

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HB No. 4238

Introduced by Rep. Philip A. Pichay

EXPLANATORY NOTE

The National Health Insurance Act of 1995, or Republic Act No. 7875, as amended, is a landmark piece of social legislation. It endeavors to ensure sustainable and affordable social health insurance, thus paving the way for a more accessible and quality health care to all Filipinos, through the creation of the National Health Insurance Program (NHIP) and the Philippine Health Insurance Corporation (Philhealth) as the program administrator.

In its more than sixteen years of existence, Philhealth has achieved several milestones in the implementation of its mandate, particularly with regard to the issue of universal coverage. These gains must be sustained. More importantly, we must aim even higher and strive to meet the NHIP goal through sustained and guaranteed funding especially for the enrollment of the marginalized sector.

This bill intends to strengthen Philhealth in membership and contribution advocacy by introducing amendments to Republic Act No. 7875, as amended. For one, it seeks to change the current sharing scheme between local government units (LGUs) and the national government to full national government subsidy scheme for the enrollment of indigents identified through the means test protocol by the designated institution. The measure is cognizant of the fact that LGUs have insufficient fund sources, thus compromising the health care services that should be availed of by the poorest of the poor. However, this will not deprive the LGUs, among other donors, from participating in the Program, as LGUs will still be obliged to pay the required premium, covering the poorest segment from the informal sector through the implementation of the partial subsidy scheme.

With the transition phase of implementation of former Medicare Program into the National Health Insurance Program (NHIP) has been lapsed, there is a need to change some representation of Philhealth Board of Directors in order to appropriately represent different sectors.

To ensure that a greater segment of the population is covered, the proposed measure seeks Philhealth coverage for specific barangay volunteers to be funded by the LGUs, like the barangay health workers, tanods, and nutrition scholars, among others, thus incorporating the concern of various bills already filed in Congress on the matter. Likewise, the premium of the lowly househelpers will be shouldered fully by their employers without any deduction from the compensation of the former.

Cognizant of the reality that some of Philhealth's partners – the accredited health care providers – may have been guilty of abusive activities and fraudulent claims, this bill proposes to give visitatorial and/or police powers to Philhealth over the said partners, define certain offenses and provide for heavier sanctions and penalties for their violation.

In view of the foregoing, approval of this bill is earnestly sought.


PHILIP A. PICHAY
Representative, 1st District



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Introduced by : REP. PHILIP A. PICHAY

AN ACT
STRENGTHENING THE IMPLEMENTATION OF THE NATIONAL HEALTH INSURANCE
PROGRAM (NHIP), AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7875,
AS AMENDED BY RA 9241, FOR THE PURPOSE

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

1 **SECTION 1.** Section 4 of Republic Act No. 7875, is hereby further amended by adding a
2 definition of the informal sector, to be denominated as paragraph (r) and succeeding
3 paragraphs to be re-denominated accordingly.

4 "SEC. 4. *Definition of Terms.* – For the purpose of this Act, the following terms
5 shall be defined as follows:

6 x x x

7 q) Indigent – A person who has no visible means of income, or whose income is
8 insufficient for the subsistence of his family [, as identified by the Local Health
9 Insurance Office and] based on specific criteria set by the [Corporation] NATIONAL
10 GOVERNMENT in accordance with the guiding principles set forth in Article I of this Act.

x x x

11 R) **INFORMAL SECTOR** – THE INFORMAL SECTOR REFERS TO THAT SECTOR
12 CONSISTING OF UNITS ENGAGED IN THE PRODUCTION OF GOODS AND SERVICES
13 WITH THE PRIMARY OBJECTIVE OF GENERATING EMPLOYMENT AND INCOMES TO
14 THE PERSON CONCERNED, IN ORDER TO EARN A LIVING, PARTICULARLY
15 UNINCORPORATED HOUSEHOLD ENTERPRISES THAT ARE MARKET AND NON-
16 MARKET PRODUCERS OF GOODS AS WELL AS MARKET PRODUCERS OF SERVICES. TO
17 THIS SECTOR BELONG, AMONG OTHERS, STREET HAWKERS, MARKET VENDORS,

PEDICAB AND TRICYCLE DRIVERS, SMALL CONSTRUCTION WORKERS AND HOME-BASED INDUSTRIES AND SERVICES.

