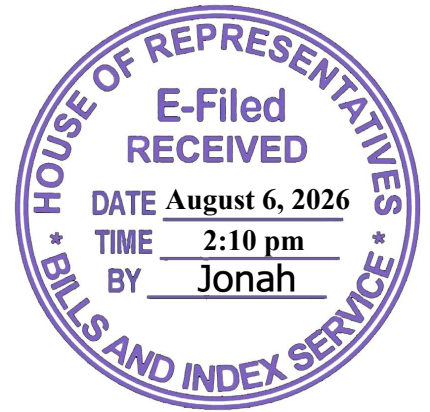


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10664



Introduced by 2nd District of Iloilo Representative
HON. KATHRYN JOYCE F. GORRICETA, M.D.

AN ACT
INSTITUTIONALIZING THE EQUITABLE, TRANSPARENT, AND
INCLUSIVE DISTRIBUTION OF PHILHEALTH BENEFIT SHARES AMONG
PERSONNEL OF PUBLIC HEALTH INSTITUTIONS, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The Constitution mandates the State to protect life, liberty, and property under Article II, Section 5, and to promote social justice in all phases of national development under Article XIII. It likewise upholds the protection of workers and the equitable distribution of benefits, principles that extend to all personnel in public health institutions who collectively sustain the delivery of essential healthcare services to the Filipino people.

With the implementation of the Universal Health Care (UHC) Act (Republic Act No. 11223), the Philippine health financing system has shifted toward pooled PhilHealth reimbursements, global budgeting, and facility-level financial autonomy through mechanisms such as Special Health Funds. While intended to improve efficiency and service delivery, Commission on Audit (COA) observations on Department of Health (DOH) hospitals, together with DOH administrative issuances, indicate that the utilization of PhilHealth-derived revenues and related personnel benefit shares is largely implemented at the institutional level, where hospital management exercises significant discretion in distribution.

Philippine Institute for Development Studies (PIDS) research on UHC implementation further notes that decentralization of hospital financial management has contributed to uneven and inconsistent application of incentive and benefit-sharing systems across health facilities. As a result, concerns have been raised regarding unequal distribution, lack of standardized formulas, delayed releases, and limited participation of non-medical, non-clinical, and non-permanent personnel, including job order and contract of service workers who nonetheless play essential roles in hospital operations.

In practice, disparities exist both across and within hospital systems, particularly between tertiary and lower-level facilities and between plantilla and non-permanent personnel. World Health Organization (WHO) health workforce studies and PIDS policy research consistently show that income-derived incentive systems tend to favor clinical and higher-ranked personnel, while non-clinical workers such as administrative staff, utility personnel, and support service

workers often receive lower shares or are excluded depending on institutional policy. The Civil Service Commission (CSC) likewise recognizes that job order and contract of service personnel are not automatically covered by standard government incentive schemes unless explicitly included in agency guidelines, reinforcing structural inequities in benefit access.

Delays in the release of PhilHealth Benefit Share allocations are also frequently reported. COA audit findings on hospital income utilization note that administrative processing requirements, pooling mechanisms under the UHC framework, and the absence of uniform statutory timelines contribute to delayed distribution of benefits to personnel. These delays adversely affect workforce morale, financial predictability, and perceptions of fairness in public health institutions.

These systemic issues are compounded by the growing reliance of public hospitals on PhilHealth reimbursements as a major source of operational funding. However, in the absence of a uniform statutory framework, implementation remains fragmented, institution-dependent, and vulnerable to discretion-driven variations, resulting in inconsistent treatment of similarly situated personnel across facilities and weakening equity in public sector compensation systems.

In light of these conditions, there is a compelling need to institutionalize a standardized, transparent, and inclusive framework for the distribution of PhilHealth Benefit Shares. The proposed bill seeks to ensure that all personnel, regardless of employment status, are fairly included in benefit-sharing mechanisms, while establishing safeguards against delay, diversion, and discriminatory allocation.

The bill further strengthens governance by mandating uniform distribution rules, timely release of benefits, transparency and public reporting requirements, protection against retaliation for whistleblowers, and enhanced inter-agency coordination among the Department of Health (DOH), Philippine Health Insurance Corporation (PhilHealth), Department of Budget and Management (DBM), Civil Service Commission (CSC), and Commission on Audit (COA). In doing so, it promotes fairness, strengthens workforce morale and retention, and ensures that public health financing translates into equitable benefits for all who contribute to healthcare delivery.

