

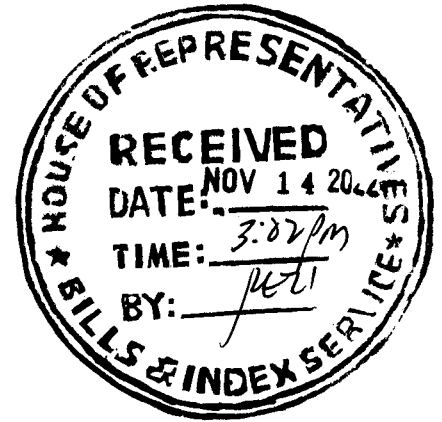


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Nineteenth Congress

First Regular Session

House Bill No. 6116



Introduced by:

HON. MARISSA “DEL MAR” MAGSINO
OFW PARTYLIST

EXPLANATORY NOTE

The World Health Organization describes ‘universal health care’ (UHC) as a system of protection where citizens can access health services without incurring financial hardship by providing equal opportunity for people to enjoy the highest possible level of health through a comprehensive and integrated delivery of health services. Universal healthcare can be determined by three critical dimensions: who is covered, what services are covered, and how much of the cost is covered.

In 1995, Republic Act No. 7875 was passed instituting a National Health Insurance Program (NHIP) for all Filipinos and establishing the Philippine Health Insurance Corporation (PhilHealth) for the purpose. Its Implementing Rules and Regulations (PhilHealth Board Resolution No. 324-00) categorized Overseas Filipino Workers (OFWs) as ‘individually-paying’ members lumped with employers and employees of international organizations and foreign governments based in the Philippines, privately sponsored, self-employed persons, and those separated from employment and who intend to continue membership. By implication, their membership is voluntary. In 2013, Republic Act No. 10606 was enacted amending RA 7875. In this law, the term ‘migrant workers’ was first defined as ‘documented or undocumented Filipinos who are engaged in a remunerated activity in another country of which they are not citizens. But their status as voluntary members remained.

Then in 2018, Republic Act No. 11223, also known as the ‘Universal Health Care Law’, was passed instituting universal health care for all Filipinos and prescribing reforms in the health care system. Under this law, migrant workers were categorized as ‘direct contributors’ together with those employees bound by employer-employee relationship, self-earning and professional practitioners. As such, their membership in the NHIP has become mandatory.

Many Filipinos set their sight to work abroad hoping to explore greener pastures to become better providers for their families and loved ones. With chronic poverty and unemployment in the country, the lure of better salaries and benefits offered by overseas employment is too enticing for many Filipino workers and professionals to look for, or pass up. And they are willing to face the challenges and difficulties of being away from their families with all the potential problems the separation would bring. This fact can be confirmed by the growing number of OFWs working in many different countries across the globe.

But working abroad is also a no-freeloader. A prospective OFW has to bear the costs of processing their working documents which include passports, clearances from law enforcement agencies, birth/marriage certificates, medical examinations, trade tests when required, and stamp taxes and authentication fees. In many cases, placement fees are also paid to recruitment agencies and plane fares are shouldered by OFWs. And upon confirmation of his employment contract, an OFW is subject to the mandatory payment of his membership fee with the Overseas Workers Welfare Administration (OWWA) in the amount of USD 25 good for two years. These necessary expenses force many OFWs to dispose of the little material and financial resources they have to cover the same, with many compelled to seek for loans despite usurious interests.

Once employed, their expenses do not end there. For one, they are now subject to the mandatory payment of their PhilHealth contributions.

Data provided by PhilHealth shows that there are currently around 320,000 OFW PhilHealth members who are actively paying their contributions. However, their database also shows there are more than 3 million OFW PhilHealth members. Hence, a significant rate of delinquency. The stand-out reason of OFWs is that they don't actually need PhilHealth coverage because they are already provided with mandatory insurance coverage as part of their employment contract, not to mention the medical benefits they are entitled to from their contributions to the OWWA Fund. But more importantly, they find the amount of contributions imposed by existing law too financially burdensome considering the average salaries they earn from their work abroad.

Based on the schedule of premium contributions under RA 11223, instead of the previously fixed premium of P2,400 annually, OFWs now must pay PhilHealth contributions computed on the basis of their salaries. In 2020, PhilHealth increased the rate to 3% and henceforth will adjust to increments of 0.5% every year until it reaches the 5% limit in 2025. The income floor is fixed at P10,000 during the 5-year period, while salary ceiling will gradually increase by P10,000 each year from P60,000 until it reaches P100,000 in 2025. This means that if an OFW has a monthly salary of P10,000 or below in 2022, the premium will be at P400 monthly or P4,800 yearly. If the salary is 80,000 and above, the premium is at P3,200 monthly or P38,400 annually.

According to widely accepted ranking of best jobs for OFWs, engineers, doctors, nurses and IT professionals take home the biggest average monthly income of P 70,000 – 80,000.00. On the other hand, household service workers, manufacturing laborers and construction workers receive an average monthly salary of P 30,000 – 50,000.00.