X X X

V) *PARTIAL SUBSIDY SCHEME* – SHARING SCHEME FOR PAYMENT OF PREMIUM CONTRIBUTION BY THE NATIONAL GOVERNMENT, LGU AND OTHER SPONSORS; AND BY THE MEMBER WHO BELONG TO THE LOWEST INCOME BRACKET OF THE INFORMAL SECTOR.

X X X

SEC. 2. Section 6 of the same Act is hereby further amended to read as follows:

“SECTION 6. *Coverage.* – All citizens of the Philippines shall be covered by the National Health Insurance Program. [In accordance with the principles of universality and compulsory coverage enunciated in Section 2 (b) and 2 (1) hereof, implementation of the Program shall, furthermore, be gradual and phased in over a period of not more than fifteen (15) years: *Provided,* That the Program shall not be made compulsory in certain provinces and cities until the Corporation shall be able to ensure that members in such localities shall have reasonable access to adequate and acceptable health care services.] COVERAGE IN THE PROGRAM SHALL BE MANDATORY UPON:

- (A) ALL EMPLOYEES AND THEIR RESPECTIVE EMPLOYERS;
- (B) ALL SELF-EMPLOYED PERSONS AS MAY BE DETERMINED BY THE CORPORATION UNDER SUCH RULES AND REGULATIONS AS IT MAY PRESCRIBE, INCLUDING BY NOT LIMITED TO THE FOLLOWING:
 - 1. ALL SELF-EMPLOYED PROFESSIONALS;
 - 2. PARTNERS AND SINGLE PROPRIETORS OF BUSINESSES;
 - 3. ACTOR AND ACTRESSES, DIRECTORS, SCRIPTWRITERS AND NEWS CORRESPONDENTS WHO DO NOT FALL WITHIN THE DEFINITION OF THE TERM “EMPLOYEE” IN SEC. 4(I) OF THIS ACT;
 - 4. PROFESSIONAL ATHLETES, COACHES, TRAINERS AND JOCKEYS; AND
 - 5. INDIVIDUAL FARMERS AND FISHERMEN;
- (C) FILIPINOS EMPLOYED BY FOREIGN-BASED EMPLOYERS;
- (D) INDIGENTS;
- (E) ALL MEMBERS WHO REACH THE AGE OF RETIREMENT AS PROVIDED FOR BY LAW AND HAVE PAID AT LEAST ONE HUNDRED TWENTY (120) MONTHLY CONTRIBUTIONS.”

X X X

1 **SEC. 3.** Section 7 of the same Act is hereby further amended to read as follows:

2
3 **SEC. 7. Enrollment.** -The Program shall enroll beneficiaries in order for them to
4 be placed under coverage that entitles them to avail of benefits with the assistance of
5 the financial arrangements provided by the Program. [The process of enrollment shall
6 include the identification of beneficiaries, issuance of appropriate documentation
7 specifying eligibility to benefits, and indicating how membership was obtained or is
8 being maintained. The enrollment shall proceed in accordance with these specific
9 policies:

10
11 a) all persons currently eligible for benefits under Medicare Program I, including SSS
12 and GSIS members, retirees, pensioners and their dependents, shall immediately and
13 automatically be made members of the National Health Insurance Program;

14
15 b) all persons eligible for benefits through health insurance plans established by local
16 governments as part of Program II of Medicare or in accordance with the provisions of
17 this Act, including indigents members, shall also be enrolled in the Program;

18
19 c) all persons eligible for benefits as members of local health insurance plans
20 established by the Corporation in accordance with the implementing rules and
21 regulations of this Act shall also be deemed to have enrolled in the Program. Enrollment
22 of persons who have no current health insurance coverage shall be given priority by the
23 Corporation; and

24
25 d) all persons eligible for benefits as members of other government initiated health
26 insurance programs, community-based health care organizations, cooperatives, or
27 private non-profit health insurance plans shall be enrolled in the Program upon
28 accreditation by the Corporation which shall devise and provide incentives to ensure
29 that such accredited organizations will benefit from their participation in the Program.

30
31 All indigents not enrolled in the Program shall have priority in the use and availing of
the services and facilities of government hospitals, health care personnel, and other
health organizations: *Provided, however,* That such government health care providers
shall ensure that said indigents shall subsequently be enrolled in the Program.]

