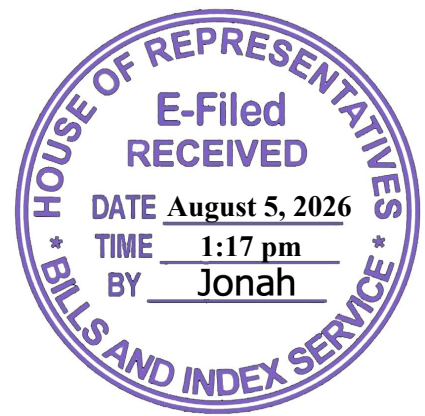


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City  
  
**TWENTIETH CONGRESS**  
Second Regular Session



House Bill No. 10628

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

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**EXPLANATORY NOTE**

Access to safe, effective, quality, and affordable medicines is a fundamental component of the constitutional right to health. However, recurring reports of medicine shortages, stock outs, expired medicines, procurement inefficiencies, counterfeit products, fragmented inventory systems, and wastage of publicly funded health commodities continue to undermine the delivery of healthcare services throughout the country.

Despite significant government expenditures for medicines, vaccines, medical devices, diagnostics, and other health commodities, the absence of a unified national system for forecasting, procurement planning, inventory visibility, redistribution, traceability, and accountability often results in avoidable losses, uneven distribution, supply disruptions, and reduced access to essential medicines, particularly among indigent and vulnerable populations.

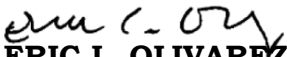
Recent audit findings and health sector assessments have highlighted persistent challenges involving expired and unused medicines, delayed procurement, inadequate forecasting, and limited visibility over inventories across government health facilities. These weaknesses not only waste scarce public resources but also compromise patient care and public health outcomes.

This proposed measure seeks to establish a National Medicine Security System (NMSS), a comprehensive and integrated framework that will strengthen the management of medicines and other health commodities procured using public funds. The measure institutionalizes modern forecasting systems, national inventory visibility, medicine shortage monitoring, redistribution mechanisms, anti-counterfeit safeguards, track-and-trace technologies, procurement transparency measures, and accountability mechanisms throughout the government health supply chain.

The bill further promotes efficient procurement through pooled purchasing arrangements, framework contracting, strategic reserves for essential medicines, public price transparency, beneficial ownership disclosure, and data-driven monitoring systems capable of detecting overpricing, procurement anomalies, and excessive wastage. By ensuring that medicines reach the patients who need them, when they need them, the measure supports the effective implementation of Universal Health Care and strengthens public trust in government health programs.

Ultimately, this measure aims to protect public funds, reduce wastage, prevent shortages, strengthen supply chain resilience, combat counterfeit and substandard products, and guarantee the continuous availability of essential health commodities for all Filipinos.

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**  
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House Bill No. 10628

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

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**“AN ACT  
ESTABLISHING A NATIONAL MEDICINE SECURITY SYSTEM  
FOR THE PROCUREMENT, FORECASTING, INVENTORY  
MANAGEMENT, TRACEABILITY, REDISTRIBUTION, ANTI-  
COUNTERFEIT PROTECTION, AND ACCOUNTABILITY OF  
MEDICINES, VACCINES, MEDICAL DEVICES, DIAGNOSTICS,  
AND OTHER HEALTH COMMODITIES PROCURED USING  
PUBLIC FUNDS, STRENGTHENING TRANSPARENCY AND  
INTEGRITY IN GOVERNMENT PROCUREMENT, PREVENTING  
WASTAGE, SHORTAGES, COUNTERFEIT INFILTRATION, AND  
PROCUREMENT FRAUD, AND APPROPRIATING FUNDS  
THEREFOR”**

**SECTION 1. Short Title.** This Act shall be known as the "*Medicine Security and Anti-Wastage Act of 2026*."

**SECTION 2. Declaration of Policy.** It is hereby declared the policy of the State to ensure the continuous availability, accessibility, affordability, quality, safety, efficacy, and integrity of medicines and other health commodities procured using public funds. The State shall establish a unified national system that prevents medicine shortages, eliminates avoidable wastage, strengthens procurement transparency, prevents counterfeit and substandard products from entering government supply chains, and safeguards public funds from corruption and inefficiency.

**SECTION 3. Objectives.** This Act shall pursue the following objectives:

- (a) Eliminate avoidable expiry and wastage of medicines;
- (b) Prevent stock shortages in government health facilities;
- (c) Strengthen medicine security and supply chain resilience;
- (d) Prevent procurement of counterfeit, falsified, smuggled, adulterated, and unregistered products;
- (e) Improve forecasting and procurement planning;
- (f) Promote transparency and accountability;
- (g) Reduce opportunities for corruption and overpricing;
- (h) Strengthen support for Universal Health Care;
- (i) Improve access of indigent patients to essential medicines.

**SECTION 4. Coverage.** This Act shall apply to all government-funded

procurement, storage, inventory management, warehousing, transportation, distribution, utilization, transfer, and disposal of:

- (a) Medicines;
- (b) Vaccines;
- (c) Biologics;
- (d) Medical devices;
- (e) In-vitro diagnostic devices;
- (f) Laboratory reagents;
- (g) Emergency medical supplies;
- (h) Public health commodities;
- (i) Other health products as may be determined by the Department of Health.

