

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

H. B. No. 564

Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA

EXPLANATORY NOTE

The State recognizes health as a basic human right. Article 11, Section 15 of the 1987 Constitution provides that:

The State shall protect and promote the right to health of the people and instill health consciousness among them.

Although this right is guaranteed by the 1987 Constitution, access to health care system in the Philippines especially by the poor is still hampered by financial, physical, social and cultural barriers.

To help achieve the country's vision of universal primary health care services, it is not enough to be contented with the present capacity of the country's health care system. It is important to build the country's capability for research and development because these can fuel the necessary innovation that will lead to a responsive and efficient health care system.

To achieve this, the country must provide for a favorable research environment wherein government agencies, non-government organizations, public and private hospitals, academic institutions and private agencies can optimize their research activities. However, a closer scrutiny at the present system would reveal that current researches are uncoordinated, fragmented and duplicated which precludes the optimal use of time, effort and resources.

The proposed Philippine National Health Research System bill will address these current problems by institutionalizing the Philippine National Health Research System (PNHRS) and create the Philippine National Health Research Fund (PNHRF).

PNHRS if recognized and institutionalized by statutory mandate shall serve the following functions:

- Produce new knowledge through research;
- Develop a national and global network of researchers, research organizations, and other members of the health search community;
- Secure sustainable financing for health research and development;
- Build capacities for health research and development activities and encourage individuals to pursue research as a career;
- Inculcate internationally and culturally accepted ethical standards and principles especially in researches involving human subjects and participants;
- Deepen the involvement of stakeholders;
- Ensure public access to the information and other outputs generated by the health research systems; and
- Encourage the utilization of research results in the form of products, technologies, programs and services.

Our country's ability to ensure optimum health for every Filipino hinges on the degree of priority we grant to health research and development (R & D) activities. This bill, therefore, seeks to oblige a number of government institutions to allocate a particular portion of their gross annual revenue or charge additional fees for health research and development activities.

Approval of this bill is earnestly sought.



JUAN EDGARDO "SONNY" M. ANGARA
Representative
Lone District, Province of Aurora

H. B. No. 564

Introduced by Honorable JUAN EDGARDO "SONNY" M. ANGARA

AN ACT
INSTITUTIONALIZING THE PHILIPPINE NATIONAL HEALTH RESEARCH SYSTEM,
ESTABLISHING THE PHILIPPINE NATIONAL HEALTH RESEARCH FUND
PROVIDING FOR ITS ADMINISTRATION AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* This Act shall be known as the ***"Philippine National Health Research System Act of 2010."***

SEC. 2. *Declaration of Policy.* It is hereby declared the policy of the State to:

- a) protect and promote the right of health to the people and instill health consciousness among them; and
- b) improve the quality of life of every Filipino through health research and development initiatives.

SEC. 3. *Definition of Terms.* For purposes of this Act, the term:

- a) "Health" is defined as a state of optimal physical, mental and social well-being and ability to function at the individual level.
- b) "Research and development (R & D) for health" - generation of knowledge to identify and deal with health problems, health system and policies as well as those that impact on health.
- c) "Philippine National Health Research System (PNHRS)" is a framework anchored on the principles of Essential National Health Research on inclusiveness, participation, quality, equity, efficiency and effectiveness, which connect to, and converge with, the wider health, economic, political, educational and science and technology (S & T) systems of the country.
- d) "National Unified Health Research Agenda" contains the research priorities determined by the country's stakeholders which serve the health needs of the population especially the marginalized, disadvantaged and those with special needs. This agenda is a platform to advocate for local, national, and international support.