32 **SEC. 4.** Section 16 of the same Act is hereby further amended to read as follows:

33
34 **"SEC. 16. Powers and Functions.** - The Corporation shall have the following
35 powers and functions:

36 (m) [to supervise the provision of health benefits with the power]to VISIT,
37 ENTER AND inspect FACILITIES OF HEALTH CARE PROVIDERS AND EMPLOYERS AND
38 TO SECURE COPIES OF THEIR medical, [and] financial AND OTHER RECORDS
39 PERTINENT TO THE CLAIMS, ACCREDITATION, PREMIUM CONTRIBUTION records,
40 AND THAT of THEIR PATIENTS OR EMPLOYEES, WHERE APPLICABLE [health care
41 providers and patients], who are [participants in] BENEFICIARIES or members of the
42 Program; [and the power to enter and inspect accredited health care institutions,
43 subject to the rules and regulations to be promulgated by the Corporations]

$$x \quad x \quad x^n$$

(Q) NOTWITHSTANDING THE PROVISIONS OF ANY LAW TO THE CONTRARY TO IMPOSE INTEREST AND / OR SURCHARGES OF THREE (3) PERCENT PER MONTH OR ANY RATE AS MAY BE FIXED BY THE CORPORATION IN CASE OF ANY DELAY IN REMITTANCE OF CONTRIBUTIONS WHICH ARE DUE WITHIN THE PRESCRIBED PERIOD. NOTWITHSTANDING THE PROVISIONS OF ANY LAW TO THE CONTRARY, THE CORPORATION MAY ALSO COMPROMISE, WAIVE OR RELEASE, IN WHOLE OR IN PART, SUCH INTEREST OR SURCHARGES IMPOSED UPON EMPLOYERS REGARDLESS OF THE AMOUNT INVOLVED UNDER SUCH VALID TERMS AND CONDITIONS IT MAY PRESCRIBE.

(R) TO PROVIDE LEGAL ASSISTANCE AND BENEFITS TO ANY OFFICER, EMPLOYEE, OR AUTHORIZED REPRESENTATIVE OF THE CORPORATION WHO MAY BE SUED BY ANY HEALTH CARE PROVIDER / MEMBER / STAKEHOLDER OR ANY OTHER PERSON / ENTITY, IN CONNECTION WITH THE PERFORMANCE OF THEIR DUTIES AND OBLIGATIONS UNDER THE NATIONAL HEALTH INSURANCE PROGRAM (NHIP) MAY BE ENTITLED TO SUFFICIENT LEGAL ASSISTANCE TO BE PROVIDED BY A COMPETENT COUNSEL AND ATTORNEY'S FEES UNDER SUCH TERMS AND CONDITIONS AS MAY BE PRESCRIBED BY THE BOARD.

$$X \quad X \quad X^{ij}$$

SEC. 5. Section 18 of the same act, is hereby further amended to read as follows:

SEC. 18. *The Board of Directors.*

a) Composition – The Corporation shall be governed by a Board of Directors hereinafter referred to as the Board, composed of the following members: (a)

The Secretary of Health:

The Secretary of Labor and Employment or his representative;

The Secretary of the Interior and Local Government or his representative:

The Secretary of Social Welfare and Development or his representative:

1 The President & CEO of the Corporation;

2 A representative of the [labor] FORMAL sector;

3 A representative of employers;

4 [The SSS Administrator or his representative;

5 The GSIS General Manager or his representative;]

6 THE CHAIRMAN OF THE CIVIL SERVICE COMMISSION OR HIS / HER AUTHORIZED
7 REPRESENTATIVE

8 THE PRESIDENT OF UNION OF LOCAL AUTHORITIES OF THE PHILIPPINES (ULAP)
9 OR HIS / HER AUTHORIZED REPRESENTATIVE

10 The Vice Chairperson for the basic sector of the National Anti-Poverty Commission
11 or his representative;

12 A representative of Filipino overseas workers;

13 A representative of the [self-employed] INFORMAL sector; and

14 [A representative of health care providers to be endorsed by the national
15 associations of health care institutions and medical health professionals.]