**SECTION 5. Covered Government Entities.** This Act shall apply to:

- (a) Department of Health;
- (b) Government hospitals;
- (c) Specialty hospitals;
- (d) Provincial governments;
- (e) City governments;
- (f) Municipal governments;
- (g) Barangay health stations;
- (h) Rural health units;
- (i) Local government hospitals;
- (j) Devolved hospitals;
- (k) State universities and colleges operating health facilities;
- (l) Government-owned and controlled corporations operating health facilities.

**SECTION 6. National Medicine Security System.** A National Medicine Security System (NMSS) is hereby established under the Department of Health (DOH). The NMSS shall integrate forecasting, procurement planning, inventory management, redistribution, anti-counterfeit verification, traceability, monitoring, and accountability mechanisms nationwide.

**SECTION 7. National Health Commodities Management Platform.** The DOH shall establish a centralized electronic platform that shall contain:

- (a) Inventory balances;
- (b) Batch and lot numbers;
- (c) Expiry dates;
- (d) Procurement information;
- (e) Supplier information;
- (f) Utilization rates;
- (g) Distribution records;
- (h) Traceability information;
- (i) Stock movement records.

**SECTION 8. National Forecasting and Quantification Center.** The

DOH shall establish a National Forecasting and Quantification Center responsible for national demand forecasting using:

- (a) Epidemiological data;
- (b) Disease burden information;
- (c) Utilization trends;
- (d) PhilHealth claims;
- (e) Health facility reports;
- (f) Population health statistics.

**SECTION 9. National Medicine Shortage Early Warning System.** The DOH shall establish a National Medicine Shortage Early Warning System capable of identifying potential shortages, supply disruptions, abnormal demand surges, manufacturing interruptions, importation delays, and other risks affecting the availability of medicines and health commodities. The System shall generate alerts and recommend mitigation measures to concerned agencies and health facilities.

**SECTION 10. Specialized Procurement Modalities for Health Commodities.** Consistent with the Government Procurement Reform Act, the New Government Procurement Act, and other applicable procurement laws, health commodities may be procured through:

- (a) Framework Agreements;
- (b) Call-Off Contracts;
- (c) Multi-Year Contracts;
- (d) Pooled Procurement;
- (e) Strategic Procurement Agreements;
- (f) Vendor-Managed Inventory Systems;
- (g) Other procurement modalities authorized by law and recognized international best practices for health commodities.

**SECTION 11. National and Regional Pooled Procurement.** The DOH may establish national, regional, provincial, and inter-local procurement mechanisms to maximize economies of scale and reduce procurement costs.

**SECTION 12. Mandatory Framework Contracting.** Whenever practicable, procurement of medicines and health commodities shall utilize framework agreements and staggered deliveries based on actual demand and consumption.

**SECTION 13. National Inventory Visibility.** All covered entities shall report inventory information through the National Health Commodities Management Platform.

**SECTION 14. First Expiry First Out Policy.** All government facilities shall implement a First Expiry, First Out (FEFO) inventory management system.

**SECTION 15. Near-Expiry Alert System.** Automatic alerts shall be

generated twelve (12), six (6), and three (3) months before product expiry.

**SECTION 16. National Medicine Redistribution Program.** The DOH shall establish a National Medicine Redistribution Program. Redistribution of government-owned health commodities between facilities shall be authorized without the need for separate procurement proceedings.

**SECTION 17. National Medicine Exchange Network.** Government hospitals, local government units, specialty hospitals, state universities and colleges operating health facilities, and other covered entities shall participate in the National Medicine Exchange Network subject to DOH guidelines.

**SECTION 18. Minimum Shelf-Life Requirement.** No government entity shall accept delivery of medicines with inadequate remaining shelf life except in emergencies or under conditions prescribed by the DOH.

**SECTION 19. National Medicine Security Reserve.** The DOH shall maintain strategic reserves of essential and life-saving medicines for emergencies and public health crises.

**SECTION 20. Anti-Counterfeit Procurement Safeguards.** No government entity shall procure: (a) Counterfeit products; (b) Falsified products; (c) Smuggled products; (d) Diverted products; (e) Unregistered products; (f) Unauthorized products.

**SECTION 21. Mandatory Food and Drug Administration (FDA) Verification.** Prior to award of any procurement contract, procuring entities shall electronically verify the validity of:

- (a) FDA Certificates of Product Registration;
- (b) Licenses to Operate;
- (c) Manufacturing authorizations;
- (d) Importation authorizations.

**SECTION 22. Phased Serialization and Traceability.** The DOH and the FDA shall implement a phased, risk-based serialization, track-and-trace, and electronic verification system for medicines and health commodities procured using public funds.

Priority shall be given to:

- (a) Essential medicines;
- (b) Vaccines;
- (c) Controlled substances;
- (d) High-value medicines;
- (e) Products identified by the FDA as vulnerable to counterfeiting.

**SECTION 23. Government Health Products Verification System.**

The FDA shall establish a Government Health Products Verification System to authenticate all products procured using public funds.

