

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 2992



Introduced by Representative ANTOLIN "LENLEN" A. ORETA III

EXPLANATORY NOTE

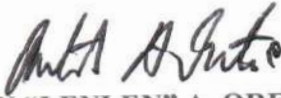
Article II, Section 15 of the 1987 Constitution declares that the State shall protect and promote the right to health of the people and instill health consciousness among them. Further, Article 13, Section 11, recognizes the duty of the state to adopt an integrated and comprehensive approach to health development.

Health Maintenance Organizations or HMOs have become a practical option for individuals and families who seek better access to medical services. HMOs reduce out-of-pocket costs and offer manage care through prepaid plans. However, despite their role in the Philippine health care system, HMOs remain largely unregulated.

This bill seeks to recognize HMOs as unique medical service providers that combine financial management with the direct and indirect provision of health care. It proposes a regulatory framework that will protect patients' rights and ensure access to quality, affordable health services. It also creates the Center for Managed Care Services, which will oversee and regulate the operations of HMOs nationwide.

The bill further encourages better coordination between PhilHealth and HMOs to reduce or remove out-of-pocket expenses for health care. It also ensures that the rights of HMOs, health providers, and members are respected and protected.

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


ANTOLIN "LENLEN" A. ORETA III
Lone District of Malabon City

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HOUSE BILL NO. 2992

Introduced by Representative ANTOLIN "LENLEN" A. ORETA III

AN ACT
ENSURING THE ACCESS OF ALL FILIPINOS TO THE HIGHEST ATTAINABLE
STANDARD OF HEALTH AND IMPROVING HEALTH FINANCING SECURITY OF
ALL FILIPINOS THROUGH HEALTH MAINTENANCE ORGANIZATIONS,
REGULATING THEIR OPERATIONS BY ESTABLISHING A CENTER FOR
MANAGED CARE SERVICES, APPROPRIATING FUNDS THEREFOR AND FOR
OTHER PURPOSES

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "Health Maintenance
2 Organizations Act."

3
4 **SEC. 2. Declaration of Policy.** - It is the policy of the State to protect and promote
5 the right to health of the people and instill health consciousness among them.

6
7 To this end, the State shall:

- 8
9 a. Enhance the accessibility to affordable healthcare services through the participation of the
10 private sector in providing, funding, and managing healthcare services to the people;
11
12 b. Ensure that all medical care services managed by the private sector are aligned with the
13 constitutional rights of all people to the highest attainable standard of health and with the
14 National Agenda of the Philippines;
15
16 c. Encourage the growth of Health Maintenance Organizations (HMOs) in the country by
17 providing government support, incentives, technical assistance, and ease of doing business;
18 and
19
20 d. Ensure greater accessibility to quality health care through affordable health insurance
21 policies.
22

23 **SEC. 3. Objectives.** - In line with the above policy, this Act seeks to:^[11]_[SEP]

- 24 a. Recognize HMOs as unique medical service providers combining financial management
25 and the direct and indirect provision of health services;

- b. Establish a national framework for the regulation of HMOs that shall uphold the rights of the people, ensure the delivery of quality and timely health services, and uphold the rights of patients;
- c. Establish the Center of Managed Care Services (CMCS) that shall be responsible for the coordination with, regulation, and oversight of HMOs in the country;
- d. Improve the inter-operability between PhilHealth and HMOs to decrease further or eliminate out-of-pocket expenditures for health in the country; and
- e. Recognize and protect the rights of HMOs, healthcare providers, and members.

