

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5120**



Introduced by Representative Ron P. Salo

EXPLANATORY NOTE

The attainment of good health is a fulfillment of a fundamental right of every human being. It is also a sound investment for every country. Poor health conditions of its citizens can potentially hold back a country's economic development and inclusive growth.

As studies have shown, there is a positive correlation between health and economic growth. Mayer (2001) found that health is responsible for approximately one-third of long-term economic growth in Mexico from 1970 to 1995. A study by Banzon and Ho (2016) cites various cross-country macroeconomic studies that underscore the importance of sustaining investments in health.

- a) An increase in life expectancy from 50 to 70 years would raise economic growth rate by 1.4 percentage points per year (Barro 1996);
- b) One extra year of life expectancy raises steady-state GDP per capita by about 4% (Bloom, et al. 2004);
- c) A 10% decrease in malaria is associated with an increased annual growth of 0.3% (Gallup and Sachs 2001); and
- d) Malnutrition causes a decrease in the annual GDP per capita growth worldwide of between 0.23% and 4.7% (Arcand 2001).

In the Philippines, although there have been progress in achieving the various health indicators set by the Millennium Development Goals, progress in some areas have been slow and challenging. As of 2015, the maternal mortality rate was at 114 deaths per 100,000 live births, far from attaining the target of 52 deaths per 100,000 live births by 2015. One in every four children under five years is estimated to be underweight (Cabral, 2016). The Philippines has been included as one of the only nine countries globally where the number of HIV cases increased by 25% from 2001 to 2011 (UNAIDS 2012). By 2015, the number of individuals newly diagnosed with HIV per day rose to 22, from just one in 2008, nine in 2012, and 17 in 2014 (DOH, 2016).

One of the key challenges in improving health outcomes is inequitable access to health goods and services. According to ADB (2011), access to health care is

noted to be inversely related to wealth, with the lowest wealth quintile generally having less access to antenatal care, skilled birth attendance, institutional deliveries, immunization, and contraceptives. Regional disparities are also observed between the poor and the rich regions in the country. Health services are characterized by low availability, accessibility, and affordability.

A significant factor for the noted inequities is our health system's reliance on out-of-pocket payments (OPP). According to the latest data from the Philippine Statistics Authority (2015), the out-of-pocket expenses of Filipinos for medical care in 2013 reached almost PhP 300 Billion or 56.3% of the total health expenditures for the whole country. This means that more than 56% of health expenses was paid directly from the Filipino peoples' pockets. This reliance on OPPs serves as a hindrance in accessing health services especially for the poor families, and also cause financial strain for non-poor families. It can also delay people from using health services, potentially worsening their health conditions.

An effective health system addresses these inequities and ensures that every citizen has access to affordable, accessible, high quality, and effective health services and goods. This embodies the essence of a Universal Health Care, which is defined by the Department of Health as:

"Provision to every Filipino of the highest possible quality of health care that is accessible, efficient, equitably distributed, adequately funded, fairly financed, and appropriately used by an informed and empowered public".

As defined by the World Health Organization, included in this health care are promotive, preventive, curative, rehabilitative and palliative health services. The WHO also underscores that UHC ensures that the use of these services does not expose the user to financial hardship.

This law seeks to institutionalize a universal health care in the Philippines that ensures that every Filipino, including the poor and marginalized, can attain the highest standard of health, achieve a better quality of life, and ultimately realize his/her full potential as a human being. It also seeks to unify all existing laws related to the Philippine health system, thereby addressing overlaps and contradictions in the various health laws and policies, and averting piecemeal and incremental approaches in addressing health issues.

Hence, the immediate passage of this bill is earnestly sought.


RON P. SALO
KABAYAN Partylist

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AN ACT
ESTABLISHING A UNIVERSAL HEALTH CARE SYSTEM FOR ALL FILIPINOS,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

SECTION. 1. Short Title. – This Act shall be known as the "*Philippine Universal Health Care Act*."

