

TWENTIETH CONGRESS )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and  
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 6461

EXPLANATORY NOTE

The Philippine Health Insurance Corporation (PhilHealth) had been the subject of several congressional inquiry and national news reports in 2024 and 2025 due to the following:

1. Non-increase of its benefits and/or its irrelevance with the current economy;
2. The transfer of 89.9 Billion Pesos of PhilHealth Funds to the National Treasury;
3. The accumulation of its reserve funds which is currently estimated at 700 Billion Pesos; and
4. The zero government subsidy for 2025.

In retrospect, it can be gleaned that most of PhilHealth's problems, and the issues and concerns that arise in its operations, can be attributed to the laws that regulates the agency. The prime example of which are the vague interpretation of auditing laws governing advance payment of goods and services.

However, Section 18 of Republic Act 11223 or the Universal Health Care Act states that "*x x x PhilHealth shall endeavor to shift to paying providers using performance-driven, close-end, prospective payments x x x develop differential payment schemes that give due consideration to service quality, efficiency and equity x x x*" (emphasis supplied).

Further, Section 16 (d) of Republic Act 7875, as amended, states that PhilHealth has the power "*x x x 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*" (emphasis supplied).

These rules are anchored on Article II Section 11 of the 1987 Philippine Constitution which state that "*The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. There shall be priority for the needs of the under-privileged, sick, elderly, disabled, women, and children. The State shall endeavor to provide free medical care to paupers.*"

Hence, there is no reason for PhilHealth to accumulate large amount of reserve funds which it can very well use to improve its benefits for the Filipino people and payment mechanisms to Health Facilities.

It is therefore proposed that PhilHealth adopt a prospective payment mechanism that will enable government-owned health facilities to receive "advance" payments for the health goods and services it will render to the public. The funds shall be used to improve their facility, equipment, and inventory to increase the quality of their healthcare delivery.

The first phase of the implementation of this prospective payment mechanism shall be limited to government-owned facilities to enable PhilHealth and other health and financial governing agencies to assess the efficacy of this type of payment methodology and its effect in the improvement of standards of public health facilities. The mechanism may be extended to privately-owned health facilities after a reasonable amount of time and subsequent assessments.

This bill seeks to support of the progressive realization of universal health care in the country and improve the standards of publicly-owned health facilities.

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

  
RUFUS B. RODRIGUEZ

  
MAXIMO B. RODRIGUEZ, JR.

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House Bill No. 6461

AN ACT

MANDATING THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) TO  
ADOPT A PROSPECTIVE PAYMENT MECHANISM FOR GOVERNMENT-OWNED  
HEALTH FACILITIES, WITH THE PROVISION FOR FUTURE IMPLEMENTATION FOR  
PRIVATELY-OWNED HEALTH FACILITIES

*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 Prospective Payment Act”.

**SECTION 2. *Declaration of Principle*** – It is the policy of the State to adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all people at affordable cost. There shall be priority for the needs of the under-privileged, sick, elderly, disabled, women, and children. The State shall endeavor to provide free medical care to paupers.

**SECTION 3. *Coverage***. – This Act shall cover PhilHealth accredited health facilities owned by the National Government and Local Government Units.

**SECTION 4. *Definition of Terms***. – The following terms, as used in this Act, shall mean:

**Drugs and Medicines** – Pharmaceutical products prescribed by licensed health professionals and dispensed by licensed pharmacies within or outside health facilities where the patient is admitted.

**Diagnostic Procedures** – Tests required by licensed medical professionals to determine a person’s physical and medical condition, and identify illnesses and diseases. This may be done within or outside the health facility where the patient is admitted.

**Health Facilities** - Refers to hospitals, clinics, and other healthcare institutions accredited by PhilHealth to provide healthcare services to PhilHealth members. These facilities are responsible for the submission of claims for reimbursement of services rendered to PhilHealth members

**In-patient** –refers to an individual who requires treatment and observation and accommodated inside a health facility.

**Out-patient** –refers to an individual who requires treatment and/or observation, whether in the emergency room, ambulatory basis, or clinic, which does not require admission in health facilities.

**PhilHealth Benefits** - Refers to the wide-range of benefits provided by PhilHealth to its members which may be availed at accredited health facilities.

**SECTION 5. *Prospective Payment Mechanism*** – PhilHealth shall pay government-owned health facilities prospectively based on their historical claims and in consonance with applicable laws, rules, and regulations. These prospective payments shall be utilized by the health facilities as advance payment for goods and services that they will render to the public and shall be used in accordance with applicable laws, rules, and regulations

**SECTION 6. *Zero Out-of-Pocket Payment*** – PhilHealth, in coordination with other regulatory bodies and government agencies, shall ensure that all member and dependents admitted in government-owned health facilities shall have zero out-of-pocket payment, including the availment of drugs and medicines, diagnostic procedures, and analogous goods and services related to the admission.

**SECTION 7. *Implementing Rules and Regulations*** – PhilHealth shall promulgate the necessary rules and regulations for the proper implementation of this Act not later than ninety (90) days from its effectivity.

**SECTION 8. *Separability Clause*** – If any provision or part of this Act is declared unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

**SECTION 9. *Repealing Clause***. – All laws, executive orders, rules and regulations, and issuances or parts thereof which are inconsistent to and contrary with the provisions of this Act are hereby repealed and amended accordingly.

**SECTION 10. *Effectivity***. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,