damages herein awarded and the sum of TWENTY FIVE THOUSAND (P25,000.00) PESOS, as litigation expenses.
>
> SO ORDERED.[13]

On 7 September 1990, petitioner notified the trial court of his desire to file an appeal before the appellate court. In his memorandum, petitioner raised the following issues:

> - The [trial] court cannot compel the performance of [a] discretionary duty of respondents-appellants [Godofredo Sison and the manager of SSS Cebu Regional Office] by mandamus;
>
> - The trial court erred in not holding that Petitioner-Appellee [Dr. Concepcion O. Lim-Tan] failed to exhaust administrative remedies before filing court action;
>
> - The trial court erred in not holding that Respondents-Appellants did not violate the PMCC Circulars and that they have the right and discretion to scrutinize, withhold payment and reject Petitioner-Appellee's doubtful and fraudulent claims;
>
> - The trial court gravely erred in excluding Respondents-Appellants' documentary exhibits allegedly on the ground that they were either not priorly reserved for presentation during the pretrial or were immaterial, impertinent and irrelevant to the case at bar, and the exclusion was done with grave abuse of discretion;
>
> - The trial court committed serious error when it ordered payment to Petitioner-Appellee the amount of P1,654,345.00 and P765,861.95, respectively for the [M]edicare claims of Appellee's two (2) hospitals, without considering the previous payments already made by the SSS;
>
> - Respondent-Appellant Godofredo S. Sison is exempt from civil liability for official actions;
>
> - The trial court seriously erred in failing to recognize the legal principle of statistical improbability; and
>
> - The trial court erred in granting unconscionable awards of moral and exemplary damages.[14]

The Ruling of the Appellate Court

The appellate court did not agree with petitioner's position. It upheld the trial court's decision and modified the amount due. The appellate court stated that the records of the case clearly revealed that petitioner, while alleging that respondent committed fraud in her Medicare claims, suspended payment of the claims but did not file the corresponding cases within the prescribed 90-day period. Thus, petitioner has the duty to pay respondent's Medicare claims without prejudice to filing cases at a later time. Furthermore, the appellate court held that the principle of exhaustion of administrative remedies does not apply when the case, as in the present, involves a purely legal question.

The appellate court applied PMCC Res. No. 89-2074[15] and ordered respondent, in his official capacity, to pay only 80%, or P1,936,165.50, of the total P2,420,206.90 claims. It found no basis for the award of moral and exemplary damages, but allowed attorney's fees and costs of the suit. The appellate court ruled thus:

> WHEREFORE, the appealed decision of the lower court in Special Civil Case No. 4522 is hereby AFFIRMED WITH MODIFICATION anent the amount of liability. Respondent-appellant in his official capacity is hereby ordered to pay petitioner only 80% of the total P2,420,206.90 [M]edicare claims of the two hospitals concerned, or the sum of P1,936,165.50 minus the already paid P1,054,604.59, or the Net Amount of Eight Hundred [Eighty] One Thousand Five Hundred Sixty & 91/100 (P881,560.91) only with the prevailing bank rate of interest reckoned from demand until fully paid; attorney's fees equivalent to TEN (10%) PERCENT of the net total claim; and the sum of TEN THOUSAND (P10,000.00) PESOS as litigation expenses. The lower court's award of moral and exemplary damages is deleted. No costs.
>
> IT IS SO ORDERED.[16]

The Issues

Dissatisfied with the appellate court's ruling, petitioner filed a petition before this Court and raised the following issues:

> - RESPONDENT COURT OF APPEALS EXCEEDED ITS JURISDICTION IN TAKING COGNIZANCE OF THE CASE DESPITE RESPONDENT LIM-TAN'S FAILURE TO EXHAUST ADMINISTRATIVE REMEDIES.
>
> - RESPONDENT COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION WHEN IT TOTALLY OVERLOOKED FACTS OF SUBSTANCE AND VALUE WHICH, IF CONSIDERED, WOULD JUSTIFY A DIFFERENT CONCLUSION AND AFFECT THE OUTCOME OF THE CASE.
>
> - RESPONDENT COURT OF APPEALS SERIOUSLY ERRED WHEN IT MISAPPLIED THE PROVISIONS OF PMCC RESOLUTION NO. 89-2074 AND ORDERED PAYMENT OF 80% OF THE TOTAL MEDICARE CLAIMS OF RESPONDENT LIM-TAN.
>
> - RESPONDENT COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION IN HOLDING PETITIONER LIABLE FOR ATTORNEY'S FEES AND LITIGATION EXPENSES.[17]

The Ruling of the Court

The petition has partial merit.

The main issue in this appeal is whether petitioner can be compelled by mandamus to pay respondent's claims. Other issues to be discussed are the necessity of exhaustion of administrative remedies and the extent of petitioner's liability.