A. General Provisions

SEC. 2. Declaration of Policy. – It is hereby declared a policy of the State to protect and promote the right to health of the Filipino people, and to instill health consciousness among them. Towards this end, the State shall adopt an integrated and comprehensive approach to health development which shall endeavor to provide the highest possible quality of health care that is efficient, accessible, and affordable for every Filipino.

SEC. 3. Right to Health Care. – Every Filipino shall have the right to access quality health care services and goods, and to be covered by the national health insurance program, with such standards as prescribed in this Act and by the National Health Commission created under Section 22 of this Act.

Health care services and goods shall include but not limited to, health information, check ups, hospitalization, vaccines, and essential medicines.

SEC. 4. Definition of Terms. – As used in this act, the term:

- a) **Health system** refers to all organizations, people and actions whose primary intent is to promote, restore or maintain health;
- b) **Health service** refers to medical and public health services directly provided to a person aimed at promotional, preventive, and curative cares, diagnosis, and rehabilitation;

- c) **Health facility** refers to public and private health facilities, and such other health facilities as additionally prescribed by the Commission.
- d) **Network of health service providers** refers to health service providers merging and enrolling to be a network of health service providers under this Act.
- e) **Whole-of-system approach** refers to the approach which looks at each of the component parts or functions of the health system, following the principle that all parts of a health system, or all its building blocks - leadership, human resources, information, medical products and technology, financing, and service delivery - are interrelated. Hence, all actions to be taken must be evaluated for their potential effects on the functioning of the entire system;
- f) **Whole-of-government approach** refers to the adoption of multi-sectoral approach in addressing health issues, affirming the inherently integrated and indivisible linkages between health and other sectors such as education, energy, agriculture, sports, transport, communication, urban planning, environment, labor, employment, industry and trade, finance, and social and economic development;
- g) **Whole-of-society approach** means recognizing the contribution and significant role played by all relevant stakeholders, including individuals, families and communities, non-governmental organizations, civil society, religious institutions, the academe, the media, and the private sector, in advancing health reforms; and strengthening the linkages and coordination among these stakeholders in order to improve the effectiveness of all efforts to improve the health system.

SEC. 5. Whole-of-system, Whole-of-government, and Whole-of-society approach. – The State shall adopt a whole-of system, whole-of-government, and whole-of-society approach, as defined in Section 4 of this Act, which considers and embraces all parts, sectors, and relevant stakeholders in the planning, implementation, monitoring, and evaluation of all health-related policies, programs, and actions.

SEC. 6. Coordinated Health Care Services. – Primary, tertiary, and specialty health care facilities and service providers shall be coordinated and complementary. The DOH shall develop an effective coordinating and referral system to ensure complementarity at all levels of all health facilities, whether public or private.

B. Public Health Care

SEC. 7. Department of Health. – The Department of Health (DOH) shall strengthen public health care, with emphasis on promotive and preventive care.

The DOH shall take all measures to fully discharge its mandate of ensuring the achievement of health system goals of better health outcomes, sustained health financing, and a responsive health system through the implementation of the

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universal health care program. As the over-all technical authority on health, the DOH shall continue to provide national policy direction and coordinate and implement the strategies and national plans that will be crafted by the Universal Health Care Commission, hereinafter referred to as the Commission, established in Section 22 of this Act, for the attainment of universal health care. It shall continue to be the overall strategic implementer of the national health reform agenda.

SEC. 8. DOH Regional Offices. – The DOH shall strengthen the capacity of Regional Offices to monitor and evaluate the implementation of all programs of the DOH. The Regional Offices shall also spearhead the training of provincial, city, or municipal health personnel and service providers to ensure effective and efficient implementation of this Act and all programs of the DOH.

SEC. 9. The Universal Health Care Commission. – The Universal Health Care Commission, established under Section 22 of this Act, shall determine the types and extent of health care services that shall be provided to every Filipino citizen for free, including, at the minimum, prevention and treatment of communicable diseases, regular vaccination against common illnesses and communicable diseases, and provision of essential medicines. The Commission shall regularly identify the specific communicable diseases that shall be included in the coverage, as well as identify the essential medicines to be provided for free. Inclusion of non-communicable diseases shall be progressively realized.