- e) "Core agencies" refer to the main national health and health related agencies namely: the Department of Health (DOH), the Department of Science and Technology-Philippine Council for Health Research and Development (DOST-PCHRD), University of the Philippines Manila - National Institutes of Health ((UPM-NIH), and the Commission on Higher Education (CHED).
- f) "Philippine National Health Research Fund (PNHRF)" refers to a special fund which by legislative action, segregates specified revenues for health research purposes.
- g) "Health research stakeholders" include the national and the local private and public health agencies, policy makers, the academe, medical societies, people's organizations, and others which may have the roles of health researchers, program administrators and beneficiaries.
- h) "Management of Fund" - involves the generation, allocation and utilization, of the PNHRF, including government and non-government sources, and both domestic and international sources.

Article 2

The Philippine National Health Research System

SEC. 4. *Creation of the Philippine National Health Research System.* The Philippine National Health Research System (PNHRS) is hereby constituted to improve the health status, productivity, and the quality of life of Filipinos by:

- (1) Ensuring that health research is linked to the health system needs;
- (2) Ensuring that investments in health research yield the most benefit;
- (3) Promoting good governance in research towards high performing and ethical health research organizations;
- (4) Engaging in national and international partnerships and networks for health research development.

SEC. 5. *Composition of the PNHRS.* The PNHRS shall be composed of the Governing Council (GC), Steering Committee, the Technical Working Committees (TWC), the Secretariat, and the whole health research community. The interrelationships among these various components shall be described in the IRR of this Act.

SEC. 6. *Creation of the PNHRS Governing Council.* The PNHRS GC, whose functions are enumerated in Section 7 shall be composed of the following:

- (1) The Secretary of the Department of Science and Technology (DOST)
- (2) The Secretary of the Department of Health (DOH) or his/her designated permanent representative;

- (3) The Chair of the Commission on Higher Education (CHED);
- (4) The Chancellor of the University of the Philippines Manila (UPM);
- (5) The National Nutrition Council Director;
- (6) The PCHRD Director;
- (7) President of the Philippine Health Insurance Corporation (PHIC);
- (8) The Director General of the National Economic Development Agency (NEDA);
- (9) The Professionals Regulation Commission (PRC) Chairperson;
- (10) Representative from the Philippine health industry;
- (11) Representative from a non-government organization (NGO);
- (12) Representative from Academe;
- (13) Representative from League of Governors; and
- (14) Representative from the Regional Health Research System.

Representatives 1-9 shall serve as Ex-Officio Members while those mentioned in numbers 10 to 14 shall be nominated by the core agencies, and appointed by the President of the Philippines for a term of three (3) years; provided however, that for those first appointed representatives from Philippine health industry, NGO network and academe shall serve for three (3) years and those first appointed representatives from the League of Governors and the Regional Health Research Development Committees shall serve for two (2) years. The qualifications of the representatives mentioned in subparagraphs 10-14 shall be provided for in the Implementing Rules and Regulations of this Act.

Majority of the members of the GC shall constitute a quorum in all meetings.

SEC. 7. Functions of the PNHRS Governing Council. The PNHRS GC shall:

- (1) set policies and directions for the PNHRS;
- (2) periodically review and approve the long-term plans and programs of the PNHRS;
- (3) evaluate and approve the National Unified Health Research Agenda developed and integrated by the Core Agencies, and identify areas that will serve as the foci of the National Health Research Agenda;
- (4) establish the criteria for stakeholders that can apply for grants for the approval of projects and programs;
- (5) approve investments of the PNHRF created under Section 11 of this Act;
- (6) review, grants and/or donations to any government agency relative to health research from domestic and international funding agencies;
- (7) review and approve research projects and programs;
- (8) create committees as the need arises.

SEC. 8. Creation/Functions of the Steering Committee. The GC shall create the Steering Committee composed of the six (6) PNHRS Technical Working Committee Chairs. The functions of the Steering Committee are:

- (1) recommend policies to the Governing Council;
- (2) perform oversight function on the implementation of PNHRs activities;
- (3) coordinate activities of the six (6) PNHRs committees, and
- (4) monitor and report the progress of the committees' programs to the Governing Council.

