



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

Twentieth Congress
First Regular Session

HOUSE BILL NO. 5073



Introduced by HON. MIRO-S. QUIMBO

EXPLANATORY NOTE

PhilHealth has experienced a robust increase in financial reserves in recent years. In 2022, Congress allocated Php 80 billion to subsidize premiums, but the actual claims were only Php 56 billion, resulting in a surplus of Php 24 billion. By 2023, PhilHealth is projected to have a gross margin of Php 173.4 billion, more than double the Php 79.1 billion in 2022 and triple the Php 47.9 billion in 2021. Despite suspending the premium rate and income ceiling hike for 2023, PhilHealth's reserves are expected to grow by 68 percent from Php 275.8 billion in 2022 to Php 463.7 billion by year-end. Given these considerable reserves, it may be possible to reduce premium rates if they are assessed to be in excess of the requirements to maintain fund solvency and cover future liabilities, thereby decreasing the financial burden on Filipinos.

The substantial growth in PhilHealth's financial reserves, coupled with fluctuating benefit claims and increased government allocations, underscores the necessity of a comprehensive actuarial review of the Corporation's funds and disbursements. Understanding PhilHealth's actuarial life is crucial to comprehending the Corporation's financial standing in relation to its current fund generation, growing membership, and ability to introduce reforms in the expansion of benefit packages and increasing benefit ceilings. This review is essential to ensure that the collected premiums are in line with the actual costs and demographic risks faced by the insurance system.

Thus, this bill seeks to amend the Universal Health Care Act primarily to introduce actuarially-adjusted premium contributions. The bill mandates PhilHealth to conduct an annual actuarial review and submit its findings to Congress for approval. The goal is to establish actuarially adjusted premium contributions, which will ensure that premium rates are adequate to decrease the out-of-pocket burden of Filipinos when they use healthcare services.

Additionally, in line with the statement of House Speaker Ferdinand Martin Romualdez, this bill aims to significantly expand and enhance the benefits available to Filipinos by fostering competition and innovation within the PhilHealth benefit delivery system. Under this bill, management is empowered to allow alternative supply arrangements, including public, private, or consortia of public and private entities such as Health Maintenance Organizations (HMOs), to competitively bid for the provision of PhilHealth benefits to select membership groups. This initiative is particularly timely, aligning with recent proposals by economic managers to include HMO coverage for government employees. Further, drawing inspiration from the sandbox setup under the UHC, this bill establishes a flexible framework where providers like HMOs can demonstrate their capacity to effectively manage health benefits. This framework is designed to improve patient outcomes and ensure cost-efficiency, creating a competitive environment that drives quality and affordability in healthcare services. This approach supports the overarching goals of the Universal Health Care law, aiming to make comprehensive healthcare more accessible and affordable for all Filipinos.

Finally, this bill introduces stringent penalties for LGU officials who misappropriate, divert, or use funds allocated for health under this Act for non-health-related expenditures. To ensure that all funds allocated for health are used maximally and without any leakage, the amendment imposes severe consequences, including fines, imprisonment, and disqualification from holding any public office for at least five years. By implementing these measures, we aim to fortify the integrity of financial management within the healthcare sector, reinforcing our commitment to transparency and accountability. This ensures that every peso allocated for health services contributes directly to enhancing the wellbeing of our citizens and is safeguarded against any misuse.

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



HON. MIRO S. QUIMBO

Representative

Second District, Marikina City



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HOUSE BILL NO. **5073**

Introduced by HON. MIRO S. QUIMBO

**AN ACT AMENDING SECTION 10 OF REPUBLIC ACT NO. 11223,
OTHERWISE KNOWN AS THE "UNIVERSAL HEALTH CARE ACT"**

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

SECTION 1. Section 9 of Republic Act No. 11223, otherwise known as the
"Universal Health Care Act," is hereby amended to read as follows:

