

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7611



Introduced by: Kababaihan Kabalikatan para sa Kapakanan at Kaunlaran ng Bayan (4K) Party-list
Representative Iris Marie D. Montes

AN ACT

PROTECTING AND PROMOTING THE RIGHT TO HEALTH OF EVERY FILIPINO BY ENSURING THE SUSTAINABLE AND ADEQUATE FUNDING FOR UNIVERSAL HEALTH CARE AND IMPOSING PENALTIES FOR VIOLATIONS THEREOF, AMENDING FOR THE PURPOSE SECTIONS 10, 37 AND 38 OF REPUBLIC ACT NO. 11223, OTHERWISE KNOWN AS THE "UNIVERSAL HEALTH CARE ACT"

EXPLANATORY NOTE

Article II, Section 15 of the 1987 Constitution enshrines the right to health of every Filipino by providing that "The State shall protect and promote the right to health of the people and instill health consciousness among them."

Article XIII, Section 11 of the Constitution further emphasized the same by stating 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."

Towards the realization of the said Constitutional mandate of protecting and promoting the right to health of every Filipino, Republic Act No. 10351, otherwise known as the "Sin Tax Reform Law of 2012" provided for specific earmarking "allocated for the universal health care under the National Health Insurance Program".

Said law was amended by R.A. No. 11346, which includes excise taxes from alcohol, heated tobacco products, and vapor products in the earmarking for universal health care.

Eventually, the landmark R.A. No. 11223 or the "Universal Health Care Act" was enacted into law in 2019.

The Commission on Audit Report, in its 2023 audit report on PhilHealth, recognizes that the ultimate objective of the UHC Act is to ensure that all Filipinos have access to quality and affordable health care goods and services and are protected against financial risk.

The COA Audit Report, however, underscored that "this objective may not be fully achieved due to the management of PhilHealth Reserve Fund, which did not fully comply with this Act."

The report cited the following as reasons:

(1) Investment of funds without actuarially estimated two-year projected program expenditures; and

(2) Delayed and minimal expansion of benefit programs and partial utilization of subsidies from the national government, resulting in the planned return of P89.9 billion unutilized funds to the Bureau of Treasury, thus depriving the members adequate and additional benefit coverage.

It must be recalled that the Department of Finance (DOF) issued marching orders to PhilHealth on the transfer of P89.9 billion in excess funds back to the national treasury, which was described as a temporary measure to address, within legal bounds, concerns on fund availability for important government programs and projects under the Philippine system of government.

Civil society organizations and medical groups have opposed the move and called on the government to protect PhilHealth funds in view of the ever-increasing cost of health services in the country. According to the Philippine Statistics Authority, the household out-of-pocket payment had the highest contribution among the health care financing schemes in 2023, with 44.4 percent share to the total Current Health Expenditure (CHE) followed by government schemes and compulsory contributory health care financing schemes with 42.6 percent share and voluntary health care payment schemes with 13.0 percent.

Recently, the Supreme Court (SC) rendered a unanimous 15–0 decision ordering the return of PhilHealth funds previously transferred to the National Treasury in the amount of PHP 60 billion and permanently prohibited the transfer of the remaining PHP 29.9 billion fund balance.

In its Press Briefer dated 05 December 2025, the SC explained:

“By a majority vote, the SC declared void Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act (2024 GAA), and Department of Finance (DOF) Circular No. 003-2024 for having been issued and implemented with grave abuse of discretion amounting to lack or excess of jurisdiction.

Special Provision 1(d) authorized the return of the fund balance or the excess reserve funds of government-owned or controlled corporations (GOCCs) to the National Treasury to fund unprogrammed appropriations under the 2024 GAA.

The DOF issued Circular No. 003-2024, directing the transfer of PHP 89.9 billion to the National Treasury, representing the fund balance or excess reserve funds of the PhilHealth.

In compliance, the PhilHealth remitted PHP 60 billion to the National Treasury in three tranches. The SC issued a temporary restraining order (TRO) against the transfer of the remaining PHP 29.9 billion PhilHealth funds and the further implementation of

Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024.