16 A REPRESENTATIVE OF HEALTH CARE INTTUTIONS TO BE ENDORSED BY THE
17 NATIONAL ASSOCIATIONS OF HEALTH CARE INSTITUTIONS

18 A REPRESENTATIVE OF HEALTH CARE PROVIDERS PROFESSIONALS TO BE
19 ENDORSED BY THE NATIONAL ASSOCIATIONS OF HEALTH CARE PROFESSIONALS

20

21 The Secretary of Health shall be the *ex officio* Chairperson while the President of the
22 Corporation shall be the Vice Chairperson of the Board.

23 *b) Appointment and Tenure* – The President of the Philippines shall appoint the
24 Members of the Board upon the recommendation of the Chairman of the Board and in
25 consultation with the sectors concerned. Members of the Board shall have a term of four
26 (4) years each, renewable for a maximum of two (2) years, except for members whose
27 terms shall be co-terminous with their respective positions in government. Any vacancy
28 in the Board shall be filled in the manner in which the original appointment was made
29 and the appointee shall serve only the unexpired term of his predecessor.

30
31 *c) Meetings and Quorum* – The Board shall hold regular meetings at least once a
32 month. Special meetings may be convened at the call of the Chairperson or by a majority
33 of the members of the Board. The presence of a majority of all the members shall
34 constitute a quorum. In the absence of the Chairperson and Vice Chairperson, a
35 temporary presiding officer shall be designated by the majority of the quorum. (a)

36
37 *d) Allowances and Per Diems* – The members of the Board shall receive a *per diem*
38 for every meeting actually attended subject to the pertinent budgetary laws, rules and
39 regulations on compensation, honoraria and allowances.

40
41 **SEC. 6.** Section 27 of the same act, is hereby further amended to read as follows:

1
2 **SEC. 27. Reserve Fund.** – The Corporation xxx

3 a) In interest-bearing bonds, securities or other evidences of indebtedness
4 of the Government of the Philippines, or in bonds, securities, promissory notes and
5 other evidences of indebtedness to which full faith and credit and unconditional
6 guarantee of the Republic of the Philippines is pledged OR IN DEBT SECURITIES AND
7 CORPORATE BONDS ISSUANCES PROVIDED THAT SUCH SECURITIES AND BONDS ARE
8 RATED TRIPLE "A" BY AUTHORIZED ACCREDITED DOMESTIC RATING AGENCIES
9 :PROVIDED FURTHER THAT THE ISSUING OR ASSUMING ENTITY OR ITS PREDECESSOR
10 SHALL NOT HAVE DEFAULTED IN THE PAYMENT OF INTEREST ON ANY OF ITS
11 SECURITIES AND THAT DURING EACH OF ANY THREE(3) INCLUDING LAST TWO (2)
12 OF THE FIVE (5) FISCAL YEARS NEXT PRECEDING THE DATE OF ACQUISITION BY THE
13 CORPORATION OF SUCH BONDS, SECURITIES OR OTHER EVIDENCES OF
14 INDEBTEDNESS, THE NET EARNINGS OF THE ISSUING OR ASSUMING INSTITUTION
15 AVAILABLE FOR ITS RECURRING EXPENSES, SUCH AS AMORTIZATION OF DEBT
16 DISCOUNT AND RENTALS FOR LEASED PROPERTIES, INCLUDING INTEREST ON
17 FUNDED AND UNFUNDED DEBT, SHALL HAVE BEEN NOT LESS THAN ONE (1) AND
18 ONE QUARTER TIMES THE TOTAL OF THE RECURRING EXPENSES FOR SUCH YEAR:
19 PROVIDED FURTHER THAT SUCH INVESTMENT SHALL NOT EXCEED 15% OF THE
20 INVESTMENT RESERVE FUND;

21 b) xxx

22
23 c) xxx ~~and~~

24
25 D) in common stocks [option or warrants to common stocks] of any solvent
26 corporation or institution created or existing under the laws of the Philippines in the
27 stock exchange with proven track record of profitability and payment of dividends over
28 the last three (3) years [or in common stocks of a newly organized corporation about to
29 be listed in the stock exchange: *Provided, finally,* That such duly organized corporation
30 shall have been rated 'A' double 'A's or triple 'A's by authorized accredited domestic
31 rating agencies or by the Corporation or in mutual funds including allied investments].
32

1 SEC. 7. It is hereby add another provision which to be numbered SECTION 27-A to read
2 as follows:

3
4 SECTION 27-A. *FUND MANAGERS* - AS PART OF ITS INVESTMENTS OPERATIONS,
5 THE CORPORATION MAY HIRE EXTERNAL LOCAL FUND MANAGERS TO MANAGE THE
6 INVESTMENT RESERVE FUND, AS IT MAY DEEM APPROPRIATE.

