

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 541



Introduced by **Representative Jaime R. Fresnedi**

EXPLANATORY NOTE

This bill seeks to mandate doctors and other medical professionals to accept guaranty letters as payment for their professional fees.

The Medical Assistance to Indigent and Financially Incapacitated Patients (MAIFIP) Program Fund of the Department of Health (DOH) can and does help patients for the payment of their medical expenses through guaranty letters. However, its utility is limited by the fact that not all physicians accept these letters and as regulations of the DOH prevent more than 50% of the amount in the guaranty letter to be used as payment of professional fees.

There is good reason for the DOH to set limits, owing to the potential for abuse of allowing the whole guaranteed amount to be used as payment for professional fees. Physicians may also be wary of accepting guaranty letters due to late payment or below market rate amounts provided.

This bill seeks to resolve these problems by leveraging the solution arrived at by the insurance industry, setting maximum rates for payment for particular procedures based on the amounts paid by the insurance industry. Furthermore, it mandates that all professional fees charged to the patient be included in the hospital bill and payments made within ninety (90) days of the submission of requirements of the health facility concerned, with payment paid directly to the medical practitioner. This bill also rationalizes the utilization of government resources for medical assistance by ensuring all agencies that provide such assistance are covered by the rules provided therein.

In using this solution, it is hoped that patients may be fully assisted by guaranty letters, while removing the stumbling blocks for their acceptance by medical practitioners.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


JAIME R. FRESNEDI
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Introduced by **Rep. Jaime R. Fresnedi**

AN ACT
MANDATING THE ACCEPTANCE OF GUARANTY LETTERS AS PAYMENT
FOR PROFESSIONAL FEES OF MEDICAL PRACTITIONERS

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

SECTION 1. *Short Title.* This Act shall be known as the “Guaranty Letter Act”

SEC. 2. *Declaration of Policy.* It is the policy of the State that access to healthcare, including the services of healthcare practitioners, shall not be impeded by financial incapacity of patients. To this end, the State shall assist the patient in paying reasonable compensation to healthcare practitioners for providing their services.

SEC. 3. *Definition of Terms.* For the purposes of this Act, the following terms shall mean:

- a) *Assisting agency* refers to a department, agency, or instrumentality of the national government which is allowed by law to provide medical assistance in the form of guaranty letters;
- b) *Beneficiary* refers to a Filipino citizen and resident of the Philippines, currently or previously treated by a partner health facility, who is qualified to receive medical assistance from an assisting agency, subject to existing laws, rules, and regulations governing the provision of such assistance by the said agency;
- c) *Guaranty letter* refers to a letter provided by an assisting agency that guarantees the payment of costs incurred by a partner health facility, including professional fees charged by healthcare practitioners, by the said agency, subject to the conditions and requirements set by relevant laws, rules, regulations, and other issuances;

- d) *Healthcare practitioner* refers to an individual duly licensed by relevant laws to provide medical care and allowed by law to charge professional fees separate from charges levied by partner health facilities for their own services;
- e) *Memorandum of agreement* refers to an agreement between an assisting agency and a privately-owned health facility which allows the former to reimburse the latter's costs in the healthcare of a beneficiary with a guaranty letter;
- f) *Medical assistance* refers to assistance in the form of guaranty letters to be used for defraying charges by partner health facilities and healthcare practitioners in the course of treatment or care for a medical condition;
- g) *Partner health facility* refers to a hospital or other facility that provides medical and health services that is owned by the government or local government units or privately owned but has a memorandum of agreement with an assisting agency;
- h) *Professional fee* refers to the fee charged by a healthcare practitioner as compensation for services rendered for the beneficiary;

SEC. 4. *Mandatory acceptance of guaranty letters.* – All healthcare practitioners are required to accept guaranty letters as payment for services rendered in a partner health facility.

SEC. 5. *Prompt payment of professional fees.* – In the case where the terms of the memorandum of agreement between the assisting agency and the partner health facility included the transfer of funds from the former to the latter, the latter shall pay the professional fee of the healthcare practitioner no less than thirty (30) days upon the receipt of the guaranty letter.

In the case where there is no fund transferred prior to the receipt of the guaranty letter, or transferred funds have run out but the memorandum of agreement remains in force, the assisting agency shall transfer the funds to the partner health facility no greater than sixty (60) days after the receipt of all requirements from the latter. The partner health facility shall then have the responsibility of paying the healthcare practitioner(s) involved in the case within thirty (30) days.

SEC. 6. *Acceptable amounts for professional fees* – The Insurance Commission shall consult health maintenance organizations and other insurance companies providing health insurance for their schedule of tariffs paid to healthcare practitioners for various services to create a table of acceptable limits for professional fees. This table shall be updated every two years. No healthcare practitioner can receive more than the amount indicated in the table for their services regardless of the number of assisting agencies involved.

SEC. 7. *Order of charging for guaranty letters* – Guaranty letters shall be applied against outstanding charges only after coverage from the Philippine Health Insurance

Corporation, health maintenance organizations, and other applicable coverage from other private organizations have been applied.

SEC. 8. *Responsibility of the partner health facility.* – Regardless of the existing relationship between the health facility and the healthcare practitioner, the former shall be responsible for including the full professional fee charged by the healthcare practitioner in the list of expenses charged to the patient. No patient may be held accountable for any professional fee not included in in the list of expenses charged by a health facility.

SEC. 9. *Professional fees in excess of allowed limits.* – Healthcare practitioners may charge professional fees above the limits set by the Insurance Commission: *Provided*, That the amount in excess of the allowed limits shall not be covered in whole or in part by guaranty letters.

SEC. 11. *Penalties.* –

- (a) Any healthcare practitioner who refuses to accept a guaranty letter as payment for his or her professional fees shall forfeit the entire professional fee owed to them for the specific case for the first offense. For the second offense, the healthcare practitioner shall have his or her license to practice suspended for thirty (30) days in addition to the waived professional fee. For the third offense, the healthcare practitioner shall have his or her license revoked, the professional fee waived, and shall pay a fine not less than fifty thousand pesos (P50,000) but not more than one hundred thousand pesos (P100,000). The same penalty shall apply to a healthcare practitioner that seeks to collect more than the allowed amounts in the guaranty letter, or seeks to increase payments by conducting unnecessary medical procedures;
- (b) Partner health facilities that fail to pay healthcare practitioners concerned within the parameters of Section 5 of this Act shall pay the healthcare practitioners a penalty of five hundred pesos (P500) or ten percent (10%) of the fee covered by the guaranty letter, whichever is higher, for every banking day that the payment is delayed;
- (c) Partner health facilities that assist in the collection of professional fees in excess of the amount indicated in the bill shall have their business permit suspended for thirty (30) days for every offense, in addition to waiving all charges levied on the beneficiary for the latter's treatment.

SEC. 12. *Implementing Rules and Regulations.* – The Department of Health and all relevant agencies shall promulgate the rules and regulations for the proper implementation of this Act within ninety (90) days from its effectivity.

SEC. 13. *Separability Clause.* – If any provision of this Act shall be deemed unconstitutional or invalid, the other provisions not affected there shall remain in force and effect.

SEC. 14. *Repealing Clause.* – All Acts, Presidential Decrees, Executive Orders and Administrative Orders, Rules and Regulations and other such issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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

Approved,