SEC. 10. Local Government Units. – The Local Government Units (LGUs) shall be primarily responsible for the implementation of programs and projects on public health in the communities within their respective jurisdictions, including but not limited to primary health care, maternal and child care, and communicable and non-communicable disease control services. The LGUs have the primary mandate to finance and regulate local health systems, including the provision of education and information to families, communities, and local health providers, following the policies set out by the Commission.

SEC. 11. Community Empowerment and Information and Education Campaigns. – The State shall Endeavour to empower communities, families, and individuals, especially the poor and marginalized, through health education and literacy, public health advocacy, and patient empowerment. For this purpose, the DOH shall harness and strengthen linkages with civil society organizations, youth volunteers, and other individuals and groups engaged in health advocacy and literacy.

SEC. 12. Education Programs. – The DOH shall develop health education programs aimed at increasing awareness of the public on their rights and benefits, the available health services, the various health-related programs of the government, important information about Philhealth, among others. These health education programs shall be standardized for use in all trainings and community campaigns.

SEC. 13. Health Promotion and Preventive Health. – Each LGU, through the local health boards, with technical assistance from the DOH, and in consultation with non-governmental organizations, civil society, and other stakeholders, shall develop and implement preventive health measures and health promotion programs tailored to

the specific needs of the community. The LGUs shall also ensure that health promotion activities are available to meet the varied needs of the various groups within the communities, including the adolescents, the elderly, the abused women and children, among others.

SEC. 14. Role of the Family in Health Promotion and Disease Prevention. – All health promotion and preventive health campaigns and programs shall put emphasis on the vital role of the family in promoting health and wellness and preventing diseases. The programs shall include regular training courses and practical lessons for parents, or in their absence, the guardians or other responsible adult in the family, on sanitation and hygiene, nutrition, disease prevention, and general health and wellness, including courses on physical, mental and spiritual well-being of the whole family.

The role of parents as the primary caregivers and educators of their children from birth onwards shall be enhanced. The parent education programs and the parent education, involvement, advocacy, and mobilization of communities as initiated under Republic Act No. 8980, otherwise known as the ECCD Act of 2000, and Republic Act No. 10410, otherwise known as "Early Years Act of 2013" shall be sustained and strengthened in order to reinforce the active involvement of parents and communities in improving the health and quality of life of young children and families. All cities/municipalities shall assess and review, with the end in view of improving and strengthening, the full range of health, nutrition, early education and social services programs established and implemented under the Early Childhood Care and Development System of Republic Act No. 8980 and Republic Act No. 10410, for the purpose of ensuring that the basic holistic needs of young children are adequately met, and promoting their optimum growth and development. For this purpose, the City/Municipal ECCD Coordinating Committees shall work and closely coordinate with the Barangay ECCD Coordinating Committees within their jurisdiction, to assess these programs' strengths that need to be sustained or replicated, and weaknesses that need to be replaced, modified, or strengthened. The City/Municipal ECCD Coordinating Committees shall thereafter report to the Provincial ECCD Coordinating Committee, which reports are to be taken up with the National ECCD Coordinating Council.

SEC. 15. Community Organizations. –The LGUs shall tap or harness existing community organizations, parent organizations, youth organizations, women's club, faith-based or religious organizations, and other existing groups within their jurisdiction, which are already engaged in delivering health promotion and disease prevention programs, or in the absence of any, encourage the establishment of such groups. The HCT shall oversee the delivery of programs by these groups to ensure that these are being done in accordance with the overall strategies of the LGU and the DOH.

C. Personal Health Care and Clinical Health Services

SEC. 16. Health Insurance Program. – Every Filipino is mandated to be enrolled and covered by universal health insurance under the National Health Insurance Program (NHIP) to be administered by the Philippine Health Insurance Corporation,

hereinafter referred to as Philhealth, as established under Republic Act No. 7875, otherwise known as the "National Health Insurance Act of 1995", as amended by Section 10 of Republic Act No. 10606, and as reconstituted under Section 25 of this Act.

