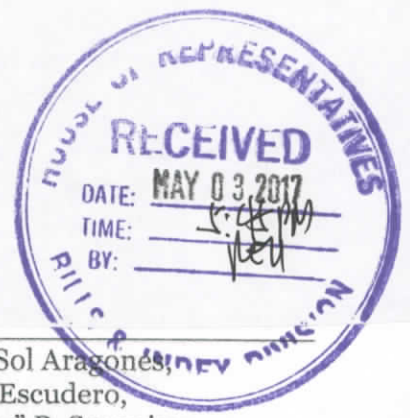


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5560



Introduced by Representatives Angelina "Helen" D.L. Tan, M.D., Sol Aragonés,
Rose Marie "Baby" J. Arenas, Maria Vida E. Bravo, Evelina G. Escudero,
Cheryl P. Deloso-Montalla, Josephine Ramirez-Sato, Estrellita "Ging" B. Suansing,
Victoria Isabel G. Noel and Delphine Gan Lee

AN ACT PROVIDING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995", AS AMENDED BY REPUBLIC ACT NO. 10606 AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Consistent with Article II, Section 15 of the Constitution which states that, "The State shall protect and promote the right to health of the people and instill health consciousness among them", this measure seeks to provide universal health care (UHC) to all Filipinos.

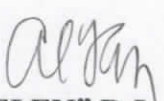
UHC is the right of every Juan and Juana Dela Cruz to "access needed promotive, preventive, curative and rehabilitative health services that is of sufficient quality to be effective, and without financial hardship when paying for these services" and more broadly, to healthy living, working, schooling conditions.

The bill, which seeks to build on the gains of previous health reforms, proposes several critical governance reforms that can lead to more equitable, efficient, quality, accountable, and sustainable health systems that can make UHC a felt reality for every Juan and Juana.

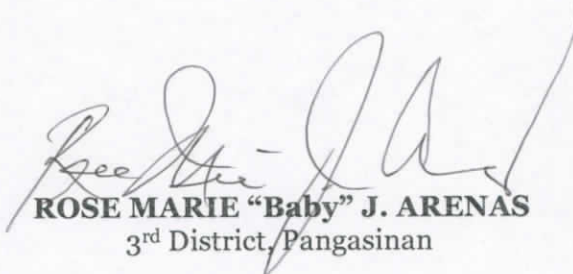
This includes clearly delineating roles of different government agencies as well as the private sector, enabling/strengthening institutions to fulfill their roles, maximizing synergies between stakeholders, and creation of a fair and transparent prioritization process for the benefits and entitlements of each Juan and Juana is entitled to.

Under this proposal, the Department of Health (DOH) shall be the steward of the whole health system setting standards and regulating towards ensuring availability, affordability and acceptability of safe and quality health services, and ensuring accountability among stakeholders. Local government units (LGUs) will be tasked to deliver basic health services and finance population-level interventions with the DOH supporting LGUs on population-level interventions. PhilHealth will be the national purchaser for all individual-level interventions. The proposal highlights the need to invest in low cost, high impact interventions such as primary care services.

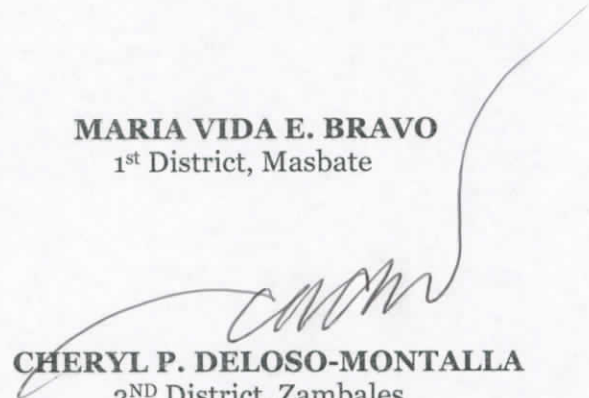
In view of thereof, immediate approval of this bill is earnestly sought.