The SC struck down Special Provision 1(d) of the 2024 GAA for being a rider—a provision not germane or related to the bill’s purpose. The Constitution requires all provisions of the GAA to be germane to its purpose to prevent surprise or fraud upon the legislature and to fairly inform the people of the bills’ subject.

x x x

The SC also ruled that Special Provision (1)d is void because it impliedly repeals Section 11 of the Universal Health Care Act (UHCA) and the Sin Tax Laws.

x x x

The SC ruled that reallocating PhilHealth’s supposed “excess reserve funds” through Special Provision 1(d) and DOF Circular No. 003-2024 makes compliance with Section 11 impossible. These measures undermine the very nature of PhilHealth funds as pooled resources for social health insurance, hinder the UHCA’s goal of delivering comprehensive and universal healthcare, and ultimately violate the people’s right to health and to an affordable, sustainable, and accessible public health insurance.

The SC stressed that Congress cannot repeal Section 11 through the GAA, which may only provide appropriations consistent with existing laws. It cannot amend or overturn substantive policy. Any changes affecting the UHCA, particularly PhilHealth’s reserve funds, must be enacted through separate legislation.

The SC further found that Special Provision 1(d) contradicts the Sin Tax Laws, which earmark specific percentages of excise taxes on sweetened beverages, alcohol, and tobacco products exclusively for the UHCA. The Bureau of the Treasury must set aside these amounts for the UHCA’s implementation, and Congress must fully allocate them to PhilHealth through the GAA. Congress cannot reduce, suspend, or withhold these earmarked funds (*Emphases supplied*).

The SC added that while the State may adopt measures to improve the economy, such measures must not contravene what the Constitution itself guarantees: affordable healthcare for all Filipinos, especially the underprivileged.”

In this light, this bill seeks to protect and promote the right to health of every Filipino by directly proscribing the transfer of PhilHealth funds to any government agency.

The bill also imposes appropriate sanctions against any government official or employee who shall fail to remit mandated earmarks to PhilHealth. Moreover, it enshrines the provision of automatic appropriation and release of such amounts as may be necessary to pay the premium subsidy of PhilHealth’s

indirect contributors and mandates the automatic remittance of sin taxes and earmarked funds to PhilHealth, which will be constituted as the Bayanihang Pangkalusugan Fund, thereby ensuring the provision of sustainable and adequate funds towards the attainment of the vision of universal health care for all Filipinos.

In view thereof, approval of this bill is earnestly sought.


IRIS MARIE D. MONTES
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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 10 of Republic Act (RA) No. 11223, otherwise known as the "Universal Health Care Act", is hereby amended to read as follows:

"Section 10. Premium Contributions. - For direct contributors, premium rates shall be in accordance with the following schedule, and monthly income floor and ceiling:

"x x x

Provided, That for indirect contributors, premium subsidy shall be gradually adjusted and **AUTOMATICALLY REMITTED DIRECTLY TO PHILHEALTH.** ~~[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."

SEC. 2. Section 37 of RA 11223 is hereby amended to read as follows:

"Section 37. Appropriations. - The amount necessary to implement this Act shall be sourced from the following:

(a) Total incremental sin tax collections as provided for in Republic Act No. 10351, otherwise known as the "Sin Tax Reform Law": Provided, That the mandated earmarks as provided for in Republic Act Nos. 7171 and 8240 shall be retained;

(b) Fifty percent (50%) of the National Government share from the income of the Philippine Amusement Gaming Corporation (PAGCOR) as provided for in Presidential Decree No. 1869, as amended: ~~Provided, [That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting and auditing rules and regulations: Provided, further,]~~ That the funds shall be used by PhilHealth to improve its benefit packages;

(c) Forty percent (40%) of the Charity Fund, net of Documentary Stamp Tax Payments, and mandatory contributions of the Philippine Charity Sweepstakes Office (PCSO) as provided for in Republic Act No. 1169, as amended: ~~Provided, [That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting, and auditing rules and regulations: Provided, further,]~~ That the funds shall be used by PhilHealth to improve its benefit packages[;].

SUBSECTIONS (A), (B), AND (C) SHALL BE AUTOMATICALLY REMITTED DIRECTLY TO PHILHEALTH AND ARE HEREBY CONSTITUTED AS THE BAYANTHANG PANGKALUSUGAN FUND;

(d) Premium contributions of members;

(e) Annual appropriations of the DOH included in the GAA; and

(f) National Government subsidy to PhilHealth ~~[included in the GAA]~~.

