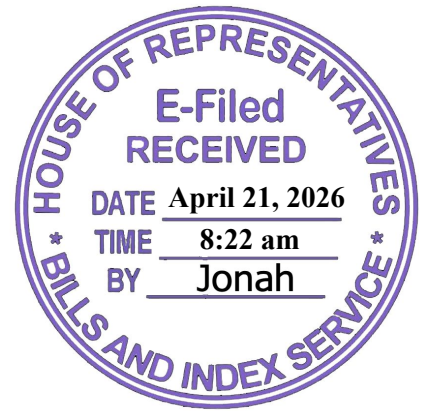


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **8887**



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

Republic Act No. 8291, enacted nearly three decades ago, established the framework for the retirement, insurance, and social security system for government employees under the Government Service Insurance System (GSIS).

While the law has provided a foundation for lifetime pensions and social protection, it is no longer fully responsive to present economic realities. Persistent inflation and rising healthcare costs have significantly eroded the real value of fixed pensions, leaving many government retirees increasingly vulnerable over time.

At present, GSIS pensions are determined at the point of retirement and remain static thereafter. This structure results in a steady decline in purchasing power, undermining the adequacy of retirement benefits and the financial security of pensioners.

In contrast, pension systems for Military and Uniformed Personnel (MUP) are indexed to the salaries of active personnel, allowing benefits to adjust over time. This disparity raises critical concerns on equity, fairness, and social justice across government retirement systems.

This measure seeks to modernize the GSIS framework by introducing a responsive and sustainable pension indexation mechanism. Through a hybrid model—anchored on inflation and partially linked to salary adjustments in government service—the bill ensures that pensions remain relevant and protective against economic shocks, while preserving the actuarial integrity of the GSIS fund. Periodic actuarial reviews are likewise mandated to safeguard long-term sustainability.

Beyond income security, the measure recognizes that healthcare costs constitute one of the most significant burdens faced by retirees. Despite decades of public service, many pensioners remain exposed to catastrophic health expenditures. To address this gap, the bill authorizes the establishment of a

comprehensive GSIS healthcare system, which may include a GSIS Hospital System and/or a GSIS-managed Health Maintenance Organization (GSIS-HMO), or the procurement of group health insurance. This flexible approach allows GSIS to adopt financially and operationally viable models, including public-private partnerships, while ensuring accessible, affordable, and quality healthcare for its members and pensioners. These benefits are designed to complement, not duplicate, existing PhilHealth coverage.

The bill further strengthens retiree welfare through the establishment of a minimum pension floor, longevity-based pension adjustments, and expanded benefits such as medical allowances, long-term care support, and enhanced funeral assistance. These measures collectively aim to uphold the dignity, security, and well-being of retirees, particularly in their most vulnerable years.

Importantly, the proposed reforms are anchored on fiscal responsibility. Funding will primarily be sourced from GSIS investment income and retained earnings, supported by actuarially justified adjustments and, when necessary, government support subject to existing budgetary safeguards. The measure also reinforces transparency and accountability through mandatory reporting and audit by the Commission on Audit.

Ultimately, this bill affirms that the State's obligation to public servants does not end at retirement. By aligning the GSIS system with contemporary economic conditions and evolving social protection standards, this measure seeks to restore fairness, adequacy, and dignity in the retirement system for government employees.

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


ERIC L. OLIVAREZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8887

Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

**“AN ACT
STRENGTHENING THE GOVERNMENT SERVICE INSURANCE
SYSTEM (GSIS) BY INSTITUTING PENSION INDEXATION,
EXPANDING RETIREE BENEFITS, AND ESTABLISHING A
COMPREHENSIVE GSIS HEALTHCARE SYSTEM, AMENDING
FOR THE PURPOSE REPUBLIC ACT NO. 8291, OTHERWISE
KNOWN AS THE “GSIS ACT OF 1997”**

*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 “*GSIS
Pension Indexation and Retiree Welfare Enhancement Act of 2026.*”

SECTION 2. Declaration of Policy.- It is hereby declared the policy of
the State to:

- (a) Ensure adequate, responsive, and inflation-protected pensions for government retirees;
- (b) Promote equity and fairness among public pension systems;
- (c) Enhance healthcare access and social protection for GSIS members and pensioners; and
- (d) Ensure the long-term actuarial sustainability and institutional integrity of the Government Service Insurance System (GSIS).

