

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. **7832**



Introduced by
COMMITTEE ON PUBLIC ACCOUNTS CHAIRMAN MICHAEL T. DEFENSOR,
COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY
CHAIRMAN JOSE ANTONIO "KUYA" R. SY-ALVARADO, COMMITTEE ON
PUBLIC ACCOUNTS VICE CHAIRMAN ROBERT ACE S. BARBERS,
COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY
VICE CHAIRMAN JESUS CRISPIN C. REMULLA, DEPUTY SPEAKER DAN S.
FERNANDEZ, DEPUTY SPEAKER RODANTE D. MARCOLETA, HON. ELPIDIO
F. BARZAGA JR.

EXPLANATORY NOTE

The 1987 Constitution is replete with provisions emphasizing the importance of health. Article II, Section 15 declares that "The State shall protect and promote the right to health of the people and instill health consciousness among them. Article XIII, Section 12 adds that it is the responsibility of the State to "adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. There shall be priority for the needs of the under-privileged, sick, elderly, disabled, women, and children. The State shall endeavor to provide free medical care to paupers"

The landmark Universal Health Care Law aims to give life to the aspiration embodied in the above Constitutional provisions. It automatically enrolls all Filipino citizens in the Philippine Health Insurance Corporation (Philhealth) and prescribes complementary reforms in the health system. This is a godsend for majority of Filipinos for whom confinement and preventive medical diagnostic tests and check-ups are beyond financial reach. According to the National Economic and Development Authority, in 2017, 54.5% of total health payment came from Filipinos' own pockets. It cited a 2017 National Demographic and Health Survey where the average cost of treatment for confined individuals is PHP21,400, only half of

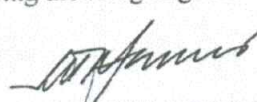
which is shouldered by the Philippine Health Insurance Corporation (Philhealth). This does not include the cost of medicines or services from external pharmacies and laboratories that amounts to an average of PhP5,237.¹

Preliminary funding estimates for the implementation of the Universal Health Care Act over the next five years starting in 2020 sees the need for an aggregate state funding of P1.437 trillion, starting at P257.5 billion on its first year and gradually rising to P319.4 billion in 2024.²

The staggering amount needed to improve our health system should be safeguarded in order to ensure that the funds are used for its intended purposes. It is worrying that Philhealth, as one of the primary conduits of the funds to be raised for the UHC law, has a history of corruption issues. The joint hearing conducted by the Committee on Public Accounts and the Committee on Good Government and Public Accountability raised issues of corruption and funding leakages, such as PhilHealth's overpayment by as much as PhP102 billion to hospitals under the all case rate system from 2013 to 2018. Thorsson Montes Keith, who resigned as PhilHealth anti-fraud legal officer in late July, alleged that members of PhilHealth's executive committee **"misspent or pocketed" P15 billion**. With these allegations of corruption running into the billions, ordinary Filipinos cannot help but think if the increase in their taxes and Philhealth premiums are necessary to improve the health services they receive from their government.

Within the context of a history of systemic corruption, a pandemic that is yet to end, and imminent implementation of the UHC law which will flush Philhealth with a spike in funding, this makes for an emergency situation that requires drastic but thorough overhaul of the Philippine Health Insurance Corporation.

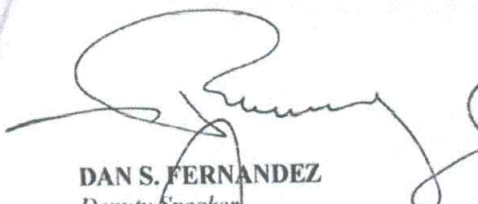
Considering the foregoing reasons, the passage of this bill is earnestly requested.


MICHAEL "MIKE" T. DEFENSOR
Chairman, Committee on Public Accounts


JOSE ANTONIO "KUYA" R. SY-ALVARADO
Chairman, Committee on Good Government and Public Accountability

¹ <https://www.neda.gov.ph/explainer-universal-health-care-law-and-what-it-means-to-ph-development/>

² <https://www.philstar.com/business/2019/06/11/1925327/funding-universal-health-care>