ANGELINA "HELEN" D.L. TAN, M.D.
4th District, Quezon

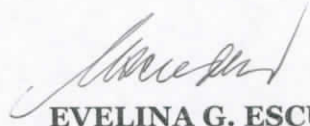
SOL ARAGONES
3RD District, Laguna



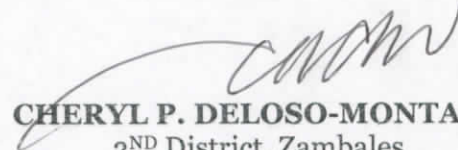
ROSE MARIE "Baby" J. ARENAS
3rd District, Pangasinan



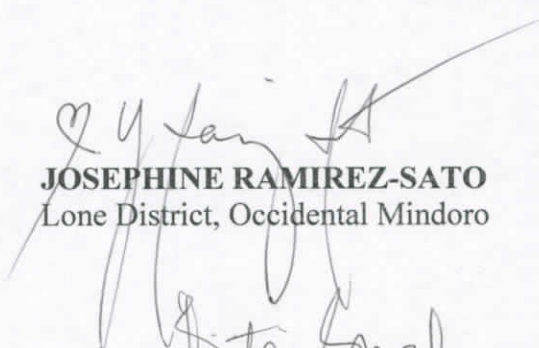
MARIA VIDA E. BRAVO
1st District, Masbate



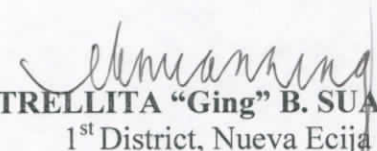
EVELINA G. ESCUDERO
1st District, Sorsogon



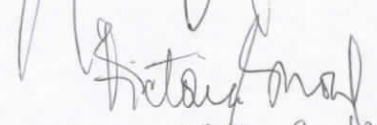
CHERYL P. DELOSO-MONTALLA
2ND District, Zambales



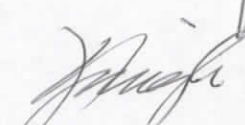
JOSEPHINE RAMIREZ-SATO
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ESTRELLITA "Ging" B. SUANSING
1st District, Nueva Ecija



VICTORIA ISABEL G. NOEL
AN WARAY PARTYLIST



DELPHINE GAN LEE
AGRI PARTYLIST

Republic of the Philippines
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SEVENTEENTH CONGRESS
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HOUSE BILL NO. 5560

Introduced by Representatives Angelina "Helen" D.L. Tan, M.D., Sol Aragones,
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AN ACT PROVIDING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995", AS AMENDED BY REPUBLIC ACT NO. 10606 AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I

GENERAL PROVISIONS

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

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.

As such, The State shall endeavor to provide every Filipino a healthy and decent living and working conditions and provide accessible, cost-effective and quality health care without financial hardship for every Filipino.

The State shall also adopt a whole-of system, whole-of-government, and whole-of-society approach, 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 for the universal health care of all Filipinos.

SEC. 3. *Definition of Terms.* – As used in this act, the term:

(a) Co-insurance refers to a payment made by a member/patient/beneficiary as a fixed proportion of the total cost of health services, with the remaining covered for by the insurer;

(b) Health intervention refers to public health and medical services aimed at promotional, preventive, and curative cares, diagnosis, rehabilitation and palliation; it can be population-based or individual based, depending on the recipient;

(c) Health facility refers to public and private health facilities as defined by the Department of Health;

(d) Health system refers to all organizations, people and actions whose primary intent is to promote, restore or maintain health;

(e) Individual-based interventions refer to those health care services that can be definitively traced back to a singular person (ex. vaccines, hospitalization, etc.);

(f) Population-based interventions refer to those health care services that cannot be specifically traced back to a singular person / beneficiary (ex. bed nets, water and sanitation, etc.);

(g) Service delivery networks refers to a group of health facilities encompassing primary care to higher level facilities within the geographic bounds of a province that render all levels of care and governed by a single board

(h) Universal Health Care refers to the right of every Filipino to healthy living, working, schooling conditions and to access needed promotive, preventive, curative and rehabilitative health services that is of sufficient quality to be effective, and without financial hardship when paying for these services

(i) 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;

(j) Whole-of-society approach refers to 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.

(k) 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;

CHAPTER II

FRAMEWORK FOR UNIVERSAL HEALTH CARE (UHC)

SEC. 4. *UHC Entitlement of Every Filipino.* - Every Filipino citizen shall be entitled to healthy living, working and schooling conditions and access to comprehensive set of health services. Access to health services shall be through every Filipinos automatic inclusion into the National Health Insurance Program whereby services shall be made available at zero co-payment for non-formal sector and all who opt for basic accommodation; and at fixed co-insurance for all who opt for higher types of accommodation.

SEC. 5. *Primary Care as First and Continuing Point of Contact.* - All Filipinos shall be required to register with a primary care facility, which shall be the initial point of contact prior to gaining access to higher level facilities, except in severe/emergency cases.

SEC. 6. *Department of Health as Steward of the Health of the People.* - 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 for the achievement of universal health care. As the overall technical authority on health, the DOH shall continue to provide national policy direction and continue to be the overall strategic implementer of the national health reform agenda. It shall explicitly define both population and individual-based services that Filipinos are entitled to. The DOH regional offices shall be reorganized as teams supporting every province.

