Republic of the Philippines
House of Representatives
Quezon City, Metro Manila
Nineteenth Congress
Second Regular Session

HOUSE BILL NO. 10163

Introduced by **Rep. Anthony R.T. Golez Jr. MD, MBAH**

EXPLANATORY NOTE

When the Universal Health Care was passed in 2019 it was considered as a landmark legislation increasing the standard of health in the country by guaranteeing every Filipino access to primary care. Back then we were on the way to roll out massive and encompassing reforms to ensure the right of every Filipino to the highest attainable standard of health. Unfortunately, when the pandemic hit the said encompassing reforms were placed in the backburner. Now that we are on its aftermath, this is a perfect opportunity to catch up on the implementation of the reforms and to deliver the promises of Universal Health Care to all Filipinos.

The onslaught and the subsequent aftermath of the COVID-19 taught all of us the importance of having an established and resilient health system. Aside from ensuring service delivery, equally important is having a robust health financing system that ensures the system is well-funded. According to studies, reforms in public health financing is a crucial step to ensure Universal Health Care and to improve health outcomes in the country. These reforms pertain not only on how funds are disbursed and use but also in how the system is organized.[1]

In one of the Committee Hearings of the Committee on Health, this Representation was given the privilege to interpellate Hon. Emmanuel Ledesma, the current President and CEO of PhilHealth when the same appeared before the Committee. This Representation and the Honorable Ledesma agreed that there are certain structural and non-structural flaws in the organization and charter of PhilHealth wherein the previous legislative intentions at that time the charter, its subsequent amendments, and even the Universal Health Care Act was passed, is no longer effective or applicable at this time. One of which is how the PhilHealth as primarily financial institution is placed not under the Department of Finance where it could receive the attention and supervision from a technical team equipped for such purpose.

[1] Committee on Public Health Strategies to Improve Health; Institute of Medicine. For the Public's Health: Investing in a Healthier Future. Washington (DC): National Academies Press (US); 2012 Apr 10. 2, Reforming Public Health and Its Financing. Available from: https://www.ncbi.nlm.nih.gov/books/NBK201015/

Therefore, to fully realize the goals of Universal Health Care, it is imperative to undertake reforms in the PhilHealth Charter and the Universal Health Care Act. We are confident that the passage of this Bill will pave the way for millions of Filipinos to access timely and high-quality healthcare, bringing us closer to achieving the highest attainable standard of health for all.

HON. ANTHONY R.T. GOLEZ JR. MD, MBAH
Malasakit at Bayanihan Party List

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AN ACT AMENDING REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS "AN ACT INSTITUTING NATIONAL HEALTH INSURANCE PROGRAM FOR ALL FILIPINOS AND ESTABLISHING THE PHILIPPINE HEALTH INSURANCE CORPORATION FOR THE PURPOSE" AND REPUBLIC ACT NO. 11223, OTHERWISE KNOWN AS "AN ACT INSTITUTING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS, PRESCRIBING REFORMS IN THE HEALTH CARE SYSTEM, AND APPROPRIATING FUNDS THEREFOR"

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

SECTION 1. **Short Title.** – This Act shall be known as the "PhilHealth Reform Act of 2024."

SECTION 2. Section 4 of RA 7875 is hereby amended to read as follows:

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

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o) Health Care Provider – Refers to:

1) a health care institution, which is duly licensed and accredited devoted primarily to the maintenance and operation of facilities for health promotion, prevention, diagnosis, treatment, and care of individuals suffering from illness, disease, injury, disability, or deformity, or in need of obstetrical or other medical and nursing care. It shall also be construed as any institution, building, or place where there are installed beds, cribs, or bassinets for twenty-four hour use or longer by patients in the treatment of diseases, injuries, deformities, or abnormal physical and mental states, maternity cases or sanitarial care; or infirmaries, nurseries, dispensaries, and such other similar names by which they may be designated; or

2) a health care professional, who is any doctor of medicine, nurse, midwife, dentist, or other health care professional or practitioner duly licensed to practice in the Philippines ~~and accredited by the Corporation~~; or

3) a health maintenance organization, which is an entity that provides, offers, or arranges for coverage of designated health services needed by plan members for a fixed prepaid premium; or

4) a community-based health care organization, which is an association of indigenous member of the community organized for the purpose of improving the health status of that community through preventive, promotive and curative health services.

