



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

November 25, 1999

ADMINISTRATIVE ORDER

No. 51 s. 1999

SUBJECT: Implementation and Coordination Arrangements for the Health Sector Reform Agenda (HSRA) of the Department of Health

I. Background

In order to improve the performance of the Philippine health sector, the Department of Health has formulated and adopted for implementation the Health Sector Reform Agenda (HSRA). The HSRA is a set of badly-needed reforms which, when effected, will:

- a. improve significantly the quality of promotive, preventive and curative health services;
- b. improve efficiency in the delivery of health services;
- c. insure equitable access to basic services by everyone; and
- d. secure the financing of health services to guarantee sustainability.

Service delivery, regulation and financing are the three main policy instruments that the DOH can wield in order to influence the behavior of the health sector. Hence, the five categories of technical reform that we will be pursuing under the HSRA are built around these three policy areas. The five reforms, together with the major agenda for each, are:

1. Public Health Programs - secure financing over a period long enough to eliminate certain infectious diseases as major public health problems; invest in new programs to address emerging health issues; increase spending for health promotion and prevention; and invest in developing critical capacities in exercising technical leadership over local health systems.
2. Public Hospitals - upgrade critical capacities in order to improve the quality of services, improve efficiency, and adopt revenue enhancement measure. These hospitals will be granted management and fiscal autonomy, so that at some pre-determined time, they will be requiring minimal public subsidies and will be able to operate largely out at their own earnings.
3. Local Health Systems — restore the operational features of the pre- devolution district health office system within the context of local autonomy and the devolution of health services, through inter-LGU agreements and legislation, and other stake holders support.

4. Health Regulation — strengthen the capacity of health regulatory agencies, fill current gaps in technical regulations, and develop new regulatory instruments so that only health products, services and devices of acceptable quality are delivered to the public.

5. Health Financing - increase substantially the contribution of social insurance as a source of total national health expenditure, by expanding coverage and increasing benefit spending.

Organizational and Management Reforms. It will be extremely difficult for the DOH to effect the above reforms unless concomitant reforms in our organization and management systems are also pursued. Hence, as part of our overall reform program, the DOH is also implementing the following:

1. Streamlining of the DDH Organization - This is being undertaken to effect organizational efficiency and enable DOH to effectively carry out its mandated post-devolution rates and functions.

2. Finance Management Reform Program — This is a program of reforms designed to improve budget and finance management within DOH. This consists of improvements in the DOH financial management systems and procedures including financial reporting, and review and development of improved systems for assets inventory, liquidation of cash advances and accounting.

3. Drug Management Reform Program — The program has five elements, namely, the formulation and implementation of a strategy to lower the cost of drugs; development and adoption of procedures for procuring and distributing good quality drugs at lowest cost; establishment of therapeutic committees in hospitals; quality assurance for drugs sold in the market; and implementing a firm policy that only generic drugs listed in the National Drug Formulary are eligible for reimbursement under the National Health Insurance Program.

II. Purpose

This Order creates the HSRA oversight and technical committees and working groups, and assigns supervision, coordination and implementation responsibilities for the five reform areas under the HSRA. Separate Department Orders shall be issued for the coordination and implementation of the three organization and management reforms,

III. Implementing Mechanism

The following teams shall be created to provide support to the implementation, supervision and coordination arrangements for the HSRA.

a. Oversight Committee

This Committee shall be responsible for providing overall policy direction and supervision in the implementation of the HSRA

b. Technical Secretariat

The TS shall be responsible for coordinating the implementation of the HSRA and insure that all activities being undertaken fall within the overall reform framework, and timelines are met

c. Technical Support Staff.

The Technical Support Staff shall serve as a backstop support staff to the Technical Secretariat:

d. Task Forces

d.1 Hospital System

d.2 Public Health Programs

d.3 Local Health System (District Health System)

d.4 Health Regulation

d.5 Health Care Financing

e. Consultants

Two OSEC consultants shall serve as principal consultants to the HSRA. They will advise the Secretary of Health on reform-related policy development and on the overall implementation of the reform program.

A Department Order designating selected officers and members to the committee, technical support teams, and task forces under the HSRA shall be issued out.

IV. Technical Assistance Support

The following foreign funded projects have been initially identified to provide technical assistance support:

1. Management Sciences for Health (MSH)

The MSH—USAID will provide technical assistance support to the DOH, PHIC and selected LGUs in carrying out the reform agenda.

2. Integrated Community Health Services Project (ICHSP)

The project will provide technical assistance support for developing systems and procedures for

district health offices such as for health planning, health financing, human resource development, hospital management and health management information systems.

3. World Health Organisation

WHO will provide support to the implementation of HSRA through a research grant that will study the various issues involved in granting fiscal and management autonomy to government hospitals.

Technical assistance support from other existing DOH foreign projects (e.g. UNHP, WHSMP, IFPMHP, BELGIAN, FAMUS, SHINE, etc.) shall likewise be included after specific areas of support have been identified and categorised.

This order shall take effect immediately.

ALBERTO G. ROMUALDEZ, JR, M.D.
Secretary of Health