SEC. 7. *Financing of Population-Based Health Services.* - The DOH, in consultation with the National Economic and Development Authority, shall determine the annual per capita health allocation, which LGUs shall appropriate for health and shall be complemented by national government support primarily to finance capital investments and population based interventions.

SEC. 8. *Financing of Individual-Based Health Services.* - A national purchaser of health services shall be identified to achieve optimal economies of scale, significantly influence market, and drive down prices to the most affordable and cost-efficient levels. The Philippine Health Insurance Corporation (PhilHealth), the mandated implementer of the National Health Insurance Program (NHIP), shall transition towards this role in the next 5 years, through the enhancement of its roles, functions, scope, and powers.

SEC. 9. *Renaming the Philippine Health Insurance Corporation.* - The PhilHealth, as established under Republic Act No. 7875, as amended by Republic Act No. 10606, is hereby renamed as the Philippine Health Security Corporation, hereinafter referred to as the PHSC, which from hereon shall be referred to as the Corporation, in view of its expanded scope and role in financial protection. It shall administer the National Health Security Program of the government.

SEC. 10. *Delivery of Health Services.* - Both public and private health facilities shall be engaged to render individual-based services, while the DOH and LGU shall provide both population and individual-based services.

The Department of Interior and Local Government (DILG), as partner of the DOH, shall coordinate and promote the implementation of this Act nationwide, including the execution of local government unit (LGU)'s operation and investment plans related to health. LGUs shall be primarily responsible for delivering population and individual-based health care services in the communities within their respective jurisdictions.

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. Specifically, LGUs shall:

- a) Pass local resolutions and ordinances that enable creation of healthy living and working environments
- b) Implement community empowerment, information and education campaigns
- c) Implement public health programs in line with DOH standards
- d) 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 health promotion and prevention, or in the absence of any, encourage the establishment of such groups
- e) Establish, operate, and maintain functional barangay health stations, rural health units, or equivalent facilities, municipal and provincial hospitals
- f) Grant financial autonomy/income retention for each health facility through a subsidiary ledger such that incomes such as PHSC reimbursement can be flexibly used to improve the services
- g) Mandate participation of all health care providers within the jurisdiction to engage formally in province-wide service delivery networks
- h) Ensure adequate and equitable distribution of health professionals based on the

- recommended ratios set by the DOH;
- i) Purchase medicines in line with the Philippine National Formulary and Drug Price Reference Index
 - j) Allocate per capita health investment per DOH and NEDA recommendations
 - k) Regularly conduct profiling activities on the health status of the people in their locality; and
 - l) Develop relevant health programs according to the needs of their locality

SEC 11. *Coverage for indirect costs.* - The Social Security System or Government Service Insurance System shall cover indirect costs for members in the formal sector. The Department of Social Welfare and Development (DSWD), Philippine Amusement and Gaming Corporation (PAGCOR), Philippine Charity Sweepstakes Office (PCSO), Aurora Pacific Economic Zone and Freeport (APECO) and Authority of the Freeport Area of Bataan (AFAB) shall support those in the nonformal sector for all indirect costs borne out of accessing medical services. This includes but not limited to transportation, accommodation or halfway house, compensation for missed work, meals.

SEC. 12. *Supplementary Coverage.* - Article VI, Sec. 25 5b of RA 7875, as amended by Republic Act No. 10606, is hereby amended to read as the Corporation, Health Maintenance Organizations (HMOs), and private health insurance (PHIs) companies shall develop supplementary plans that complement PHSC's basic benefits package and co-insurance schedule. The DOH shall work with the Insurance Commission to develop and monitor implementation of standard plans for HMOs and PHIs. In addition, HMOs and PHIs are mandated to extend coverage of the insured beyond the current 60-year old cut-off.

SEC. 13. *Public Access to Price Information.* - In order to promote informed choice, every health care facility is mandated to establish a desk where the public may obtain relevant and up to date information regarding prices of all goods and services being offered by such facility.

SEC. 14. *Community Empowerment* - The DOH shall develop health literacy programs/campaigns aimed at increasing awareness of the public on their rights and benefits, the available health services, the various health-related programs of the government, and health literacy.

CHAPTER III

HEALTH SYSTEM - GOVERNANCE

SEC. 15. *Strengthening Whole of Society and Whole of Government.* - The Department of Health (DOH) shall establish a Whole of Society and Government (WSG) unit which shall be in charge of coordinating with other line agencies in developing inter-sectoral policies beneficial to health, including but not limited occupational health and safety, urban planning, active design, transport safety, air and water pollution control and prevention, food desertification, inner city decay, crime prevention and control, etc.

