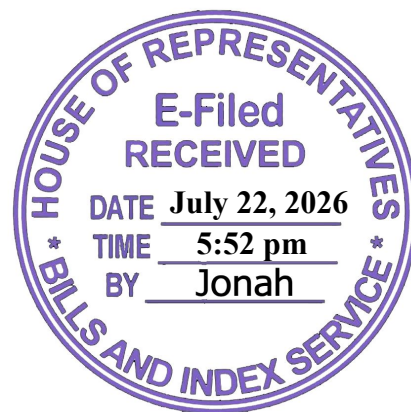




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. **10195**



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

AN ACT
STRENGTHENING TRANSPARENCY, ACCOUNTABILITY, AND
EFFICIENCY IN THIRD-PARTY PROVIDER CONTRACTING FOR
PHILHEALTH AND DOH PROGRAMS

EXPLANATORY NOTE

The increasing reliance of the Department of Health (DOH) and the Philippine Health Insurance Corporation (PhilHealth) on third-party service providers for critical health system functions underscores the need for stronger governance, transparency, and accountability in health service contracting.

This bill seeks to reform and institutionalize a comprehensive framework for health service procurement and contracting to ensure that public funds are used efficiently, transparently, and in accordance with the principles of good governance and universal health care. It strengthens procurement safeguards by mandating competitive bidding, performance-based contracting, conflict-of-interest controls, and risk-based oversight mechanisms.

The measure establishes a Health Procurement and Contract Oversight Committee to provide independent review of high-value contracts and introduces a centralized digital transparency and analytics platform to ensure full public visibility of procurement activities and contract performance.

It further professionalizes procurement practice through mandatory certification and training programs and strengthens whistleblower protections and anti-corruption safeguards to deter fraud, collusion, and misuse of public funds.

By aligning procurement processes with modern governance standards and data-driven oversight systems, this Act aims to significantly improve the integrity, efficiency, and effectiveness of health service delivery in the Philippines.

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



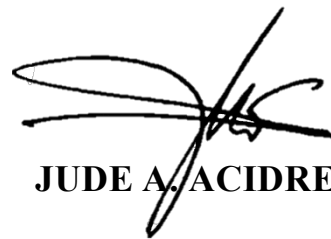
FERDINAND MARTIN G. ROMUALDEZ



YEDDA MARIE K. ROMUALDEZ



ANDREW JULIAN K. ROMUALDEZ



JUDE A. ACIDRE



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

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 10195

Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

AN ACT
STRENGTHENING TRANSPARENCY, ACCOUNTABILITY, AND
EFFICIENCY IN THIRD-PARTY PROVIDER CONTRACTING FOR
PHILHEALTH AND DOH PROGRAMS

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 “Health Service Contracting Reform Act.”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to ensure that all public health funds are managed with the highest standards of integrity, transparency, efficiency, and accountability, consistent with the principles of good governance and universal health care.

The State recognizes that contracting third-party providers is a necessary component of modern health service delivery under the Department of Health

(DOH) and the Philippine Health Insurance Corporation (PhilHealth). However, such contracting must be strictly regulated to prevent fraud, corruption, overpricing, service failure, and conflicts of interest, and to ensure that all public expenditures generate measurable health outcomes and value for money.

This Act shall be construed in harmony with Republic Act No. 9184 (Government Procurement Reform Act), Republic Act No. 11223 (Universal Health Care Act), Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act), Republic Act No. 9485 (Anti-Red Tape Act), and other applicable laws, rules, and regulations.

SEC. 3. Coverage. – This Act shall apply to all procurement, outsourcing, and service contracting arrangements entered into by:

- a) Philippine Health Insurance Corporation (PhilHealth) – Including IT systems, claims processing, actuarial services, auditing, data management, member services, fraud detection systems, and consulting services;
- b) Department of Health (DOH) and Attached Agencies – Including logistics, procurement and supply chain services, diagnostics, laboratory services, vaccination campaigns, telemedicine platforms, health information systems, facility maintenance, emergency response support, and outsourced public health programs;
- c) Government Hospitals and DOH- or LGU-Managed Health Facilities – Where contracting for services is allowed under applicable laws;
- d) Other Health-Related Government Programs – As may be determined by the DOH in coordination with the Department of Budget and Management (DBM).

SEC. 4. *Governing Principles of Health Service Contracting.* – All covered contracts shall be governed by the following binding principles:

- a) Transparency and Open Contracting – All procurement stages shall be publicly accessible, except for legally protected confidential information.
- b) Competitive Neutrality – Competitive bidding shall be the default procurement method, with non-competitive modes strictly limited and fully justified under Republic Act No. 9184 and its IRR.
- c) Value-for-Money and Outcome Orientation – Contracts shall prioritize cost-effectiveness, efficiency, and measurable health outcomes, not merely service inputs.
- d) Performance-Based Payment – Payments shall be tied to verified deliverables, milestones, and service quality indicators.
- e) Integrity and Conflict-of-Interest Safeguards – Full disclosure of ownership, affiliations, and potential conflicts of interest shall be mandatory for all bidders and decision-makers.
- f) Risk-Based Procurement Oversight – High-value and high-risk contracts shall be subject to enhanced scrutiny and independent review.