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


KATHRYN JOYCE F. GORRICETA, M.D.
Representative
2nd District of Iloilo

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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 Benefit Share Equity and Transparency Act.*”

SEC. 2. Declaration of Policy. — It is the policy of the State to promote social justice, protect and advance the welfare of health workers, and ensure the equitable distribution of benefits derived from public healthcare services. The State recognizes the indispensable contributions of all personnel in public health institutions, including clinical, non-clinical, permanent, temporary, casual, contractual, job order, contract of service, coterminous, and other non-permanent personnel, in the delivery of healthcare services and the generation of PhilHealth reimbursements.

Toward this end, the State shall establish a transparent, accountable, equitable, and standardized system for the distribution of PhilHealth Benefit Shares, ensure their timely release, prevent arbitrary and discriminatory allocation, and protect such funds from diversion or misuse.

SEC. 3. Coverage. — This Act shall apply to all government-owned and government-operated hospitals, Department of Health hospitals and medical centers, provincial, city, municipal, district, and local government-operated hospitals, specialty hospitals, sanitarium, infirmaries, rural health units participating in integrated health systems, and other public health institutions accredited by the Philippine Health Insurance Corporation (PhilHealth) and receiving PhilHealth reimbursements or payments.

SEC. 4. Definition of Terms. — For purposes of this Act the following terms shall be defined:

- a) *PhilHealth Benefit Share (PBS)* refers to the portion of PhilHealth reimbursements, global budget payments, capitation payments, network contracting funds, and other PhilHealth-derived revenues legally allocable for personnel benefit sharing;

- b) *Public Health Institution* refers to any government-owned or government-operated health facility covered by this Act;
- c) *Personnel* refer to all individuals rendering services in a covered institution regardless of employment status;
- d) *Non-Permanent Personnel* refers to personnel holding temporary, casual, contractual, coterminous, job order, contract of service, part-time, or similar appointments;
- e) *Equitable Distribution* refers to a fair allocation based on objective criteria including workload, responsibility, risk exposure, performance, length of service, and contribution to health service delivery;
- f) *Special Health Fund* refers to the pooled fund established under Republic Act No. 11223 or the Universal Health Care Act.

SEC. 5. *Inclusion of All Personnel.* — All personnel who have rendered actual service during the applicable benefit-sharing period shall be eligible to receive PhilHealth Benefit Shares. No personnel shall be excluded solely on the basis of employment status, source of compensation, appointment classification, or nature of engagement.

SEC. 6. *Ring-Fencing of Personnel Shares.* — Notwithstanding any provision of Republic Act No. 11223, otherwise known as the Universal Health Care Act, and its implementing rules and regulations, the personnel component of PhilHealth reimbursements, global budget payments, capitation payments, network contracting funds, and other PhilHealth-derived revenues intended for personnel benefit sharing shall be segregated, ring-fenced, and exclusively reserved for distribution to qualified personnel under this Act.

Such funds shall not be diverted, pooled for non-personnel purposes, reallocated, withheld, or absorbed into the general funds of local government units or any other account unrelated to personnel benefit sharing.

SEC. 7. *Standardized Distribution Framework.* — Within one hundred twenty (120) days from the effectivity of this Act, the Department of Health (DOH), in consultation with PhilHealth, the Department of Budget and Management (DBM), the Civil Service Commission (CSC), the Commission on Audit (COA), employee organizations, and other stakeholders, shall promulgate a standardized distribution framework.

The framework shall establish a uniform benefit-sharing system composed of:

- a) A Base Equity Component constituting fifty percent (50%) of the distributable personnel benefit pool, to be distributed equally among all qualified personnel;
- b) A Position and Responsibility Component constituting thirty percent (30%) of the distributable personnel benefit pool, to be allocated based on objective criteria including level of responsibility, professional qualifications, risk exposure, and scope of work; and
- c) A Performance and Productivity Component constituting twenty percent (20%) of the distributable personnel benefit pool, to be allocated based on measurable performance indicators, attendance, and contribution to service delivery.

The framework shall ensure that all qualified personnel, regardless of employment status, participate in each component of the distribution system.

SEC. 8. *Equity Safeguards and Allocation Parameters.* — To prevent favoritism, discrimination, and excessive concentration of benefits:

- a) No qualified personnel shall be excluded from any component of the distribution formula solely on account of employment status;
- b) The highest individual PhilHealth Benefit Share shall not exceed three (3) times the lowest share received by a full-time qualified personnel member during the same distribution period;
- c) Distribution formulas shall be based on objective, measurable, and transparent criteria;
- d) No personnel category shall receive preferential treatment except as may be justified by the standardized criteria established under this Act;
- e) The allocation system shall ensure meaningful participation of non-clinical personnel and non-permanent personnel in the overall benefit-sharing mechanism.

SEC. 9. *Mandatory Period for Distribution.* — All PhilHealth Benefit Shares shall be distributed within thirty (30) calendar days from the date of receipt or crediting of the corresponding PhilHealth reimbursement, global budget payment, capitation payment, network contracting fund, or other PhilHealth-derived revenue.