SEC. 16. *Implementation of National Health Programs in a Whole of System approach.* - The DOH shall as much as possible minimize silos and integrate disease-based national health programs into other existing programs of government, including but not limited to the Philippine Health Security Program as benefit packages, and organize its disease-based technical program offices as life course-based teams.

SEC. 17. *Health Technology Assessment Group.* - The DOH and the PHSC shall jointly establish a Health Technology Assessment Group (HTAG), which shall ensure explicit and transparent prioritization of all health benefits that the PHSC shall cover by utilizing health technology assessment (HTA) which is a systematic evaluation of properties, effects, and/or impacts of health technology in order to arrive at an informed policy decision making.

The HTAG shall be composed of experts from the National Institute of Health, Research Institute of Tropical Medicines, the Epidemiology Bureau of the DOH, Philippine Medical Association, Philippine Dental Association, the National Economic and Development Authority, public hospital association, private hospital association, pharmaceutical industry and the PHSC. The HTAG shall create a secretariat as the need arises to facilitate and ensure the achievement of its objectives. Such funds necessary to support its activities shall be allocated to the HTAG, specifically for research and administrative support to the HTAG secretariat.

The HTAG shall have the following functions:

(a) Define and establish the components of the benefit packages for primary, secondary and tertiary care;

(b) Update the benefit packages every three (3) years, based on the country's demography, epidemiology and burden of disease, the available technology, the financial position of the social health insurance fund, and the cost and affordability of new benefits to be included; and

(c) Review, update, and amend the benefit packages within the three-year period if the country faces a health situation or emergency and warrants immediate changes in the benefit packages.

The HTAG shall be directly accountable to the Secretary of the DOH. Further, it shall ensure that its decision-making processes shall be as transparent and the results of its deliberations shall be made public.

SEC. 18. *Coverage of Health Benefits.* – The coverage for the health benefits for both outpatient and in-hospital care shall include medicines, diagnostic studies, vaccinations and geriatric care. Particularly, it shall include the following benefits thereby amending Section 10 of Republic Act No. 7875, as amended by Republic Act 10606:

(a) Inpatient care:

(1) room and board;

(2) services of health care professionals including dentists;

(3) diagnostic, laboratory, and other medical and dental services;

(4) use of surgical, medical or dental equipment and facilities;

(5) prescription drugs and biologicals;

(6) inpatient education packages; and

(7) post-inpatient hospital care rehabilitation services.

(b) Outpatient care:

(1) services of health care professionals including dentists;

(2) diagnostic, laboratory, and other medical and dental services;

(3) use of surgical, medical or dental equipment and facilities;

- (4) personal preventive services;
- (5) prescription drugs and biologicals; and
- (6) port-outpatient surgical home and rehabilitation services.

To minimize out-of-pocket expenses, emergency and transfer services and such other healthcare services that the DOH shall deem appropriate shall, as far as practicable, be covered. HTAG shall develop guidelines, in cooperation with appropriate government and private agencies, for the co-payment, which the patients may be asked to share when a health service incurred is beyond the PHSC coverage.

SEC. 19. *Standards of Care.* - The DOH shall establish a clearinghouse and work with various medical professional organizations in developing context-appropriate, evidence-based clinical practice guidelines to guide clinical decision support, reimbursement and payment incentives.

SEC. 20. *Patient-friendly Procedures.* - All health facilities are required to adopt a standard admission, billing and discharge procedures to be developed by the DOH, in coordination with private hospitals association, which will ensure that (1) patients are not treated differently based on their capacity to pay, (2) patients are accommodated and provided necessary health service at the most convenient, responsive and efficient way, and (3) medical social workers are seamlessly integrated into a single process.

SEC. 21. *Research and Development.* - The DOH and its attached agencies are hereby mandated to strengthen their capacity for producing and utilizing health policy and systems research to inform policymaking and as such shall earmark 2% of their MOOE for research. The DOH shall also establish the Health Policy and Systems Research Institute (HPSRI) as an office within the DOH funded primarily from the 2% MOOE, and support the establishment of research consortia in line with the vision of the Philippine National Health Research System.

CHAPTER IV

HEALTH SYSTEM - HEALTH SERVICE DELIVERY

SEC. 22. *Network of Health Service Providers.* - All health facilities, encompassing primary to tertiary care within a provincial jurisdiction, are mandated to form a single network for purposes of effective referral system. 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 protocols including transport and accommodation services.