SECTION 3. Pension Indexation.-

- (a) All GSIS pensions shall be automatically adjusted annually based on a Pension Indexation Rate, which shall be determined using a hybrid formula composed of:

- (1) Fifty percent (50%) based on the annual inflation rate, as

determined by the Philippine Statistics Authority; and
(2) Fifty percent (50%) based on the average salary adjustment of active government personnel.

(b) Provided, That the annual pension adjustment shall not be less than two percent (2%).

(c) GSIS shall conduct a mandatory actuarial review every three (3) years to ensure sustainability and recommend necessary adjustments to the indexation formula, subject to Congressional oversight.

SECTION 4. Minimum Pension Protection.- A minimum pension floor shall be established, which shall not be lower than the official poverty threshold, as determined by the Philippine Statistics Authority.

SECTION 5. Longevity Pension Adjustment.- Additional pension increments shall be granted:

- a) Seventy-five (75) years old- ten percent (10%);
- b) Eighty (80) years old- fifteen percent (15%);
- c) Eighty-five (85) years old- twenty percent (20%).

SECTION 6. GSIS Healthcare and Medical Benefits System. -

(a) The GSIS shall establish, administer, and maintain a comprehensive healthcare system for its members, pensioners, and their qualified dependents.

(b) The GSIS healthcare system may include:

- (1) GSIS Hospital System- GSIS is authorized to:
 - i. Establish and operate a GSIS General Hospital and regional facilities;
 - ii. Enter into public-private partnership arrangements;
 - iii. Provide subsidized or free healthcare services including inpatient, outpatient, emergency, geriatric, and preventive care.
- (2) GSIS Health Maintenance Organization (GSIS-HMO) GSIS is authorized to:
 - i. Establish and operate a GSIS Health Maintenance Organization; or
 - ii. Procure group health insurance coverage through accredited providers;

Such system shall include comprehensive medical services, preventive and diagnostic services and long-term and home-based care.

- (c) All GSIS members and pensioners shall be automatically enrolled in the GSIS healthcare system.
- (d) The GSIS healthcare system shall supplement and not duplicate benefits provided under the National Health Insurance Program (PhilHealth).
- (e) Pensioners shall be given priority access to healthcare services.

SECTION 7. GSIS HEALTH BENEFIT FUND.- A special fund to be known as the GSIS Health Benefit Fund is hereby created to finance healthcare benefits provided under this Act.

SECTION 8. Expanded Retiree Benefits.- GSIS shall provide:

- (a) Annual medical allowance;
- (b) Expanded funeral benefits;
- (c) Long-term care support;
- (d) Discount privileges for essential goods and medicines, subject to implementing guidelines.

SECTION 9. Funding.- Funding shall be sourced from:

- (a) GSIS investment income and retained earnings;
- (b) Actuarially justified adjustments in member and/or government contributions;
- (c) National Government support, when necessary and subject to existing budgetary laws; and
- (d) Public-private partnerships and other lawful sources.

SECTION 10. Safeguards.- GSIS shall ensure the actuarial sustainability of the system. In cases of economic emergency or financial stress, GSIS may recommend adjustments to benefits or contributions, subject to Congressional oversight.

SECTION 11. Transparency and Accountability.- GSIS shall publish annual reports on the implementation of this Act, including fund utilization and actuarial status, and shall remain subject to audit by the Commission on Audit.

SECTION 12. Implementing Rules and Regulations.- The GSIS, in coordination with the Department of Finance, and the Department of

Budget and Management, shall promulgate the implementing rules and regulations within one hundred eighty (180) days from the effectivity of this Act.

SECTION 13. Repealing Clause. - All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 14. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.