Nature of Settlement of Claims

Petitioner submits that the settlement of Medicare claims within the 90-day period is merely directory and cannot defeat the discretionary authority of petitioner to withhold payment of fraudulent claims, specially those involving amounts as huge as respondent's claims. Petitioner further states that the 90-day period prescribed for the filing of cases against erring claimants cannot be regarded as mandatory because there is nothing in the circular which states that filing of cases may not be done in any other time than that designated.[18]

On the other hand, respondent claims that despite her repeated demands, petitioner neglected the performance of a duty which the law specifically enjoins him to perform. Because of petitioner's neglect, LLMH and PLMH were excluded from the enjoyment of the right to be paid for the hospitals' services to availing SSS members.[19]

As a general rule, the performance of an official act or duty which necessarily involves the exercise of judgment cannot be compelled by mandamus. It is nonetheless also available to compel action, when refused, in matters involving judgment and discretion, but not to direct the exercise of judgment in a particular manner. However, this rule admits of exceptions. Mandamus is the proper remedy in cases where there is gross abuse of discretion, manifest injustice, or palpable excess of authority.[20] The exception applies to the present case.

We agree with petitioner that his office has the discretionary authority to withhold payment of fraudulent claims. Petitioner's desire to protect government funds is laudable. Even so, his zeal has to be tempered by the application of the mandate of Medicare laws and regulations. Contrary to petitioner's assertions, the exercise of his discretionary authority to approve and deny claims is not absolute. Petitioner's exercise of authority is defined by the limits provided by Circular No. 258. Petitioner's mandate under Circular No. 258 is clear. Petitioner can only deny a patently wrongful claim. For doubtful claims, petitioner only has two options: (1) file a case within 90 days and suspend payment or (2) pay within 90 days and subject the claim to pre-audit. Payment of the claim does not prejudice petitioner from filing a case at a later time. Moreover, the exercise of petitioner's discretionary authority cannot be indefinitely held in abeyance. As in the present case, government's inaction puts the financial standing of participating hospitals in a precarious position. Indeed, instead of placing a premium on participation in the government's Medicare program, petitioner effectively punished an accredited provider by refusing to provide payment for services already rendered.[21]

The regulations have provided an adequate safeguard for fraudulent claims which balance the government's interests in providing a comprehensive medical care plan and in giving such benefits to rightful claimants. Petitioner's allegations of violation of Medicare laws and regulations are causes of action which are separate and distinct from the case at hand. The allegations, accompanied by voluminous exhibits, are petitioner's attempts in justifying his willful neglect in addressing respondent's claims. However, the same allegations do not excuse petitioner from acting on respondent's claims with dispatch.

Exhaustion of Administrative Remedies

Interestingly, in spite of his failure to follow the procedure under Circular No. 258, petitioner faults respondent for her alleged failure to exhaust administrative remedies. Petitioner asserts that respondent ought to have raised her claims for payment before the PMCC instead of the trial court. However, petitioner's acts foreclosed respondent's resort to administrative remedies. There was no express denial of respondent's claims; therefore, there is nothing to appeal to PMCC. Petitioner himself admitted his belated action when he testified that he authorized check payments to respondent during the course of the trial.[22]

Assuming arguendo that respondent made a mistake in procedure, the state policy would still weigh heavily against petitioner. Application of the doctrine of exhaustion of administrative remedies is relaxed when a strong public interest is involved.[23] In addition to the protection and promotion of the people's right to health,[24] the Constitution provides that:


Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

> The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all people at affordable cost. There shall be priority for the needs of the underprivileged sick, elderly, disabled, women, and children. The State shall endeavor to provide free medical care to paupers.[25]

Republic Act No. 6111, as amended by Presidential Decree No. 1519 ("PD 1519"), established the Philippine Medical Care Plan and created the PMCC. PMCC is the precursor of today's Philippine Health Insurance Corporation, which is more popularly known as PhilHealth. Sections 2 and 3 of PD 1519 state that:

> SEC. 2. Declaration of Policy. It is hereby declared to [be] the policy of the government to gradually provide total medical service of our people by adopting and implementing a comprehensive and coordinated medical care plan based on the following concepts of health care:
> a) There shall be comprehensive medical care according to the needs of the patient.
> b) The use of government and private medical facilities shall be coordinated as public service instrumentalities for the people.
> c) Optimum health care shall be achieved by preserving and promoting a proper interrelationship among physicians, patients and hospitals.
>
> SEC. 3. Purpose and Objectives. The main purposes and objectives of this Decree are:
> a) To provide medical care to residents of the country in an evolutionary way within our economic means and capability as a nation.
> b) To provide our people with a viable means of helping themselves pay for adequate medical care.

Indeed, this Court allows a liberal interpretation of the technical rules of procedure when a rigid enforcement will result in a deprivation of legal rights.

