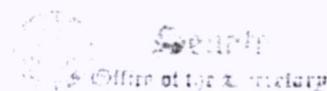


SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE

S.B. No. 1673



Introduced by **SENATOR SONNY ANGARA**

'18 JAN 31 P 4:58

**AN ACT PROVIDING FOR A UNIVERSAL HEALTH COVERAGE FOR FILIPINOS AND
APPROPRIATING FUNDS THEREFOR**

Explanatory Note

The Philippines took a major step towards achieving universal healthcare in 2013 when it enacted Republic Act 10606 which provided for mandatory coverage for indigent patients and other sponsored members of the Department of Social Welfare and Development (DSWD). This was possible due to the huge revenue gains earned from the enactment of new excise taxes on alcohol and tobacco products.

Since then, up to 92 percent of the population—roughly 93.5 million Filipinos—have gained Philhealth coverage. Hence, the drive now should be to achieve full 100-percent coverage in the quickest, most expedient way possible.

There is also the imperative to expand the benefits and services ordinarily available under PhilHealth. According to the Philippine Statistics Authority (PSA), household out-of-pocket payments accounted for a majority (54.2 percent) of the country's current health expenditure in 2016. Filipino families still bear the brunt of healthcare in the Philippines.

The foregoing measure aims to build on the gains already made from previous efforts to achieve universal healthcare, by introducing even more significant reforms.

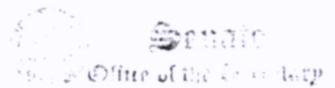
The National Health Insurance Program will be strengthened and renamed as the National Health Security Program, wherein all Filipinos will be automatically covered. The Philippine Health Insurance Corporation (PhilHealth) will also be renamed as the Philippine Health Security Corporation to reflect its new mandate as national financier and purchaser of individual-based health services.

The swift enactment of this measure will ensure true universal healthcare coverage will be available to all Filipinos in the soonest time possible.

SONNY ANGARA

SENATE

S.B. No. 1673



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Introduced by Senator SONNY ANGARA

RECEIVED BY: _____

**AN ACT PROVIDING FOR A UNIVERSAL HEALTH COVERAGE FOR FILIPINOS
AND APPROPRIATING FUNDS THEREFOR**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

CHAPTER I

GENERAL PROVISIONS

SECTION 1. Short Title. – This Act shall be known as the “*Universal Health
Coverage Act of 2018*”.

SEC. 2. Declaration of Principles and Policies. – It is the declared policy of the
State to protect and promote the right to health of every Filipino and instill health
consciousness among them. Towards this end, the State shall adopt an integrated and
comprehensive approach to health development and endeavor to provide every Filipino
healthy living conditions and access to needed cost-effective and quality promotive,
preventive, curative, rehabilitative and palliative health services, without suffering financial
hardship when obtaining them.

The State shall likewise adopt a whole-of-system, whole-of-government and whole-of-
society approach, which considers and embraces all sectors and relevant stakeholders in
planning, implementing, monitoring, and evaluating all health-related policies, programs and
actions for the universal health coverage of every Filipino.

Pursuant to these policies, the State shall adopt the following principles:

(a) *Accountability* – To hold health care providers and other relevant actors and
stakeholders responsible for their intended roles and functions under this Act;

(b) *Compulsory Coverage* – To require all citizens of the Philippines to enroll in the
National Health Security Program, formerly called the National Health Insurance Program
and renamed as such under Chapter III, Section 13 of this Act, and those classified as
contributory members to contribute thereto;

(c) *Equality* – To provide for uniform entitlement for all citizens;

1 (d) *Equity* – To address unjust social and economic arrangements;

2 (e) *Fidelity to Fiduciary Responsibility* – To provide effective stewardship, funds
3 management, maintenance of reserves, and incorporate features of cost containment in the
4 design of the National Health Security Program and a viable means of affording financial risk
5 protection;

6 (f) *Inclusivity through Public Participation* – To ensure rightful consultation with local
7 government units (LGUs), communities, and other key stakeholders, subject to the overall
8 policy directions set by the national government;

9 (g) *Prioritization of Health Services in the Allocation of National Resources* – To
10 provide adequate funds to health programs thereby underscoring the importance of giving
11 priority to health as a strategy to bring about faster economic development and to improve
12 the quality of life of the citizenry;

13 (h) *Responsiveness* – To ensure that the legitimate expectation of the
14 population on health services at various stages of their lives as well as the non-health
15 enhancing aspects of the health system are met;

16 (i) *Sensitivity to the Social Determinants of Health* – To encompass complex,
17 integrated, and overlapping social structures and economic systems that include the social
18 environment, physical environment and health services, which are structural and social
19 factors that are responsible for most of the health inequities;

20 (j) *Social Solidarity* – To highlight risk sharing among income groups, age groups,
21 and persons of differing health status, and residing in different geographic areas;

22 (k) *The Value of Informed Choice* – To periodically apprise all Filipinos, through the
23 use of appropriate local language, their full range of entitlements in order to empower them
24 in seeking the health services they want and need;

25 (l) *Universality* – To provide all citizens with the mechanism to gain access to health
26 services, in combination with other government health programs; and

27 (m) *Value-based Health Care and Purchasing* – To maximize value for patients at the
28 lowest possible cost, by ensuring that payments and incentives are tied to quality, efficiency,
29 effectiveness, and innovation in the delivery of health services.

30 **SEC. 3. General Objectives.** – This Act seeks to:

31 (a) Realize universal health coverage in the country through systematic and systemic
32 approaches, complemented by clear delineation of roles and functions;

33 (b) Ensure strategic supply side investments to guarantee availability and
34 responsiveness of necessary commodities, equipment, and other such resources;

35 (c) Enhance and rename the National Health Insurance Program (NHIP) established
36 under Republic Act No. 7875, as amended, otherwise known as the “National Health
37 Insurance Act of 2013” into the National Health Security Program, as a mechanism for

1 citizens to gain financial access to health services; and

2 (d) Strengthen and rename the Philippine Health Insurance Corporation established
3 under Republic Act No. 7875, as amended, into the Philippine Health Security Corporation,
4 which shall administer the National Health Security Program at the national and local levels.

5 **SEC. 4. Definition of Terms.** – As used in this Act:

6 (a) *Abuse of authority* refers to an act of a person performing a duty or function
7 authorized by this Act or its implementing rules and regulations which is beyond such
8 authority and is inimical to the public;

9 (b) *Beneficiary* refers to any person entitled to health insurance benefits under this Act;

10 (c) *Capitation* refers to a payment mechanism where a set amount for each enrolled
11 person, family, household, or group, is paid to health care providers per period of time,
12 regardless of whether that person, family, household, or group seeks care;

13 (d) *Case-based or bundled payment* refers to a payment mechanism that reimburses
14 health care providers on the basis of expected costs for clinically defined episodes of care;

15 (e) *Contribution* refers to the amount paid by or in behalf of a member to the National
16 Health Security Program in order to enjoy coverage thereof, based on salaries or wages,
17 and on household earnings and assets in the case of contributory group, or on other criteria
18 as may be defined by the Philippine Health Security Corporation in accordance with the
19 guiding principles set forth in this Act;

20 (f) *Co-payment* refers to a payment made by a member or beneficiary as a fixed
21 amount, with the remaining cost of health services covered for by the insurer;

22 (g) *Coinsurance* refers to the portion of the reimbursement fixed by the National Health
23 Security Program to be paid by the member or beneficiary from the total cost of health
24 services with the remaining balance covered by the Philippine Health Security Corporation;

25 (h) *Dependents* refer to the following:

26 (1) The legitimate spouse who is not a member;

27 (2) Unmarried and unemployed legitimate, legitimated, illegitimate, acknowledged
28 children as appearing in the birth certificate; legally adopted or stepchildren below twenty-
29 one (21) years of age;

30 (3) Children who are twenty-one (21) years old or above but suffering from congenital
31 disability, either physical or mental, or any disability acquired that renders them totally
32 dependent on the member for support;

33 (4) Parents of members who are sixty (60) years old or above whose monthly income
34 is below an amount to be determined by the Philippine Health Security Corporation in
35 accordance with the guiding principles set forth in this Act; and

36 (5) Parents of members with permanent disability that render them totally dependent
37 on the member for subsistence;

1 (i) *Drug* refers to a chemical substance used in the treatment, cure, prevention, or
2 diagnosis of disease, or used to otherwise enhance physical or mental well-being, which has
3 been approved by the Food and Drug Administration (FDA) and can be dispensed only
4 pursuant to a prescription order from a physician who is duly licensed to do so;

5 (j) *Emergency* refers to an unforeseen combination of circumstances which calls for
6 immediate action to preserve the life of a person, or to preserve the sight of one or both
7 eyes; the hearing of one or both ears; or one (1) or two (2) limbs at or above the ankle or
8 wrist;

9 (k) *Employee* refers to any person who performs services for an employer in which
10 either or both mental and physical efforts are used and who receives compensation for such
11 services, where there is an employer-employee relationship;

12 (l) *Employer* refers to a natural or juridical person who employs the services of an
13 employee;

14 (m) *Entitlement* refers to any singular or lot of health services provided to members or
15 beneficiaries of the Program for the purpose of improving health;

16 (n) *Fee-for-service* refers to a health care payment system in which health care
17 providers receive a payment for each unit of service performed, and fees are guided by a
18 fixed schedule;

19 (o) *Fraudulent act* refers to any act or omission that is deceptive or causes another to
20 act on any misrepresentation resulting in loss, damage, and injury, whether or not the
21 deceiver profits or is enriched;

22 (p) *Geocodes* refer to geographic coordinates or any form of spatial representation of
23 a locational reference, unique to one specific site, position, or facility;

24 (q) *Global budget* refers to a provider payment mechanism where health care
25 providers receive a fixed amount for a specified period to cover aggregate expenditures to
26 provide an agreed upon set of services; budget is flexible and not tied to line items;

27 (r) *Health care provider* refers to any of the following:

28 (1) A health facility, which may be public or private, devoted primarily to the provision
29 of services for health promotion, prevention, diagnosis, treatment, rehabilitation and
30 palliation of individuals suffering from illness, disease, injury, disability, or deformity, or in
31 need of obstetrical or other medical and nursing care, and which is recognized by the
32 Department of Health (DOH);

33 (2) A health care professional, who is a doctor of medicine, nurse, midwife, dentist, or
34 other health care professional or practitioner duly licensed to practice in the Philippines;

35 (3) A health maintenance organization, which is an entity that provides, offers, or
36 arranges for coverage of designated health services for its plan holders or members for a
37 fixed prepaid premium;

1 (4) A community-based health care organization, which is an association of indigenous
2 members of the community organized for the purpose of improving the health status of that
3 community through preventive, promotive and curative health services;

4 (5) Pharmacies or drug outlets, laboratory and diagnostic clinics, and manufacturers,
5 distributors and suppliers of pharmaceuticals, medical equipment and supplies; or

6 (6) Any other entity or organization recognized and contracted by the Philippine Health
7 Security Corporation;

