Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

November 10, 2004

ADMINISTRATIVE ORDER
No. 174 s. 2004

SUBJECT: Implementing Guidelines for Refocusing Health Sector Reform Agenda (HSRA) Implementation

I. Background and Rationale

The Department of Health conceptualified the health sector reform agenda (HSRA) in the country in 1999 for achieving the health policy goal of improving the health status, financial risk protection and satisfaction of the Filipino people.

HSRA was designed to be implemented through Convergence approach to focus initiatives of the DOH, PHIC and LGUs through synchronized implementation of the five reform areas namely: hospital reform public health, local health system, regulatory and health financing. Forthe period 2000- 2004, sixty—five (65) convergence sites were identified. Given the limited government resources, necessary budget required to support the implementation did not happen. As a result, GOP funding support could only be found in one ILHZ per province To date, only 31 convergence sites have been initially organized, including projects initiated in partnership with internationalagencies, like ADB, USAID, WB, EU, GTZ and JlCA.

On the other hand, highlights of the accomplishments for national reforms include: i) hospital reforms it has achieved full income retention and increased hospital income by 25 percent by 2003. However, only 30 percent of PHIC reimbursements were received by government hospitals, while 70 percent went to private hospitals; ii) public health reforms — initiated development of more effective financing of priority programs, and improved multisectoral collaboration through inclusion of large private sector, iii) local health system reforms — institutionalized the Inter Local Health Zones (ILHZ) through a MOA, SEC registration (and the forthcoming integration of health system through lLZH as a single network providers within a particular convergence site), iv) regulatory reform— was included In the SONA pledge which vows for the decrease of costs of drugs by 50 percent and parallel importation of quality and affordable drugs; V) health financing reforms — also included in the SONA pledge, to intensify and. increase enrolment possibly to 5 million households in the indigent sector from the current 1.4M households. Also, benefit packages have expanded to inciude benefits for SARS, TB, and a maternity package.

The above accomplishments show that CY 2004 target activities and outcomes were still largely

unmet. Reasons for these point to political, capacity and resource constraints. The reduced national budgets hindered concretizing the targets and expected outcomes, this considering large financial requirements (amounting to 112 Billion pesos) needed to operationalize HSRA. External contributions from donors have also not been consistently aligned with comprehensive reforms. The support provided form Foreign Assisted Projects (FAPS) were not all able to contribute consistently with HSRA targets and priorities, such that only 12 sites with donor assistance indicated some promise of systemic reforms. The National Health Insurance Program gains were substantial but still far from achieving and sustaining the 85 percent target for universal coverage. Moreover, the limited national and local capacities to manage and lead the reform process were not systematically developed and failed to further reforms to reach desired outcomes.

To address these critical concerns and to particularly strengthen the DOH approaches to implementing the HSRA, this Order defines new and refocused strategies of health reforms in terms of defining operational policies for implementing National & Convergence Site Reforms and Institutional Capacities to manage and operationalize reforms.

II. Goals and Objectives

Goal: The Department of Health shall provide leadership in national health policy and program development relative to health sector reforms. In particular, it shall define innovative strategies, options and systems including operational policies for strengthening the national reforms and institutional management capacities for coordinated and systematic implementation of HSRA by the various key actors in the health sector.

A. General Objective:

To define the strategic and operational framework for implementing the HSRA as a package in the selected convergence sites in line with the refocused national & convergence site health reform policies and strategies.

B. Specific Objectives:

1. To define the key national reforms for implementation in the short to medium term period.
2. To establish critical institutional capacities which must be installed for more effective management and implementation
3. To identify critical strategies/options and systems that LGUs can adopt and donor partners can finance to implement the HSRA as a package in selected convergence sites
4. To provide guidelines in the application of systems and procedures needed by LGUs for implementing selected strategies and options for HSRA, including utilization of monitoring tools that will track the implementation of the reform.
5. To guide LGUs to identify innovative approaches of improving implementation of HSRA in accordance with the recommended strategies and actions for each reform area

III. Definition of Terms

A. Center of Health Development (CHD) — field offices of the Department of Health providing assistance to LGUs of a specific region

B. Convergence Sites (CS)— are provinces or highly urbanized cities that are considered advance implementation sites in the Health Sector Reform Agenda implementation Plan (HSRAlP)

C. Core Reform Package — are basic requirements in implementing HSRA in the convergence sites.

D. Drug Management System — involves the selection, procurement, distribution and utilization of drugs

E. Fiscal Autonomy for Hospitals — a mechanism that allows the hospitals to retain and utilize their income

F. HSRA - refers to the Health Sector Reform Agenda developed by the Department of Health in 1999 in order to improve the way health services are delivered, regulated and financed.