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SECTION 3. Section 14 of RA 7875 is hereby amended to read as follows:

SEC. 14. Creation and Nature of the Corporation – There is hereby created a Philippine Health Insurance Corporation, which shall have the status of a tax-exempt government corporation attached to the ***Department of Finance*** *for policy coordination and guidance.*

SECTION 4. Section 16 of RA 7875, as amended by RA 10606, is hereby amended to read as follows:

SEC. 16. Powers and Functions – The Corporation shall have the following powers and function:

a) To administer the National Health Insurance Program;

b) To formulate and promulgate policies for the sound administration of the Program;

c) To supervise the provision of health benefits and to set standards, rules and regulations necessary to ensure quality of care, appropriate utilization of services, fund viability, member satisfaction, and overall accomplishment of Program objectives;

d) To formulate and implement guidelines on contributions and benefits; portability of benefits, cost containment and quality assurance; and health care provider, arrangements, payment, methods, and referral systems, ***including referral system between the Corporation and HMOs****;*

e) To establish branch offices as mandated in Article V of this Act;

f) To receive and manage grants, donations, and other forms of assistance;

g) To sue and be sued in court;

h) To acquire property, real and personal, which may be necessary or expedient for the attainment of the purposes of this Act;

i) To collect, deposit, invest, administer, and disburse the National Health Insurance Fund in accordance with the provisions of this Act;

j) To negotiate and enter into contracts with health care institutions, professionals, and other persons, juridical or natural, regarding the pricing, payment mechanisms, design and implementation of administrative and operating systems and procedures, financing, and delivery of health services in behalf of its members;

k) To authorize Local Health Insurance Offices to negotiate and enter into contracts in the name and on behalf of the Corporation with any accredited government or private sector health provider

organization, including but not limited to health maintenance organizations, cooperatives and medical foundations, for the provision of at least the minimum package of personal health services prescribed by the Corporation;

l) To determine requirements and issue guidelines for the accreditation of health care providers for the Program in accordance with this Act;

m) To visit, enter and inspect facilities of health care providers and employers during office hours, unless there is reason to believe that inspection has to be done beyond office hours, and where applicable, secure copies of their medical, financial, and other records and data pertinent to the claims, accreditation, premium contribution, and that of their patients or employees, who are members of the Program;

n) To organize its office, fix the compensation of and appoint personnel as may be deemed necessary and upon the recommendation of the president of the Corporation;

o) To submit to the President of the Philippines and to both Houses of Congress its Annual Report which shall contain the status of the National Health Insurance Fund, its total disbursements, reserves, average costing to beneficiaries, any request for additional appropriation, and other data pertinent to the implementation of the Program and publish a synopsis of such report in two (2) newspapers of general circulation;

p) To keep records of the operations of the Corporation and investments of the National Health Insurance Fund;

q) To establish and maintain an electronic database of all its members and ensure its security to facilitate efficient and effective services;

r) To invest in the acceleration of the Corporation's information technology systems;

s) To conduct information campaign on the principles of the NHIP to the public and to accredited health care providers. This campaign must include the current benefit packages provided by the Corporation, the mechanisms to avail of the current benefit packages, the list of accredited and disaccredited health care providers, and the list of offices/branches where members can pay or check the status of paid health premiums;

t) To conduct post audit on the quality of services rendered by health care providers;

u) To establish an office, or where it is not feasible, designate a focal person in every Philippine Consular Office in all countries where there are Filipino citizens. The office or the focal person shall, among others, process, review and pay the claims of the overseas Filipino workers (OFWs);

v) Notwithstanding the provisions of any law to the contrary, to impose interest and/or surcharges of not exceeding three percent (3%) per month, as may be fixed by the Corporation, in case of any delay in the remittance of contributions which are due within the

prescribed period by an employer, whether public or private. Notwithstanding the provisions of any law to the contrary, the Corporation may also compromise, waive or release, in whole or in part, such interest or surcharges imposed upon employers regardless of the amount involved under such valid terms and conditions it may prescribe;

w) To endeavor to support the use of technology in the delivery of health care services especially in farflung areas such as, but not limited to, telemedicine, electronic health record, and the establishment of a comprehensive health database;

x) To monitor compliance by the regulatory agencies with the requirements of this Act and to carry out necessary actions to enforce compliance;