8 (s) *Health insurance identification (ID) card* refers to the official identification card
9 issued by the Philippine Health Security Corporation to members and dependents to serve
10 as the instrument for proper identification, eligibility verification, and utilization recording;

11 (t) *Health intervention* refers to all health services aimed at promotional, preventive,
12 and curative care, diagnosis, rehabilitation and palliation towards achievement of optimal
13 health outcomes. It can be population-based or individual-based, depending on the recipient.
14 It can be primary, or secondary, or tertiary level health care. It can be delivered face-to-face
15 or remotely, through telecommunications and information technology. It includes drugs,
16 vaccine, clinical equipment and devices, medical and surgical procedure, preventive and
17 promotive health services and traditional medicine;

18 (u) *Health system* refers to all organizations, people and actions the primary intent of
19 which is to promote, restore or maintain health;

20 (v) *Health technology assessment* refers to a multidisciplinary process which uses a
21 systematic evaluation of properties, effects, and impacts of health technology to evaluate the
22 health, social, economic, organizational and ethical implications of the use of new and
23 existing health technologies;

24 (w) *Indigent* refers to a Filipino citizen whose income falls below the poverty
25 threshold as defined by the National Economic and Development Authority (NEDA) or one
26 who cannot afford in a sustained manner to provide their minimum basic needs of food,
27 health, education, housing, or other amenities of life;

28 (x) *Individual-based interventions* refer to those health services that can be definitively
29 traced back to a singular person such as medicines, vaccines, outpatient visit and inpatient
30 admission;

31 (y) *Inpatient services* refer to health interventions delivered requiring admission or an
32 overnight stay in a health facility;

33 (z) *Member* refers to any person who either belongs to the contributory group or
34 noncontributory group and whose premium contributions have been regularly paid to the
35 National Health Security Program;

36 (aa) *Migrant workers* refer to documented or undocumented Filipinos who are engaged
37 in a remunerated activity in another country of which they are not citizens;

1 (bb) *Negative list* refers to an explicit list of diseases, services, technologies, or
2 interventions to be excluded for coverage under the National Health Security Program;

3 (cc) *Outpatient services* refer to health interventions delivered without requiring
4 admission or overnight stay in the health facility;

5 (dd) *Philippine National Formulary* refers to the essential drugs list of the Philippines
6 which is prepared by the National Drug Committee of the DOH in consultation with experts
7 and specialists from organized professional medical societies, medical academe and the
8 pharmaceutical industry, and which is updated every year;

9 (ee) *Population-based interventions* refer to those health services that cannot be
10 specifically traced back to a singular person or beneficiary such as water and sanitation,
11 information and education campaigns;

12 (ff) *Positive list* refers to an explicit list of diseases, services, technologies, or
13 interventions to be covered by the National Health Security Program;

14 (gg) *Portability* refers to the enablement of a member to avail of the benefits of the
15 National Health Security Program in an area outside the jurisdiction of the member's Local
16 Health Security Office;

17 (hh) *Primary care* refers to first-contact, accessible, continued, comprehensive and
18 coordinated care that is accessible at the time of need, focuses on the long-term health of a
19 person rather than the short duration of the disease, includes a range of services appropriate
20 to the common problems in the respective population, and acts to coordinate with other
21 specialists that the patient may need;

22 (ii) *Primary health care* refers to essential health care based on practical,
23 scientifically-sound and socially-acceptable methods and technology made universally-
24 accessible to individuals and families in the community through their full participation and at
25 an affordable cost, which they can maintain at every stage of their development in the
26 exercise of their power of self-determination and their abilities to pursue self-reliance;

27 (jj) *Professional practitioners* refer to doctors, lawyers, certified public accountants,
28 and other practitioners required to pass government licensure examinations in order to
29 practice their professions;

30 (kk) *Program benefits* refer to health interventions that the National Health Security
31 Program guarantees for its members and dependents;

32 (ll) *Quality assurance* refers to a formal set of activities to review and ensure the
33 quality of services provided and includes quality assessment and corrective actions to
34 remedy any deficiency identified in the quality of direct patient, administrative, and support
35 services;

36 (mm) *Self-employed* refers to a person who is both employee and employer at the
37 same time;

1 (nn) *Service delivery network* refers to a group of public and private health facilities
2 duly registered with the Securities and Exchange Commission encompassing primary care
3 to higher level facilities;

4 (oo) *Telemedicine* refers to the remote diagnosis and treatment of patients by means
5 of telecommunications technology;

6 (pp) *Unethical practice* refers to any action, scheme or ploy against the National Health
7 Security Program, such as overbilling, upcasing, harboring ghost patients or recruitment
8 practices as defined in the implementing rules and regulations of this Act, or any act contrary
9 to the code of ethics of the responsible person's profession or practice, or other similar,
10 analogous acts that puts or tends to put in disrepute the integrity and effective
11 implementation of the National Health Security Program;

12 (qq) *Universal health coverage* refers to the right of every Filipino to healthy living
13 conditions and to receive the necessary promotive, preventive, curative, rehabilitative and
14 palliative health services that are of sufficient quality and effectivity without suffering financial
15 hardship when obtaining these services;

16 (rr) *Whole-of-government approach* refers to the adoption of multi-sectoral approach
17 in addressing health issues, affirming the inherently integrated and indivisible linkages
18 between health and other sectors such as education, energy, agriculture, sports, transport,
19 communication, urban planning, environment, labor, employment, industry and trade,
20 finance, and social and economic development;

21 (ss) *Whole-of-society approach* refers to the contribution and significant role played by
22 all relevant stakeholders, including individuals, families and communities, nongovernmental
23 organizations, civil society, religious institutions, the academe, the media, and the private
24 sector, in advancing health reforms; and strengthening the linkages and coordination among
25 these stakeholders in order to improve the effectiveness of all efforts to improve the health
26 system; and

27 (tt) *Whole-of-system approach* refers to the approach which looks at each of the
28 component parts or functions of the health system, following the principle that all parts of a
29 health system, or all its building blocks – leadership, human resources, information, medical
30 products and technology, financing, and service delivery – are interrelated, hence, all actions
31 to be taken must be evaluated for their potential effects on the functioning of the entire
32 system.

33 CHAPTER II

34 UNIVERSAL HEALTH COVERAGE

35 **SEC. 5. *Universal Health Coverage.*** – Pursuant to the right of every Filipino citizen
36 to healthy living, they shall be provided access to a comprehensive set of health services the
37 cost of which will not cause financial hardship. Inpatient health services shall be made

1 available at zero co-payment for the noncontributory group and for those who opt for basic
2 accommodation, and at fixed coinsurance rates for all who opt for higher types of
3 accommodation. Outpatient health services shall be made available at zero co-payment in
4 public facilities, and fixed coinsurance in private facilities.

5 **SEC. 6. Operationalizing Entitlements.** – Every Filipino shall be automatically
6 included in the National Health Security Program and thus entitled to all benefits prescribed
7 therein. For purposes of simplicity, all members under the National Health Security Program
8 shall be categorized under two (2) membership types only, namely: the contributory and
9 noncontributory group.

10 **SEC. 7. Explicitness of Entitlements.** – Within ten (10) years from the effectivity of
11 this Act, the DOH shall, with the assistance and guidance from the Health Technology
12 Assessment Council created pursuant to Chapter 6, Section 45 of this Act, shift to an explicit
13 list of non-covered health services or negative list with all services not in the negative list
14 deemed as entitlements under the National Health Security Program.

15 In the interim, the DOH and the Philippine Health Insurance Corporation which is
16 renamed as the Philippine Health Security Corporation under Chapter V, Section 30 of this
17 Act shall improve and expand all currently covered entitlements as an explicit positive list to
18 facilitate understanding of entitlements.

19 **SEC. 8. Prioritization of Entitlements.** – A fair and transparent priority setting
20 process shall be used to expand or remove entitlements under the National Health Security
21 Program. Specifically, health technology assessment shall be used to guide decision-making
22 structures in the procurement of medical devices, commodities, drugs and vaccines,
23 including the expansion of drugs and vaccines listed in the Philippine National Formulary,
24 national vaccination and screening programs, and determination of the benefits under the
25 National Health Security Program.

26 The Health Technology Assessment Council shall recommend to the Secretary of
27 Health and the Board of Directors of the Philippine Health Security Corporation a list of
28 entitlements to be financed either by the DOH or the Philippine Health Security Corporation.
29 The DOH and the Philippine Health Security Corporation shall be responsible for managing
30 the smooth rollout or implementation of the entitlements from among the list provided by the
31 Health Technology Assessment Council, ensuring at all times the sustainability of the
32 National Health Security Program.

33 **SEC. 9. Access to Primary Care Entitlements.** – Within three (3) years from the
34 effectivity of this Act, every Filipino shall have a primary care provider, which shall be the
35 initial point of contact prior to gaining access to higher level of care, except in severe or
36 emergency cases.

37 Within two (2) years from the effectivity of this Act, the Philippine Health Security

1 Corporation shall implement a comprehensive outpatient benefit, including outpatient drug
2 benefit in accordance with the recommendations of the Health Technology Assessment
3 Council.

4 Within one (1) year from the effectivity of this Act, the DOH shall promulgate guidelines
5 on the licensing of primary care providers as well as the registration of every person to a
6 primary care provider.

7 **SEC. 10. *Delivery of Entitlements.*** – All population-based entitlements shall be
8 delivered by the national government and LGUs. All individual-based entitlements must be
9 delivered through networks of licensed and contracted public and private facilities, from
10 primary to tertiary, such that services are provided comprehensively and appropriately.

11 **SEC. 11. *Promotion of Public Awareness of Entitlements.*** – The DOH and its
12 attached agencies, offices, and health care facilities, in partnership with LGUs and the
13 private sector, shall coordinate and exhaust all means possible to ensure the public's
14 awareness of their entitlements, including services and points of access.

15 **SEC. 12. *Role Delineation of Agencies.*** – The respective roles and functions of
16 agencies involved in the implementation of the National Health Security Program are as
17 follows:

18 (a) Department of Health:

19 (1) *Strengthening Whole-of-society and Whole-of-government* – The DOH shall
20 establish a Whole of Society and Government (WSG) Unit which shall be in charge of
21 coordinating with other line agencies in developing inter-sectoral policies beneficial
22 to health, including occupational health and safety, urban planning, active design, transport
23 safety, air and water pollution control and prevention, food desertification, inner city decay,
24 crime prevention and control, and others.

25 (2) *Implementing Entitlements in a Whole-of-system Approach* – The DOH shall, as
26 much as possible, integrate disease-based national health programs into other existing
27 programs of government, including the entitlements under the National Health Security
28 Program. The DOH shall organize its disease-based technical program offices as life
29 course-based offices, and ensuring people-centered approach.

30 (3) *Financing of Population-based Health Services* – The DOH shall, in consultation
31 with the NEDA, periodically determine the annual per capita health allocation, which LGUs
32 shall appropriate to finance population-based health services and capital investments.