Sec 9. *Entitlement to Benefits.* - Every member shall be granted immediate eligibility
for health benefit package under the Program: *Provided*, That PhilHealth Identification Card
shall not be required in the availment of any health service: *Provided, further*, That no
co-payment shall be charged for services rendered in basic or ward accommodation:
Provided, furthermore, That co-payments and co-insurance for amenities in public hospitals
shall be regulated by the DOH and PhilHealth: Provided, [~~finally~~], **FURTHERMORE, That
the current PhilHealth package for members shall not be reduced: and PROVIDED,
FINALLY, THAT THE AMOUNTS UNDER EACH BENEFIT PACKAGE SHALL BE
SUBJECT TO THE REVIEW AND ASSESSMENT OF THE HEALTH
TECHNOLOGY ASSESSMENT COUNCIL PURSUANT TO SECTION 34 OF THIS
ACT."**

PhilHealth shall provide additional Program benefits for direct contributors, where
applicable: Provided, That failure to pay premiums shall not prevent the enjoyment of any
Program benefits: Provided, further, That employers [~~and self-employed direct contributors~~]
shall be required to pay all missed contributions with an interest, compounded monthly, of at
least three percent (3%) for employers [~~and not exceeding one and one-half percent (1.5%)
for self-earning, professional practitioners, and migrant workers~~].

SECTION 2. Section 10 of Republic Act No. 11223 is hereby amended to read as follows:

“SECTION 10. *Premium Contributions* — PREMIUM CONTRIBUTIONS FOR DIRECT AND INDIRECT CONTRIBUTORS SHALL BE DERIVED FROM ACTUARIALLY-ADJUSTED RATES, CONSIDERING BUT NOT LIMITED TO THE PROJECTED HEALTHCARE UTILIZATION, COST TRENDS, AND DEMOGRAPHIC AND ECONOMIC FACTORS; PROVIDED THAT, AN ANNUAL ACTUARIAL REPORT IS CONDUCTED BY PHILHEALTH AND SUBMITTED TO CONGRESS;

PROVIDED FURTHER, THAT AN INDEPENDENT BODY SHALL REVIEW THE ANNUAL ACTUARIAL REPORT PRIOR TO ITS SUBMISSION TO CONGRESS TO ENSURE TRANSPARENCY AND ACCURACY IN THE FINDINGS;

PROVIDED FURTHERMORE, THAT THE ACTUARIALLY ADJUSTED PREMIUM RATES, AS DETERMINED BY THE ANNUAL ACTUARIAL REVIEW, SHALL BE SUBJECT TO THE APPROVAL OF CONGRESS, AS AN INTEGRAL PART OF THE BUDGET PROCESS;

PROVIDED ALSO, THAT THE PREMIUM RATE SHALL REMAIN AT 4% UNTIL THE ACTUARIAL REVIEW HAS BEEN SUBMITTED AND APPROVED BY CONGRESS, PRIMARILY FOR BENEFITS EXPANSION AND SOCIAL SOLIDARITY CONSIDERATIONS;

PROVIDED FURTHERMORE, THAT UPON LEGISLATIVE APPROVAL, ADJUSTMENTS TO PREMIUM RATES WILL BE IMPLEMENTED AT THE COMMENCEMENT OF THE FOLLOWING FISCAL YEAR.

~~[Provided, That]~~ for indirect contributors, premium subsidy shall be ~~[gradually adjusted and]~~ included annually in the General Appropriations Act (GAA): ~~Provided, [further],~~ That the funds shall be released to PhilHealth: ~~Provided, further[more];~~ That the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act: ~~Provided, finally,~~ That for every increase in the rate of contribution of direct contributors and premium subsidy of indirect contributors, PhilHealth shall provide for a corresponding increase in benefits.

IN THE EVENT OF A STATE OF NATIONAL EMERGENCY, PUBLIC HEALTH EMERGENCY, OR STATE OF CALAMITY, THE PRESIDENT OF THE PHILIPPINES, UPON RECOMMENDATION OF THE PHILHEALTH BOARD AFTER CONSULTATION WITH STAKEHOLDERS, MAY SUSPEND THE INCREASE IN PREMIUM CONTRIBUTION RATES PROVIDED BY THE ACTUARIALLY-ADJUSTED RATES FOR THE FISCAL YEAR. THE MANDATED RATE SHALL BE IMPLEMENTED UPON LIFTING OF THE STATE OF NATIONAL EMERGENCY, PUBLIC HEALTH EMERGENCY, OR STATE OF CALAMITY.