~~*y) To mandate the national agencies and LGUs to require proof of PhilHealth membership before doing business with a private individual or group;*~~ ***To enable a performance-driven, close-end, prospective payment based on disease or diagnosis related groupings and validated costing methodologies and without differentiating facility and professional fees***

z) Develop differential payment schemes that give due consideration to service quality, efficiency and equity

aa) Institute strong surveillance and audit mechanisms to ensure network's compliance to contractual obligations

bb) To accredit all health care providers including clinics, hospitals, clinical laboratories, primary care clinics, networks, health maintenance organizations, and other health care facilities directly and indirectly participating in the National Health Insurance Program

cc) To perform such other acts as it may deem appropriate for the attainment of the objectives of the Corporation and for the proper enforcement of the provisions of this Act ***and the Universal Health Care Act****.*

SECTION 5. *Transfer of Quasi-judicial Powers.* Section 17 of RA 7875, as amended by RA 9241 and RA 10606 is hereby repealed. The Quasi-judicial powers enumerated herein shall be temporarily transferred to the Department of Health.

SECTION 6. Section 32 of RA 7875 is hereby amended to read as follows:

SEC. 32. Accreditation Eligibility – All health care providers, ~~*as enumerated in Sec. 4 (0) hereof and operating for at least three (3) years*~~ *may apply for accreditation.*

SECTION 7. *Transfer of Authority to Accredit Individual Healthcare Providers.* PhilHealth shall no longer be required to accredit individual health care professional before availing the benefits or rendering services under the NHIP or the UHC. The authority to accredit individual health care professionals shall be transferred to the Department of Health and the Professional Regulation Commission.

SECTION 8. Section 10 of the RA 112223 is hereby amended to read as follows:

Section 10. Premium Contributions

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Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:

(a) In interest-bearing bonds, securities or other evidences of indebtedness of the Government of the Philippines: Provided, That such investment shall be at least fifty percent (50%) of the reserve fund;

(b) In debt securities and corporate bonds of prime or solvent corporations created or existing under the laws of the Philippines: Provided, That the issuing or its predecessor entity shall not have defaulted in the payment of interest on any of its securities: Provided, further, That the securities are issued by companies with high growth opportunities and earnings potentials: ***Provided, further, that the said securities shall be vetted and approved by the Secretary of Finance:*** *Provided, finally, That such investment shall not exceed thirty percent (30%) of the reserve fund;*

(c) In interest-bearing deposits and loans to or securities in any domestic bank doing business in the Philippines: Provided, That in the case of such deposits, this shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller: Provided, further, That the bank shall have been designated as a depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas; ***Provided, further, that the said securities shall be vetted and approved by the Secretary of Finance;***

(d) In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record or profitability over the last three (3) years and payment of dividends for a period of at least three (3) years immediately preceding the date of investment in such preferred stocks: ***Provided, further, that the said securities shall be vetted and approved by the Secretary of Finance;***

(e) In common stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with high growth opportunities and earnings

potentials: ***Provided, further, that the said securities shall be vetted and approved by the Secretary of Finance;***

(f) In bonds, securities, promissory notes, or other evidences of indebtedness of accredited and financially sound medical institutions exclusively to finance the construction, improvement and maintenance of hospitals and other medical facilities: Provided, That such securities and instruments shall be guaranteed by the Republic of the Philippines or the issuing medical institution and the issued securities are both rated triple 'A' by authorized accredited domestic rating agencies: ***Provided further that the Secretary of Finance may decrease the minimum credit rating required for these investments based on the overall performance of the economy and on sound advice of the economic managers:*** *Provided, further, That said investments shall not exceed ten percent (10%) of the total reserve fund; and*

(g) In debt instruments and other securities traded in the secondary markets with the same intrinsic quality as those enumerated in paragraphs (a) to (e) hereof, subject to the approval of the PhilHealth Board ***upon the recommendation of the Secretary of Finance.***

(h) The Secretary of Finance may restructure the distribution of allocation of investment enumerated above provided that individual allocation will not deviate to more than 10% of the prescribed value and subject to the approval of the Board.

~~*No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations.*~~

The Secretary of Finance may approve the disbursement from any unused portion of the Reserve Fund to the National Government or to any of its agencies or instrumentalities subject to favorable terms and conditions in favor of preservation and profitability of the fund and to sound financial discretion and judgment of the Secretary that such disbursement will turn a profit and provided that such disbursement is approved by the Board.