IN ADDITION TO THE AUTOMATICALLY REMITTED FUNDS TO PHILHEALTH AS PROVIDED IN THIS SECTION, AN ADDITIONAL AMOUNT SHALL BE AUTOMATICALLY APPROPRIATED TO PHILHEALTH TO COVER WHATEVER REMAINING OBLIGATIONS FOR THE PAYMENT OF MANDATED PREMIUMS OF INDIRECT CONTRIBUTORS AND OTHER SPONSORED MEMBERS UNDER SPECIAL LAWS AND IMPROVE ITS BENEFIT PACKAGES.

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH. ~~[and]~~ **HOWEVER, THE National Government subsidy to PhilHealth SHALL BE AUTOMATICALLY APPROPRIATED AND RELEASED.** In addition, the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act.

THE BUREAU OF INTERNAL REVENUE (BIR), PAGCOR, AND PCSO SHALL SUBMIT QUARTERLY REPORTS ON THE REMITTANCES TO CONGRESS.

THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF PHILHEALTH SHALL TRANSMIT TO THE COMMISSION ON AUDIT (COA) AND CONGRESS DURING THE FIRST MONTH OF EACH REGULAR SESSION A DETAILED STATEMENT OF ALL EXPENDITURES AND ALL ACTS PERFORMED PURSUANT TO THIS ACT INCLUDING A REPORT ON THE BENEFIT PACKAGES AND SUCH OTHER INFORMATION WHICH CONGRESS AND COA MAY REQUIRE DURING THE CALENDAR YEAR IMMEDIATELY PRECEDING.

THESE REPORTS SHALL BE MADE PUBLICLY AVAILABLE THROUGH OFFICIAL WEBSITES OF THE CONCERNED AGENCIES AND BOTH CHAMBERS OF CONGRESS."

SEC. 3. Section 38 of the same Act is hereby amended to read as follows:

"Section 38. Penal Provisions. - Any violation of the provisions of this Act, after due notice and hearing, shall suffer the corresponding penalties as herein provided:

(a) x x x.

(b) x x x.

(c) x x x.

(d) x x x.

(e) x x x.

(F) ANY OFFICIAL OR EMPLOYEE OF THE DEPARTMENT OF FINANCE, DEPARTMENT OF BUDGET AND MANAGEMENT, BUREAU OF THE TREASURY, PAGCOR AND PCSO, WHO SHALL FAIL TO OBSERVE THE MANDATED EARMARKS AND TRANSFERS TO PHILHEALTH AS PROVIDED UNDER SECTION 37 OF THIS ACT SHALL SUFFER IMPRISONMENT FOR SIX (6) MONTHS AND ONE (1) DAY UP TO SIX (6) YEARS, UPON DISCRETION OF THE COURT WITHOUT PREJUDICE TO CRIMINAL LIABILITY DEFINED UNDER THE REVISED PENAL CODE.

(G) NOTWITHSTANDING ANY LAW TO THE CONTRARY, ANY PUBLIC OFFICIAL OR EMPLOYEE, WHO SHALL CAUSE THE PHILHEALTH TO REMIT ANY OF ITS UNRESTRICTED FUND IN THE FORM OF CASH ON HAND, CASH IN BANKS, INVESTMENT IN GOVERNMENT SECURITIES, PRIVATE INSTITUTIONS, AND OTHER SECURITIES, AND OTHER FUND BALANCES, INCLUDING GOVERNMENT FUNDS AND BALANCES CREATED FOR SPECIFIC PURPOSES, FINANCIAL ASSETS, AND OTHER CASH EQUIVALENTS/INVESTMENTS THAT ARE CLASSIFIED UNDER OTHER ACCOUNTS IN THE FINANCIAL STATEMENTS TO ANY GOVERNMENT AGENCY OR EXPENDITURE PROGRAM OR SHALL WILLINGLY OR NEGLIGENTLY CONSENT EITHER EXPRESSLY OR IMPLICITLY TO THE MISAPPROPRIATION OF FUNDS OR PROPERTY WITHOUT OBJECTING TO THE SAME AND PROMPTLY REPORTING THE MATTER TO PROPER AUTHORITY, SHALL, UPON CONVICTION, SUFFER IMPRISONMENT OF NOT LESS THAN SIX (6) MONTHS AND ONE (1) DAY BUT NOT MORE THAN SIX (6) YEARS OR A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P1,000,000.00), OR BOTH AT THE DISCRETION OF THE COURT.

x x x."

SEC. 4. *Separability Clause.* - If any portion or provision of this Act were to be declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SEC. 5. *Repealing Clause.* — Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provisions of this Act is repealed, modified or amended accordingly.

SEC. 6. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,