



Republic of the Philippines  
Department of Health  
**OFFICE OF THE SECRETARY**

June 30, 2016

ADMINISTRATIVE ORDER  
No. 2016 - 0033

**SUBJECT: General Guidelines on the Retention and Distribution of Philippine Health Insurance Corporation (PHIC) Professional Fees as "Pooled Funds" in Government Hospitals in Accordance with PHIC All Case Rate Policy**

**I. RATIONALE/BACKGROUND**

Section 34-A of the RA 10606 entitled "An Act Amending Republic Act No. 7875, otherwise known as the "National Health Insurance Act of 1995" states that "All payments for professional services rendered by salaried public providers shall be retained by the health facility in which services are rendered and be pooled and distributed among health personnel. " Charges paid to public facilities shall be retained by the individual facility in which services were rendered and for which payment was made. Such revenues shall be used to primarily defray operating costs other than salaries, to maintain or upgrade equipment, plant or facility, and to maintain or improve the quality of service in the public sector. "

Fee—for-service has been replaced by Case—Based Payment scheme as the main Provider Payment Mechanism of PhilHealth. Initially starting out with 23 of the most common medical and surgical cases as indicated by PhilHealth Circular (PC) No. 11-A and 11-8 5. 2011, this was expanded to the A11 Case Rate Policy as per PC No. 31 s. 2013. In addition, PC No. 35 s. 2013 has also set the rates of reimbursements including professional fees (PF) for medical and surgical cases. In this scheme, the cheque for the PF is issued under the name of the Chief of Hospital or Medical Director for pooling and distribution.

Furthermore, PC No. 11-A & 11-8 s. 2011, strengthened by PC No. 3 s. 2014, states that for No Balance Billing (NBB) cases of patients admitted in government hospitals, no further charges shall be made above and beyond the case rate package.

Manner of distribution of the professional fees however, has been left largely to the discretion of the Health Care Institution (HCI). This has resulted into a largely heterogeneous sharing scheme of the PF reimbursed by PhilHealth throughout government hospitals. Thus, in the face of all the recent changes in policy as well as the non-uniform sharing of PF among HCIs, the following guidelines are issued to ensure that these provisions are harmonized and effectively implemented.

**II. SCOPE/C OVERAGE**

This Order shall cover all Department of Health (DOH) and. Government Hospitals (Specialty, Special, Medical Centers, and Regional Hospitals) and other facilities such as infirmaries and sanatoria in consonance with the All Case Rate Policy of PhilHealth.

### III. DEFINITION OF TERMS

1. Pooled Funds — refers to funds representing all PHIC Professional Fees, for services rendered to service PHIC patients includingNBB patients that are pooled and distributed among hospital staff.

2. Doctor — a duly licensed Doctor of Medicine and Doctor of Dental Medicine.

3. Health Worker was defined in Republic Act 7305, all persons who are engaged in health and health-related work, and all persons employed in all-hospitals, sanatoria, infirmaries, health centers, rural health units, barangay health stations, clinics and other health-related establishments owned and operated by the Government or its political subdivisions with original charters and shall include, medical, allied health professional, administrative and support personnel employed regardless of their employment status.

4. No Balance Billing (NBB) Patients — members and dependents of the following categories of membership:

a. Indigent -— a person who has no visible means of income, or whose income is insufficient for family subsistence, as identified by the Department of Social Welfare and Development (DSWD) based on specific criteria set for this purpose in accordance with the guiding principles set forth in Article I of the National Health Insurance Act of 2013.

b. Sponsored— a member whose contribution is being paid by another individual, government agency (including Online Registration Enrolment) or private entity according to the rules as may be prescribed by the Philippine Health Insurance Corporation (PHIC). This also includes patients identified and entered under the Point Of Care Program

c. Household Help or “Kasambahay” as defined in Republic Act 10361 refers to any person engaged in domestic work within an employment relationship such as, but not limited to, the following: general househelp, nursemaid or 'M" cook, gardener, or laundry person, but shall exclude any person who performs domestic work. only occasionally or sporadically and not on an occupational basis.

d. Senior Citizen and Lifetime Members eligible for NBB availment.

5. Health Care Institution (HCI) — refers to health facilities that are PhilHealth- accredited which includes, among others, hospitals, ambulatory surgical clinics, T B DOTS, freestanding dialysis clinics, primary care benefits facilities, and maternity care package providers.