SEC. 4. Definition of Terms. – As used in this Act:

- a. **Actuary** refers to a person with the necessary training, qualifications, and experience and a fellow of the Actuarial Society of the Philippines. He shall, among others, compute rates and reserves for health care plans based on experience tables, determine the financial soundness of health care agreements and operations of HMOs, and design creative ways to reduce the likelihood and decrease the impact of adverse events that may occur in the operation of HMOs;
- b. **Agreement** refers to a contract entered into by an HMO with a member or group of members, or a corporation on behalf of its employees and/or their dependents, for the former to provide or arrange pre-agreed or designated healthcare services to the latter, for a fixed period and a specified fee;
- c. **Claim** refers to a statement of services submitted to an HMO by a healthcare provider following the provision of covered services to a member that shall include diagnoses and itemization of services and treatment provided to the member;
- d. **Corporation** refers to a juridical person as defined by law, duly registered with the Securities and Exchange Commission;
- e. **Covered Services/Coverage** refers to healthcare services to be delivered by a healthcare provider to a member as provided for in a health care policy;
- f. **Enrollment Fee** refers to the amount of money paid to an HMO by an individual member, group, or corporation on behalf of its employees and their dependents, in payment for a pre-agreed set of health services, for a specific period;
- g. **Health Maintenance Organization (HMO)** refers to a type of managed care organized in accordance with the law to provide pre-agreed or designated healthcare services to its enrolled members for a fixed periodic fee and a specified period through a network of healthcare providers. It uses a system of healthcare delivery called managed care that influences utilization and costs of services and measures performance resulting in quality cost-effective care. It integrates financing and delivery of health care services through managed health plans which may be in the form of a comprehensive HMO plan, preferred provider plan, managed indemnity or self-insured plans, third-party administration plan, and other types of a managed health plan.

- 1
2 h. **Health Care Provider** refers to a health professional such as a physician, dentist, nurse,
3 midwife, health care professional group, hospital, diagnostic clinic, or pharmacy licensed
4 or authorized by the proper government agency to provide active health care services;
5
6 i. **Health Care Policy** refers to an HMO policy comprising an individual set of health service
7 delivery and compensation procedures offered as a Managed Care product of an HMO to
8 its members. It specifies Covered Services and all other terms, conditions, limitations,
9 exclusions, benefits, rights, and obligations thereof to which the HMO and its members
10 are subject. It may be in the form of a Comprehensive HMO Policy, Preferred Provider
11 Policy, Managed Indemnity, Long Term Care Policy, Self-Insured Policy or Third Party
12 Administration Policy;
13
14 j. **Managed Care** refers to a healthcare delivery system that influences utilization and cost
15 of services and measures performance to deliver quality and cost-effective health care. It
16 is a complex system that involves the active coordination of, and the arrangement for, the
17 provision of health services and coverage of health benefits. It involves relationships and
18 organization of the providers giving care and the covered benefits tied to managed care
19 rules;
20
21 k. **Member or Enrollee** refers to an individual or a person who is part of a group, or an
22 employee and/or their dependents, or a corporation, who entered into a contract with an
23 HMO; and
24
25 l. **Membership Fee** refers to the amount of money paid by an individual member, group, or
26 corporation on behalf of its employees and the latter's dependents, in payment for a pre-
27 agreed set of health services, for a specific period.^[SEP]

28 29 CHAPTER ONE

30 HEALTH MAINTENANCE CONTRACT

31 **SEC. 5. Health Maintenance Contract.** – A Health Maintenance Contract is a contract
32 between an HMO and a member or enrollee, or group of members or enrollees, to provide
33 coverage for comprehensive healthcare services in exchange for a prepaid per capita or prepaid
34 aggregate fixed sum. It may cover individuals, families, or group of people with an established
35 and fixed affinity of association. A Health Maintenance Contract shall also include Third Party
36 Administration contracts or Administrative Services Only contracts. It also includes a schedule
37 of Covered Services and compensations and specifies all other terms, conditions, limitations,
38 exclusions, benefits, rights, and obligations to which the HMO and health care provider are
39 subject.

40 **SEC. 6. Tax Exemptions.** — To tap and encourage private sector participation in the
41 government's thrust to make health services accessible to the low-income sectors of the
42 population through affordable enrollment fees, domestic corporations, individuals, and resident
43 corporations shall be allowed to deduct the cost of HMO membership fees from the taxable
44 income of said employers.