SEC. 9. *Creation PNHRs Committees.* The GC shall create the following Committees composed of representatives from the Core Agencies and various stakeholders:

- (1) Research Management - provide technical and policy advice in setting health research agenda, formulating policies and addressing matters related to priority setting, proposal review and funding/fund management, and project monitoring and evaluation;
- (2) Ethics - ensure adherence to universal ethical principles and values on the dignity of health research participants;
- (3) Capacity Building - provide technical and policy advice in the development and continuous supply of quality human and institutional resources for health research;
- (4) Structure, Organization, Monitoring and Evaluation - provide technical and policy advice to ensure the stewardship and leadership of the PNHRs espoused health research that connects to health needs and outcomes, policy and action;
- (5) Research Utilization - provide technical and policy advice to develop and sustain knowledge management systems, communication and advocacy strategies to connect research to health needs and outcomes, policy and action;
- (6) Resource Mobilization - provide technical and policy advice/support to secure sustainable financing, and ensure equity, effective and efficient use of resources for health research and development.

The Committees shall develop, implement, and monitor their respective strategic plans.

SEC. 10. *The Executive Director and Secretariat.* The PCHRD Executive Director shall be the PNHRs Executive Director, responsible for, among others, the coordination and oversight functions of the System assisted by the PCHRD secretariat.

Article 3
The Philippine National Health Research Fund

SEC. 11. *Creation and Nature of the Philippine National Health Research Fund.* A Special Research Fund hereinafter called the Philippine National Health Research Fund (PNHRF) is hereby created under the management of the GC through the Secretariat.

The PNHRF shall not be used for purposes other than those provided in Section 12 of this Act. Moreover, no portion of the funds of the PNHRF or income thereof shall accrue to the General Fund of the national government and its political subdivisions, instrumentalities and other agencies including government-owned and controlled corporations except as may be allowed under this Act.

SEC. 12. *Uses of the PNHRF.* The main objective of this fund is to provide sustained financial support for knowledge management and its translation into efficient and effective health- policies and service delivery; a strengthened health care system; and improved health for all Filipinos. It shall ensure that the Government invests in health research as part of its commitment to secure the well-being of its citizens. Specifically, it shall be utilized for any or all of, but not limited to, the following:

- (1) support quality ethical research and the application of ethical principles to health research and development activities;
- (2) create a robust health research environment in the Philippines that will attract, develop and keep excellent researchers and provide them with the opportunity to contribute to the improvement of people's health in the country and the world;
- (3) fulfill an integrated health research agenda across disciplines, sectors and regions that reflect the emerging health needs of Filipinos and the evolution of the health system, and support's health policy decision-making;
- (4) ensure the promotion research undertakings that meet the highest international scientific standards of excellence and ethics and that pertain to all aspects of health, including bio-medical research, clinical research and research on health systems, health services, the health of populations, societal and cultural dimensions of health and environmental influences on health;
- (5) address emerging health opportunities, threats and challenges (e.g. avian flu, SARS) and accelerate the discovery of cures and treatments and improvements to health care, prevention and wellness strategies;
- (6) promote the dissemination of research-based knowledge, technologies, and innovations and the application of health research to improve the health of Filipinos and, provide

support for the participation of Filipino health scientists in international collaboration and partnerships in health research.

SEC.13. *Sources of PNHRF and Method of Collection.*

(1) The PNHRF shall be sourced out from the following agencies, but not limited to:

- a. One percent (1%) of the gross annual revenue collected by the PHIC from premium payments until the PNHRF reaches the sum of 10 Billion pesos;
- b. Five percent (5%) of the annual revenue collected by the National Statistics Office (NSO) from birth certificate issuances;
- c. Fifteen percent (15%) of the total fees collected by the Professional Regulation Commission (PRC) from the issuance and renewal of licenses of health professionals such as but not limited to physicians, nurses, dentists, pharmacists, medical technologists, midwives, dieticians, and veterinarians;
- d. Any other appropriations from the General Appropriations Act; and
- e. Donations and grants from domestic and international sources duly accepted/approved by the GC which do not constitute a breach of the Philippine laws and recognized international treaties.