Enrolment to the NHIP and entitlement to benefits shall be done in accordance with the provisions of Republic Act No. 7875, as amended. The Philhealth shall have the option to determine and decide the amount of expenses that it shall cover and the amount of co-payments which the patients will be asked to share, based on its resources, or to scale up its coverage, depending on its sustainability. Provided, that such determination shall be done in a transparent manner and in consultation with other concerned government agencies, local government units, and other stakeholders such representatives from non-governmental organizations, civil society, religious institutions, the academe, the media, and the private sector. Benefits package pertaining to all covered individuals shall be regularly reviewed and determined by the Commission. For this purpose, the Commission must adopt a transparent priority setting process that will be the basis for preparing the list of entitlements.

All indigents, as identified by the Local Health Insurance Office and based on specific criteria set by the Philhealth in accordance with the policies and guiding principles to be set out by the Commission, shall be fully subsidized by the national government.

SEC. 17. Service Delivery. – The Commission, in coordination with the DOH, and in consultation with representatives from the various hospitals and health facilities, representatives from relevant non-governmental organizations, civil society, religious institutions, the private sector, and other stakeholders, shall establish standards and guidelines to ensure efficient, effective, culture-sensitive and gender-sensitive delivery of quality health services by health professionals and health facilities, whether in public or private, including establishing standard of care, accreditation, payment mechanisms, and regulation of professional fees.

SEC. 18. Rating Scheme. – Within two (2) years from the implementation of this Act, the Universal Health Care Commission shall establish a rating scheme for all hospitals or health facilities based on quality of facilities and equipment, quality of service, patient satisfaction, qualification of medical personnel, and other related benchmarks, but regardless of the size of the facility. The Commission shall develop appropriate means and monitoring and evaluation mechanisms to assess the patients' experience in terms of quality service received from health facilities and personnel.

In addition to the type of case which determines the rate of reimbursement from Philhealth under the "case rate system", or any other basis as will be determined in accordance with Section 25 of this Act, the quality of service rendered as determined under the rating scheme provided in this Section shall be included as a factor in determining the amount or rate of reimbursement to be given by Philhealth to the hospitals and health facilities.

SEC. 19. DOH Hospitals. – The DOH shall retain control of specialized and regional hospitals, and establish new ones pursuant to Section 31 hereof. The Secretary of Health shall form a Management Board in each DOH Hospital, including specialty hospitals, to oversee their respective operations. The Management Boards shall be headed by the Regional Director, the Chief of the Hospital, three (3) representatives from the private sector, and two (2) representatives from medical associations or civil society organizations working in the areas of health and medicine.

For the specialty hospitals specifically the Philippine Heart Center, Lung Center of the Philippines, National Kidney and Transplant Institute, and the Philippine Children's Medical Center the existing Boards shall be reorganized to conform to the immediately preceding paragraph, except that said Boards shall be headed by the DOH Undersecretary designated by the Secretary, instead of the Regional Director.

The representatives from the private sectors and the medical associations or civil society organizations shall be appointed by the Commission created under Section 22 of this Act for five (5) years, and may be reappointed once. They shall be chosen based on their knowledge on health system and their stature in Philippine society. They shall be entitled to necessary traveling expenses, *per diem* and representation allowances chargeable against the funds of the DOH, as approved by the Board, subject to existing rules and regulations of the Department of Budget and Management (DBM).

The DOH shall issue the necessary guidelines for the immediate implementation of this Section.

SEC. 20. Human Resources. – The DOH shall ensure that all health professionals, personnel, and staff, both in the public and private hospitals and health facilities, shall receive adequate compensation commensurate to their fundamental role in society and to the amount of work that they render. The DOH shall also ensure that all health professionals, personnel, and staff, shall enjoy working conditions in accordance with the standards provided under the Philippine Labor Code and other relevant laws, issuances, rules and regulations of the Philippine government and the Department of Labor and Employment. Finally, the DOH shall ensure that health professionals, personnel, and staff, shall have access to capacity-building opportunities such as training and scholarships.

