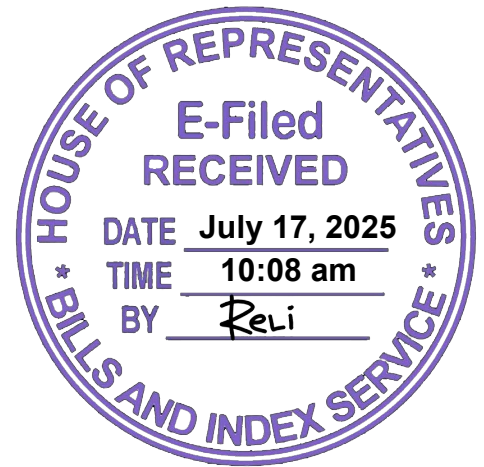


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH (20th) CONGRESS
FIRST REGULAR SESSION

House Bill No. **2056**



Introduced by
Rep. ROBERT NAZAL

AN ACT
MANDATING TIMELY PAYMENT AND SETTLEMENT OF GUARANTEE LETTERS
ISSUED BY GOVERNMENT AGENCIES AND OFFICES COVERED BY THEIR
RESPECTIVE MEDICAL ASSISTANCE PROGRAMS,
AND PRESCRIBING PENALTIES THEREFOR

EXPLANATORY NOTE

The right to health is a fundamental human right recognized under Article II, Section 15 of the 1987 Philippine Constitution, which mandates the State to protect and promote the right to health of the people and instill health consciousness among them. In line with this constitutional directive, the government launched programs that provide medical assistance to indigent and underserved Filipinos, including through the Medical Assistance for Indigent and Financially Incapacitated Patients (MAIFIP) program, and the respective medical assistance programs of other government offices, through the issuance of Guarantee Letters (GLs) to accredited hospitals and health facilities.

However, persistent delays in the settlement of these GLs have compromised the efficiency of these programs and hinders timely access to critical medical care. The delay in reimbursements to hospitals strains hospitals' operational capacities and limits the ability of health institutions to sustain services, and in some instances, leads to the rejection of GLs or deferment of treatments for future patients.

It was reported that the Private Hospitals Association of the Philippines, Inc. raised the issue that the hospitals' receivables under MAIFIP amounting to PHP530 million remains unpaid despite request for payments. PHAPI said that it will turn down all GLs of patient issued by any government official. This defeats the purpose of the medical assistance programs and diminishes public trust in government healthcare initiatives.

The government's failure to promptly settle GLs exposes a troubling hypocrisy wherein a program that looks compassionate on paper is rendered hollow by delayed action and

incompetent leadership. What was envisioned as a lifeline for the indigent has become, in practice, a source of frustration and harm abandoning patients in their most vulnerable moments. It is a deplorable disconnect between promise and performance that has made the system unsustainable and continues to inflict needless suffering on those who depend on it the most.

Guarantee Letters are pieces of papers that are lifelines for poor and sick Filipinos. It brings hope that their sick loved ones get a chance at winning their battles against their illnesses. The government crushes this hope as the hospitals are pushed to the brink no longer honoring these GLs. This measure seeks to institutionalize the settlement of GLs issued by government agencies and offices, without excuses or delays. This is about restoring dignity to our healthcare programs and holding the government accountable for the promises it makes to its people.

In a country where so many live on the margins, a delay in action is often the difference between life and death. This law demands that we do better. Not someday, not next year, but now. Because for those who are sick and suffering, time is not a luxury. It's a matter of survival.

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



Rep. ROBERT NAZAL
Bagong Henerasyon Party-List

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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 “Timely Payment of Guarantee Letters Act”.

SECTION 2. Declaration of Policy.

It is the policy of the State to promote the right to health of every Filipino and ensure that government programs on medical assistance are implemented efficiently, accountably, and without undue delay. Toward this end, government agencies and offices issuing guarantee letters (GLs) for medical assistance must ensure their timely settlement to avoid disruption of hospital operations and the delivery of life-saving services.

SECTION 3. Definition Of Terms.

- A. Financially Incapacitated Patients are patients who are not classified as indigent but who demonstrate clear inability to pay or spend for necessary expenditures for their medical treatment, such as patients with catastrophic illness or any illness, which is life or limb-threatening and requires prolonged hospitalization, extremely expensive therapies or other special but essential care that would deplete their financial resources, as assessed and certified by the MSW.