33 (4) *Stewarding Health of the People* – The DOH shall provide national policy direction
34 and be the overall strategic implementer of the universal health coverage. It shall explicitly
35 define both population and individual-based health services that every Filipino shall be
36 entitled to.

37 The DOH shall continue to provide technical support to all service providers. As such,

1 all DOH regional offices shall be strengthened as teams supporting every province.

2 (5) *Establishing Disease Registries* – The DOH shall be responsible for the creation
3 and maintenance of all disease-specific registries in support of health research and planning.

4 (6) *Empowering Communities* – The DOH shall develop programs or campaigns
5 aimed at increasing public awareness on the rights of citizens and benefits they are entitled
6 to under various health-related programs of the government to ensure health literacy and at
7 promoting health seeking behavior and community involvement on health services.

8 (7) *Strengthening Research Capability* – The DOH shall create a Health Policy and
9 Systems Research Bureau, hereinafter referred to as the Bureau, as an office within the
10 DOH. The Bureau shall support health systems development and reform initiatives through
11 policy and systems research, and shall support the growth of research consortia in line with
12 the vision of the Philippine National Health Research System. The Bureau may receive and
13 give grants, subject to existing policies.

14 The Bureau shall be composed of the following units:

15 (i) a Clinical Practice Guidelines Clearing Unit, which shall provide technical assistance
16 in the development of standards of care and context-appropriate, evidence-based clinical
17 practice guidelines to guide clinical decision support, reimbursement and payment
18 incentives; and

19 (ii) a Health Technology Assessment Unit, which shall perform research and
20 secretariat functions to support the Health Technology Assessment Council.

21 The Bureau shall create a databank that shall serve as a hub of all health transactions
22 data including administrative, medical, prescription and reimbursement data. These shall be
23 reviewed, archived and used exclusively for the purpose of generating information to guide
24 research and policy-making. The privacy and confidentiality of patients and information
25 related to their health and medical status shall at all times be upheld, in accordance with
26 Republic Act No. 10173, otherwise known as the “Data Privacy Act of 2012”. The Bureau
27 shall make these data available to researchers.

28 (8) *Licensing of Primary Care Providers* – The DOH shall ensure that all primary care
29 providers are licensed through its Health Facilities and Services Regulatory Bureau.

30 (b) The Philippine Health Security Corporation shall serve as a national financier
31 and purchaser of individual-based health services to achieve optimal economies of scale,
32 significantly influence the market, and drive down cost to the most affordable and
33 efficient levels. All individual-based services covered by the Philippine Health Security
34 Corporation include both inpatient and outpatient goods and services.

35 The Philippine Health Security Corporation, as the implementer of the National Health
36 Security Program, shall transition towards this role in the next five (5) years from the
37 effectivity of this Act, through the enhancement of its roles, functions, scope, and powers.

1 (c) The Department of Social Welfare and Development (DSWD) shall cover all
2 indirect costs borne out of accessing medical services including transportation,
3 accommodation or halfway house and meals.

4 (d) Health care providers, whether public or private, shall be engaged to render
5 individual-based services, while the DOH and LGUs shall provide both population and
6 individual-based services.

7 (e) The Department of the Interior and Local Government (DILG), as partner of the
8 DOH, shall coordinate and promote the implementation of this Act nationwide, including the
9 execution of the operation and investment plans of LGUs related to health.

10 (f) LGUs shall be primarily responsible for delivering population and individual-based
11 health services in the communities within their respective jurisdictions. They shall retain the
12 devolved functions relating to health pursuant to Republic Act No. 7160, otherwise known as
13 the "Local Government Code of 1991". LGUs shall also carry out the following functions:

14 (1) Pass local resolutions and ordinances that enable the creation of healthy living
15 environments;

16 (2) Implement community empowerment to constitute demand units for primary health
17 care, information and education campaigns;

18 (3) Implement public health programs in line with DOH standards;

19 (4) Harness existing community organizations, parent organizations, youth
20 organizations, women's clubs, faith-based or religious organizations, and other existing
21 groups within their jurisdiction, which are already engaged in health promotion and
22 prevention, or in the absence of any, encourage the establishment of such groups;

23 Establish, operate, and maintain functional barangay health stations, rural health units,
24 or equivalent facilities, district and provincial hospitals;

25 (5) Grant financial autonomy by authorizing health facilities to retain income, such as
26 reimbursements from the Philippine Health Security Corporation that can be flexibly used to
27 improve its services: *Provided, That*, to promote accountability and fiduciary responsibility,
28 all health facilities shall maintain a subsidiary ledger of such accounts in accordance with
29 Section 61 of this Act;

30 (6) Mandate participation of all health care providers within their jurisdiction to
31 engage in the provision of quality health service;

32 (7) Ensure adequate and equitable production, distribution, retention and protection
33 of health workers needed by the LGUs based on the recommended ratios set by the DOH;

34 (8) Purchase medicines in line with the Philippine National Formulary and Drug Price
35 Reference Index;

36 (9) Allocate per capita health investment per DOH and NEDA recommendations;

37 (10) Regularly conduct profiling activities on the health status of the people in their

1 locality;

2 (11) Develop relevant health programs according to the needs of their locality; and

3 (12) Provide the minimum basic health services at the municipal level.

4 **CHAPTER III**

5 **NATIONAL HEALTH SECURITY PROGRAM**

6 **SEC. 13. *Enhancing and Renaming the Program.*** – The existing National Health
7 Insurance Program, established under Republic Act No. 7875, as amended, is hereby
8 renamed as the National Health Security Program, hereinafter referred to as the Program,
9 which shall provide health insurance coverage for all citizens of the Philippines, thereby
10 ensuring access with the least financial risk. The Program shall serve as the means for the
11 healthy to help pay for the care of the sick and for those who can afford medical care to
12 subsidize those who cannot. The Program shall include a sustainable system of funds
13 constitution, collection, management and disbursement for financing basic and
14 supplementary health insurance benefits for individual-based interventions. The Program
15 shall be limited to purchasing individual-based interventions and is prohibited from providing
16 health care directly, from dispensing drugs and pharmaceuticals, from employing physicians
17 and other professionals for the purpose of directly rendering care, and from owning or
18 investing in health care facilities. The Program shall be administered by the Philippine
19 Health Security Corporation.

20 **SEC. 14. *Membership Types.*** – Members of the Program shall be categorized into
21 two (2) types:

22 (a) Contributory members include public and private workers and all other workers
23 rendering services, such as job order contractors; project-based contractors and the like;
24 owners of micro enterprises; owners of small, medium and large enterprises; household
25 help; family drivers; migrant workers; self-earning individuals; professional practitioners;
26 Filipinos with dual citizenship; naturalized Filipino citizens; and citizens of other countries
27 working or residing in the Philippines; and

28 (b) Noncontributory members include indigents as identified by the DSWD, senior
29 citizens, and all others not included in the contributory group, or those covered by special
30 laws.

31 Detailed guidelines on the process of enrollment shall include the identification of
32 members and dependents, issuance of appropriate documentation specifying eligibility to
33 Program benefits, and indicating how membership is obtained or is being maintained.

34 **SEC. 15. *Supplementary Coverage.*** – The Philippine Health Security Corporation,
35 health maintenance organizations (HMOs), and private health insurance (PHI) companies
36 shall develop supplementary plans that complement the Philippine Health Security
37 Corporation's benefit coverage and coinsurance schedule. The DOH and the Philippine

1 Health Security Corporation shall work with the Insurance Commission to develop and
2 enforce guidelines, monitor implementation of standard plans for HMOs and PHI companies.
3 In addition, HMOs and PHI companies shall be required to cover pre-existing conditions,
4 pregnancy, preventive care, and extend coverage of the insured beyond the current sixty
5 (60)-year old ceiling within the next three (3) years from the effectivity of this Act.

6 **SEC. 16. *Administrative Cost.*** – For purposes of maximum utilization of existing
7 funds, no more than five percent (5%) of the sum total of the premium contributions,
8 reimbursements and investment earnings generated during the preceding year shall be
9 allocated as administrative cost of the Philippine Health Security Corporation.

10 **SEC. 17. *Membership Database.*** – The Program shall use civil registry and internal
11 revenue data as bases for validating and updating its membership record within three (3)
12 years from the effectivity of this Act. To this end, the Philippine Statistics Authority (PSA) is
13 mandated to assist and align initiatives with the Philippine Health Security Corporation at no
14 additional costs.

15 **SEC. 18. *Health Insurance Identification (ID) Card and Number.*** – The Program
16 shall provide all members, whether primary or dependent, a unique number and ID card that
17 shall facilitate the identification, eligibility, verification, and utilization recording. This health
18 insurance ID card with a corresponding number shall be recognized as a valid government
19 ID card and shall be presented and honored in transactions requiring the verification of a
20 person's identity.

21 The absence of the ID card at the point of access of health services shall not
22 prejudice the right of any member to avail of Program benefits or medical services under the
23 Program.

24 **SEC. 19. *Range of Program Benefits.*** – Inpatient, outpatient and emergency care
25 services encompass preventive, promotive, curative, rehabilitative and palliative care for
26 medical, dental and mental health services, delivered either both face-to-face or remotely via
27 telecommunications technology or through telemedicine. Inpatient benefits shall follow a
28 negative list; and all others shall follow a positive list.

29 **SEC. 20. *Immediate Entitlement.*** – After a premium contribution is made, no
30 minimum period or lag time shall be required to activate entitlement to Program benefits. In
31 the case of contributory members, failure to pay premiums shall not prevent the enjoyment
32 of Program benefits, but employers and self-employed members shall be required to pay all
33 missed contributions with at least three percent (3%) penalty, compounded monthly.

34 **SEC. 21 *Depth of Financial Coverage.*** – The Philippine Health Security Corporation
35 shall publish fair reimbursement rates that are guided by accurate disease groupings,
36 periodic costing and consultation, and a stronger surveillance and monitoring system to
37 monitor compliance by all health care providers. All health care providers are mandated to

1 submit encoded cost, price and clinical data consistent with the Data Privacy Act of 2012.

2 **SEC. 22. Cost Containment.** – In order to ensure that health expenditures remain
3 manageable and the Program continues to be sustainable, the Program shall operationalize,
4 within three (3) years from the effectivity of this Act, the annual reimbursement thresholds
5 for facilities based on facility type, facility level, geographic location, expected case mix,
6 and other cost drivers, as may be determined by the Philippine Health Security Corporation
7 and linked with key performance indicators.

8 **SEC. 23. Audit.** – All funds of the Program shall be subject to an internal and
9 external audit to be performed as follows:

10 (a) *Internal Audit* – There shall be an internal audit with respect to the financing,
11 accounting and procurement activities of the Philippine Health Security Corporation, and a
12 corresponding audit report shall be submitted to the Board of Directors, at least once a year.