7
8 SEC. 8. Section 28 of the same act, is hereby further amended to read as follows:

9
10 SEC. 28. *Contributions*. – All members of the Program shall contribute to the
11 Fund, in accordance with a reasonable, equitable and progressive contribution
12 schedule to be determined by the Corporation on the basis of applicable actuarial
13 studies and in accordance with the following guidelines;

14
15 a) Formal sector employees [and current Medicare members] and their employers
16 shall PAY THE MONTHLY PREMIUM CONTRIBUTION IN ACCORDANCE WITH THE
17 CONTRIBUTION SCHEDULE as DETERMINED BY THE CORPORATION [continue paying
18 the same monthly contributions as provided for by law until such time that the
19 Corporation shall have–determined the contribution schedule mentioned herein]:
20 *Provided*, That their monthly contributions shall not exceed [three percent (3%)] FIVE
21 PERCENT (5%) of their respective monthly salaries.

22
23 IT SHALL BE MANDATORY FOR ALL GOVERNMENT AGENCIES TO INCLUDE THE
24 PAYMENT OF PREMIUM CONTRIBUTIONS THROUGH LINE ITEM BUDGETING IN THEIR
25 RESPECTIVE ANNUAL APPROPRIATIONS;

26 b) [Contributions from self-employed] M[m]embers OF THE INFORMAL SECTOR
27 shall PAY PREMIUM CONTRIBUTIONS AS DETERMINED BY THE CORPORATION [be
28 based primarily on household earnings and assets; their total contributions for one
29 year shall not, however, exceed–three percent (3%) of their estimated actual net
30 income for the preceding year]. PROVIDED, THAT THE PREMIUM CONTRIBUTION OF
31 THOSE IN THE LOWEST INCOME BRACKET SHALL BE PARTIALLY SUBSIDIZED BY
32 THE LOCAL GOVERNMENT UNIT AND/OR NATIONAL GOVERNMENT AND/OR
33 PRIVATE SPONSOR. PROVIDED FURTHER, THAT THE FULL ANNUAL PREMIUM
34 CONTRIBUTIONS OF HOUSEHELPERS SHALL BE PAID BY THEIR EMPLOYERS;
35 PROVIDED, FURTHER, THAT THE NEEDED PREMIUM CONTRIBUTIONS OF ALL

1 BARANGAY VOLUNTEERS SHALL BE FULLY BORNE BY LOCAL GOVERNMENT UNITS
2 CONCERNED; HOWEVER, IN THE CASE OF 4TH-6TH CLASS MUNICIPALITIES, THE
3 PREMIUM CONTRIBUTION SHALL BE SHARED EQUALLY WITH THE NATIONAL
4 GOVERNMENT.

5
6 c) xxx

7
8 D) NOTWITHSTANDING ANY LAW TO THE CONTRARY, ALL GOVERNMENT
9 AGENCIES ISSUING PROFESSIONAL OR BUSINESS LICENSE OR PERMIT, SHALL
10 REQUIRE ALL APPLICANTS TO SUBMIT CERTIFICATE OR PROOF OF PAYMENT OF
11 PHILHEALTH PREMIUM CONTRIBUTIONS, PRIOR TO THE ISSUANCE OR RENEWAL OF
12 SUCH LICENSE OR PERMIT.

13 SEC. 9. Section 29, subsection of the same Act, is amended to read as follows:
14

15 **SEC. 29. *Payment for Indigent Contributions.*** - PREMIUM [G]contributions for
16 indigent members shall be FULLY subsidized [partially] by the [local government unit]
17 NATIONAL GOVERNMENT WHICH SHALL BE APPROPRIATED IN THE GENERAL
18 APPROPRIATIONS ACT AS A SEPARATE LINE-ITEM UNDER PHILHEALTH. [where the
19 member resides. The Corporation shall provide counterpart financing equal to the LGU's
20 subsidy for indigents: *Provided*, That in the case of fourth, fifth and sixth class
21 municipalities, the National Government shall provide up to ninety percent (90%) of
22 the subsidy for indigents until such time that they shall have been upgraded to first,
23 second or third class municipalities. The share of the LGUs shall be progressively
24 increased until such time that its share becomes equal to that of the National
25 Government. (a)]