- B. Guarantee Letter refers to an official document issued by an authorized government agency or office certifying that the government shall cover or reimburse the cost of medical services, prescribed medicines, and other medical assistance availed by an indigent or financially incapacitated patient from an accredited hospital or health facility;
- C. Hospital or Health Facility refers to government and private hospital, clinic, diagnostic center, infirmary, or other duly licensed and accredited medical establishment by the DOH and Philhealth, that provides healthcare services to patients under the MAIFIP Program and other government medical assistance programs.
- D. Implementing Agency refers to the government agency, the DOH through the Center for Health Development for the MAIFIP Program, the PCSO, or the respective agencies implementing their own medical assistance programs, as the case may be, and responsible for the disbursement of payments to hospitals and health facilities.
- E. Indigent Patients refer to patients who have no visible means of income, or whose income are insufficient for the subsistence of their families, as assessed by the DSWD, local government social worker, medical social worker (MSW) of the health facility, or a social worker of any government entity providing medical and financial assistance.
- F. Issuing Agency or Office refers to an agency, office, department, bureau, branch, or instrumentality of the government that implements a medical assistance program through the issuance of a guarantee letter. This includes, but is not limited to, the Office of the Vice President, the Senate of the Philippines, the House of Representatives, and offices of the local government units (LGUs).

SECTION 4. Coverage.

This Act shall apply to all national government agencies, local government units, and public officials authorized to issue GLs under the MAIFIP or any similar medical assistance program funded under the General Appropriations Act (GAA), including those implemented by the Department of Health (DOH), the Office of the Vice President, the Senate, the House of Representatives, and other instrumentalities.

SECTION 5. Creation of the National Healthcare Accountability and Transparency Council (NHATC).

There is hereby created the NHATC, an independent body composed of representatives from the Department of Health, Department of Social Welfare and Development, Private Hospitals Association of the Philippines, Inc., Department of Budget and Management. The Council shall:

- A. Monitor all government reimbursements to hospitals and health facilities;
- B. Investigate undue delays and recommend sanctions;
- C. Publish quarterly reports accessible to the public; and
- D. Provide annual recommendations to Congress and the President.

SECTION 6. Prompt Settlement of Guarantee Letters.

All issuing agencies and offices shall ensure that funds for the settlement of claims are readily available, earmarked, and released in a timely manner, in accordance with the provisions of the GAA and other relevant regulations.

All claims filed by health facilities for services rendered under a valid GL shall be processed and paid within sixty (60) calendar days from receipt of complete documentary requirements by the designated government processing unit. Failure to meet this deadline shall result in the automatic accrual of a five percent (5%) interest per annum on the unpaid balance and administrative liability for the responsible officials.

Failure to process and settle such claims within the prescribed period without justifiable reason shall be deemed neglect of official duty, subject to administrative and other liabilities under existing laws.

SECTION 7. Recording and Reporting.

The DOH shall maintain a centralized monitoring system for all GLs issued, claims submitted, payments processed, and outstanding receivables. This data shall be consolidated quarterly and reported to Congress, COA, and the DBM for oversight and audit purposes.

SECTION 8. Administrative Liability.

- A. The head of the implementing agency or office shall be held liable for failure to comply with the prescribed payment schedule without valid justification, for neglect of duty as defined under the Revised Rules on Administrative Cases in the Civil Service (RRACCS) and other applicable laws.
- B. The public officer or official found administratively liable under this Section shall be subject to the penalties provided for Simple Neglect of Duty or Gross Neglect of Duty, as the case may be, under the Revised Rules on Administrative Cases in the Civil Service (RRACCS) or other relevant Civil Service laws, rules, and regulations, without prejudice to other civil or criminal liabilities.
- C. Administrative proceedings for violations of this Section shall be conducted in accordance with RRACCS and other applicable rules of procedure.
- D. The head of the issuing agency or department shall ensure strict compliance with

payment periods for guarantee letters and may recommend to NHATC for the investigation of responsible officers or employees, in case of unjustified delay or failure to settle payments.

SECTION 9. Appropriations.

The amount necessary to carry out the provisions of this Act shall be charged against the current year's budget of the Department of Health. Thereafter, such sums as may be necessary for the continued implementation shall be included in the General Appropriations Act.

SECTION 10. Separability Clause.

If any provision or part of this Act is held unconstitutional or invalid, the other provisions or parts thereof not affected thereby shall continue to be in full force and effect.

SECTION 11. Repealing Clause.

All laws, executive orders, presidential decrees, rules, and regulations, or parts thereof inconsistent with any provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 12. Effectivity.

This Act shall take effect fifteen days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,