### IV. GENERAL GUIDELINES

1. The entire case rate amount, including the PF, shall be paid directly to the HCI concerned.
2. The HCI shall withhold the expanded withholding tax as per BIR policy on payments to be made to doctors or medical practitioners for their professional fees. In addition, HCI shall withhold the final value added tax (VAT) on Government Money Payment (GMP), if-applicable.
3. All Doctors and non-physician health workers are entitled to a share of the pooled funds regardless of employment status.
4. Policies and procedures on the manner and frequency of distribution of the pooled funds shall be formulated and enforced by the HCI.
5. The 'NBB Policy shall apply to all indigents and sponsored members, kasambahays, Lifetime Members, and Senior Citizens eligible for NBB availment. No additional fees shall be charged beyond the case rate package.

## V. SPECIFIC GUIDELINES

### A. Hospital workers who are entitled/not entitled to a share from the "Pooled Funds"

1. Pooling of all PF reimbursements from PhilHealth shall be done to all cases admitted in the designated PhilHealth bedss'wards of DOH Hospitals.
2. All Doctors and non-physician health workers who are full—time, part-time, permanent, temporary, casual, contractual or from the medical pool are entitled to a share from the "pooled funds" including those:
  - a. attending seminars/workshops, conferences and/Or lectures as covered by corresponding Department Orders and/or Hospital Orders;
  - b. on approved vacation, sick and other allowable leaves applicable under existing Civil Service Laws;
  - c. on study leave or grant provided such entitlement shall be limited to a maximum of six (6) months and;
  - d. those who are detailed, in-service or lateral entry training in the hospital where they are serving.
3. The following personnel shall not be entitled. to a share from the pooled funds:
  - a. those who are meted with disciplinary measures such as suspension or fine;
  - b. those who are on leave without pay;
  - c. those who are detailed in other offices or institutions.

B. Share of full—time and part-time doctors and non-physician health workers to the “Pooled Funds” .

While giving due recognition for the full service for quality patient care provided by doctors and non-physician health workers who are not occupying full time positions, the Civil Service Laws on providing benefits of parttime staff must be observed. Hence, part-time staff shall get half of the share of full—time staff.

#### C. Distribution of the Pooled Funds

1. The distribution of the pooled funds that shall be observed in all DOH and Government Hospitals is as follows:

- a. 50% for Doctors
- b. 50% for non-physician health workers
- c. For the purposes of equity, the formula for the distribution of the pooled fund among full-time and part-time doctors and non-physician health workers shall be as followed:

$POOLED\ FUND = a(c) + b(c) \cdot (V_z)$ ; wherein

“a” = full-time doctors and other non-physician health workers

“b” = part-time doctors and other non-physician health workers who shall receive 50%-of(c)

“c” = 100% of cash that “a” or the number of full-time doctors who will receive the full amount

2. HCIs shall be given the authority to determine the manner and frequency by which PhilHealth shares for Doctors and non-physician health workers are to be distributed.

3. All DOH and. Government Hospitals shall pass documentation of their guidelines on the-distribution of the pooled funds to the Office for Health {Operations (OHO) and DOH Regional Offices respectively for monitoring purposes. Compliance to this Administrative Order shall be part of the accreditation and licensing requirements of Government Hospitals in their respective DOH Regional Licensing Offices.

#### VI. ROLES AND RESPONSIBILITIES

1. Health Care Institutions ~— the HCI shall act as the withholding agent for the PF reimbursements by PhilHealth, and shall determine the manner and frequency by which the pooled funds for the PF of the hospital staff are to be distributed.

2. Medical Center Chiefs / Chief of Hospitals — — Medical Center Chiefs shall ensure equitable distribution of PF reimbursements from PhilHealth among the hospital staff.

3. Office for Health Operations (OHO) — the OHO shall ensure that the new guidelines are properly disseminated. to all DOH and Government Hospitals. The OHO shall also be responsible

in monitoring compliance of DOH Hospitals to the above-mentioned guideline in the distribution of PF.

4. DOH Regional Offices — DOH Regional Offices shall ensure compliance of Government Hospitals in their area to this policy in the distribution of PF.

#### VII. REPEALING CLAUSE

Administrative Order No. 187 's. 2004 and all other issuances inconsistent with the provisions of this Order are hereby repealed. it

#### EFFECTIVITY

This Order shall take effect immediately.

**JANETTE P. LORETO-GARIN, MD, MBA-H**  
Secretary of Health