SEC. 21. Research and Development. – The DOH is hereby mandated to strengthen its capacity for conducting research on health-related issues and developments, in conjunction with the Department of Science and Technology's (DOST) Philippine Council for Health Research and Development (PCHRD), University of the Philippines Health System, consisting of the National Institutes of Health (NIH), U.P. College of Medicine, and College of Public Health. It shall strengthen its linkages and collaboration with the academe and research institutions, and scale up its research on communicable and non-communicable diseases, emerging health issues in the country and globally, and other related matters.

D. Establishment of the Universal Health Care Commission, and Other Matters

SEC. 22. Establishment of Universal Health Care Commission. – There shall be established a national Universal Health Care Commission composed of:

- a. The Secretary of the DOH as Chair,
- b. The Secretary of the Department of Budget and Management,
- c. The Secretary of the Department of Finance,
- d. The Secretary of the Department of the Interior and Local Government,
- e. The President of Philhealth,
- f. The Chancellor of the University of the Philippines - Manila (School of Public Health),
- g. Three (3) representatives from the private sector:
 - (i) Representative of the health professionals;
 - (ii) Representative of health facilities; and
 - (iii) A known health advocate as determined by the President's Search Committee.

The members of the Council specified under par. (g) above shall be appointed by the President of the Philippines.

The Commission will meet at least once a month, and as often as necessary to perform its functions. Procedure for the meetings and performance of the duties of the Commission shall be pursuant to the rules prescribed by the Commission.

The public officials shall perform their duties as such without compensation or remuneration, subject to reasonable *per diem* allowances as approved by the Commission and subject to existing rules and regulations of the Department of Budget and Management. Members thereof who are not government officials or employees shall be entitled to necessary traveling expenses, *per diem* and representation allowances chargeable against the funds of the DOH, as approved by the Commission, subject to existing rules and regulations of the DBM.

SEC. 23. Powers and Functions. – The Commission shall have powers and functions as follows:

- a) Develop a long term strategy on the implementation of the gradual expansion of Universal Health Care based on the principles of (a) Availability; (b) Accessibility; (c) Affordability; and (d) Quality;
- b) Determine the types and extent of health care services that shall be provided to every Filipino citizen for free;
- c) Identify and prescribe the health services, benefits and entitlements to which every Filipino covered under the NHIP shall be entitled, whether employed in the government, in the private sector, in informal sector, or indigents fully or partly subsidized by the government;
- d) Determine the vaccines and essential medicines that shall be regularly given to Filipinos, or segments thereof, for free;
- e) Prescribe the standards of implementation of all health programs to be implemented by the government – both national and local government units;

- f) Establish the rating scheme as specified under Section 18 of this Act;
- g) Provide technical advice to the Secretary of Health, when requested, on the appointment of health officials and the enactment of rules and regulations related to the implementation of this Act;
- h) Review, clarify and define the authority of the DOH on all LGU health workers; and
- i) Perform such other duties as prescribed by this Act, the President, or other laws.

SEC. 24. Secretariat. – The Commission shall establish a Secretariat consisting of personnel with the necessary technical expertise and capability that shall be conferred permanent appointments, subject to Civil Service rules and regulations. The Secretariat shall be headed by an Executive Director, with the rank of Assistant Secretary, and shall be under the control of the Commission and under the direct supervision of the Chairperson of the Commission.

The Secretariat shall coordinate and manage the day-to-day affairs of the Commission, provide assistance and administrative support in the performance of the Commission's functions, and perform such other acts as may be directed by the Commission.

The plantilla positions of the Secretariat of the Commission shall be approved by the Department of Budget and Management, upon recommendation of the Commission.