As part of its investments operations, PhilHealth may hire institutions with valid trust licenses as its external local fund managers to manage the reserve fund, as it may deem appropriate, through public bidding. The fund manager shall submit an annual report on investment performance to PhilHealth.

SECTION 9. Section 18 of the RA 7875, as amended by RA 9241 is hereby repealed.

SECTION 10. Section 13 of RA11223 is hereby amended to read as follows:

Section 13. *PhilHealth Board of Directors. -*

(a) The PhilHealth Board of Directors, hereinafter referred to as the Board, is hereby reconstituted to have a maximum of ***fifteen (15) members****, consisting of the following:*

(1) five (5) ex officio members, namely: the Secretary of Health, Secretary of Social Welfare and Development, Secretary of Budget and Management, Secretary of Finance, Secretary of Labor and Employment;

(2) ***President and CEO of the PhilHealth***

(2) three (3) expert panel members with expertise in public health, management, finance, and health economics; and

(3) ***six (6)*** *sectoral panel members, representing the direct contributors, indirect contributors, employers group, health care providers to be endorsed by their national associations of health care institutions and health care professionals,* ***representative from the health maintenance organizations,*** *and representative of the elected local chief executives to be endorsed by the League of Provinces of the Philippines, League of Cities of the Philippines and League of Municipalities of the Philippines: Provided, That at least one (1) of the expert panel members and at least two (2) of the sectoral panel members are women.*

The sectoral and expert panel members must be Filipino citizens and of good moral character.

The expert panel members must: (i) be of recognized probity and independence and must have distinguished themselves professionally in public, civic or academic service; (ii) be in the active practice of their professions for at least seven (7) years; and (iii) not be appointed within one (1) year after losing in the immediately preceding elections, whether regular or special.

(b) The ***Secretary of Finance*** *shall be an ex officio* ***voting*** *Chairperson of the Board.*

(c) All appointive members of the Board shall be required to undergo training in health care financing, health systems, costing health services and HTA prior to the start of their term. Noncompliance shall be a ground for dismissal.

Within thirty (30) days following the effectivity of this Act, the Governance Commission for Government-Owned or -Controlled Corporations (GCG) shall, in accordance with the provisions of Republic Act No. 10149, promulgate the nomination and selection process for appointive members of the Board with a clear set of qualifications, credentials, and recommendation from the concerned sectors.

SECTION 11. Section 14 of RA11223 is hereby amended to read as follows:

Section 14. President and Chief Executive Officer (CEO) of PhilHealth. –

(a) Appointment and Tenure – The President of the Philippines shall appoint for a fixed term of six (6) years, renewable for another term of six (6) years, the President and CEO of PhilHealth. The President and CEO shall not be removed from office, except in accordance with existing laws. Appointment to any vacancy shall only be for the unexpired portion of the term.

(b) Qualifications – The President and CEO must be a Filipino citizen and must possess adequate and appropriate training and at least seven (7) years of experience in the field of public health, management, finance, and health economics or a combination of any of these expertise.

(c) Prohibition – To avoid any conflict of interest, the President and CEO must not be involved in any health care institution including as owner or member of its board, and the President and CEO must not be an elected public official at the time of his/her appointment.

(d) Rank and Salary – The President and CEO, upon appointment, shall have the rank equivalent to Cabinet Secretary and shall have the corresponding salary and all other bonuses fixed under relevant laws, payable from the funds of PhilHealth.

The appointment of the President and CEO shall no longer require the concurrence of the Commission of Appointments and shall immediately take effect upon appointment by the President of the Philippines.

SECTION 12. **Appointment** – The current President and CEO of PhilHealth at the time this Act is passed shall serve as the President and CEO for a fresh new term of six (6) years.

SECTION 13. **Separability Clause**. – If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected by such declaration shall remain in full force and effect.

SECTION 14. **Repealing Clause**. – All laws, decrees, ordinances, rules, and regulations, executive or administrative orders or parts thereof inconsistent with tis Act are hereby repealed, amended, or modified accordingly.

SECTION 15. **Effectivity**. – This Act shall take effect fifteen (15) days following its publication in newspaper of general circulation.