13 For purposes of internal audit, an official of the Board of Directors of the Philippine
14 Health Security Corporation shall act as an internal auditor and shall be directly accountable
15 to the Board of Directors, in accordance with its regulations. The Board of Directors shall
16 prepare a financial statement, which must include at least a balance sheet and an
17 accounting of operations to be submitted to the internal auditor within one hundred twenty
18 (120) days from the end of each accounting year.

19 (b) *External Audit* – At a yearly interval, the Commission on Audit (COA) shall
20 appraise the utilization and disposition of the National Health Security Fund in accordance
21 with existing laws and guidelines.

22 **SEC. 24. Period to File Claims for Reimbursement.** – Within two (2) years from the
23 effectivity of this Act, the Philippine Health Security Corporation shall shift all manual claims
24 review and processing to electronic and engage third party administrators as may be
25 necessary. All health care facilities are expected to submit electronic or fully encoded claims
26 with all necessary documents and accompanying data within fifteen (15) days upon the
27 discharge of a patient.

28 All claims by a health care provider shall be reimbursed within thirty (30) days from
29 filing thereof: *Provided*, That all required documents and information including encoded cost,
30 price, and clinical data are submitted completely.

31 The period to file a claim may be extended for such reasonable causes as may be
32 determined by the Philippine Health Security Corporation.

33 **SEC. 25. Exclusion from Benefits.** – In cases where a private insurance company is
34 liable to pay the compensation to a motor vehicle accident victim who has received health
35 care services pursuant to this Act, the Philippine Health Security Corporation shall be
36 entitled to reimbursement from the insurance company and such reimbursement shall form
37 part of its fund. The Philippine Health Security Corporation shall issue an order requiring the

1 insurance company to pay such health service expenses not exceeding the amount
2 stipulated in the insurance policy.

3 **SEC. 26. *Portability of Benefits.*** – The Philippine Health Security Corporation shall
4 develop and enforce mechanisms and procedures to assure that benefits can be availed of
5 nationwide.

6 CHAPTER IV

7 NATIONAL HEALTH SECURITY FUND

8 **SEC. 27. *Strengthening and Renaming the National Health Insurance Fund.*** –
9 The National Health Insurance Fund, created under Republic Act No. 7875, as amended, is
10 hereby renamed as the National Health Security Fund, and hereinafter referred to as the
11 Fund, that consists of:

12 (a) Contribution from Program members;

13 (b) Other appropriations earmarked by the national government such as the health
14 assistance funds of the Philippine Charity Sweepstakes Office (PCSO) and the Philippine
15 Amusement and Gaming Corporation (PAGCOR), and local governments purposely for the
16 implementation of the Program;

17 (c) Subsequent appropriations provided for under this Act;

18 (d) Donations and grants-in-aid; and

19 (e) All accruals thereof.

20 **SEC. 28. *Financial Management.*** – The use, disposition, investment, disbursement,
21 administration and management of the Fund, including any subsidy, grant or donation
22 received for Program operations shall be governed by applicable laws and in the absence
23 thereof, by existing resolutions of the Board of Directors of the Philippine Health Security
24 Corporation.

25 **SEC. 29. *Reserve Fund.*** – The Philippine Health Security Corporation shall set
26 aside a portion of its accumulated revenues not needed to meet the cost of the current
27 year's expenditures as reserve funds: *Provided*, That the total amount of reserves shall not
28 exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected
29 Program expenditures: *Provided, further*, That whenever actual reserves exceed the
30 required ceiling at the end of the fiscal year, the excess of the Philippine Health Security
31 Corporation's reserve fund shall be used to increase the Program's benefits and to decrease
32 the amount of members' contributions.

33 Any unused portion of the reserve fund that is not needed to meet the current
34 expenditure obligations or support the abovementioned programs, shall be placed in
35 investments to earn an average annual income at prevailing rates of interest and shall be
36 referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be
37 invested in any or all of the following:

1 (a) In interest-bearing bonds, securities or other evidence of indebtedness of the
2 Government of the Philippines, or in bonds, securities, promissory notes and other evidence
3 of indebtedness to which full faith and credit and unconditional guarantee of the Republic of
4 the Philippines is pledged;

5 (b) In debt securities and corporate bonds issuances that are rated triple "A" or double
6 "A" by authorized accredited domestic rating agencies: *Provided*, That the issuing or
7 assuming entity or its predecessor shall not have defaulted in the payment of interest on any
8 of its securities and that during each of any three (3) including the last two (2) of the five (5)
9 fiscal years next preceding the date of acquisition by the Philippine Health Security
10 Corporation of such bonds, securities or other evidence of indebtedness, the net earnings of
11 the issuing or assuming institution available for its recurring expenses, such as amortization
12 of debt discount and rentals for leased properties, including interest on funded and unfunded
13 debt, shall have been not less than one and one quarter (1 ¼) times the total of the recurring
14 expenses for such year: *Provided, further*, That such investment shall not exceed fifteen
15 percent (15%) of the Investment Reserve Fund;

16 (c) In interest-bearing deposits and loans to or securities in any domestic bank doing
17 business in the Philippines: *Provided*, That in the case of such deposits, this shall not
18 exceed at any time the unimpaired capital and surplus or total private deposits of the
19 depository bank, whichever is smaller: *Provided, further*, That the bank shall have been
20 designated as a depository for this purpose by the Monetary Board of the Bangko Sentral ng
21 Pilipinas;

22 (d) In preferred stocks of any solvent corporation or institution created or existing
23 under the laws of the Philippines and listed in the stock exchange: *Provided*, That such
24 securities are rated triple "A" or double "A" by authorized accredited domestic rating
25 agencies: *Provided*, That the issuing, assuming, or guaranteeing entity or its predecessor
26 has paid regular dividends upon its preferred or guaranteed stocks for a period of at least
27 three (3) years immediately preceding the date of investment in such preferred or
28 guaranteed stocks: *Provided, further*, That if the stocks are guaranteed, the amount of
29 stocks so guaranteed is not in excess of fifty percent (50%) of the amount of the preferred
30 stocks as the case may be of the issuing corporation: *Provided, furthermore*, That if the
31 corporation or institution has not paid dividends upon its preferred stocks, the corporation or
32 institution has sufficient retained earnings to declare dividends for at least two (2) years on
33 such preferred stocks;

34 (e) In common stocks of any solvent corporation or institution created or existing under
35 the laws of the Philippines listed in the stock exchange with proven track record of
36 profitability and payment of dividends over the last three (3) years; and

37 (f) In bonds, securities, promissory notes or other evidence of indebtedness of

1 accredited and financially sound medical institutions exclusively to finance the construction,
2 improvement and maintenance of hospitals and other medical facilities: *Provided*, That such
3 securities and instruments are backed up by the guarantee of the Republic of the Philippines
4 or the issuing medical institution and the issued securities and bonds are both rated
5 triple "A" by authorized accredited domestic rating agencies: *Provided, further*, That said
6 investments shall not exceed ten percent (10%) of the total Investment Reserve Fund.

7 As part of its investments operations, the Philippine Health Security Corporation may
8 hire institutions with valid trust licenses as its external local fund managers to
9 manage the Investment Reserve Fund, as it may deem appropriate, through public
10 bidding. The fund managers shall submit annual reports on investment performance to the
11 Philippine Health Security Corporation.

12 CHAPTER V

13 PHILIPPINE HEALTH SECURITY CORPORATION

14 **SEC. 30. *Philippine Health Security Corporation.*** – The existing Philippine Health
15 Insurance Corporation, established pursuant to Republic Act No. 7875, as amended, is
16 hereby renamed as the Philippine Health Security Corporation, and shall hereinafter referred
17 to as the Corporation, which shall have the status of a tax-exempt government corporation
18 attached to the DOH. The Corporation shall primarily be concerned with macro and top-level
19 policy issues that directly affect the fulfillment of the Corporation's role and mandate as a
20 national single purchaser of medical services in accordance with the provisions of this Act.

21 **SEC. 31. *Exemptions from Taxes and Duties.*** – The Corporation shall be exempt
22 from the payment of corporate tax as provided in Section 27(c) of the National Internal
23 Revenue Code of 1997, as amended.

24 All grants, bequests, endowments, donations and contributions made to the
25 Corporation to be used actually, directly and exclusively by the Corporation shall be exempt
26 from donor's tax and the same shall be allowed as allowable deduction from the gross
27 income of the donor for purposes of computing the taxable income of the donor in
28 accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

29 **SEC. 32. *Powers and Functions.*** – The Corporation shall have the following powers
30 and functions:

31 (a) To administer the Program;

32 (b) To set standards, rules, and regulations, and formulate and promulgate policies
33 necessary to ensure equitable access to quality care, financial risk protection, appropriate
34 provision of services, fund viability, member satisfaction, and system efficiency, towards
35 achievement of program and national health objectives;

36 (c) To determine requirements and issue guidelines on selective contracting, and
37 negotiate and enter into contracts with health care institutions, professionals, and other

1 persons or health service entities, juridical or natural, either individually or as groups,
2 regarding the pricing, payment mechanisms, design and implementation of administrative
3 and operating systems and procedures, financing, and delivery of health goods and services
4 in behalf of its members;

5 (d) To visit, enter and inspect facilities of health care providers and employers during
6 office hours, unless there is reason to believe that inspection has to be done beyond office
7 hours, and where applicable, to secure copies of their medical, financial, and other records
8 and data pertinent to the claims and premium contribution, and that of their patients or
9 employees, who are members of the Program;

10 (e) To conduct a post-audit review of the quality of services rendered by health care
11 providers;

12 (f) To establish an office, or where it is not feasible, designate a focal person in every
13 Philippine consular office in all countries where there are Filipino citizens. The office or the
14 focal person shall, among others, process, review and pay the claims of the overseas
15 Filipino workers (OFWs);

16 (g) To enter into mutual recognition agreements with other countries through their
17 health security office or similar agencies to ensure continuing health coverage of Filipinos
18 overseas;

19 (h) To conduct a cost-effective public information campaign on the principles of the
20 Program, which must include information on the current benefits provided by the
21 Corporation, the procedures for the availment of benefits, the list of contracted and
22 blacklisted health care providers, and the list of its local offices;

23 (i) To monitor the appropriateness of services provided by health care providers;

24 (j) To establish and maintain an electronic database of all its members and ensure its
25 security to facilitate efficient and effective services;

26 (k) To invest in the acceleration of the Corporation's information technology systems;

27 (l) To receive and manage grants, donations, and other forms of assistance;

28 (m) To sue and be sued in court;

29 (n) To acquire property, real and personal, which may be necessary or expedient for
30 the attainment of the purposes of this Act;

31 (o) To collect, deposit, invest, administer, and disburse the Fund in accordance with
32 the provisions of this Act;

33 (p) To keep records of the operations of the Corporation and investments of the Fund;

34 (q) To impose, notwithstanding the provisions of any law to the contrary, interest or
35 surcharges as may be fixed by the Corporation, but not to exceed three percent (3%) per
36 month, in case of any delay in the remittance of contributions by an employer which are due
37 within the prescribed period, whether public or private, and to compromise, waive or release,

1 in whole or in part, such interest or surcharges imposed upon an employer regardless of the
2 amount involved under such valid terms and conditions it may prescribe;

3 (r) To financially support the use of electronic health records and enterprise resource
4 planning or hospital management information system;

5 (s) To publish and share data pertaining to the planning and implementation of the
6 Program and to the extent possible, to make these data available in the public domain;

7 (t) To monitor compliance by the regulatory agencies with the requirements of this Act
8 and to carry out necessary actions to enforce compliance;

9 (u) To mandate the national agencies and LGUs to require proof of membership in the
10 Program before doing business with a private individual or group;

11 (v) To organize its office and fix the compensation of its personnel and appoint
12 personnel as may be deemed necessary and upon the recommendation of the President of
13 the Corporation, subject to the approval of the Governance Commission for Government-
14 Owned and -Controlled Corporations (GOCCs);

15 (w) To submit to the President of the Philippines and to both Houses of Congress
16 its annual report which shall contain the status of the Fund, its total disbursements, reserves,
17 average costing to members and dependents, any request for additional appropriation, and
18 other data pertinent to the implementation of the Program and publish a synopsis of such
19 report in two (2) newspapers of general circulation; and

20 (x) To perform such other acts as it may deem appropriate for the attainment of the
21 goals of the Program and national health objectives and for the proper enforcement of the
22 provisions of this Act.