**SECTION 24. Beneficial Ownership Disclosure.** All bidders and suppliers shall disclose their beneficial ownership structures and ultimate controlling interests. Such disclosures shall be submitted under oath and updated annually.

**SECTION 25. Cybersecurity and System Protection.** The National Health Commodities Management Platform and all related systems shall comply with national cybersecurity standards and shall be subject to periodic vulnerability assessments, penetration testing, security audits, and other safeguards necessary to protect critical government health supply chain information.

**SECTION 26. Conflict of Interest Prohibition.** No procurement official shall participate in procurement activities involving entities in which the official or relatives within the fourth civil degree have direct or indirect interests.

**SECTION 27. National Price Reference Dashboard.** The DOH shall establish a public medicine procurement price reference dashboard.

**SECTION 28. Procurement Transparency Portal.** All procurement contracts, notices of award, delivery records, inspection reports, and payment records shall be publicly accessible.

**SECTION 29. Red Flag Analytics System.** The DOH shall establish automated systems capable of detecting:

- (a) Overpricing;
- (b) Bid rotation;
- (c) Cartel behavior;
- (d) Repeated supplier dominance;
- (e) Abnormal procurement patterns;
- (f) Excessive wastage.

**SECTION 30 Prevention of Fictitious, Undelivered, or Fraudulent Deliveries.** All deliveries of medicines and health commodities procured using public funds shall be supported by verifiable documentation, including electronic receipts, geotagged proof of delivery, digital acceptance records, inventory uploads, and such other verification mechanisms as may be prescribed by the DOH.

**SECTION 31. Citizen Monitoring.** Accredited civil society organizations and patient groups may observe procurement and monitoring activities.

**SECTION 32. Local Government Responsibilities.** Local government

units shall:

- (a) Participate in forecasting;
- (b) Maintain inventory accuracy;
- (c) Submit utilization reports;
- (d) Participate in redistribution programs;
- (e) Establish accountability mechanisms.

**SECTION 33. National Medicine Security Council.** A National Medicine Security Council is hereby created. The Council shall be chaired by the Secretary of Health. Members shall include representatives from:

- (a) Department of Health;
- (b) Food and Drug Administration;
- (c) Department of Budget and Management;
- (d) Department of the Interior and Local Government;
- (e) PhilHealth;
- (f) Government Procurement Policy Board;
- (g) Bureau of Customs;
- (h) Department of Information and Communications Technology.

The Commission on Audit (COA) may designate a non-voting observer. The Council may invite representatives from the Philippine National Police, National Bureau of Investigation, Office of the Ombudsman, civil society organizations, patient groups, and other relevant stakeholders whenever necessary.

**SECTION 34. Annual Performance Scorecard.** The Department of Health shall publish annual performance indicators covering:

- (a) Expiry rates;
- (b) Stock out rates;
- (c) Forecast accuracy;
- (d) Availability rates;
- (e) Redistribution compliance;
- (f) Procurement efficiency.

**SECTION 35. Annual Audit.** The COA shall conduct annual audits of medicine procurement, inventory management, and wastage.

**SECTION 36. Prohibited Acts.** The following acts are prohibited:

- (a) Willful overstocking;
- (b) Deliberate concealment of expiry losses;
- (c) Procurement of counterfeit products;
- (d) Falsification of inventory records;
- (e) Fictitious or fraudulent deliveries, including the submission or acceptance of false delivery receipts, fabricated proof of delivery, deliveries that did not actually occur, or deliveries that materially differ from the quantity, quality,

or specifications contracted for.

- (f) Deliberate non-reporting of inventory;
- (g) Manipulation of procurement processes;
- (h) Circumvention of verification requirements.

**SECTION 37. Penalties.** Any person who violates this Act shall be subject to administrative, civil, and criminal liability without prejudice to prosecution under the Anti-Graft and Corrupt Practices Act, the Revised Penal Code, the FDA Act, the Government Procurement Law, and other applicable laws.

In cases involving fictitious or fraudulent deliveries, procurement fraud, counterfeit products, deliberate destruction of records, or concealment of inventory losses, the penalties under existing laws shall be imposed in addition to penalties under this Act.

**SECTION 38. Whistleblower Protection.** Any person reporting violations under this Act in good faith shall be protected from retaliation and shall be entitled to protection under applicable laws and regulations.

**SECTION 39. Appropriations.** The amount necessary for the initial implementation of this Act shall be charged against existing appropriations of the DOH and thereafter included in the annual General Appropriations Act.

**SECTION 40. Implementing Rules and Regulations.** Within one hundred twenty (120) days from effectivity of this Act, the DOH shall promulgate the implementing rules and regulations in consultation with concerned agencies and stakeholders.

**SECTION 41. Separability Clause.** If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in force and effect.

**SECTION 42. Repealing Clause.** All laws, rules, regulations, and issuances inconsistent with this Act are hereby repealed, amended, or modified accordingly.

**SECTION 43. Effectivity.** This Act shall take effect fifteen (15) days after publication in the Official Gazette or in at least two (2) newspapers of general circulation.

*Approved.*