(2) All agencies mentioned in the preceding paragraph are hereby directed to automatically remit semi-annually the amount prescribed by this Act to the specified account established by the GC on or before the 31st day of January and July of each year. This does not preclude the agencies from making advance contributions provided they fall within the specifications of this act.

(3) The rates indicated in Paragraph 1 hereof shall be reviewed and updated every five (5) years.

SEC. 14. *Management and Allocation of Fund.*

(1) The GC through the secretariat shall manage the funds in accordance with generally accepted auditing standards;

(2) The GC shall allocate two percent (2%) from the fund for research operational expenses.

(3) The GC is authorized to invest the PNHRF that was not allocated/obligated during the current year in any of the following:

- a. Interest-bearing bonds, securities, and other evidence of indebtedness of the Republic of the Philippines and other evidences to which full faith and credit and unconditional guarantee of the Republic of the Philippines are pledged.
- b. In interest-bearing deposits and loans to or securities in any domestic bank doing business in the Philippines: Provided, that in the case of such deposits, this shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller. Provided, further, that said bank shall first have been designated as depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP); and
- c. In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, that the issuing, assuming, or guaranteeing entity or its predecessor has paid regular dividends upon its preferred or guaranteed stocks for a period of at least three (3) years immediately preceding the date of investment in such preferred or guaranteed stocks. Provided further, that if the stocks are guaranteed the amount of stocks so guaranteed is not the excess of fifty percent (50%) of the amount of the preferred common stocks as the case may be of the issuing corporation. Provided furthermore, that if the corporation or institution has not paid dividends upon its preferred stocks, the corporation or institution has sufficient retained earnings to declare dividends for at least two years on such preferred stocks and in common stocks options.

The Board can also invest in common stocks of any solvent corporation or institution created or existing, under Philippine laws, in the stock exchange with proven track record of profitability and payment of dividends over the last three (3) years or in the common stocks of a newly organized corporation about to be listed in the Philippine stock exchange. Provided, finally, that such duly organized corporation shall have been rated "A, double "A's" or triple "A's" by authorized accredited domestic rating agencies or in mutual funds including allied investments.

(4) The GC shall allocate not less than sixty percent (60%) but not more than seventy five percent (75%) to priority research programs and agenda as defined by the National Unified Health Research Agenda and to UPM-NIH, as lead implementing agency for health research, not less than twenty five percent (25%) but not more than forty percent (40%) of the funds.

- (5) The GC, through the Secretariat shall submit periodic reports to agencies mentioned in Section 6 on the use of the PNHRF.

SEC. 15. *Creation of the Investment Advisory Group.*

- (1) An Investment Advisory Group is hereby established to make recommendations to the GC on matters of investments from the PNHRF. The group shall recommend the method of investment that will yield the highest return for the PNHRF.
- (2) The advisory group shall be composed of the Representatives of the Core Agencies to be appointed by their respective heads and any three of the following, for a term of three (3) years:
- a. An economist or market analyst with extensive knowledge of the financial and stock markets;
 - b. A representative from the Bangko Sentral ng Pilipinas (BSP);
 - c. A member from the Philippine Bar;
 - d. A representative from the research community.

Provided that the representative from the BSP shall always be a member of the Advisory Group.

Article 4
Final Provisions

SEC. 16. *Monitoring, Evaluation, Accountabilities, and Annual Report.* Regular monitoring and evaluation mechanism shall be done by the GC through the secretariat to determine the accountabilities of the System to the Contributing Agencies. The specifics/details of monitoring, evaluation, accountabilities and annual reporting shall be provided for in the Implementing Rules and Regulations of this Act.

SEC. 17. *Implementing Rules and Regulation.* The Core Agencies shall promulgate the implementing rules and regulations of this Act within a year after the effectivity hereof.

SEC. 18. *Separability Clause.* If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC.19. *Repealing Clause.* Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 20. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,