23 **SEC. 33. Quasi-Judicial Powers.** – To carry out its tasks more effectively, the
24 Corporation shall be vested with the following powers:

25 (a) Subject to the respondent's right to due process, to conduct investigations for the
26 determination of a question, controversy, complaint, or unresolved grievance brought to its
27 attention, and render decisions, orders, or resolutions thereon; proceed to hear and
28 determine the case even in the absence of any party who has been properly served with
29 notice to appear; conduct its proceedings or any part thereof in public or in executive
30 session; adjourn its hearings to any time and place; refer technical matters or accounts to an
31 expert and to accept reports from such expert as evidence; direct parties to be joined in or
32 excluded from the proceedings; and give all such directions as it may deem necessary or
33 expedient in the determination of the dispute before it;

34 (b) To summon the parties to a controversy, issue subpoena requiring the attendance
35 and testimony of witnesses or the production of documents and other materials necessary to
36 a just determination of the case under investigation;

37 (c) Subject to the respondent's right to due process, to suspend, terminate, or restore

1 the contract of a health care provider or the right to benefits of a member, and to impose
2 necessary fines, sanctions, and/or penalties as allowed by the provisions of this Act. Any
3 such decision shall immediately be executory, even pending appeal, when the public interest
4 so requires and as may be provided for in the implementing rules and regulations.
5 Suspension of the contract shall not exceed six (6) months. Suspension of the rights of
6 members shall not exceed six (6) months.

7 Any breach of contract by a health care provider shall disqualify the health care
8 provider from obtaining another contract in its own name, under a different name, or through
9 another person, whether natural or juridical, until resolution of all imposed fines, sanctions,
10 and/or penalties, if any.

11 The Corporation shall not be bound by the technical rules of evidence.

12 **SEC. 34. Board of Directors.** – The Corporation shall be governed by a Board of
13 Directors, hereinafter referred to as the Board, which shall be composed of members that
14 are classified into three (3) distinct groups, as follows:

15 (a) Four (4) *ex officio* members, namely:

- 16 (1) Secretary of Health;
- 17 (2) Secretary of Social Welfare and Development;
- 18 (3) Secretary of Budget and Management; and
- 19 (4) Secretary of Finance.

20 (b) Three (3) members that shall comprise the expert panel of the Board and
21 must be citizens and residents of the Philippines, of good moral character, of recognized
22 probity and independence and must have distinguished themselves professionally in public,
23 civic or academic service in any of the following fields: public health, medicine, economics,
24 law, finance, or business and management. They must have been in the active practice of
25 their professions for at least ten (10) years, and must not have been candidates for any
26 elective national or local office in the immediately preceding elections, whether regular or
27 special. Of the three (3) members of the expert panel: one (1) member of the expert panel
28 must be a public health specialist, one (1) must be a management expert, and one (1) must
29 be a health economist.

30 The President and Chief Executive Officer (CEO) of the Corporation shall be selected
31 by the President of the Philippines from the expert panel.

32 (c) Five (5) members shall compose the sectoral panel of the Board and shall include:

- 33 (1) A permanent representative of the members in the contributory group;
- 34 (2) A permanent representative of the members of the non-contributory group;
- 35 (3) A permanent representative of employers;
- 36 (4) A permanent representative from a migrant workers' organization; and
- 37 (5) A permanent representative of the elected local chief executives to be endorsed by

1 the League of Provinces of the Philippines, League of Cities of the Philippines, and League
2 of Municipalities of the Philippines.

3 Except for *ex officio* members, the other members of the Board shall be appointed by
4 the President of the Philippines in accordance with the provisions of Republic Act No. 10149,
5 otherwise known as the "GOCC Governance Act of 2011". The term of office of the
6 appointive members of the Board shall be in accordance with Republic Act No. 10149.

7 Prior to the start of their term, all appointive members of the Board are required to
8 undergo training in health care financing, health systems, costing health services, and health
9 technology assessment. Succeeding trainings shall be provided and required as necessary.
10 Noncompliance or nonattendance in trainings shall be a ground for dismissal.

11 The Secretary of Health shall be an *ex officio* nonvoting Chairperson of the Board.

12 Within thirty (30) days following the effectivity of this Act, the Governance Commission
13 for GOCCs shall, in accordance with the provisions of Republic Act No. 10149, promulgate
14 the nomination and selection process for appointive members of the Board with a clear set of
15 qualifications, credentials, and recommendation from the concerned sectors.

16 **SEC. 35 Meetings and Quorum.** – The Board shall hold regular meetings at least
17 once a month. Special meetings may be called by the Chairperson or by a majority of the
18 members of the Board. The presence of six (6) voting members constitutes a quorum. In the
19 absence of the Chairperson and Vice Chairperson, a temporary presiding officer shall be
20 designated by the majority of the members present, there being a quorum.

21 **SEC. 36. Allowances and Per Diems.** – The members of the Board are entitled to
22 receive a *per diem* for every meeting actually attended, subject to the rules provided under
23 Executive Order 24, Series of 2011, the GOCC Governance Act of 2011, and other pertinent
24 budgetary laws, rules and regulations on compensation, honoraria and allowances.

25 **SEC. 37. President of the Corporation.** – (a) The President of the Philippines shall
26 appoint the President and CEO of the Corporation, hereinafter referred to as the President,
27 upon the recommendation of the Board. The President shall have a tenure of one (1) year in
28 accordance with the provisions of the GOCC Governance Act of 2011.

29 (b) The President shall advise the Board and carry into effect its policies and
30 decisions. The functions of the President are as follows:

31 (1) To act as the chief executive officer of the Corporation; and

32 (2) To be responsible for the general conduct of the operations and management
33 functions of the Corporation and for other duties assigned by the Board.

34 (c) The President shall be entitled to receive a salary to be fixed by the Board, with the
35 approval of the President of the Philippines, payable from the funds of the Corporation.

36 **SEC. 38. Conflict of Interest.** – Any member of the Board who is in any way,
37 whether directly or indirectly, interested in a contract or proposed contract with the Board

1 shall, as soon as practicable after the relevant facts have come to that member's knowledge,
2 declare the fact and the nature and extent of the interest, in writing to the Chairperson,
3 before the meeting of the Board and inhibit himself or herself from the deliberations when
4 such matter is taken up. The decision taken on the matter shall be made public and the
5 minutes of the meeting shall reflect the disclosure made and the inhibition of the member
6 concerned.

7 A violation of this section shall be penalized in accordance with Section 72(b) of this
8 Act and other existing laws.

9 **SEC. 39. Office of Health Finance Policy of the Corporation.** – The present Health
10 Finance Policy Research Department of the Corporation, created pursuant to Section 20 of
11 Republic Act No. 7875, as amended, is hereby strengthened and is renamed as the Health
12 Finance Policy Office. It shall perform the following duties and functions:

13 (a) Develop a national health purchasing master plan for individual-based health
14 services delivered by contracted service delivery networks while ensuring the viability,
15 adequacy and responsiveness of the Program at all times;

16 (b) Conduct researches toward the development of evidence-informed policies on
17 benefits design, quality assurance, provider payment, and contracting, and undertake
18 periodic review of these policies;

19 (c) Monitor cost, quality and appropriateness of services provided by health care
20 providers; and

21 (d) Evaluate the impact of the Program on intermediate and final outcomes of health
22 care.

23 **SEC. 40. Office of the Actuary of the Corporation.** – The present Office of the
24 Actuary of the Corporation, created pursuant to Section 21 of Republic Act No. 7875, as
25 amended, shall continue as an office of the Corporation and shall conduct the necessary
26 actuarial studies and present recommendations to the Board on insurance premium,
27 investments and other related matters.

28 **SEC. 41. Local Health Security Office.** – The Corporation shall strengthen its
29 existing Local Health Insurance Offices, which shall now be known as the Local Health
30 Security Office, hereinafter referred to as the Local Office. To be able to provide services to
31 more members, the Corporation shall establish, as far as practicable, a Local Office in every
32 legislative district, with priority given to areas that are geographically isolated and
33 disadvantaged. Each Local Office shall have the following powers and functions, according
34 to the requirements of the Corporation:

35 (a) To maintain and update the membership list at community levels;

36 (b) To issue health insurance ID cards;

37 (c) To monitor compliance of contracted health care providers specifically with regard

1 to quality and financial protection;

2 (d) To process, review and pay the claims of health care providers within a period not
3 exceeding thirty (30) days whenever applicable in accordance with the rules and guidelines
4 of the Corporation;

5 (e) To ensure quality of encoded claims data and implement sanctions and penalties;

6 (f) To establish a referral system and network arrangements with other Local Offices
7 as may be necessary;

8 (g) To serve as the first level for appeals and grievance cases;

9 (h) To tap community-based volunteer health workers and barangay officials, if
10 necessary, for information and communication activities and to grant such workers
11 incentives in accordance with the guidelines set by the Corporation and applicable laws,
12 except that the incentives for barangay officials shall accrue to the barangay and not to the
13 barangay officials; and

14 (i) To prepare an annual report.