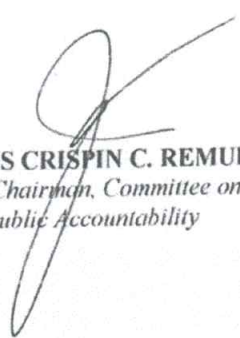
DAN S. FERNANDEZ
Deputy Speaker



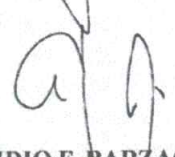
RODANTE D. MARCOLETA
Deputy Speaker



ROBERT ACE S. BARBERS
Vice Chairman, Committee on Public Accounts



JESUS CRISPIN C. REMULLA
*Vice Chairman, Committee on Good Government
and Public Accountability*



ELPIDIO F. BARZAGA JR.
Representative, 4th District Cavite

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**AN ACT PRESCRIBING URGENT RELATED MEASURES NECESSARY AND
PROPER TO EFFECTIVELY ADDRESS THE PROBLEMS AND CONCERNS
AFFECTING THE PHILIPPINE HEALTH INSURANCE CORPORATION
(PHILHEALTH)**

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

1 Section. 1. *Short Title.* – This Act shall be known as the “Philippine Health Insurance
2 Corporation (Philhealth) Crisis Act of 2020.”

3 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to adopt
4 adequate and effective measures to address the problems and concerns of Philhealth in
5 pursuit of the protection and promotion of the right to health of all Filipinos as enshrined in
6 RA 11223 or the Universal Healthcare Act of 2018

7 Sec. 3. . *Negotiated Contracts-* Pursuant to the above declared policy and in the public
8 interest and whenever it is advantageous to the Government and in order to protect the funds

1 of Philhealth and cleanse the agency of graft and corruption, the President may enter into
2 negotiated contracts for the following:

- 3 a. Companies and/or individuals capable of providing actuarial study for Philhealth;
- 4 b. Companies and/or individuals who can provide accounting and auditing services;
- 5 c. Offices and/or individuals who can provide legal services in pursuit of cases
- 6 pending in Philhealth and those that may be filed by Philhealth management;
- 7 d. IT services in coordination with DICT which will provide a baseline assessment,
- 8 study and provision of necessary equipment required in relation to the payment of
- 9 benefits and collection of premiums, among others;
- 10 e. Other services necessary to ensure the effective and efficient function of Philhealth.
- 11 f. Companies and individuals who shall be awarded contracts under the terms
- 12 provided shall have;
 - 13 1. the proven competence and experience in similar projects
 - 14 2. the competent key personnel in relation to the task at hand
 - 15 3. sound financial capacity
- 16 g. All the awarded projects shall be subject to existing government auditing rules and
- 17 regulations governing negotiated contracts.

18 Sec. 4 Reorganization of Philhealth- The President is hereby empowered to reorganize
19 the Philippine Health Insurance Corporation (Philhealth), to make it more effective,
20 innovative and responsive to its current problems and concerns as regards sustainability of
21 funds and issues regarding graft and corruption, among others. For this purpose, the President
22 may abolish or create offices; split, group or merge positions; transfer functions, equipment,
23 properties, records and personnel; institute drastic cost cutting measures and take such other
24 related actions necessary to carry out the purpose herein declared. Nothing in this Section
25 shall result in the diminution of present salaries of the personnel of Philhealth: Provided, That
26 any of its officials or employees who may be phased out by reason of the reorganization shall
27 be entitled to such benefits as it may be determined by the Board of Directors of the
28 Philhealth, with the approval of the President.

29 Sec. 5 Duration of Grant of Powers.- The authority granted to the President under this
30 Act shall subsist, be valid and effective for a period of one (1) year from the effectivity of this

1 Act, unless otherwise withdrawn or extended by a Resolution of Congress.

2

3 Sec 6. Oversight Committees.- The Oversight function of Congress as enshrined in
4 the Universal Healthcare Law will subsist under this act. The Philippine Health Insurance
5 Corporation (Philhealth) management shall report to congress every two weeks to update
6 them on the actions taken by the institution and the development on the concerns above
7 stated.

8 The Oversight Committee shall submit periodic reports, evaluations, and
9 recommendations on the Implementation of this Act.

10 Sec. 7 Report to Congress. - The President shall submit a quarterly report to Congress
11 on the implementation of this Act.

12 Sec. 8. *Repealing Clause.* - All laws, decrees, executive orders, and other
13 presidential issuances which are inconsistent with this Act are hereby repealed, amended or
14 modified accordingly.

15 Sec. 9. *Separability Clause.* - If, for any reason, any section or provisions of this Act
16 is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected
17 thereby.

18 Sec. 10. *Effectivity.* - This Act take effect fifteen days (15) after its publication in at
19 least two (2) national newspapers of general circulation.
20

21 *Approved*