SEC. 25. Strengthened Role of the Philippine Health Insurance Corporation. – The Philippine Health Insurance Corporation, hereinafter referred to as PhilHealth, as established under Republic Act No. 7875, otherwise known as the "National Health Insurance Act of 1995," as amended by Section 10 of Republic Act No. 10606, is hereby reconstituted and strengthened. It will administer the National Health Insurance Program (NHIP) following an output-oriented, demand-driven approach, where government funds and private prepayments follow the patients, whether the service provider is public or private.

The Philhealth shall develop a gradual expansion of healthcare coverage for both outpatient and in - hospital care to include outpatient medicines, diagnostic studies, vaccinations, and eventually to include geriatric care. It shall develop guidelines in cooperation with the private health insurance sector for the co-payment which the patients will be asked to share when a health service incurred is beyond Philhealth coverage, including on co-payments to be charged to the non- sponsored patients (or "pay" patients) for specific health services. For this purpose, Philhealth shall create an office or special unit dedicated to studying the additional services and corresponding cost of each service to be covered as the government expands Philhealth's financial support of the various health services.

The provisions of Republic Act No. 7875, as amended by Republic Act No. 10606, are hereby reiterated. Within two (2) years from the implementation of this Act, the Philhealth, in coordination with the DOH, and in consultation with other concerned government agencies, local government units, representatives from non-governmental organizations, civil society, religious institutions, the academe, the media, the private sector, and other stakeholders, shall develop and implement a

system that will effectively reduce, with the end-goal of eventually eliminating, the out-of-pocket expenses of patients.

As much as possible, public health commodities as determined by the DOH, shall be taken out of the private market, especially if their unregulated use poses threats and risks to public health. Where this is not possible, market prices of these public health commodities shall be tightly regulated.

SEC. 26. Role of the Department the Interior and Local Government. – The Department of Interior and Local Government (DILG), as partner to the DOH, shall coordinate and promote the implementation of this Act nationwide, including the execution of LGU's operation and investment plans related to health. It shall devise a system of rewards and recognition to encourage and recognize good performance by LGUs on health-related indicators and on the implementation of this Act. The DILG shall take responsibility in enjoining the development community to support universal health coverage under this Act.

SEC. 27. Role of Local Government Units. –The local government units (LGUs) shall retain the devolved functions relating to health pursuant to Republic Act No. 7160, otherwise known as the Local Government Code. They shall perform the functions enumerated in Title Five, Book I thereof, including implementation of programs and projects on primary health care, maternal and child care, and communicable and non-communicable disease control services. The LGUs have the primary mandate to finance and regulate local health systems, including the provision of education and information to families, communities, and local health providers.

In addition, all cities and municipalities shall:

- a) Establish, operate, and maintain *barangay* health stations, rural health units, or equivalent facilities, municipal and provincial hospitals, and ensure the availability of medicines, equipment, and personnel to make these health facilities fully operational;
- b) Purchase medicines, medical supplies, and equipment needed to carry out the services herein enumerated in sub-section (a) above;
- c) Recruit and maintain health personnel necessary to provide adequate services in the LGU's health facilities;
- d) Establish mechanisms to ensure their constituents' access to secondary and tertiary health services; and
- e) Perform such other acts to promote and ensure health and well-being of their constituents.

The LGUs are primarily responsible for personal health care of patients in the sponsored program. For this purpose, the LGUs shall establish a coordination mechanism to ensure close coordination and cooperation with the local Philhealth staff and the LGU public health staff, together with the private practitioners, particularly the family medical practitioners. The LGUs shall work to streamline levels of referral between the LGU at the local level to the DOH regional and specialty hospitals or even to private hospitals.

The LGUs shall Endeavour to allow 'Financial Autonomy' for healthcare units within its jurisdiction, including the rural health unit, the district and city hospitals and provincial hospitals. Philhealth reimbursement and other income shall accrue only to health services in addition to other LGU or national health assistance.

