



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

May 29, 2002

Administrative Order
No 122, s. 2002

Subject: Policy Guidelines and Procedures in the Implementation of the Sixty Million Pesos (P60,000,000.00) Financial Assistance from the Philippine Charity Sweepstakes Office (PCSO) for the Purchase of Drugs and Medicines by the Department of Trade and Industry (DTI) thru the Philippine International Trade Corporation (PITC) to be sold in Government Hospitals.

I. Rationale:

The 1987 Constitution provides that:

The state shall protect and promote the right to health of the people and instill consciousness among them (Section 15, Article II).

The State shall adopt an anticipated and comprehensive approach to health development which shall endeavor to make essential goods, health, and other social services available to all the people at affordable cost. (Section 11, Article XIII).

President Gloria Macapagal Arroyo pledged during the State of the Nation Address (SONA) in 2001, to make available frequently bought drugs and medicines at 50% lower than the prices in commercial drug outlets. This pledge committed the Department of Health (DOH) to put into motion this commitment to the Filipino people, especially to the poor, thru the Sixty Million Pesos (P60,000,000.00) financial assistance from the Philippine Charity Sweepstakes Office (PCSO).

II. Policy Guidelines

1. The Philippine International Trading Corporation (PITC), a government-owned corporation under the Department of Trade and Industry (DTI), is the agency that procures drugs and medicines to be sold in government hospitals.
2. Pharma 50, is the Project Management Unit (PMU) established by the DOH to implement the SONA Project of the President now called Gamot na Mabisa Abot-Kaya Pa (GMA 50).
3. Appropriate units in the DOH have been identified to manage the distribution of drugs and medicines in hospitals based on DO No. 367-H-s. 2001 dated 21 November 2001.

4. To outline the procedures in the mobilization of PCSO funded drugs and medicines procured by PITC to be sold to hospitals patients and to the general public.

III. Nature and Support

1. The Sixty Million Pesos (P60,000,000.00) financial assistance from PCSO shall be transferred to the PITC for the purchase of drugs and medicines to be sold in government hospitals.

2. Proceeds from the sales of drugs and medicines in government hospitals procured through the DOH-DTI Parallel Importation Scheme shall be included in hospital revolving fund authorized under the combined National Budget Circular No. 321/COA Circular No. 80-128 dated February 6, 1980. Sale proceeds minus the profit, from DOH hospital pharmacies shall be centrally pooled in the Central Office Finance Service, for ease and flexibility in subsequent re-stocking via the same DOH-DTI Parallel Importation Scheme.

3. The enforcement of paragraph 26 of joint DBM-COA regarding increase in drug ceilings has been waived during the time frame set in the SONA for the reduction of drug prices. For this, DOH has been authorized by DBM to modify the current ceilings on drugs and medicines in stock at any one time depending on clientele demand per hospital pharmaceutical outlet.

4. Hospital income may be validly used for the upgrading/repair/rehabilitation of hospital pharmaceutical facilities and equipment and for the hiring of support contractual personnel to be so hired shall be paid against Maintenance and Other Operating Expenses ("Other Services"). The provisions of the General Appropriations Act expressly prohibits the use of income to augment Personal Services appropriation.

IV. Management and Functional Organization

1. Under the direct supervision and control by the Office of the Secretary of Health, Pharma 50 PMU is the operational unit that shall provide the overall directions and administration of the GMA 50 Project.

2. All communications received by the DOH Central and appropriate actions to be taken thereon shall be undertaken by Pharma 50, PMU.

3. The DOH thru Pharma 50 PMU identifies DOH hospitals and LGU and other government hospitals, that will participate in this project and the corresponding ceilings of drugs and medicines to be given to each hospital. PITC will deliver these drugs and medicines direct to the participating LGU and other government hospitals.

4. In addition to the usual accountability reports, hospitals participating in this GMA 50 project shall submit a bi-monthly comprehensive report on the progress of this undertaking to the Pharma 50 PMU Project Executive Officer, Bldg. No. 2, DOH Central Office, Manila.

V. Repealing Clause

All Previous Orders inconsistent in part or in whole to this Administrative Order are hereby rescinded or amended accordingly.

VI. Effectivity

This Order takes effect immediately.

MANUEL M. DAYRIT, MD, MSc
Secretary of Health

**FLOW OF MEDICINES IN KIND DIRECT TO DOH HOSPITALS
AND DIRECT TO LGU AND OTHER GOVERNMENT HOSPITALS**