SEC. 23. *Establishment of New Health Care Facilities.* - All new health facilities shall be developed in line with the province-wide and nation-wide health facility development plan and shall require the issuance of a Certificate of Need from the DOH prior to establishment. Government hospitals, whether general or specialty, shall only be established in areas with documented demand.

SEC. 24. *Income Retention.* - To ensure that all government hospitals and health facilities have full authority to utilize their income to enhance their capacity to expand and to improve the quality of their services, all government hospitals are hereby authorized to retain and utilize one hundred percent (100%) of their income, which includes 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 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 to be 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).

Further, all public hospitals shall comply with DOH's standard cost accounting method and comprehensively account for facilities' finances and expenditures.

SEC. 25. *Government Hospitals as No Balance Billing (NBB) Hospitals.* - Consistent with the objective of improving accessibility and availability of health care for all, especially the poor, all government hospitals are hereby required to operate with not less than ninety percent (90%) NBB beds, as mandated by RA 1939, Section 6. Specialty hospitals are required to operate with not less than sixty percent (60%), and private hospitals not less than ten percent (10%) of their capacity as NBB beds.

All government hospitals, specialty hospitals and private hospitals shall regularly submit a report on the allotment or percentage of their bed capacity to charity beds. The DOH shall issue the necessary guidelines for the immediate implementation of this Section.

CHAPTER V

HEALTH SYSTEM - HUMAN RESOURCES

SEC. 26. *Appropriate Compensation Package.* - In order to ensure that all health professionals, personnel, and staff in the public and private sector receive adequate compensation and benefits commensurate to their fundamental role in society and to the amount of work that they render as well as to inform the costing of PHSC reimbursements, the DOH shall set up a board which will determine the remuneration, and other benefits due health professionals based on their qualification, with rates updated periodically.

SEC. 27. *Underserved Areas.* - In order to encourage service in underserved areas, government health workers shall be compensated based 100% of Salary Standardization Rates.

SEC. 28. *PHSC reimbursements to complement compensation in the public sector.* The DOH shall spearhead the setting up of guidelines on the use of reimbursements from PHSC to augment salaries and make overall compensation in the public sector competitive.

SEC. 29. *Available Plantilla Items.* - The DOH shall work with the Department of Budget and Management (DBM) to regularly adjust plantilla items in government health facilities for both general practitioners and specialists, including residency positions, such that the ratio for health professionals will be met, consistent with the burden of disease and ensuring that distribution and allocation responsive to contextual geographic needs especially of underserved areas.

SEC. 30. *Return of Service.* All health professional graduates from public schools shall be required to serve for at least two (2) full years, under supervision, in an underserved area or in the public sector prior to obtaining their permanent/official license to practice.

SEC. 31. *Publicly-funded Health Professional Education.* Within the next 5 years, the DOH

shall ensure that health professional education shall be publicly funded. The DOH, Commission on Higher Education (CHED), and the DBM shall develop and plan the expansion of health professional education degree programs as well as regulate the slots for each depending on market needs. In the interim, the government may contract out to private health professional institutions.

SEC. 32. *Curriculum Shift.* The DOH shall work with the Association of Philippine Medical Colleges and various academic institutions to shift the focus and learning outcomes of degree programs to that of primary care.

CHAPTER VI

HEALTH SYSTEM - HEALTH INFORMATION SYSTEM

SEC. 33. *Administrative, Medical, Prescription, Reimbursement Data.* - All health service providers and insurers shall within four (4) years, create and maintain information systems including but not limited to enterprise resource planning, human resource information system, electronic medical records, and electronic prescription consistent with DOH standards which shall be electronically uploaded on a regular basis. The DOH, in consultation with appropriate government and private agencies, is hereby mandated to develop a single system to be used by all health service providers.

SEC. 34. *Health Research Data Warehouse.* - The DOH shall create a databank, which shall serve as a hub of all health transactions/data including but not limited to administrative, medical, prescription and reimbursement data. These shall be reviewed and archived shall be used exclusively for the purpose of generating information to guide research and policy. Patient privacy and confidentiality shall at all times be upheld, in accordance with the Data Privacy Act of 2012.

SEC. 35. *Access to Health Research Data Warehouse.* - The PHSC shall be transparent with respect to data pertaining to the planning and implementation of the national health security fund. To the extent possible and unless restricted by the Data Privacy Act of 2012, these data shall be in the public domain. The Corporation shall not unduly restrict the release of information required by its members, government officials, researchers, members of the academe, media, and other concerned parties, unless they require excessive costs to generate, in which case, arrangements should be made for those who are requesting the data to pay for the necessary costs of obtaining such data.