15 CHAPTER VI

16 HEALTH TECHNOLOGY ASSESSMENT

17 **SEC. 42. Health Technology Assessment Principles.** – The health technology
18 assessment process shall adhere to the following principles:

19 (a) *Ethical Soundness* – The process must be grounded on moral standards and
20 principles as defined by relevant Philippine laws, international agreements and covenants. It
21 includes managing conflicts of interest and ensures that all actors and stakeholders have
22 equal opportunity to contribute and these contributions are equally accounted and treated
23 objectively;

24 (b) *Inclusiveness and Preferential Regard for the Underserved* – The process
25 involves deliberate and structured consultations with relevant parties, such as community
26 members and end-users, with particular attention to the underserved. Societal values are
27 acknowledged in the acceptance of nominations for health technologies;

28 (c) *Evidence-Based and Scientific Defensibility* – The process utilizes evidence that
29 underwent systematic appraisal and preferentially uses local data. It also encourages
30 contextualization of foreign data by proactively seeking multidisciplinary experts and
31 applying relevant methods. The process is regularly updated based on developments in this
32 field;

33 (d) *Transparency and Accountability* – All steps in the process must be standardized,
34 consistent and explicit. All actors and stakeholders are well-informed and acquainted
35 on the proceedings and knowledgeable about their roles and responsibilities. The process
36 ensures that proceedings of activities are publicly disclosed in a manner that is easily
37 accessible, clear and understandable;

1 (e) *Efficiency* – The process ensures proper coordination among the stakeholders
2 and consolidation of information to avoid redundancy of actions and delays of output.
3 Technical and administrative staff are adequate in number, well adept and competent in
4 fulfilling the tasks in a timely manner. Applications are efficiently directed, assessed and
5 managed through relevant steps. Administrative costs are kept at a minimum, without
6 compromising the quality and rigor of the process;

7 (f) *Enforceability* – The process is executed with strict observance to guidelines and
8 procedures. Human and financial resources required for implementation are readily available
9 to ensure feasibility and sustainability of the process; and

10 (g) *Availability of Remedies and Due Process* – Proponents are informed of the status
11 of applications and appeals, including supporting facts and reasons, in a clear and timely
12 manner. Embedded in the process is a standardized appeals mechanism, where guidelines
13 are clearly communicated, thus empowering all stakeholders to utilize. The process enables
14 resolution of conflict.

15 **SEC. 43. Health Technology Assessment Criteria.** – The following criteria must be
16 observed in conducting health technology assessment:

17 (a) *Responsiveness to Magnitude, Severity, and Equity* – The health interventions
18 must address the top medical conditions that place the heaviest burden on the population,
19 including dimensions of magnitude or the number of people affected by a health problem,
20 and severity or health loss by an individual as a result of disease, such as death, handicap,
21 disability or pain, and conditions of the poorest and most vulnerable population;

22 (b) *Safety and Effectiveness* – Each intervention must have undergone Phase IV
23 clinical trial, and systematic review and meta-analysis must be readily available. The
24 interventions must also not pose any harm to the users and health care providers;

25 (c) *Household Financial Impact* – The interventions contribute to out-of-pocket
26 expenses. Interventions must have economic studies and cost-of-illness studies to satisfy
27 this criterion;

28 (d) *Cost-effectiveness* – The interventions must provide overall health gain to the
29 health system and outweighs the opportunity costs of funding drug and technology; and

30 (e) *Affordability and Viability* – The interventions must be affordable and the cost
31 thereof must be viable to the financing agents.

32 **SEC. 44. Health Technology Assessment Procedures.** – The following
33 procedures shall comprise the health technology assessment process:

34 (a) Nomination of an intervention by various stakeholders;

35 (b) Shortlisting and screening of a health intervention using the following criteria:
36 magnitude, severity, equity, household financial impact, effectiveness, safety, cost-
37 effectiveness, budget impact, and social acceptability;

1 (c) Generation of evidence by commissioning relevant studies to research groups for
2 each shortlisted intervention;

3 (d) Development of the benefits design including the implementation of arrangements
4 of the intervention; and

5 (e) Appraisal of evidence produced by the research groups taking into account the
6 benefit design to be recommended to financing agents.

7 **SEC. 45. Health Technology Assessment Council.** – The Health Technology
8 Assessment Council is hereby created which shall hereinafter referred to as the HTAC. The
9 HTAC shall be multi-expert group that shall conduct the health technology assessment in
10 accordance with the principles, criteria and procedures provided under Sections 42, 43, and
11 44 of this Act. The HTAC shall consist of a core committee and six (6) subcommittees.

12 The Core Committee shall be composed of nine (9) voting members, namely:

13 (a) a public health epidemiologist;

14 (b) a health economist;

15 (c) an ethicist;

16 (d) a citizen's representative;

17 (e) a sociologist or anthropologist;

18 (f) a clinical trial or research methods expert;

19 (g) a clinical epidemiologist or evidence-based medicine expert;

20 (h) a medico-legal expert; and

21 (i) a public health expert.

22 The Core Committee members shall elect from among themselves the Chairperson of
23 the HTAC.

24 The six (6) subcommittees shall be constituted for each type of intervention with a
25 minimum of one (1) and maximum of three (3) nonvoting members per subcommittee,
26 namely:

27 (1) Subcommittee on Drugs:

28 (i) Pharmacologist;

29 (ii) Toxicologist; and

30 (iii) Pharmacist;

31 (2) Subcommittee on Vaccines:

32 (i) Immunologist;

33 (3) Subcommittee on Clinical Equipment and Devices:

34 (i) Physicist;

35 (ii) Biomedical engineer; and

36 (iii) Radio technologist;

37 (4) Subcommittee on Medical and Surgical Procedure:

- 1 (i) Medical Specialist;
2 (5) Subcommittee on Preventive and Promotive Health Services:
3 (i) Primary care physician;
4 (ii) Public health expert; and
5 (iii) Consultants, as needed; and
6 (6) Subcommittee on Traditional Medicine:
7 (i) Traditional medicine expert;
8 (ii) Medical specialist; and
9 (iii) Consultants, as needed.

10 Each subcommittee may include additional experts as may be necessary.

11 The HTAC's core committee and subcommittee members shall be appointed by the
12 Secretary of Health for a term of three (3) years except for the medico-legal expert, ethicist,
13 and the sociologist or anthropologist who shall serve for a term of four (4) years: *Provided*,
14 That no member shall serve for more than three (3) consecutive terms. The members of the
15 HTAC shall receive an honorarium in accordance with existing policies.

16 The DOH shall promulgate the nomination process for all HTAC members with a clear
17 set of qualifications, credentials and recommendations from the sectors concerned.

18 All members of the HTAC are required to sign a conflict-of-interest declaration prior to
19 every meeting, and must inhibit themselves during the deliberation if a conflict of interest
20 exists.

21 The HTAC may call upon technical resource persons from the DOH, the Corporation,
22 the FDA, patient groups and clinical medicine experts as regular resource persons; and
23 representatives from the private sector and health care providers as by-invitation resource
24 persons.

25 CHAPTER VII 26 FINANCING

27 **SEC. 46. *Financing of Entitlements.*** – All entitlements under the Program shall be
28 funded by a combination of budget appropriations, contributions, earmarked funds, and other
29 types of fund sources. All population-based entitlements shall be financed by the DOH and
30 LGUs, whereas all individual-based entitlements shall be purchased through the
31 Corporation. For all publicly-owned health care providers, capital expenditures and
32 personnel salaries shall be sourced from national and local budgets, while maintenance and
33 other operating expenses (MOOE) shall be sourced from reimbursements from the
34 Corporation.

35 **SEC. 47. *Contributions.*** – All contributory members shall pay premiums based on the
36 contribution schedule as determined by the Corporation on the basis of applicable actuarial
37 studies.

1 Government and private employees shall be required to pay the monthly contributions
2 which shall not exceed five percent (5%) of their respective salaries, equally shared between
3 the employees and the employers. All government agencies shall include the payment of
4 premium contributions in their respective annual appropriations. Any increase in the
5 premium contribution of the national government as employer shall only become effective
6 upon inclusion of the amount in the annual General Appropriations Act.

7 Self-earning individuals, professionals, and consultants shall be required to pay the full
8 contributions which shall not exceed five percent (5%) of their respective incomes.

9 All other workers rendering services, whether in government or private offices, such as
10 job order contractors, project-based contractors and the like, shall pay the monthly
11 contributions based on the contribution schedule prescribed by the Corporation. It is the
12 responsibility of the hiring agency to deduct, remit, and report the corresponding
13 contributions.

14 Owners of micro enterprises; owners of small, medium and large enterprises; family
15 drivers; migrant workers; Filipinos with dual citizenship; naturalized Filipino citizens; and
16 citizens of other countries working or residing in the Philippines shall pay the monthly
17 contributions based on the contribution schedule prescribed by the Corporation.

18 Premium contributions of household helpers shall be in accordance with the provisions
19 of Republic Act No. 10361, otherwise known as the "Domestic Workers Act" or "Batas
20 Kasambahay".

21 **SEC. 48. *Payment for Noncontributory Members.*** – The national government shall
22 fully subsidize the contributions of the noncontributory members. Such subsidy to the
23 Program shall be included annually in the General Appropriations Act, among other sources.

24 CHAPTER VIII

25 HUMAN RESOURCES FOR HEALTH

26 **SEC. 49. *Competitive Compensation Package.*** – In order to ensure that all health
27 professionals, personnel, and staff in the public sector receive adequate compensation and
28 benefits commensurate to their fundamental role in society and the amount of work that they
29 render, the DOH, in consultation with the Department of Budget and Management (DBM),
30 shall work for the increase in salaries and allowances of all health professionals, personnel
31 and staff to make their compensation and benefits competitive in accordance with national
32 salary rates, and provide additional allowances if assigned in underserved or geographically
33 isolated and disadvantaged areas.

34 **SEC. 50. *Reimbursements.*** – All payments for professional services rendered by
35 salaried public providers shall be pooled and distributed among health personnel. The DOH
36 shall, in consultation with the Corporation, develop specific guidelines on this.

37 **SEC. 51. *Available Plantilla Items.*** – The DOH shall, in coordination with the DBM,

1 regularly adjust plantilla items in government health facilities for both general practitioners
2 and specialists, including residency positions, such that the desired ratio of health
3 professionals to the population are met and is consistent with the burden of disease and that
4 distribution of health professionals and allocation of health professionals are responsive to
5 contextual geographic needs especially of underserved areas.

6 **SEC. 52. *Return of Service.*** – All health professional graduates from state
7 universities and colleges or government-funded scholarship programs shall be required to
8 serve for at least two (2) full years, under supervision and with compensation, in an
9 underserved area or in the public sector. All health professional graduates from private
10 schools shall be similarly encouraged to serve in these areas.

11 The DOH shall coordinate with the Commission on Higher Education (CHED) for the
12 effective implementation of this section.

13 **SEC. 53. *Publicly-funded Health Professional Education.*** – Within the next five
14 (5) years from the effectivity of this Act, the government shall ensure that funds for
15 scholarship grants to deserving students in health-related undergraduate and graduate
16 programs are allocated. The DOH, the CHED, and the DBM shall develop and plan the
17 expansion of local health-related degree programs and regulate the number of enrollees in
18 each degree program based on health needs of the population. For programs not available
19 locally, the DOH and the CHED shall develop a systematic capacity development program
20 that shall enable the full implementation of this Act.

21 **SEC. 54. *Curriculum Shift to Primary Care and Outcomes Orientation.*** – The
22 DOH, in coordination with the CHED and various academic institutions and professional
23 organizations, shall work towards shifting the focus and learning outcomes of degree
24 programs to that of health promotion and primary health care. The DOH shall redesign,
25 finance and scale up primary care residency training to develop a cadre of primary care
26 practitioners.