Failure to distribute within the prescribed period without lawful justification shall constitute prima facie evidence of administrative neglect of duty.

SEC. 10. *PhilHealth Benefit Share Committee.* — Every covered institution shall establish a PhilHealth Benefit Share Committee composed of representatives from management, physicians, nurses, allied health professionals, administrative personnel, non-clinical personnel, non-permanent personnel, and recognized employee organizations.

The Committee shall monitor compliance, review allocations, receive complaints, and recommend corrective measures.

SEC. 11. *Transparency and Public Disclosure.* — Every covered institution shall prepare and publish an Annual PhilHealth Benefit Share Transparency Report containing:

- a) Total PhilHealth revenues received;
- b) Total personnel benefit pool;
- c) Distribution formula utilized;
- d) Number of beneficiaries by personnel category;
- e) Aggregate distributions per personnel category.

The report shall be posted on the institution's official website, if available, and in conspicuous places accessible to employees and the public.

SEC. 12. *Grievance and Appeals Mechanism.* — The DOH shall establish a grievance and appeals mechanism for personnel who allege unlawful, inequitable, delayed, or discriminatory distributions.

Complaints shall be resolved within sixty (60) days from receipt.

SEC. 13. *Protection Against Retaliation.* — No personnel shall be dismissed, terminated, reassigned, subjected to adverse performance evaluations, denied promotion, subjected to non-renewal of contract, harassed, intimidated, or otherwise prejudiced for filing a complaint, participating in an investigation, or providing information concerning violations of this Act.

Any adverse action taken within one (1) year from the filing of a complaint shall create a rebuttable presumption of retaliation.

Where prima facie evidence of retaliation exists, the appropriate disciplinary authority may place the responsible official under preventive suspension pending investigation.

SEC. 14. *Prohibited Acts.* — The following acts are prohibited:

- a) Excluding qualified personnel from benefit sharing solely because of employment status;
- b) Diverting, withholding, delaying, misallocating, or unlawfully reducing PhilHealth Benefit Shares;
- c) Utilizing personnel shares for purposes other than those authorized under this Act;
- d) Falsifying records relating to PhilHealth collections or distributions;
- e) Granting preferential treatment without legal basis;
- f) Retaliating against complainants, witnesses, or cooperating personnel.

SEC. 15. *Administrative Liability.* — Any public officer or employee found liable for violating this Act shall be subject to administrative sanctions under applicable civil service laws, rules, and regulations, without prejudice to criminal, civil, or other liabilities.

SEC. 16. *Penal Provisions.* — Any person who willfully diverts, withholds, misallocates, unlawfully delays, or excludes qualified personnel from receiving PhilHealth Benefit Shares shall, upon conviction, suffer:

- a) Imprisonment of not less than six (6) months and one (1) day but not more than six (6) years;
- b) A fine of not less than One Hundred Thousand Pesos (₱100,000.00) but not more than One Million Pesos (₱1,000,000.00); or
- c) Both such fine and imprisonment, at the discretion of the court.

Where the offender is a public officer or employee, the penalty of perpetual disqualification from public office shall likewise be imposed.

SEC. 17. *Relation to the Anti-Graft and Corrupt Practices Act.* — Any willful diversion, withholding, misallocation, unauthorized use, or discriminatory allocation of PhilHealth Benefit Shares resulting in undue injury to qualified personnel shall, where applicable, constitute a violation of Section 3(e) of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act, without prejudice to prosecution under other applicable laws.

The Office of the Ombudsman shall have concurrent jurisdiction over complaints involving public officials and employees under this Act.

SEC. 18. *Appropriations.* — The administrative and operational expenses necessary for the implementation of this Act, including the establishment of PhilHealth Benefit Share Committees, monitoring systems, and grievance mechanisms, shall be charged against the appropriations of the Department of Health and concerned agencies, subject to existing budgeting, accounting, and auditing laws, rules, and regulations.

The PhilHealth Benefit Shares distributed under this Act shall not require separate appropriations and shall be sourced exclusively from PhilHealth reimbursements, global budget payments, capitation payments, network contracting funds, and other PhilHealth-derived revenues legally allocable for personnel benefit sharing.

SEC. 19. *Implementing Rules and Regulations.* — Within one hundred twenty (120) days from the effectivity of this Act, the DOH, in coordination with PhilHealth, DBM, CSC, COA, and other concerned agencies, shall promulgate the necessary rules and regulations.

SEC. 20. *Separability Clause.* — If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

SEC. 21. *Repealing Clause.* — All laws, executive orders, administrative issuances, rules, and regulations inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 22. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,