45 All benefits received or receivable by any person arising from a Health Maintenance
46 Contract are exempt from tax. Premiums paid by the employer on behalf of their employees

1 and their dependents shall not accrue as income on the employee for the latter's taxation.
2

3 All Health Maintenance Contracts issued by registered HMOs shall likewise be exempt
4 from Value Added Tax, but the same shall be subject to Documentary Stamp Tax at the same
5 rate applied to Insurance Contracts.
6

7 **SEC. 7. *Secrecy.*** – The details and contents of a Health Maintenance Contract including
8 the availments arising from contracts and all sensitive personal information generated and
9 derived from the negotiations, consummation, and delivery of healthcare services up to five (5)
10 years from the date of its termination, shall not be disclosed to any third-party including
11 government investigations without the prior written consent of the data subject. In the case of
12 corporations, such prior written consent must be exercised by its President with the consent of
13 its Board, and its consent shall only extend to its collective data and to the individual data of
14 all members under its plan which shall be exercised by each respective member prior to its
15 disclosure. In the case of families, such prior written consent must be exercised by the father
16 or mother, or if absent, by the oldest member of the family, and such consent may be voidable
17 by any of its family members.
18

19 CHAPTER TWO

20 THE CENTER FOR MANAGED CARE SERVICES

21 **SEC. 8. *Creation and Composition.*** – There is hereby created a Center for Managed
22 Care Services (CMCS), which shall be under the direct supervision and control of the
23 Department of Finance. It shall be headed by an Administrator and three (3) Deputy
24 Administrators. The CMCS shall serve as the primary regulatory body responsible for
25 overseeing the operation and performance of HMOs in the Philippines.
26

27 The necessary plantilla, staffing pattern, and organizational structure shall be
28 determined by the CMCS, in consultation with the Department of Finance (DOF), subject to
29 existing rules and regulations and approval by the Department of Budget and Management.
30

31 The CMCS shall be created within 180 days from the effectivity of this Act.
32

33 **SEC. 9. *Powers and Functions of the CMCS.*** - The CMCS shall have the authority to
34 exercise the following powers and functions over HMOs:
35

- 36 a. Issue rules and guidelines, with respect to the establishment of HMO minimum
37 capitalization, net worth, reserve funds and security deposit requirements, as well as the
38 criteria for qualification and disqualification of directors, officers and marketing
39 personnel, and the procedure for the submission of reportorial and/or examination
40 requirements, registration of contracts and plans, adjudication of claims, and other
41 relevant matters, as necessary;
42
- 43 b. Approve, amend, renew, decline, suspend, or revoke any license, registration, or
44 certificate of authority issued in favor of HMOs;
45
- 46 c. Fix, assess, collect, and utilize fees and/or charges as it may find reasonable in the
47 exercise of regulatory powers;
48

- 1 d. Regulate, supervise, and monitor the operations and management of HMOs to ensure
2 compliance with this Act, existing laws, rules and regulations, and such other directives
3 and circulars issued by the CMCS;
4
- 5 f. Issue orders to prevent fraud and injury to the HMO plan holders and industry
6 stakeholders;
7
- 8 g. Order the examination of documents, papers, files, tax returns, books of accounts and
9 other records, in whatever form, of any entity, person, or any HMO under investigation,
10 including persons, entities and/or corporations with related interests;
11
- 12 h. Impose sanctions and/or appropriate penalties pursuant to existing laws, rules and
13 regulations;
14
- 15 i. Protect the interests of HMO members or enrollees by ensuring that HMOs adhere to
16 fair and transparent policies in their service offerings, billing, and claims processing;
17
- 18 j. Establish and enforce minimum quality standards for healthcare services provided by
19 HMOs to guarantee the delivery of safe and effective medical care to members or
20 enrollees;
21
- 22 k. Establish a mechanism for the fair and timely resolution of disputes between HMOs
23 and their members or enrollees, including appeals for denied claims;
24
- 25 l. Collect and maintain data on HMO performance, member or enrollee satisfaction, and
26 overall healthcare trends to inform policy and decision-making;
27
- 28 m. Collaborate with other relevant government agencies, healthcare providers, and
29 stakeholders to promote a unified and integrated healthcare system in the Philippines;
30
- 31 n. Enlist the aid and support of and/or deputize any and all law enforcement agencies of
32 the government in the implementation of its powers and in the exercise of its functions
33 under this Act;
34
- 35 o. Issue appropriate directives, such as but not limited to the appointment of conservators,
36 receivers or liquidators, to HMOs which fail to comply with this Act, related laws, rules,
37 regulations, orders, and circulars issued pursuant thereto;
38
- 39 p. Prepare, approve, or amend, rules, regulations, orders, and circulars, and issue opinions,
40 provide guidance on and supervise compliance with such rules, regulations, orders, and
41 circulars;
42
- 43 q. Formulate policies and recommendations on issues concerning the health maintenance
44 industry, including proposed legislations; and
45
- 46 r. Exercise such other powers as may be provided by law as well as those which may be
47 implied from, or which are necessary or incidental to carry out the express powers
48 granted the IC to achieve the objectives and purposes of this Act.
49