Extent of Liability

We conclude that petitioner, in his official capacity, must pay respondent the following amounts for her claims for the period of August 1988 to April 1989: P1,654,345 for the claims of LLMH and P765,861.95 for the claims of PLMH. Payment must include the prevailing bank rate of interest thereon reckoned from demand of payment until fully paid. However, this is without prejudice to any claim which may have been extinguished by disallowance or by payment. In view of this, the trial court should be allowed to admit evidence of such new facts and circumstances, and thereafter modify the amounts to harmonize the same with justice and the facts.[26]

We affirm the appellate court's deletion of the trial court's award of moral damages as we disagree with the trial court's finding of bad faith on the part of petitioner. However, we recognize the damage caused by his inordinate delay in resolving respondent's claims. Although this delay may be explained by petitioner's desire to prevent dissipation of government funds, petitioner's acts only serve to perpetuate the negative image of corruption in the government bureaucracy. He gave cause for respondent to set a personal meeting with him for a possible "negotiation" of the claims and even became an open target for allegations of maliciously persecuting respondent. As a public official, petitioner ought to have acted with the highest degree of excellence, professionalism, intelligence and skill. Petitioner is thus liable, in his personal capacity, for exemplary damages of P20,000. His liability should serve as a reminder for other public officials that they should serve the public with utmost efficiency.

We delete the award for attorney's fees because, as stated earlier, there is no sufficient showing of petitioner's bad faith. As respondent was compelled to litigate her claims, we charge petitioner with the costs of litigation.

WHEREFORE, the Court PARTLY GRANTS the petition. The Decision dated 27 February 1996 of the appellate court is AFFIRMED WITH MODIFICATION. Petitioner Godofredo S. Sison, in his official capacity, must pay

respondent Dr. Concepcion O. Lim-Tan actual damages for respondent's claims from August 1988 to April 1989 in the amounts of P1,654,345 for the claims of Leona O. Lim Memorial Hospital and P765,861.95 for the claims of Paulina Lim Memorial Hospital, plus interest at the prevailing bank rate reckoned from demand of payment until fully paid. However, this is without prejudice to any claim which may have been extinguished, either by disallowance or payment, in the meantime. Thus, the case at bar is remanded to the trial court for determination of the remaining amount of actual damages, after deducting such disallowance or payment, if any. In addition, petitioner Godofredo S. Sison, in his personal capacity, must pay respondent Dr. Concepcion O. Lim-Tan exemplary damages of P20,000 and costs of the suit. We delete the award for attorney's fees.

**SO ORDERED.**

Quisumbing, (Chairperson), Carpio Morales, Tinga, and Velasco, Jr., JJ., concur.

---

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Penned by Associate Justice Lourdes K. Tayao-Jaguros with Associate Justices Jorge S. Imperial and B.A. Adefuin-De la Cruz, concurring.

[3] Also referred to as Region 7 in various parts of the records.

[4] Records, pp. 154-155; TSN, 8 March 1990, pp. 5, 11-13.

[5] Exhibit "A," Folder of Exhibits, Vol. 1, pp. 1-2.

[6] Records, p. 91.

[7] Id. at 110.

[8] Rollo, pp. 11-12.

[9] Exhibit "455," Folder of Exhibits, Vol. 8, pp. 3048-3052.

[10] Records, p. 164.

[11] Id. at 164-165.

[12] Id. at 163.

[13] Id. at 168.

[14] CA rollo, pp. 38-39.

[15] Atty. Rossi M. Castro, Acting Executive Director and Commission Secretary of the Philippine Medical Care Commission, in a letter dated 19 May 1989 to Mrs. Lydia Querijero, Manager of the Social Security System's Medicare Department, wrote that:

> Meanwhile the Commission has approved PMCC Res. No. 89-2074 last April 27, 1989 to be effective on May 1, 1989 authorizing payment of 80% of all claims upon filing under certain conditions, to wit:
>
> - hospitals which desire to avail need to apply
>
> - the hospital has no record of violations nor reported breach of warranties in the past 3 years prior to filing of claim
>
> - abuse of the privilege will disqualify the hospital from the accelerated payment plan.

> This includes pending claim [sic] as of the above date, per presentation of the SSS representative, Atty. Eriberto Valencia.

[16] Rollo, p. 46.

[17] Id. at 14-15.

[18] See id. at 24-26.

[19] Records, p. 2.

[20] See Roque v. Office of the Ombudsman, 366 Phil. 568 (1999) citing Angchangco, Jr. v. Ombudsman, G.R. No. 122728, 13 February 1997, 268 SCRA 301; First Philippine Holdings Corporation v. Sandiganbayan, 323 Phil. 36 (1996); Kant Kwong v. Presidential Commission on Good Government, No. L-79484, 7 December 1987, 156 SCRA 222.

[21] See Philippine Health Insurance Corporation v. Chinese General Hospital and Medical Center, G.R. No. 163123, 15 April 2005, 456 SCRA 459.

[22] TSN, 28 December 1989, p. 34; TSN, 8 March 1990, p. 10.

[23] Philippine Health Insurance Corporation v. Chinese General Hospital and Medical Center, supra.

[24] CONSTITUTION, Art. II, Sec. 15.

[25] Id., Art. XIII, Sec. 11.

[26] See Heirs of Dialdas v. Court of Appeals, 412 Phil. 491 (2001).


*Bar review courses, mock exams and a study planner that keeps you on pace - batas.org*

ABOUT BATAS.ORG

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

### The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

### Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

### Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

### The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

### Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

### A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at https://batas.org**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.