26
27 SEC. 10. Section 44 of the same Act is hereby amended to read as follows:
28

29 **Article X. Penalties**

30 "SEC. 44. *Penal Provisions.* - Any violation of the provisions of this Act, after due
31 notice and hearing, shall suffer the following penalties:
32

33 **A. VIOLATIONS OF AN INSTITUTIONAL HEALTH CARE PROVIDERS** - A fine of
34 not less than [Ten thousand pesos (P 10,000)] FIFTY THOUSAND PESOS (50,000.00)

1 [nor] BUT NOT more than [Fifty thousand pesos (P50,000)] ONE HUNDRED THOUSAND
2 PESOS in case the violation, OFFENSES, ABUSES AND / OR UNETHICAL PRACTICES
3 AND / OR FRAUDULENT ACTS THAT MAY BE DETERMINED AND / OR IDENTIFIED BY
4 THE CORPORATION WHICH TENDS TO UNDERMINE OR DEFEAT THE OBJECTIVES OF
5 THE PROGRAM is committed by the ERRING [hospital management or] HEALTH CARE
6 provider OR SUSPENSION OF ACCREDITATION [:In addition, its accreditation shall be
7 suspended or revoked] from three (3) months to the whole term of accreditation, OR
8 BOTH SUCH FINE AND SUSPENSION / REVOCATION, AT THE DISCRETION ON THE
9 PART OF THE CORPORATION: *Provided, {however},* That recidivists may not anymore
10 be accredited as a participant of the program;

11
12 **B. VIOLATIONS OF A MEMBER** - A fine [of not less than Five hundred pesos (P500)
13 nor-more than] Five thousand pesos (P5,000) and / OR imprisonment of not less than
14 six (6) months nor more than one (1) year in case the violation is committed by the
15 member.

16
17
18 **C. VIOLATIONS OF AN EMPLOYER -**

19
20 **1. FAILURE / REFUSAL TO REGISTER / DEDUCT / REMIT THE**
21 **CONTRIBUTIONS** - Where the violations consist of failure or refusal to deduct
22 contributions from the employee's compensation or to remit the same to the
23 Corporation, the penalty shall be a fine of not less than Five hundred pesos (P500)
24 but not more than One thousand pesos (P1,000) multiplied by the total number of
25 employees employed by the firm and imprisonment of not less than six (6) months
26 but not more than one (1) year. ANY EMPLOYER WHICH FAILS OR REFUSES TO
27 REGISTER ITS EMPLOYEES OR TO DEDUCT CONTRIBUTIONS FROM THE
28 EMPLOYEE'S COMPENSATION AND / OR TO REMIT THE SAME TO THE
29 CORPORATION SHALL BE PENALIZED WITH IMPRISONMENT OF NOT LESS THAN
30 SIX (6) YEARS AND ONE (1) DAY TO TWELVE (12) YEARS AND A FINE OF NOT LESS
31 THAN FIVE THOUSAND PESOS (P 5,000.00) MULTIPLIED BY THE TOTAL NUMBER
32 OF EMPLOYEES OF THE FIRM.

33
34 Any employer or any officer authorized to collect contributions under this Act
35 who, after collecting or deducting the monthly contributions from his employee's
36 compensation, fails to remit the said contributions to the Corporation within thirty (30)
37 days from the date they become due shall be presumed to have misappropriated such
38 contribution and shall suffer the penalties provided for in Article 315 of the Revised
39 Penal Code.

40
41 **2. DEDUCTIONS OF EMPLOYER'S SHARE, DIRECTLY OR INDIRECTLY, FROM**
42 **THE COMPENSATION OF ITS EMPLOYEES** - Any employer who shall deduct directly
43 or indirectly from the compensation of the covered employees or otherwise recover
44 from them THEIR [his]own contribution on behalf of such employees shall be punished
45 by IMPRISONMENT FOR not [exceeding one (1) year] LESS THAN SIX (6) YEARS
46 [months but not more than one year] AND ONE DAY TO TWELVE (12) YEARS AND A
47 FINE [not exceeding] OF FIVE [one] thousand pesos [P 1,000.00] [P 5,000.00],
48 multiplied by the total number of employees employed by the firm [or both fine and
49 imprisonment at the discretion of the court.]