CHAPTER VII

HEALTH SYSTEM - REGULATION

SEC. 36. *Regulation of private health facilities, drug outlets and diagnostics clinics outside public hospitals.* - The Food and Drug Administration (FDA) and the DOH shall strictly regulate setting up private facilities within the vicinity of public hospitals as well as ownership of these facilities by health professionals engaged by the government hospital, as mandated by Article IV Sec. 38 of RA 10198.

SEC. 37. *Generics prescribing.* Sec. 6 of RA 6675 is hereby amended to read as all medical, dental and veterinary practitioners, including private practitioners, shall write prescriptions using the international nonproprietary name (INN) or generic name ONLY. No brand names shall be allowed in any part of the prescription.

SEC. 38. *Availability of Generics.* All drug outlets shall be required at all times to carry the generic equivalent of all drugs in the Primary Care Formulary.

SEC. 39. *Informed Choice.* All health care providers are required to put up a desk within

their health facilities where the public can readily access pertinent information regarding the costs of medical services.

Drug outlets shall be required to provide customers with a list of therapeutic equivalent and their corresponding prices when fulfilling prescriptions and/or in any transaction.

SEC. 40. *Commodities of Public Health Significance.* - The DOH shall determine a list of public health commodities that shall be taken out of the private market, especially if their unregulated use poses threats and risks to public health (e.g. drug resistance).

SEC. 41. *Tariff Exemption for Raw Materials of Medicines.* - Manufacturers of generic medicines may apply for exemption from tariffs through Philippine Economic Zone Authority (PEZA) in the importation of raw materials for the sole use in the manufacturing of generic medicines part of the essential medicines list intended for domestic consumption.

SEC 42. *Price Negotiation Committee.* - The DOH shall be mandated to set-up a price negotiation committee which will ensure value-based pricing through a framework contract with suppliers of drugs which are either (1) on patent, (2) single-source (one supplier only), or (3) have no therapeutic equivalent in the Philippine National Formulary. The negotiated price in the framework contract shall be made available for all public sector institutions.

CHAPTER III

PHILIPPINE HEALTH SECURITY CORPORATION

SEC. 43. *Membership Types.* - For purposes of simplicity, all members previously enrolled under the NHIP, as provided under Section 7 of Republic Act No 7875, as amended by Republic Act No. 10606, is hereby classified as follows:

- a) Members in the formal group include government workers, private employees, all other workers rendering services, whether in government or private offices, such as job order contractors; project-based contractors and the like; owners of micro enterprises, owners of small, medium and large enterprises, household help, family drivers, migrant workers, self-earning individuals, professionals, Filipinos with dual citizenship, naturalized Filipino citizens, citizens of other countries working and/or residing in the Philippines; and lifetime members.

In view of the senior citizen's mandatory coverage, lifetime membership program shall no longer exist.

- b) Members in the non-formal group include all others not included in the formal group.

SEC. 44. *Membership Database.* - The PHSC shall within (2) years of this Act shall use civil registration as the basis for cleaning up and regular updating its database. To this end, the Philippine Statistical Authority is hereby mandated to assist and align initiatives with the Corporation.

SEC. 45. *Setting Contribution or Premium Rates.* - Section 28 and 29 of Republic Act 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

The PHSC shall review and adjust every two (2) years or as often as necessary, the prevailing contribution in order to achieve desired support value.

Members in the formal group shall pay the monthly contribution rate, *provided*, that employers shall pay an equivalent contribution on behalf of each employee.

Members in the non-formal group shall have their contributions fully subsidized by the national government. *Provided*, that such contributions to the PHSC be included annually in the General Appropriations Act, among other sources. All LGUs whose premiums to the Corporation are shouldered by the national government are hereby mandated to utilize funds intended for premium payments of their constituents for the improvement of their respective health facilities and the delivery of quality health care.

SEC 46. *Collection of Contribution or Premium.* Collection functions, as stated in Article III, Section 5 of RA 7875, as amended by Republic Act No. 10606, is hereby amended to read as the Corporation shall unburden itself from the task of collecting premium and focus on benefits administration. As such, it shall enlist the assistance of Bureau of Internal Revenue in collecting contributions from the formal sector and directly collect from the DBM for all non-formal members.

SEC 47. *Entitlement to Benefits.* - Section 12 of RA 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

No minimum period after the contribution is paid will be required to activate entitlement to benefits. In the case of the formal sector, failure to pay will enable access to benefits but require retrospective payment of all missed contributions with at least 15% penalty for the individual (in the case of self-employed) and 15% penalty for the employer (in the case of employers), per annum.