This bill seeks to provide an incentive to OFWs through a preferential rate of premium contributions to the National Health Insurance Program uniformly applied for a limited period of time, and subject to review, to give them the opportunity to save more from their incomes that they can channel for the benefit of their families and enhance their prospects of establishing their own businesses, especially upon their retirement

Providing a separate and preferential rate of premium contributions to NHIP for OFWs does not violate the principle of equal protection of the laws with respect to the other contributors / members of the program. *'The fundamentals right of equal protection is not absolute but subject to reasonable classification. The classification must be characterized by substantial distinctions that make real differences to justify that one class may be treated and regulated differently from another. The classification must also be germane to the purpose of the law and must apply to all those belonging to the same class.'* (Tiu vs CA, En Banc, GR No. 127420, January 20, 1999)

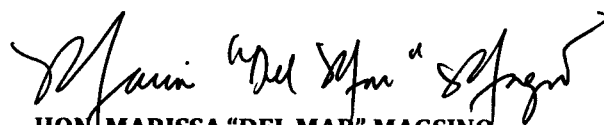
The substantial distinctions that separate OFWs from the other contributors covered by NHIP are the seasonal character of their employment abroad ranging from 2-5 years with no guaranteed renewal, the difficulty of their re-employment past the age of 45, the cross-border nature of their employment, the significance of their contributions to the national economy through their remittances, and the personal sacrifices they endure as well as their families resulting from their physical separation from one another.

These distinctions justify the provision of a preferential schedule of rates of premium contributions to PhilHealth by OFWs that is equitable and adapted to their unique circumstances. Moreover, the classification is germane to the purpose of the law which is to ensure that OFWs are guaranteed and provided the ample welfare and health benefits they deserve, and applies to all categories of migrant workers as defined in the proposed measure.

It is noteworthy that the law has given similar special treatments to other sectors of society or group of people who also exhibit distinctive characteristics. Senior citizens, persons with disabilities and solo parents have been provided benefits and privileges on account of their unique circumstances.

Overseas Filipino workers, also referred to as Filipino migrant workers, are a significant segment of Philippine labor force accounting for roughly a minimum of 1.5 million jobs at any given time, and sending back an annual average of foreign exchange remittances of USD 30 billion, or about 10% of the Gross Domestic Product (GDP) of the country in a year. These remittances help fuel our economy and provide lifelines to thousands of OFW families and their dependents. For these contributions, they are often hailed as our 'modern day heroes'. It is about time that they are given what they truly deserve.

For the foregoing reasons, the immediate consideration and passage of this bill is earnestly urged.


HON. MARISSA "DEL MAR" MAGSINO



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**HON. MARISSA “DEL MAR” MAGSINO
OFW PARTYLIST**

**AN ACT
PROVIDING INCENTIVE TO OVERSEAS FILIPINO WORKERS THROUGH A PREFERENTIAL
RATE OF PREMIUM CONTRIBUTIONS TO THE NATIONAL HEALTH INSURANCE PROGRAM**

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

Section 1. Title – This Act shall be known as the “*Overseas Filipino Workers’ National Health Insurance Program Premium Contributions Incentive Act*”.

Section 2. Declaration of Policy – The State affirms labor, local and overseas, as a primary social economic force and shall protect the rights of workers and promote their welfare. In particular, the State recognizes the vital contributions of overseas Filipino workers to the national economy, as well as the sacrifices they make while employed or working abroad and the difficulties endured by their families left at home. Furthermore, the State shall endeavor to make health and other social services available to all overseas Filipino workers at affordable costs. With this cognizance and commitment, and in pursuit of social justice, the State shall accord overseas Filipino workers preferential consideration in the determination of their premium contributions to the National Health Insurance Program that are just, affordable, equitable, viable and tenable.

Section 3. Definition of Term – For purposes of this Act, the term ‘*overseas Filipino worker*’ (OFW), which shall be interchangeably used with the term ‘*migrant worker*’, refers to a person

to be engaged, is engaged, or has been engaged in an activity for a consideration in a place where s/he is not a citizen, including the following individuals:

- a) Land-based OFWs;
- b) Seafarers and other sea-based workers, whether aboard foreign or domestic vessels, other than those on a government ship for military or non-commercial purposes or on a government installation located on high seas or offshore;
- c) OFWs in distress who may be temporarily or permanently suffering from mental or physical health problems, material and financial marginalization, cultural discrimination, and physical or emotional abuse;
- d) Other OFWs not previously classified elsewhere.

Section 4. *Program Membership* – Notwithstanding the provisions of Republic Act No. 11223, otherwise known as the ‘Universal Health Care Act’, all OFWs as defined in this Act shall continue as members and direct contributors of the National Health Insurance Program (NHIP) as administered by the Philippine Health Insurance Corporation (PhilHealth).

Section 5. *Premium Contributions of OFWs* - For OFWs as defined in this Act, the rate of premium contribution shall be 1.5% of the basic monthly salary uniformly applied regardless of income floor and income ceiling: *Provided*, That the payment of premium contribution shall be based on the OFWs monthly income in the Philippine Peso equivalent: *Provided*, further, That the rate of premium contribution provided in this section shall be subject to review by PhilHealth after five (5) years of its implementation and that any increase in the premium rate consequential to the review shall not be more than 0.25% and must be supported by actual and verified inflationary data: *Provided*, *furthermore*, that one-time payment of the contributions shall not be allowed: *Provided*, finally, That for every increase in the rate of contribution of OFWs, PhilHealth shall provide for a corresponding increase in benefits.

Section 6. *Sunset Clause* – The provisions of this Act shall remain valid and effective for a period of ten (10) years from the date of its effectivity.

Section 7. *Implementing Rules and Regulations* - The Department of Health (DOH) and the PhilHealth, in consultation with concerned non-government organizations and other stakeholders, shall promulgate the necessary rules and regulations for the effective implementation of this Act no later than ninety (90) days upon the effectivity of this Act.

Section 8. *Supplementary Effect* – The provisions of Republic Act No. 11223, or the Universal Health Care Act, and other laws, shall have supplementary effect to this Act as far as they are not inconsistent with the provisions of this Act.

Section 9. *Separability Clause*. - If any provision of this Act or any part thereof, is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions.

Section 10. *Repealing Clause.* – All laws, decrees, rules and regulations, and executive orders contrary to or inconsistent with this Act, are hereby repealed or modified accordingly.

Section 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.