27 **SEC. 55. *Integrated Human Resources for Health Data.*** – The DOH shall set up
28 and manage an integrated human resource database containing data from all government
29 agencies, covering entry into and exit from the health workforce, among others. A national
30 census on human resources for health shall be conducted every five (5) years for the
31 purpose of updating the database.

32 CHAPTER IX

33 HEALTH INFORMATION SYSTEM

34 **SEC. 56. *Access to Data.*** – The DOH and the Corporation shall observe
35 transparency with respect to data pertaining to the planning and implementation of the Fund.
36 To the extent possible and unless restricted by the Data Privacy Act of 2012, these data
37 shall be in the public domain. The DOH and the Corporation shall not unduly restrict the

1 release of information required by its members, government officials, researchers, members
2 of the academe, media, and other concerned parties, unless the release of information
3 requires excessive cost to generate, in which case, those who request the data may be
4 required to pay for the cost of obtaining it.

5 CHAPTER X

6 HEALTH CARE PROVIDERS

7 **SEC. 57. *Quality Assurance.*** – All health care providers shall take part in a quality
8 assurance program which shall have the following objectives:

9 (a) to ensure that the quality of health interventions delivered, measured in terms of
10 inputs, process, output and outcomes, are of reasonable quality in the context of the
11 Philippines over time;

12 (b) to ensure that the health care standards are uniform; and

13 (c) to see to it that the acquisition and use of scarce and expensive health
14 technologies are consistent with actual needs and standards of medical practice, and that
15 the performance of medical procedures and the administration of drugs are appropriate,
16 necessary and unquestionably consistent with accepted standards of medical practice and
17 ethics. Drugs for which payments are made shall be those included in the Philippine
18 National Formulary.

19 **SEC. 58. *Safeguards Against Overprovision and Underprovision.*** – It shall be
20 incumbent upon the Corporation to set up a monitoring mechanism to be operationalized
21 through a contract with health care providers to ensure compliance with clinical practice
22 guidelines issued by the DOH and to provide safeguards against the following:

23 (a) overprovision of services;

24 (b) unnecessary diagnostic and therapeutic procedures and intervention;

25 (c) irrational medication and prescriptions;

26 (d) underprovision of services; and

27 (e) inappropriate medical and referral practices.

28 The Corporation may deny or reduce the payment for claims when such claims are
29 attended by false or incorrect information and when the claimants fail, without justifiable
30 cause, to comply with the pertinent rules and regulations of this Act.

31 **SEC. 59. *Contracting Network of Health Service Providers.*** – To encourage
32 efficiency and accountability in the use of resources, specifically avoiding redundant one-
33 stop shop, facilitating cross-subsidization of operational costs, and setting up of referral
34 protocols including transportation and accommodation services, the Corporation shall, within
35 three (3) years from the effectivity of this Act, only engage and contract service delivery
36 networks that encompass primary to tertiary levels of care. The Corporation, in coordination
37 with the DOH, shall formulate terms and mechanisms for contracting these networks. In the

1 interim, the Corporation shall continue to individually contract health care facilities and health
2 care professionals.

3 (a) *Contracting of Health Care Facilities* – The minimum contracting requirements for
4 health care facilities are as follows:

5 (1) Human resource, equipment and physical structure in conformity with the DOH
6 licensing standards of the relevant facility;

7 (2) Acceptance of formal program of quality assurance and utilization review;

8 (3) Acceptance of the payment mechanisms specified in Section 60 of this Act;

9 (4) Adoption of referral protocols and health resources sharing arrangements;

10 (5) Recognition of the rights of patients;

11 (6) Acceptance of information system requirements and regular transfer of
12 information; and

13 (7) Any other requirements as may be determined by the Corporation.

14 (b) *Contracting Health Care Professionals* – The minimum contracting requirements
15 for health care professionals are as follows:

16 (1) License to practice in the Philippines by the Professional Regulatory Commission
17 or certified by a body or organization recognized by the Corporation;

18 (2) Active membership in the Program;

19 (3) Acceptance of formal program of quality assurance;

20 (4) Acceptance of the payment mechanisms specified in Section 60 of this Act;

21 (5) Adoption of referral protocols and health resources sharing arrangements;

22 (6) Recognition of the rights of patients; and

23 (7) Any other requirements as may be determined by the Corporation.

24 **SEC. 60. *Provider Payment Mechanisms.*** – The following payment mechanisms for
25 public and private health care providers shall be allowed in the Program:

26 (a) Capitation;

27 (b) Case-based or bundled payment; and

28 (c) Global budget.

29 Subject to the approval of its Board, the Corporation may adopt other payment
30 mechanisms that are most beneficial to the members and the Corporation.

31 **SEC. 61. *Income Retention.*** – To ensure that all government hospitals and health
32 facilities have full authority to utilize their income and enhance their capacity to expand and
33 to improve the quality of their services, all government hospitals are hereby authorized to
34 retain and utilize one hundred percent (100%) of their income, which includes
35 reimbursements from the Program excluding payment for professional services, hospital
36 fees from in-house services and facilities without remitting the same to the Bureau of
37 Treasury.

1 In no case shall the retained income be used for the payment of salaries and other
2 personnel benefits.

3 The retained income shall be deposited in an authorized government depository bank
4 recommended by the DOH, the DBM, and the Department of Finance.

5 Further, all public hospitals shall comply with the standard cost accounting method of
6 the DOH and accordingly account for their finances and expenditures with separate financial
7 reports for No Balance Billing and non-No Balance Billing accommodation.

8 **SEC. 62. Establishment of New Health Care Facilities.** – The DOH shall use
9 geocodes to tag all health facilities and facilitate determination of areas of need, which shall
10 serve as basis for updating the provincial and national health facility development plan and
11 establishing health facilities. In order to promote equitable access, all new health facilities
12 shall be required to obtain a Certificate of Need. For geographically isolated and
13 disadvantaged areas and areas with documented demand, the DOH shall be responsible for
14 the establishment of health facilities.

15 **SEC. 63. Government Hospitals as No Balance Billing Hospitals.** – Consistent
16 with the objective of improving accessibility and availability of health care for all, especially
17 the poor, all government hospitals are hereby required to operate with not less than ninety
18 percent (90%) of their bed capacity as free or charity beds as mandated by Section 6 of
19 Republic Act No. 1939, entitled “An Act Prescribing the Appropriate Share of the National,
20 Provincial, City and Municipal Governments in the Financial Contributions for the Operation
21 and Maintenance of Free Beds in Government Hospitals and/or the Establishment of
22 Additional Wards or Hospitals in the Philippines”.

23 Specialty hospitals are required to operate with not less than seventy percent (70%)
24 and private hospitals with not less than ten percent (10%) of their bed capacity as free or
25 charity beds.

26 All government hospitals, specialty hospitals and private hospitals shall regularly
27 submit a report on the allotment or percentage of their bed capacity to charity beds. The
28 DOH shall issue the necessary guidelines for the immediate implementation of this section.

29 **SEC. 64. Administrative, Medical, Prescription, Reimbursement Data.** – All health
30 care providers and insurers shall, within four (4) years from the effectivity of this Act, create
31 and maintain information systems that include enterprise resource planning, human resource
32 information system, electronic medical records, and electronic prescription consistent with
33 DOH standards and which shall be electronically uploaded on a regular basis. The DOH
34 shall develop a single system to be used by all health care providers.

35 **SEC. 65. Patient-friendly Procedures.** – All health care providers shall adopt
36 standard admission, billing and discharge procedures to be developed by the DOH, in
37 coordination with private hospitals association, to ensure that:

1 (a) patients receive the same quality of service or treatment, notwithstanding their
2 differing capacity to pay;

3 (b) patients are accommodated and provided necessary health service at the most
4 convenient, responsive, culture-sensitive and efficient way; and

5 (c) medical social workers are seamlessly integrated into the health service system.

6 **SEC. 66. Access to Price Information.** – To promote informed choice, all health
7 care providers shall designate an information desk where the public may obtain relevant and
8 up-to-date information regarding prices of all goods and services being offered by such
9 health care provider.

10 CHAPTER XI

11 GRIEVANCE AND APPEAL

12 **SEC. 67. Grievance System.** – A grievance system is hereby established, wherein
13 members, dependents, or health care providers of the Program who are aggrieved by any
14 decision of the implementors of the Program, may seek redress in accordance with the
15 provisions of this chapter.

16 **SEC. 68. Ground for Grievances.** – The following acts shall constitute valid grounds
17 for grievance action:

18 (a) Any violation of the rights of patients;

19 (b) A willful neglect of duties of program implementors that results in the loss or non-
20 enjoyment of benefits by members or their dependents;

21 (c) Unjustifiable delay in actions or claims;

22 (d) Delay in the processing of claims that extends beyond the period agreed upon;

23 (e) Any other act or neglect that undermines or defeats the purposes of this Act; and

24 (f) Any other act or omission that constitutes a violation of this Act.

25 **SEC. 69. Grievance and Appeal Procedures.** – A member, a dependent, or a health
26 care provider may file a complaint based on any of the above-stated grounds, in accordance
27 with the following rules and procedures:

28 (a) A complaint must be filed with the Corporation which shall refer the same to the
29 Grievance and Appeal Review Committee. The Grievance and Appeal Review Committee
30 shall rule on the complaint through a notice of resolution within sixty (60) calendar days from
31 receipt thereof;

32 (b) An appeal from the decision of the Grievance and Appeal Review Committee must
33 be filed with the Board within thirty (30) calendar days from receipt of the notice of resolution;

34 (c) The Board shall promptly and expeditiously issue its decision or resolution on each
35 appeal or grievance within sixty (60) calendar days from the date it is submitted to it for
36 determination;

37 (d) Nonobservance of the periods set forth in this section shall subject the responsible

1 officer or employee to the penalties prescribed under Section 72(b) of this Act;

2 (e) All decisions by the Board as to entitlement to benefits of members or to payments
3 of health care providers shall be considered final and executory; and

4 (f) The Corporation's local offices shall have no jurisdiction over any issue involving
5 the suspension or revocation of contracts, the imposition of fines; or the imposition of
6 charges on members' premiums.

7 **SEC. 70. *Grievance and Appeal Review Committee.*** – The Board shall create a
8 Grievance and Appeal Review Committee, composed of five (5) members, hereinafter
9 referred to as the Committee, which shall, subject to the procedures enumerated above,
10 receive and recommend appropriate action on complaints from members and health care
11 providers relative to this Act and its implementing rules and regulations.

12 The Committee shall have as one of its members a representative of any of the health
13 care providers as endorsed by the DOH.

14 **SEC. 71. *Hearing Procedures of the Committee.*** – Upon the filing of the complaint,
15 the Committee, after consideration of the allegations thereof, may dismiss the case outrightly
16 due to lack of verification, failure to state the cause of action, or any other valid ground for
17 the dismissal of the complaint after consultation with the Board; or require the respondent to
18 file a verified answer within five (5) days from service of summons.