1 **SEC. 10. Administrator.** – The CMCS Administrator shall be appointed by the President
2 of the Republic of the Philippines for a term of six (6) years, upon the recommendation of the
3 DOF Secretary, without reappointment, and shall serve as such until the successor has been
4 appointed and qualified.
5

6 The Administrator shall have the duty to ensure that all laws relating to HMOs are faithfully
7 executed to ensure the efficient regulation of the HMOs in accordance with global best
8 practices and to protect the public. He may issue such rulings, instructions, circulars, orders,
9 and decisions as he may deem necessary to secure the enforcement of the provisions of this
10 Act, subject to the approval of the Secretary of Finance.
11

12 **SEC. 11. Powers of the Administrator** – To effectively carry out the mandate of the CMCS,
13 the Administrator has the power to:
14

- 15 a) Approve, reject, suspend, or revoke licenses or certificates of registration as
16 provided for in this Act;
17
- 18 b) Impose sanctions for the violation of this Act and the rules, regulations, and orders
19 issued pursuant thereto;
20
- 21 c) Prepare, approve, amend or repeal rules, regulations, and orders, and issue opinions
22 and provide guidance on and supervise compliance with such rules, regulations and
23 orders;
24
- 25 d) Enlist the aid and support of, or deputize any enforcement agency of the government
26 in the implementation of its powers and functions under this Act;^[L1]_[SEP]
27
- 28 e) Issue cease and desist orders to prevent fraud or injury to the public;
29
- 30 f) Cite for contempt of the Administrator, both direct and indirect, in accordance with
31 the pertinent provisions of and penalties prescribed by the Rules of Court;^[L1]_[SEP]
32
- 33 g) Compel the officers of any registered HMOs to call meetings of stockholders or
34 members thereof under its supervision;
35
- 36 h) Suspend or revoke, after proper notice and hearing, the license or certificate of
37 authority of any entity or person under its regulation, upon any of the grounds
38 provided by law;
39
- 40 i) Conduct an examination to determine compliance with laws and regulations if the
41 circumstances so warrant as determined by appropriate rules and regulations;
42
- 43 j) Investigate not oftener than once a year from the last date of examination to
44 determine whether an institution is conducting its business on a safe and sound basis:
45 Provided, That, the deficiencies/ irregularities found by or discovered by an audit
46 shall be immediately addressed;
47
- 48 k) Inquire into the solvency and liquidity of the institutions under its supervision and
49 enforce prompt corrective action;
50

- 1 l) Retain and utilize all fees, charges, and other income derived from the regulation of
2 HMOs;
3
4 m) Fix and assess fees, charges, and penalties in the exercise of regulation; and [SEP]
5
6 n) Exercise such other powers as may be provided by law as well as those which may
7 be implied from, or which are necessary or incidental to the express powers granted
8 to the CMCS to achieve the objectives and purposes of this Act.
9

10 Except as otherwise specified, decisions made by the Administrator shall be appealable to
11 the Office of the President.
12

13 **SEC. 12. Exclusive Powers of the Administrator.** – The Administrator shall have the
14 power to adjudicate claims and complaints arising from Health Maintenance Contracts issued,
15 where the amount of any such loss, damage, or liability, excluding interest, cost, and attorney's
16 fees, being claimed or sued does not exceed in any single claim Five million pesos
17 (PHP5,000,000.00).
18