1 If the act or omission penalized by this Act be committed by an association,
2 partnership, corporation or any other institution, its managing directors or partners or
3 president or general manager, or other persons responsible for the commission of the
4 said act shall be liable for the penalties provided for in this Act and other laws for the
5 offense.

6
7 **3. MISAPPROPRIATION OF FUNDS BY EMPLOYEES OF THE CORPORATION -**

8 Any employee of the Corporation who receives or keeps funds or property belonging,
9 payable or deliverable to the Corporation, and who shall appropriate the same, or shall
10 take or misappropriate or shall consent, or through abandonment or negligence shall
11 permit any other person to take such property or funds wholly or partially, shall
12 likewise be liable for misappropriation of funds or property and shall suffer
13 imprisonment of not less than six (6) years and ONE DAY BUT not more than twelve
14 (12) years and a fine not less than Ten Thousand Pesos (P10,000.00) nor more than
15 Twenty Thousand Pesos (P20,000.00). Any shortage of the funds or loss of the property
16 upon audit shall be deemed *prima facie* evidence of the offense.

17
18
19 **D. OTHER VIOLATIONS -** All other violations [involving funds] of the PROVISIONS
20 OF THIS ACT OR OF THE RULES AND REGULATIONS PROMULGATED BY THE
21 Corporation shall be PUNISHED BY A FINE OF NOT LESS THAN FIVE THOUSAND PESOS
22 (P5,000) NOR MORE THAN TWENTY THOUSAND PESOS (P20,000), OR
23 IMPRISONMENT FOR NOT LESS THAN SIX (6) YEARS AND ONE (1) DAY BUT NOT TO
24 EXCEED TWELVE (12) YEARS OR BOTH, AT THE DISCRETION OF THE
25 COURT.[governed by the applicable provisions of the Revised Penal Code or other laws,
26 taking into consideration the rules on collection, remittances, and investment of funds
27 as may be promulgated by the Corporation.]

28
29 **E. MITIGATING AND AGGRAVATING CIRCUMSTANCES -** THE CORPORATION MAY
30 CATEGORIZE AND / OR DETERMINE THE APPLICATION OF MITIGATING AND
31 AGGRAVATING CIRCUMSTANCES THAT WILL AFFECT THE GRAVITY OF VIOLATIONS,
32 OFFENSES, ABUSES AND UNETHICAL PRACTICES AND THE LIABILITY OF THE ERRING
33 HEALTH CARE PROVIDER, MEMBER AND EMPLOYER.

34
35 **F. CRIMINAL ACTION -** CRIMINAL ACTION ARISING FROM A VIOLATION OF THE
36 PROVISIONS OF THIS ACT MAY BE COMMENCED BY THE CORPORATION OR THE
37 EMPLOYEE OR HEALTH CARE PROVIDER CONCERNED EITHER UNDER THIS ACT OR IN
38 APPROPRIATE CASES UNDER THE REVISED PENAL CODE: PROVIDED, THAT SUCH
39 CRIMINAL ACTION MAY BE FILED BY THE CORPORATION IN THE CITY OR
40 MUNICIPALITY WHERE THE VIOLATION WAS COMMITTED OR IN PROPER COURTS IN
41 METRO MANILA, AT THE OPTION OF THE CORPORATION.

42
43 IN ADDITION, A CRIMINAL COMPLAINT SHALL BE FILED AGAINST THE
44 MEMBER BEFORE THE OFFICE OF THE PROSECUTOR FOR THE ABOVE-MENTIONED
45 VIOLATIONS WHICH CARRY A PENALTY OF IMPRISONMENT OF NOT LESS THAN SIX
46 (6) MONTHS BUT NOT MORE THAN ONE (1) YEAR.

47
48 **G. PROSECUTION OF OFFENSES -** OFFENSES AS DEFINED IN THE
49 IMPLEMENTING RULES AND REGULATIONS AND OTHER PHILHEALTH ISSUANCES,
50 SHALL BE PROSECUTED IN REGULAR COURTS OF JUSTICE OF COMPETENT

1 JURISDICTION WITHOUT PREJUDICE TO ADMINISTRATIVE ACTION THAT MAY BE
2 INSTITUTED BY THE CORPORATION UNDER EXISTING LAWS.