19 In case the respondent fails to answer the complaint within the reglementary five (5)-
20 day period herein provided, the Committee, *motu proprio* or upon motion of the complainant,
21 render judgment as may be warranted by the facts alleged in the complaint and limited to
22 what is prayed for therein.

23 After an answer is filed and the issues are joined, the Committee shall require the
24 parties to submit, within ten (10) days from receipt of the order, the affidavits of witnesses
25 and other evidence on the factual issues defined therein, together with a brief statement of
26 their positions setting forth the law and the facts relied upon by them. In the event that the
27 Committee finds, upon consideration of the pleadings, the affidavits and other evidences,
28 and position statements submitted by the parties, that a judgment may be rendered thereon
29 without need of a formal hearing, it may proceed to render judgment not later than ten (10)
30 days from the submission of the position statements of the parties.

31 In cases where the Committee deems it necessary to hold a hearing to clarify specific
32 factual matters before rendering judgment, it shall set the case for hearing. At such hearing,
33 witnesses whose affidavits were previously submitted may be asked clarificatory questions
34 by the proponent and by the Committee and may be cross-examined by the adverse party.
35 The order setting the case for hearing shall specify the witnesses who will be called to
36 testify, and the matters which their examination will pertain to. The hearing shall be
37 terminated within fifteen (15) days, and the case decided upon by the Committee within

1 punished by a fine of fifty thousand pesos (P50,000.00) for each count or suspension from
2 availment of the benefits of the Program for not less than three (3) months but not more than
3 six (6) months, or both, at the discretion of the Corporation.

4 (3) *Employer* –

5 (i) *Failure or Refusal to Register, Deduct or Remit the Contributions* – Any employer
6 who deliberately or through inexcusable negligence, fails or refuses to register employees,
7 regardless of their employment status, accurately and timely deduct contributions from the
8 employee's compensation or to accurately and timely remit the same to the Corporation shall
9 be punished with a fine of fifty thousand pesos (P50,000.00) for every violation per affected
10 employee, or imprisonment of not less than six (6) months but not more than one (1) year, or
11 both such fine and imprisonment, at the discretion of the court.

12 Any employer or any officer authorized to collect contributions under this Act who, after
13 collecting or deducting the monthly contributions from the employee's compensation, fails or
14 refuses for whatever reason to accurately and timely remit the contributions to the
15 Corporation within thirty (30) days from due date is presumed *prima facie*, to have
16 misappropriated the same and is obligated to hold the same in trust for and in
17 behalf of the employees and the Corporation, and is immediately obligated to return or remit
18 the amount. If the employer is a juridical person, its officers and employees or other
19 representatives found to be responsible, whether they acted negligently or with intent, or
20 have directly or indirectly caused the commission of the violation, shall be liable.

21 (ii) *Unlawful Deductions* – Any employer or officer who shall deduct directly or
22 indirectly from the compensation of the covered employees or otherwise recover from them
23 the employer's own contribution on behalf of such employees shall be punished with a fine of
24 five thousand pesos (P5,000.00) multiplied by the total number of affected employees or
25 imprisonment of not less than six (6) months but not more than one (1) year, or both such
26 fine and imprisonment, at the discretion of the court.

27 If the unlawful deduction is committed by an association, partnership, corporation or
28 any other institution, its managing directors or partners or president or general manager, or
29 other persons responsible for the commission of the act shall be liable for the penalties
30 provided for in this Act.

31 (iii) *Misappropriation of Funds by Employees of the Corporation* – Any employee
32 who, without prior authority or contrary to the provisions of this Act or its implementing rules
33 and regulations, wrongfully receives or keeps funds or property payable or deliverable to the
34 Corporation, and who shall appropriate and apply such fund or property for their own
35 personal use, or shall willingly or negligently consent either expressly or implicitly to the
36 misappropriation of funds or property without objecting to the same and promptly reporting
37 the matter to proper authority, shall be liable for misappropriation of funds under this Act and

1 shall be punished with a fine equivalent to triple the amount misappropriated per count and
2 suspension for three (3) months without pay.

3 (b) Other Violations of this Act Declared to be Unlawful herein. –

4 Any violation of Section 38 (Conflict of Interest) and Section 69 (Grievance and Appeal
5 Procedures) of this Act and other infractions or violations of the provisions of this Act or its
6 implementing rules and regulations shall be punished with a fine of not less than fifty
7 thousand pesos (P50,000.00) but not more than one hundred thousand pesos
8 (P100,000.00) per count.

9 The violation of Section 45 (HTAC members' non-disclosure of conflict of interest) shall
10 be punished with a fine of fifty thousand pesos (P50,000.00) and expulsion.

11 (c) Despite the cessation of operation by a health care provider or termination of
12 practice of an independent health care professional while the complaint is being heard, the
13 proceeding against them shall continue until final resolution of the case.

14 The dispositive part of the decision requiring payment of fines, reimbursement of paid
15 claim or denial of payment shall be immediately executory.

16 (d) The imposition of penalties for violations of the provisions of this Act shall be
17 without prejudice to the imposition of other applicable penalties for any violation of the
18 Revised Penal Code or other special laws arising from the same act or transaction.

19 (e) The provisions of the Revised Penal Code on aggravating, exempting, mitigating,
20 justifying and alternative circumstances shall be applied in a suppletory manner when
21 considering the imposition of imprisonment for violations under this Act.

22 (f) Violation of the provisions of this Act shall be promptly acted upon by the law
23 enforcement agencies, the prosecutorial arms of the Department of Justice and the courts.

24 **SEC. 73. Review of Penalties.** – The President of the Corporation shall, after five (5)
25 years from the effectivity of this Act and every five (5) years thereafter, review the
26 applicability and enforcement of all foregoing pecuniary penalties. The President of the
27 Corporation is authorized to increase the same as may be necessary, subject to the
28 approval of the Secretary of Health: *Provided*, That the increase may not be more than
29 three percent (3%) of the amount of the pecuniary penalty during each review.

30 In the case of penalties provided for the HTAC, the Secretary of Health shall review
31 the applicability and enforcement of pecuniary penalty.

32 CHAPTER XIII

33 APPROPRIATIONS

34 **SEC. 74. Appropriations.** – The funds needed to implement the provisions of this Act
35 shall be included in the annual General Appropriations Act.

36

1 CHAPTER XIV

2 MISCELLANEOUS PROVISIONS

3 **SEC. 75. *Requisites for Issuance or Renewal of License or Permits.*** –

4 Notwithstanding any law to the contrary, all government agencies issuing professional or
5 business licenses or permits including LGUs, the DOH, Professional Regulation
6 Commission, Land Transportation Office, Land Transportation Franchising and Regulatory
7 Board, Securities and Exchange Commission, Philippine Overseas Employment
8 Administration, Integrated Bar of the Philippines, Philippine Economic Zone Authority,
9 Bureau of Immigration, Department of Trade and Industry, and the Maritime Industry
10 Authority shall require all applicants to submit a certificate or proof of payment of premium
11 contributions to the Corporation, prior to the issuance or renewal of such licenses or permits.

12 **SEC. 76. *Oversight Provision.*** – There is hereby created a Joint Congressional

13 Oversight Committee to conduct a regular review of the implementation of this Act which
14 shall entail a systematic evaluation of the performance, impact or accomplishments of the
15 Program and the various agencies involved in the provision of universal health coverage,
16 particularly with respect to their objectives and functions. The Joint Congressional Oversight
17 Committee shall be composed of five (5) members from the Senate and five (5) members
18 from the House of Representatives, to be appointed by the Senate President and the
19 Speaker of the House of Representatives, respectively. The Joint Congressional Oversight
20 Committee shall be jointly chaired by the Chairpersons of the Senate Committee on Health
21 and Demography and the House of Representatives Committee on Health.

22 The DOH shall develop a comprehensive monitoring and evaluation framework, in
23 order to assess the implementation and validate the accomplishments of the provisions of
24 this Act. The PSA is mandated to conduct the relevant modules of the Family Income and
25 Expenditure Survey (FIES) annually during the first ten (10) years of the implementation of
26 this Act, in order to track the progress of the Program and thereafter follow its regular
27 schedule of survey. In addition, the NEDA shall contract the services of an appropriate
28 research entity to undertake studies using the said framework. The DOH shall provide the
29 necessary budget for these purposes.

30 **SEC. 77. *Implementing Rules and Regulations.*** – Within sixty (60) days from the
31 approval of this Act, the Secretary of Health, the Secretary of Social Welfare and
32 Development and the Corporation, in consultation and coordination with appropriate
33 government agencies, civil society organizations, nongovernment organizations,
34 representatives from the privatesector, and other stakeholders, shall promulgate the
35 necessary implementing rules and regulations for the effective implementation of this Act.

36 **SEC. 78. *Transitory Provision.*** – Within thirty (30) days from the effectivity of this
37 Act, the President of the Philippines shall appoint the new members of the Board and the

1 President of the Corporation. The existing board of directors of the Corporation shall serve
2 in a hold-over capacity until a full and permanent board of directors of the Corporation is
3 constituted and functioning.

4 Pursuant to Section 30 of this Act, all personnel, records, assets and properties,
5 including land and improvements thereon, facilities and equipment of the Philippine Health
6 Insurance Corporation shall be transferred to the Corporation. Furthermore, all obligations,
7 funds and the applicable appropriations of the Philippine Health Insurance Corporation are
8 now vested in the Corporation.

9 All officers and personnel of the Corporation, except members of the Board who shall
10 be governed by the first paragraph of this section, shall continue to perform their duties and
11 responsibilities and receive their corresponding salaries and benefits as officers and
12 employees. The approval of this Act shall not cause any demotion in rank or diminution of
13 salary, benefits and other privileges of the incumbent personnel of the Corporation.

14 All references to the Philippine Health Insurance Corporation in other laws, rules and
15 regulations, and other executive issuances are now deemed to refer to the Corporation.

16 **SEC. 79. Interpretation.** – Any doubt in the interpretation of any provision of this Act
17 shall be liberally interpreted in a manner mindful of the rights and interests of every Filipino
18 to quality, accessible and affordable health care.

19 **SEC. 80. Separability Clause.** – If any part or provision of this Act is held invalid or
20 unconstitutional, the remaining parts or provisions not affected shall remain in full force and
21 effect.

22 **SEC. 81. Repealing Clause.** – Republic Act No. 7875, as amended by Republic Act
23 Nos. 9241 and 10606, is hereby repealed. All other laws, decrees, executive orders and
24 rules and regulations contrary to or inconsistent with the provisions of this Act are hereby
25 repealed or modified accordingly.

26 **SEC. 82. Government Guarantee.** – The Government of the Philippines guarantees
27 the financial viability of the Program.

28 **SEC. 83. Effectivity.** – This Act shall take effect fifteen (15) days after its
29 publication in the *Official Gazette* or in any newspaper of general circulation.

Approved,