19 The Administrator may authorize any officer or group of officers under it to conduct
20 investigation, inquiry, and/or hearing and decide claims, and may issue rules governing the
21 conduct of adjudication and resolution of cases. The Rules of Court shall have suppletory
22 application.
23

24 The party filing an action pursuant to the provisions of this section thereby submits his
25 person to the jurisdiction of the Administrator. The Administrator shall acquire jurisdiction
26 over the person of the impleaded party or parties in accordance with and pursuant to the
27 provisions of the Rules of Court.
28

29 **SEC. 13. Deputy Administrators.** – The CMCS shall have three (3) Deputy
30 Administrators for Legal Services, Health Services, and Financial Management who shall be
31 appointed by the President of the Republic of the Philippines, upon the recommendation of the
32 DOF Secretary, for a term of six (6) years without reappointment and who shall serve as such
33 until the successors have been appointed and qualified.
34

35 The Deputy Administrator for Health Services shall be a licensed health professional with
36 a proven track record for the management of health services and financial instruments. The
37 Deputy Administrator for Finance shall be a Certified Public Accountant.
38

39 **SEC. 14. Conflict of Interest.** – The Administrator and his Deputy Administrators shall
40 avoid any conflict of interest that may arise from their official duties. They shall refrain from
41 participating in any decision-making process that may directly or indirectly benefit their
42 personal or financial interests.
43

44 **SEC. 15. Reporting and Accountability.** – The CMCS shall regularly report its activities,
45 accomplishments, and financial status to the Secretary of Finance for review and assessment.
46 The Administrator shall submit an annual report to the Congress of the Philippines, including
47 an evaluation of the HMO industry's performance and recommendations for further
48 improvements.
49
50

CHAPTER THREE

REGISTRATION AND LICENSING

SEC. 16. *Registration.* – No entity, natural or juridical, shall operate in the Philippines without first obtaining registration and a license from the CMCS. Any Filipino corporation, duly formed and organized under the Revised Corporation Code, may register and apply for a license to conduct business as an HMO with the CMCS provided that it has a minimum paid-up capitalization of not less than Two hundred million pesos (PHP 200,000,000.00).

HMOs shall comply with the minimum capital requirements set by the CMCS to ensure their financial stability and ability to provide healthcare services. HMOs must demonstrate compliance with the quality standards set by the CMCS and submit periodic reports as required by the CMCS.

SEC. 17. *Minimum Required Paid-up Capital.* –

- a) All HMOs seeking registration and licensing from the CMCS must have a minimum required paid-up capital of Two hundred million pesos (PHP 200,000,000.00) upon application;
- b) The paid-up capital requirement shall be subject to periodic review by the CMCS to ensure its adequacy in supporting the financial stability and sustainability of HMOs;
- c) HMOs shall submit proof of the required paid-up capital as part of their application for registration and licensing. Failure to meet the minimum capital requirement shall result in the denial of their application until such requirement is satisfied;
- d) The CMCS shall issue guidelines and regulations detailing the procedures for verifying and validating the paid-up capital of HMOs during the registration process.

SEC. 18. *Adjustment of Minimum Paid-up Capital.* –

- a) The CMCS, in consultation with relevant stakeholders and based on prevailing economic conditions, may adjust the minimum required paid-up capital to keep pace with inflation and market demands;
- b) Any adjustment to the minimum required paid-up capital shall be done with due notice to all existing HMOs, giving them a reasonable period to comply with the new requirement.

SEC. 19. *Actuaries/Financial Consultants.* — To protect the potential and enrolled members of the HMOs, the CMCS shall ensure that HMOs adhere to actuarially sound practices and possess financial capabilities to render the services stipulated in their agreements.

To achieve these objectives, the CMCS shall engage the services of actuaries and/or financial consultants to analyze the financial status and the actuarial soundness of the HMO practices prior to issuance or renewal of licenses. For this purpose, the CMCS shall require from HMOs such additional data and reports it deems necessary: *Provided, That*, such data and reports are certified by either an actuary, financial consultant, or external auditor.