SEC. 28. Role of the Private Sector. – The DOH shall strengthen coordination mechanisms and linkages with the private sector, with the end in view of harnessing and aligning it towards universal health coverage. For this purpose, the private sector is encouraged to shift its business model from one that is primarily reliant on OPP to health insurance.

The Philhealth and the Health Maintenance Organizations (HMOs) and private health insurance companies shall develop a co- payment schedule for additional coverage to the patients cost of hospital and post-hospital care. HMOs are mandated to extend coverage of the insured beyond the current 60-year old cut-off.

E. Other Specific Strategies

SEC. 29. Patients' Assistance. – Philhealth shall scale up and intensify its existing programs on patient navigators, customer assistance, relations and empowerment. It shall ensure that these programs are available in all Philhealth-accredited hospitals and clinics, and in Local Health Insurance Offices, with appropriate personnel who are well-equipped to render compassionate, culturally sensitive and gender-sensitive assistance to patients.

SEC. 30. Network of Health Service Providers. – The Philhealth shall encourage all Philhealth-accredited health service providers within a certain city/municipality, whether public or private, to form a single network for purposes of effective referral system and entering into transactions and contracts with the Philhealth. The network shall be responsible for ensuring efficiency in using resources and establishing strategically located specialty centers to avoid redundant one-stop shops, and facilitate cross-subsidization of operational costs and the setting up of referral transport services.

In all areas where there are networks of health service providers, the Philhealth shall have the option to enter into contracts with such networks, through its duly selected and authorized representatives, instead of stand-alone health facilities, for purposes of delivery of health services and goods.

The formation and operation of networks of health service providers care units and procedure for entering into contracts with Philhealth shall be in accordance with such regulations, procedures, and conditions as prescribed by Philhealth, consistent with pertinent procurement laws, rules and regulations.

SEC. 31. Establishment of General or Specialty Hospitals in Underserved Areas. – The DOH shall establish new general or specialty hospitals in areas where the health needs of the people are underserved by both private and public health institution, to ensure increased access to quality health care by every Filipino in all

areas of the country. Such new facilities, however, must be within the general strategy adopted by the DOH.

Management Boards to oversee the management and operation of these new general or specialty hospitals shall be established the same manner as provided under Section 19 of this Act.

Where needed, and consistent with the general strategy adopted by the DOH, the LGUs shall also establish general or specialty hospitals. The amount necessary for the establishment of these facilities shall be included in their annual appropriations, as provided in Section 36 of this Act.

SEC. 32. Income Retention. – To ensure that hospitals and health facilities have full authority to utilize their income for their maintenance and other operating expenses and thus enhance their capacity to expand and to improve the quality of their services, all government hospitals under the DOH are hereby authorized to retain and utilize one hundred percent (100%) of their income, which include hospital fees from in-house services and facilities; income derived from non-patient-related services such as affiliation/medical/professional fees, rental fees, parking fees, interview and tour fees; and income derived from interest on account deposits, without remitting the same to the Bureau of Treasury.

For this purpose, a trust fund constituting the retained income shall be established for the maintenance and other operating expenses of the hospital or health facility, to be distributed among the following, in a ratio to be determined by the DOH: capital outlays for the purpose of equipment and infrastructure projects including construction, improvement, and/or renovation of hospital facility; other expenses for maintenance and operation of the facility; assistance to indigents; additional allowances of medical personnel and staff; and other purposes recommended by the hospital Board or management or determined by the DOH.

This trust fund shall be deposited in an authorized government depository bank/s recommended by the DOH, the Department of Finance (DOF), and the Department of Budget and Management (DBM).

The pharmacy income or proceeds from the sale of drugs and medicine and laboratory income shall be considered as a revolving fund and shall be utilized by the hospital pharmacy and laboratory for purposes as may be determined by the DOH.

