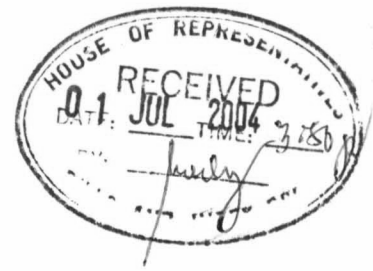


Republic of the Philippines
House of Representatives
Quezon City



First Regular Session

HOUSE BILL NO.: 427

Introduced By: **HONORABLE JOSE CARLOS V. LACSON**

Explanatory Note

This bill seeks to provide for adjustments in the monthly contributions of the Philippine Health Insurance Corporation (Philhealth) members, amending for the purpose Republic Act (RA) No. 7875, otherwise known as the "National Health Insurance act of 1995", and for other purposes.

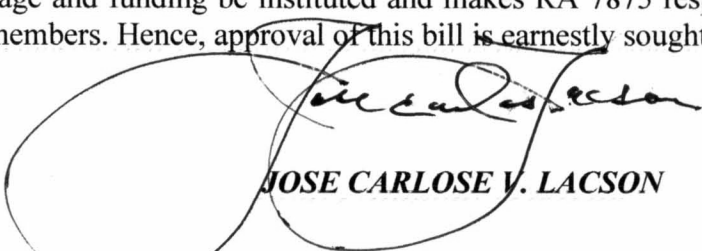
Philhealth was established in 1995 to provide all citizens with the mechanism to gain financial access to health access to health services and to prioritize and accelerate the provision of health services to that segment of the population who cannot afford such services.

In accordance with the principles of universality and compulsory coverage enunciated in section 2 of RA 7875, all citizens of the Philippines shall be covered by the National Health Insurance Program. Only 9 million Filipinos, however, out of an estimated 24 million potential payers, are actually paying and total membership is only about 42 million. The high cost of modern equipment, medicines and supplies make it difficult for the national and local governments to deliver the expected and necessary health care demanded by the growing population. Thus, it is only through a comprehensive health insurance coverage that all Filipinos are assured of an adequate health care package. Compared to our ASEAN neighbors, the Philippines continues to lag in the development of an efficient health care system that addresses the financing resources, especially that which concerns catastrophic illness and hospital care.

Despite the noble intention of the law, Philhealth covers only 5 to 10% of the total expenses for reasonable care, while the rest of the expenses is being shouldered by the member himself. As a result, most Filipinos, when afflicted with serious illnesses, either die from lack of proper hospital care or become saddled with debts.

This may be owned to the fact that Philhealth's funding comes mainly from the contribution of all employers, formal sector employees and the self-employed, the maximum contribution being only P125 a month for those earning P10, 000 and above. The capacity of the people to afford a higher premium payment is considerable, if only to increase the funds of Philhealth and consequently allow a more reasonable coverage in case a member is hospitalized.

It is imperative that amendments to the policies concerning payment schedules, coverage and funding be instituted and makes RA 7875 responsive to the needs of its members. Hence, approval of this bill is earnestly sought.


JOSE CARLOSE V. LACSON

Republic of the Philippines
House of Representatives
Quezon City

First Regular Session

HOUSE BILL NO.: 427

Introduced By: **HONORABLE JOSE CARLOS V. LACSON**

AN ACT PROVIDING FOR THE ADJUSTMENTS IN THE MONTHLY CONTRIBUTIONS OF PHILIHEALTH MEMBERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED SEVENTY EIGHT HUNDRED AND SEVENTY FIVE, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995," AND FOR OTHER PURPOSES.

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 8 of RA 7875 is hereby amended to read as follows:

Section 8 Health Insurance ID Card.- In conjunction with the enrollment provided above, the Corporation through its local office shall issue a health insurance ID which shall be used for purposes of identification, eligibility verification and utilization recording. The issuance of this ID Card shall be accompanied by a clear explanation to the enrollee of his rights, privileges and obligations as a member. A list of health Office shall likewise be attached thereto.

THE HEALTH INSURANCE ID SHALL BE A PRE-REQUISITE FOR THE APPROVAL OR RENEWAL OF LICENSES ISSUED BY THE GOVERNMENT, SUCH AS, BUT NOT LIMITED TO DRIVER'S LICENSE, BUSINESS LICENSE AND/OR PERMIT, AND PROFESSIONAL LICENSE.

SECTION 2. Section 23 of the same Act is hereby amended to read as follows:

Section 23 Functions.- Each office shall have the following powers and function:

- a) xxx xxx xxx
 xxx xxx xxx

TO CONDUCT PUBLIC EDUCATION PROGRAMS ALL OVER THE COUNTRY ON THE ADVANTAGES AND NEED OF EVERY CITIZEN TO HAVE A HEALTH INSURANCE.

SECTION 3. Section 27 of the same act is hereby amended to read as follows:

Section 23 Reserve Fund.- The Corporations shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds. x x x. Such portions of the reserve fund as are not needed to meet the current expenditure obligations shall be invested in short-term investments to earn an average annual income at prevailing rates of interest and shall be known as the "Investment Reserve Fund" which shall be invested in any or all of the following:

x x x

IN ALL OTHER POSSIBLE INVESTMENTS DEEMED TO BE BEST MANAGED BY REPUTABLE INVESTMENT OUTFITS, PREFERABLY THOSE WITH INTERNATIONAL EXPOSURE, SUBJECT TO CERTAIN CONDITIONS PROVIDED UNDER EXISTING LAWS.

SECTION 4. Section 28 of the same act shall likewise be amended of the Program shall contribute to the Fund, in accordance with a reasonable, equitable and progressive contribution schedule to be determined by the Corporation on the basis of applicable actuarial studies and in accordance with the following guidelines:

a) Formal sector employees and current Medicare members and their employers shall continue paying the same monthly contribution as provided for by law: *Provided*, that their monthly contribution shall not exceed [three percent 3%] SIX PERCENT 6% of their monthly respective monthly salaries.

b.) Contribution from self-employed members shall be based primarily on household earnings and assets; their total contributions for one year shall not however, exceed three percent (3%) six percent (6%) of their estimated actual net income for the preceding year.

c.) Contributions made in behalf of indigent members shall not exceed the minimum contributions set members shall not exceed the minimum contributions set for employed members.

d.) All members shall have the option to pay additional monthly contributions made in behalf of indigent member, if the member is formally employed.

SECTION 5. Section 29 of the same Act is hereby deleted and in lieu thereof, a new paragraph is inserted to read as follows:

SEC. 29. Payment for Indigent Contributions. - Contributions for indigent members shall be subsidized partially by local government unit where the member resides. The Corporation shall provide counterpart financing equal to LGU's subsidy for indigents. *Provided*, That in case of fourth, fifth and sixth class LGU's the National Government shall provide up to ninety percent (90%) of the subsidy for indigents for a period not exceeding five (5) years. The share of the LGU's shall be progressively increased until such time that its share becomes equal to that of the National Government.

All LGU's shall appropriate in its annual budget an amount which shall not be less than three percent (3%) of its annual inter Revenue allotment for the payment of contributions for indigent members.

SECTION 6. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,