1
2 **SEC. 20. Arbitration and Review.** — HMOs shall provide an internal mechanism where
3 disputes between parties to a Health Care Policy or parties to an internal Care Provider Contract
4 may be resolved in an expeditious manner. In the event that the dispute is unresolved, a member,
5 health provider, or an HMO may elevate the case directly to the CMCS for binding arbitration.
6 However, if the CMCS determines the conflict to be medical in nature or requiring a review of
7 medically necessary decisions, the case shall be referred to an HMO Medical Review
8 Committee to be constituted by the DOF for judgment.
9

10 **SEC. 21. Grandfather Rule.** — All HMOs duly licensed by the Insurance Commission upon
11 approval of this Act shall be deemed registered and licensed to conduct business as an HMO:
12 *Provided*, That all HMOs are given five (5) years to comply with any requirements imposed
13 by this Act or by the CMCS.
14

15 **SEC. 22. Term.** — All licenses issued by the CMCS shall be effective for not more than five
16 (5) years and renewable for another five (5) years within thirty (30) days from its expiry.
17

18 **SEC. 23. Ease of Doing Business.** — The CMCS shall, as far as practicable, act upon all
19 applications within thirty (30) days from the date of submission.
20

21 The CMCS shall strictly adhere to Republic Act No. 11032, otherwise known as the “Ease
22 of Doing Business and Efficient Government Service Delivery Act of 2018”.
23

24 **SEC. 24. Grounds for Revocation of License.** — The CMCS shall revoke the license of any
25 HMO, after due process, on the following grounds:
26

- 27 a) Repeated violations of this Act;
28
29 b) Repeated suspension of HMO license;
30
31 c) Unjustified refusal to provide the healthcare services contracted for by a member as
32 provided for in the agreement; and
33
34 d) Impairment of the financial status of HMO, as may be determined by the CMCS during
35 suspension.
36

37 In all cases of revocation, the enrollees or members of HMOs should be properly consulted
38 and have the final say as to which HMO they wish to be transferred.
39

40 **SEC. 25. Grounds for Suspension of License.** — The license to operate issued to HMOs
41 may be suspended by the CMCS, after due process, on the following grounds:
42

- 43 a) When based on the financial reports, continued operation of the HMO business is no
44 longer financially sound;
45
46 b) When without justifiable cause, agreements with members are not honored;
47
48 c) When the statements in the application for license or renewal thereof are found to be
49 false, misleading, inadequate, or incomplete such that the Department cannot ascertain

the true status from such statement, sufficient to arrive at an honest appraisal of the true capability of the HMO;

d) When the decision of the CMCS or arbitration of complaint is not honored by an HMO; and

e) When an HMO continuously violates the rules and regulations issued by the CMCS.

SEC 26. Penal Clause. – The following sanctions and penalties are hereby imposed for violations of this Act:

a) A fine of Twenty thousand pesos (PHP20,000.00) for the first violation of the provisions of this Act, Thirty thousand pesos (PHP30,000.00) for the second; and Fifty Thousand Pesos (PHP50,000.00) for the third violation. For the fourth violation of this Act, the provision of Section 25, shall apply;

b) A fine of One hundred thousand pesos (PHP100,000.00) every time the license of the HMO is suspended. Provided, that the payment of this fine shall not absolve the HMO of its obligations under the agreements it has contracted with members and/ or participating or accredited providers; and

c) An order to freeze the assets of the HMO suspended or revoked for the protection of investors, providers, and members.

In addition thereto, the Administrator is hereby authorized to impose the following penalties upon HMO companies, their directors and/or officers and/or agents, for any willful failure or refusal to comply with, or violation of any provision of this Act, or any order, instruction, regulation, or ruling of the Administrator, or any commission or irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Administrator:

a) Fines not less than Five thousand pesos (PHP5,000.00) and not more than Two hundred thousand pesos (PHP200,000.00); and

b) Suspension or removal, after due hearing, of directors and/or officers and/or agents.

The amount that may be collected as fines shall be retained by the CMCS for its use in the information dissemination mentioned in the following section. *Provided*, That a separate account shall be maintained by the CMCS for such purpose.