F. Funding

SEC. 33. Philhealth Funds. – The National Health Insurance Fund, as created and utilized under Articles VI and VII of Republic Act No. 7875 and amended by Sections 15 to 21 of Republic Act No. 10606, are hereby referred to as Philhealth funds. All budgetary allocations for Philhealth and prepaid funds shall be consolidated and pooled as Philhealth funds. The smaller pools of health assistance funds from agencies such as the Philippine Charity Sweepstakes Office (PCSO) and Philippine Amusement and Gaming Corporation (PAGCOR) shall be aligned and redirected into the Philhealth funds. These may be channeled as health insurance premiums for

the remaining population not yet covered by Philhealth, or redirected to fund services that are still not included as part of the entitlements. Furthermore, budgetary allocations for inputs – drugs, commodities, deployment programs and the like—shall be pooled as part of Philhealth funds.

SEC. 34. Employees Covered by the Workmen's Compensation Act. – In cases where an employee is entitled to health care service under the Workmen's Compensation Act, also enjoys benefits of a health care provider pursuant to this Act, the health service provider shall notify such event to Philhealth. The Philhealth shall be entitled to reimbursement from the Workmen's Compensation Fund, not exceeding such amount as prescribed in the Workmen's Compensation Law, and shall submit such amount of reimbursement to the Philhealth fund.

SEC. 35. Patients Covered by Motor Vehicle Accidents Insurance. – In cases where an insurance company is liable to pay the compensation to a motor vehicle accident victim who has enjoyed the right of health services pursuant to this Act, the Philhealth shall be entitled to reimbursement from the insurance company, and shall submit such amount of reimbursement to the Philhealth Fund. The Philhealth shall have powers to issue an order requesting the said insurance company to pay such health service expenses, not exceeding the amount in accordance with the conditions of the insurance policy.

SEC. 36. Appropriations. – The LGUs shall appropriate from their annual internal revenue allotment (IRA) the amount necessary for the implementation of this Act. Provided, that each LGU shall earmark not less than five percent (5%) of their IRA for the health needs of their constituents.

For the national government, the amount necessary to implement the provisions of this Act shall be included in the General Appropriations Act for the year following the approval of this Act. In addition, the Philhealth may request Congress to appropriate supplemental funding to meet targeted milestones of the Program.

The initial budgetary requirements for the operations of the Commission and its Secretariat shall be taken from the budget of the Department of Health. Thereafter, it shall be included in the General Appropriations Act.

G. Other Matters

SEC. 37. Grievance System and Penalties. – A beneficiary, patient, or member of Philhealth who was not provided immediate, adequate, or services he/she is entitled to under this Act, was overcharged fees for service exceeding the rate as prescribed by Philhealth, fails to get reimbursement for damage or injury caused by the health service provider within a period deemed appropriate, or has any other complaints as specified under Section 40 or Republic Act No. 7875, and any health care provider who has cause for complaint or grievance, may seek redress in accordance with the grievance system and procedure laid down in Article IX of Republic Act No. 7875, as amended. The penalties provided in Section 44 of the same Act, as amended by Section 29 of Republic Act No. 10606, shall apply to any violations of the provisions of this Act.

SEC. 38. Implementing Rules and Regulations. – The DOH, Philhealth, and DILG, in consultation and coordination with appropriate government agencies, CSOs, NGOs, representatives from the private sector, and other stakeholders, shall promulgate a new set of implementing rules and regulations within sixty (60) days from the effectivity of this Act.

SEC. 39. Adoption of the Provisions of Republic Act No. 7875, Republic Act No. 10606, Republic Act No. 8980, and Act No. 10410. – The provisions of Republic Act No. 7875, otherwise known as the National Health Insurance Act of 1995, as amended by Republic Act No. 10606; Republic Act No. 8980, otherwise known as the ECCD Act of 2000; and Republic Act No. 10410, otherwise known as "Early Years Act of 2013" insofar as they are not inconsistent with the provisions of this Act, are hereby adopted and made an integral part of this Act.

SEC. 40. Separability Clause. – If any provision of this Act is held invalid or unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.

SEC. 41. Repealing Clause. – All other laws, decrees, executive orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 42. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in two (2) newspapers of general circulation.