SEC. 48. *National Health Security Fund (NHSF).* - 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, is hereby referred to as National Health Security Fund, herein after referred to as the NHSF. All budgetary allocations for the Corporation and prepaid funds shall be consolidated and pooled as the NHSF. All other health assistance funds, such as, but not limited to, the DOH's Medical Assistance Fund, Philippine Charity Sweepstakes Office (PCSO) and Philippine Amusement and Gaming Corporation (PAGCOR), revenues from Sin Tax, shall be redirected into the NHSF. Furthermore, budgetary allocations for inputs that can be included as part of the Corporation's benefit packages reimburses - such as drugs, devices - shall be pooled as part of NHSF.

SEC. 49. *Breadth of Benefits Coverage.* - The recommendations of the HTA process shall be regarded as binding by default, with the PHSC negotiating solely on the basis of financial feasibility. Further, benefit packages shall be regularly reviewed by the Corporation for this purpose.

SEC. 50. *Depth of Financial Coverage.* - The PHSC shall ensure fair reimbursement rates that is informed by accurate disease groupings, periodic costing and consultation, and stronger surveillance and monitoring system to monitor compliance to co-payment rates by all health care providers. In view of this, all health care providers are mandated to submit encoded cost, price, and clinical data *provided* that these are consistent with the Data Privacy Act of 2012. All healthcare providers are mandated to charge patients only according to PHSC's rules on co-payment.

SEC. 51. *Cost Containment.* - In order to ensure that health expenditures remain manageable and the NHSF sustainable, the PHSC is hereby mandated to operationalize within five (5) years the Global Budget Payment Program as defined under Section 4 of Republic Act 7875, which shall be redefined hereon to mean setting annual reimbursement thresholds for facilities based on facility type, facility level, geographic location, expected case mix, and other cost drivers, as may be determined by the PHSC and linked with key performance indicators.

SEC. 52. *Administrative Cost.* - For purposes of maximum utilization of existing funds, no more than five percent (5%) of the sum total of the various funds enumerated under Article VI,

Section 26 of Republic Act No. 7875, as amended by Republic Act No. 10606, shall be allocated for administering the Program.

SEC. 53. *Accreditation and Advanced Participation* – All licensed facilities shall be deemed accredited. In addition, the Corporation shall develop a scheme for advanced participation to incentivize high quality health networks.

SEC. 54. *Claims.* - Sec. 23 (j) of RA 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

All claims should be reimbursed within thirty (30) days of filing of the health care provider. *Provided*, that all accompanying requirements including encoded cost, price, and clinical data are submitted completely.

The PHSC shall shift all claims review and processing to electronic within two (2) years of the enactment of this bill and engage third party administrators as may be necessitated. All health care facilities are expected to submit electronic or fully encoded claims, complete with all necessary documents and accompany data within fifteen days (15) upon discharge of the patient.

SEC. 55. *Reorganization.* – Section 18 (a) of Republic Act No. 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

The Board of the PHSC shall provide strategic oversight, planning, and alignment function towards the achievement of the institution's vision and mission, as well as the overall goals and targets of the sector. It shall primarily be concerned with macro- and top-level policy issues that directly concerns fulfillment of the NHSO role and mandate as a national single purchaser. On matters relating to the development and/or expansion of benefits, the Board shall be guided by the evidence results of a priority setting process as provided in the previous sections.

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

Ex Officio Board Members

“The Secretary of Health;

“The Secretary of Labor and Employment or a permanent representative;

“The Secretary of the Interior and Local Government or a permanent representative;

“The Secretary of Social Welfare and Development or a permanent representative;

“The Secretary of the Department of Finance (DOF) or a permanent representative;

“The Secretary of the Department of Budget and Management (DBM) or a permanent representative;

“The President and Chief Executive Officer (CEO) of the Corporation (ex officio Vice Chairperson);

The Vice Chairperson for the basic sector of the National Anti-Poverty Commission or a permanent representative;

“The Chairman of the Philippine Charity Sweepstakes Office (PCSO) or a permanent representative;

“The Chairman and CEO of the Philippine Amusement and Gaming Corporation (PAGCOR) or a permanent representative;

Appointive Board Members

“A permanent representative of Filipino migrant workers;

“A permanent representative of the members in the formal economy;

“A permanent representative of the members in the informal economy;

“A representative of employers;

“A representative of health care providers to be endorsed by their national associations of health care institutions and medical health professionals;

“A permanent representative of the elected local chief executives to be endorsed by the League of Provinces, League of Cities and League of Municipalities; and

“An independent director to be appointed by the Monetary Board.

The Secretary of Health shall be the *ex-officio* Chairperson while the President and CEO of the Corporation shall be the Vice Chairperson of the Board.