SEC. 5. *Procurement Integrity and Control Mechanisms.* – All covered agencies shall implement the following safeguards:

- a) Standardized Bidding Requirements – Uniform, publicly disclosed technical, financial, and legal eligibility standards.
- b) Performance Security Requirements – Mandatory performance bonds, warranties, or equivalent guarantees for all major contracts.
- c) Independent Technical Evaluation – Creation of independent technical evaluation panels for high-value or complex contracts.
- d) Blacklisting, Debarment, and Suspension – Entities engaged in fraud, collusion, gross negligence, or repeated non-performance shall be

blacklisted for a minimum of five (5) years, without prejudice to longer sanctions under existing laws.

- e) Contract Lifecycle Monitoring – Continuous monitoring of procurement from planning to completion, including post-performance evaluation.
- f) Centralized Contract Registry – All health service contracts shall be recorded in a national registry for audit, oversight, and public transparency.

SEC. 6. *Creation of the Health Procurement and Contract Oversight Committee (HPCOC).* – There is hereby created a Health Procurement and Contract Oversight Committee (HPCOC), attached to the DOH, composed of:

- 1. Secretary of Health – Chairperson
- 2. President and CEO of PhilHealth – Co-Chairperson
- 3. Representative of the Commission on Audit (COA)
- 4. Representative of the Department of Budget and Management (DBM)
- 5. Representative of the Civil Service Commission (CSC)
- 6. Representative of the Department of Finance (DOF)
- 7. Representative from a duly accredited civil society organization (CSO) in the health sector

Functions of the HPCOC:

- a) Approve, review, or disapprove high-value or high-risk contracts exceeding thresholds defined in the IRR;
- b) Conduct periodic performance, financial, and compliance audits of major contracts;
- c) Investigate procurement anomalies, complaints, and red flags;
- d) Recommend contract suspension, termination, blacklisting, or policy reforms;

- e) Submit an annual public report on procurement performance, risks, and systemic issues;
- f) Recommend improvements to procurement policy and digital systems.

SEC. 7. *Digital Transparency and Open Contracting System.* – The DOH and PhilHealth shall establish a fully integrated National Health Procurement Transparency and Analytics Platform, which shall include:

- a) Publication of all procurement documents including bid notices, terms of reference, evaluation results, and awarded contracts;
- b) Real-time contract implementation tracking, including milestones and disbursements;
- c) Public procurement dashboards with analytics on pricing trends, supplier performance, and risk indicators;
- d) Disclosure of beneficial ownership of winning bidders;
- e) Public reporting channels for complaints, anomalies, and procurement red flags.

SEC. 8. *Whistleblower Protection and Reporting Mechanisms.* – Any person reporting procurement irregularities in good faith shall be protected from retaliation, harassment, dismissal, or administrative reprisal.

The DOH, PhilHealth, and COA shall establish secure and anonymous reporting channels, including digital whistleblowing systems.

Protection shall be consistent with Republic Act No. 6713, Republic Act No. 9485, and other applicable laws.

SEC. 9. *Professionalization and Capacity Building.* – The Civil Service Commission (CSC), Commission on Audit (COA), Department of Health

(DOH), and Department of Budget and Management (DBM) shall institutionalize a national certification and training program for procurement officials covering:

- a) Government procurement law and ethics;
- b) Health-sector contracting risks and safeguards;
- c) Performance-based contracting design and evaluation;
- d) Fraud detection and risk management;
- e) Digital procurement systems and data transparency tools.

No procurement officer handling high-value health contracts shall serve without completion of such certification.

SEC. 10. *Prohibited Acts.* – The following acts are prohibited:

- a) Circumvention of competitive bidding requirements without lawful justification;
- b) Bid rigging, collusion, or market allocation among bidders or officials;
- c) Acceptance or solicitation of bribes, kickbacks, or any undue benefit;
- d) Falsification, manipulation, or suppression of procurement or performance data;
- e) Approval of substandard, non-delivered, or ghost services;
- f) Undisclosed conflict of interest in procurement participation or decision-making;
- g) Obstruction of audits, investigations, or whistleblower disclosures.

SEC. 11. *Penalties.* – Any public official, employee, or private entity found liable under this Act shall be subject to:

- a) Administrative penalties including suspension, dismissal, and perpetual disqualification from public office or government contracting;
- b) Civil liability for restitution, damages, and recovery of public funds;

- c) Criminal liability under Republic Act No. 3019, the Revised Penal Code, and other applicable laws;
- d) Blacklisting and contract termination, without prejudice to legal action.

SEC. 12. *Appropriations.* – The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act under the budgets of the DOH, PhilHealth, and other covered agencies.

SEC. 13. *Implementing Rules and Regulations.* – Within ninety (90) days from effectivity of this Act, the DOH, PhilHealth, DBM, CSC, COA, and DOF shall jointly promulgate the Implementing Rules and Regulations (IRR).

SEC. 14. *Separability Clause.* – If any provision or part of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

SEC. 15. *Repealing Clause.* – All laws, decrees, executive orders, rules, and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 16. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,