SECTION 3. Section 12 of Republic Act No. 11223 is hereby amended to read as follows:

Sec. 12. *Administrative Expense.* – ~~[No more than s]~~ Seven and one-half percent (7.5%) of the actual total premium collected from direct and indirect contributory members during the immediately preceding year shall be allotted for the administrative cost of implementing the Program.

SECTION 4. A new section is hereby added to Republic Act No. 11223, immediately after section sixteen, to read as follows:

SEC. 17. *Competition and Innovation in the PhilHealth Benefit Delivery System.* – THE PHILHEALTH BENEFIT DELIVERY SYSTEM SHALL BE OPEN TO COMPETITION AND INNOVATION, WHERE MANAGEMENT MAY ALLOW ALTERNATIVE SUPPLY ARRANGEMENTS SUCH AS PUBLIC, PRIVATE, OR CONSORTIA OF PUBLIC AND PRIVATE ENTITIES TO COMPETITIVELY BID FOR THE PROVISION OF PHILHEALTH BENEFITS TO SELECT MEMBERSHIP GROUPS. PROVIDED, THAT THE SELECTION OF MEMBERSHIP GROUPS MUST RESULT IN COST-EFFECTIVE BENEFIT SPENDING; PROVIDED FURTHER, THAT THE ADMINISTRATIVE COSTS OF SUCH THIRD-PARTY PROVIDERS ARE INCLUDED IN THE OVERALL CAP LEGISLATED FOR THE PROGRAM; PROVIDED, FINALLY, THAT THE FOLLOWING SHALL BE KEY CONSIDERATIONS IN THE COMPETITIVE SELECTION OF BIDDERS:

- (I) MAXIMUM COVERAGE FOR A GIVEN PESO VALUE OF PREMIUM;**
- (II) THE PROVIDER HAS A SUFFICIENT NETWORK OF OWN FACILITIES AND PARTNERS THAT CAN SUPPORT PORTABILITY OF BENEFITS; AND**
- (III) CONCESSION PERIOD TO ALLOW PROVIDERS TO RECOVER INVESTMENTS.**

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SECTION 5. Section 38 of Republic Act No. 11223 is hereby amended to include the following additional subsections to specifically address the misuse of funds allocated to Local Government Units (LGUs):

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(F) ANY LGU OFFICIAL WHO MISAPPROPRIATES, DIVERTS, OR USES FUNDS ALLOCATED UNDER THIS ACT FOR NON-HEALTH RELATED EXPENDITURES, OR PERMITS SUCH MISUSE KNOWINGLY, SHALL BE SUBJECT TO THE FOLLOWING PENALTIES:

- (1) A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (₱100,000.00) AND NOT MORE THAN FIVE HUNDRED THOUSAND PESOS (₱500,000.00) PER VIOLATION;**
- (2) IMPRISONMENT FOR A TERM OF NOT LESS THAN ONE (1) YEAR AND NOT MORE THAN SIX (6) YEARS; AND**

**(3) DISQUALIFICATION FROM HOLDING ANY PUBLIC OFFICE
FOR A PERIOD OF NOT LESS THAN FIVE (5) YEARS.**

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SECTION 6. Implementing Rules and Regulations — Unless otherwise specified, the DOH, DOF, and the PhilHealth, in consultation and coordination with appropriate national government agencies, civil society organizations, nongovernment organizations, private sector representatives, 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 7. Separability Clause. — If any provision of this Act or its application to any person or circumstance is held invalid, the remainder of the Act, or the application of such provision to other persons or circumstances, shall not be affected thereby.

SECTION 8. Repealing Clause. — All laws, decrees, orders, regulations, and issuances, or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended, or modified accordingly.

SECTION 9. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two newspapers of general circulation.

Approved,