Violations committed by HMOs in the direct provisions of healthcare services, performance of laboratory or diagnostics services, and operations of hospitals or clinics shall be subject to applicable rules and regulations of the Department of Health.

SEC. 27. Reinstatement of Suspended or Revoked Licenses. - The CMCS may reinstate a suspended or revoked license upon a reasonable showing that the ground for which the suspension or revocation was based has ceased to exist and that the HMO has sufficiently complied with the requirements the CMCS may determine for such reinstatement.

SEC. 28. Publication. - The CMCS shall inform the public by publishing periodically:

1
2 a) List of licensed HMOs; and

3
4 b) Suspension and/or revocation of the license of HMOs, copies of which shall be
5 furnished to associations of the medical profession, hospitals, and employers who shall
6 inform their members accordingly.
7

8 **SEC. 29. Exemption from Anti-Money Laundering Compliance.** – HMOs shall be
9 excluded from the obligations and requirements set forth in Republic Act No. 9160, otherwise
10 known as the “Anti-Money Laundering Act of 2001,” as amendments. However, HMOs shall
11 still be subject to reporting suspicious transactions involving large or unusual financial
12 activities to the appropriate authorities as mandated by relevant laws and regulations.
13

14 **SEC. 30. Appropriations.** – The amount necessary for the implementation of this Act shall
15 be included in the General Appropriations Act of the year following its enactment and every
16 year thereafter.
17

18 **SEC. 31. Transitory provision.** - The Insurance Commission (IC) and the CMCS may enter
19 into inter-agency agreements, to ensure the full and appropriate transfer of all functions related
20 to HMOs including, but not limited to, temporary detail of personnel concerned to the CMCS.
21

22 All books, contracts, correspondences, documents, papers, records, other associated items,
23 and pending business in any way pertaining to the powers, duties, rights, and responsibilities
24 related to the functions of the IC over HMOs shall be turned over, transferred, and delivered to
25 the CMCS for continuation, modification, or termination; *Provided*, That the delivery of such
26 information shall not violate any applicable confidentiality constraints.
27

28 The CMCS shall constitute a special team to handle all matters related to HMOs and shall
29 secure and transfer all the HMO-related files and records of the IC to the CMCS within ninety
30 (90) days from the effectivity of this Act. Personnel under the IC affected by this Act shall
31 continue their service with the CMCS. They may, however, be detailed to the CMCS for
32 efficient transition and effective discharge of the functions provided under Act and its
33 implementing rules.
34

35 **SEC. 32. Creation of Oversight Committee.** To ensure the effective transfer of the
36 jurisdiction and regulation over HMOs to the CMCS, an Oversight Committee composed of
37 the Secretary of Finance, as Chairman, with the Secretary of Health and the Insurance
38 Commissioner, as members, is hereby constituted.
39

40 **SEC. 33. Role of the DOH.**- All issues relating to medical matters including, but not
41 limited to, practice of the medical profession, medical procedures and standards, and health
42 programs, policies, services, and facilities, shall be referred to the DOH.
43

44 **SEC. 34. Implementing Rules and Regulations.** – The CMCS shall promulgate the rules
45 and regulations necessary to implement this Act within ninety (90) days from the creation of
46 CMCS. Such rules and regulations shall be furnished to HMOs and concerned sectors and shall
47 take effect upon publication in a newspaper of general circulation.
48

1 **SEC. 35. *Separability Clause.*** – If any provision or part of this Act is declared invalid or
2 unconstitutional, the remaining parts or provisions not affected shall remain in full force and
3 effect.
4

5 **SEC. 36. *Repealing Clause.*** – Pertinent provisions of RA 9165, and all other laws, decrees,
6 orders, rules and regulations, or parts thereof, inconsistent with any provision of this Act are
7 hereby repealed or modified accordingly.
8

9 **SEC. 37. *Effectivity.*** – This Act shall take effect Fifteen (15) days after its complete
10 publication in the Official Gazette or in a newspaper of general circulation.
11

12 *Approved.*