3
4 **H. FILING OF OTHER LEGAL ACTIONS BEFORE THE PROPER COURTS - THE**
5 **FILING OF AN ADMINISTRATIVE ACTION AGAINST ANY HEALTH CARE PROVIDER,**
6 **INSTITUTIONAL OR PROFESSIONAL, EMPLOYER, OR MEMBER UNDER THIS ACT IS**
7 **WITHOUT PREJUDICE TO THE FILING OF FURTHER LEGAL ACTIONS IN THE PROPER**
8 **COURTS.**

9
10 **I. EXECUTION OF PENALTY - WHEN AN INSTITUTIONAL HEALTH CARE**
11 **PROVIDER CEASES OPERATION OR AN INDEPENDENT HEALTH CARE PROFESSIONAL**
12 **STOPS HIS / HER PRACTICE BEFORE SERVING THE SUSPENSION, EXECUTION OF THE**
13 **PENALTY SHALL BE DEFERRED, TO BE IMPLEMENTED WHEN THE SAME OWNER OR**
14 **MEDICAL DIRECTOR OPENS OR OPERATES A NEW INSTITUTION IRRESPECTIVE OF**
15 **THE NAME OR LOCATION, OR WHEN THE HEALTH CARE PROVIDER PRACTICES**
16 **AGAIN, PROVIDED, THAT THE DISPOSITIVE PART OF THE RESOLUTION REQUIRING**
17 **PAYMENT OF FINES, REIMBURSEMENT OF PAID CLAIM OR DENIAL OF PAYMENT**
18 **SHALL BE IMMEDIATELY EXECUTORY.**

19
20 A SPOUSE OR RELATIVE WITHIN THE FOURTH DEGREE OF CONSANGUINITY
21 OR AFFINITY OF THE OWNER, CHIEF OPERATING OFFICER OR ITS COUNTERPART
22 OFFICER, MEDICAL DIRECTOR OR ITS COUNTERPART OFFICER AND OTHER OFFICERS
23 SHALL BE PRESUMED TO BE THE ALTER EGO OF SUCH OWNER OR MEDICAL
24 DIRECTOR FOR THE ABOVE PURPOSES.

25 DESPITE THE CESSATION OF OPERATION OR PRACTICE OF A HEALTH CARE
26 PROVIDER WHILE THE COMPLAINT IS BEING HEARD, THE PROCEEDING SHALL
27 CONTINUE UNTIL RENDITION OF JUDGMENT FOR PURPOSES OF DETERMINING
28 FUTURE RELATIONSHIPS BETWEEN THE CORPORATION AND THE ERRING HEALTH
29 CARE PROVIDER.

30
31 **J. APPLICABILITY OF THESE PROVISIONS - COMPLAINTS ALREADY FILED WITH**
32 **AND UNDER DELIBERATION BY APPROPRIATE BODIES OF THE CORPORATION PRIOR**
33 **TO THE EFFECTIVITY OF THIS ACT SHALL BE GOVERNED IN ACCORDANCE WITH THE**
34 **PREVIOUS ACTS AND THEIR IMPLEMENTING RULES AND REGULATIONS.**

35
36 All other violations involving funds of the Corporation shall be governed by the
37 applicable provisions of the Revised Penal Code or other laws, taking into consideration
38 the rules on collection, remittances, and investment of funds as may be promulgated by
39 the Corporation.

40
41 **SEC. 11. Implementing Rules and Regulations -** Within one (1) year from the
42 approval of this Act, the corporation shall promulgate a new implementing rules and
43 regulations which shall be published in at least two (2) newspapers of general
44 circulation.

1 **SEC. 12. Separability Clause** – If any part or provision of this Act shall be held
2 unconstitutional or invalid, other provisions which are not affected thereby shall
3 continue to be in full force and effect.

4 **SEC. 13. Repealing Clause** – All laws, issuance or any part thereof inconsistent with
5 this Act are hereby repealed or modified accordingly.

6 **SEC. 14. Effectivity** – This Act shall take effect fifteen (15) days after its publication in
7 the Official Gazette or in at least two (2) newspapers of general circulation.

8 Approved,