SEC. 56. *Selection Process of Nominees from the Sectors.* - Section 18 (b) of Republic Act No. 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

Within thirty (30) days following the effectivity of this Act, the DOH shall promulgate the nomination process with a clear set of qualifications, credentials, and recommendation from the sector. The nominees shall be validated and shortlisted by the DOH, in consultation with relevant stakeholders particularly from the sector the nominee is expected to represent. The list of nominees shall be submitted to the Governance Commission for GCGs.

Prior to the start of their term, all members of the Board, including their respective alternates, shall be required to undergo training in health care financing, health systems, costing health services, and health technology assessment. Succeeding trainings shall be provided and required as necessary. Non-compliance and/or non-attendance to trainings can be grounds for dismissal.

SEC. 57. *Conflict of Interest.* – The members of the Board, the President of the PHSC, other officers and employees should not have any conflict of interest that may compromise his/her participation in the activities or decision of the Board. As such, prior to every board meeting, all members of the Board shall duly sign a conflict of interest declaration.

A member of the Board who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Board must, as soon as practicable after the relevant facts have come to his or her knowledge, declare the fact and the nature and extent of the interest, in writing to the Chairperson, before the meeting of the Board and inhibit himself during the deliberations when such matter is taken up. The decision taken on the matter shall be made public and the minutes of the meeting shall reflect the disclosure made and the inhibition of the member concerned.

SEC. 58. *Local Health Security Office.* – Article V of RA 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

The PHSC shall establish a Local Health Security Office, hereinafter referred to as the Office, in every congressional district. Each Office shall have the following powers and functions:

- a) to maintain and update the membership eligibility list at community levels;
- b) to issue health insurance ID cards to persons whose premiums have been paid according to the requirements of the Office and the guidelines issued by the Board;
- c) to grant or deny accreditation to health care providers in their area of jurisdiction, subject to the rules and regulations to be issued by the Board;
- d) to monitor compliance of accredited health care providers specifically with regards to quality and financial protection;
- e) to process, review and pay the claims of providers, within a period not exceeding thirty (30) days whenever applicable in accordance with the rules and guidelines of the PHSC;
- f) to ensure quality of encoded claims data and recommend necessary sanctions and penalties in the form of financial demerits to succeeding claims of non-compliant health care providers;
- g) to establish referral systems and network arrangements with other Offices as may be necessary following the guidelines set by the PHSC;
- h) to serve as the first level for appeals and grievance cases;
- i) to tap community-based volunteer health workers and barangay officials, if necessary, for information and communication activities to grant such workers incentives according to the guidelines set by the PHSC and in accordance with applicable laws. However, the incentives for the barangay officials shall accrue to the barangay and not to the said officials;
- j) to prepare an annual report according to guidelines set by the Board and to submit the same to the central office of the Corporation.

SEC. 59. *Audit.* – All funds intended for the universal health care shall be subject to an internal and external audit to be done as follows:

- a) Internal Audit – There shall be an internal audit with respect to the finance, accounting and procurement of PHSC, with a corresponding audit report for the submission to the Board, at least once a year.

For purposes of internal audit, there shall be an official of the Board acting as an internal auditor with direct accountability to the Board, in accordance with the regulations prescribed by the Board. The Board shall prepare a financial statement, which must include at least a balance sheet and an operation account to be submitted to the auditor within one hundred and twenty (120) days from the end of each accounting year.

- b) External Audit – At an interval of every year, the Commission on Audit shall appraise the utilization and disposition of the NHSF in accordance with existing laws and guidelines. The COA is also hereby directed to review its rules vis-a-vis the merits of the PHSC's provider payment mechanisms.

SEC. 60. *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 the Corporation. The Corporation shall be entitled to reimbursement for health services 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 fund of the Corporation.

SEC. 61. *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 Corporation shall be entitled to

reimbursement from the insurance company, and shall submit such amount of reimbursement to the fund of the Corporation. The Corporation 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. 62. *Appropriations.* – Article XI of RA 7875, as amended by Republic Act No. 10606, is hereby amended to read as follows:

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 Corporation may request Congress to appropriate supplemental funding to meet targeted milestones of the Program.

CHAPTER V

MISCELLANEOUS PROVISIONS

SEC. 63. *Implementing Rules and Regulations.* – The DOH, the Corporation, 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. 64. *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. 65. *Interpretation.* – Any doubt in the interpretation of any provision of this Act shall be liberally interpreted in a manner mindful of the rights and interests of every Filipino to quality, accessible and affordable health care.

SEC. 66. *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. 67. *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. 68. *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.

Approved,