G. IHPS — refers to integrated health planning system. A planning system that aims tointegrate the health plans of LGUs from the barangay level up to the provincial level.

H. Indigent Program! Sponsored Program — a program of the Philippine Health Insurance Corporation that provides social health insurance coverage for the poor

I. Interlocal Health Zone (ILHZ) - is a clustering of a group of contiguous municipalities that'have a core referral hospital and a number of primary level facilities such as RHUs and BHS. ILHZ aims to harmonize the preventive and curative aspect of care through integrated governance, management, financing, resource sharing and provision of health services.

J. Priority Public Health Programs (PPHP)— — refers to the list of health programs prioritized by the Department of Health. At present, these priority health programs include TB control, rabies control, family health (Expanded Program immunization, micronutrient supplementation, Family Planning, safe motherhood and healthy lifestyle) and local priority health programs that prevent and control endemic diseases

K. Primary level referral. facility - non-departmentalized hospital that provides clinical care and management on the prevalent diseases in the locality; clinical services provided include basiclcore package of services in general medicine, pediatrics, obstetric-gynecology, surgery and anesthesia.

L. Rural Health Units (RHUs) and Barangay Health Stations (BHS) - primary health facilities managed by the municipalities that provide preventive health services and treatment for minor illnesses and accidents.

M. Secondary level referral facility. — departmentalized hospital that provide clinical care and management on the prevalent diseases in the locality, as well as particular forms of treatment, surgical procedures and intensive care.

N. Tertiary level referral facility — teaching and training hospital that provide clinical care and management on the prevalent diseases in the locality, as well as specialized and sub-specialized forms of treatment, surgical procedure and intensive care.

IV. Scope and Coverage

This Order defines the general framework for development and operationalization of the health sector reform agenda at the national and local levels, by various stakeholders in the health sector which include the DOH, PHIC, LGU, international partners, academe, other government agencies, non-government organizations and civil society. To strengthen the implementation of the HSRA, integration of efforts and networking among the stakeholder in the health sector shall be established.

V. General Guidelines

A. The DOH shall prioritize activities and resources for sustaining implementation of HSRA as a package in selected convergence sites and for national and institutional reforms to support convergence sites. The DOH GOP and donor funds shall be focused and prioritized pursuing comprehensive reforms in selected sites and in building up national reforms and institutional capacity to manage and draw lessons, & standards from initial sites & to systematize the reform processes, in order to facilitate early replication to additional sites and, subsequently, to nationwide implementation.

B. Convergence site implementation of HSRA, where reforms shall be implemented as a comprehensive package shall be refocused in selected demonstration sites where the required funds for critical investments are more or less assured with the commitment of foreign assistance'and donor funds, to complement reduced GOP budgets. Site selection shall henceforth be based on the following criteria: 1) Willingness of LGU to participate within the Health Sector Reform Agenda considering factors such as willingness to provide required counterpart resources and 'willingness to enter into formal agreements for government to government'and government to private sector networking resource'sharing and other inter— LGU Management Systems, 2) Presence of local initiatives or start —'up activities relevant to HSRA strategies, eg development of ILHZ, fiscal autonomy in local health facilities, improvements in enrollment of poor or sponsored sector, drug management systems, etc., 3) Relatively high level feasibility of success and sustainability considering factors such as capacity to enter into loans, capacity to absorb investments and sustain the reform process, and 4) Availability of funds from GOP and external sources for capital investment requirements.

C. National reforms shall focus on building foundations in each reform area to support convergence site reforms:

1. Developing governance and financing systems to improve performance and quality of government hospitals
2. Integrating health services in ILHZ to improve efficiency and quality of local health service delivery
3. Establish better financing of priority public health programs and more effective organization of service delivery and expertise to include the large private sector and civil society.
4. Expanding benefits to increase support value and utilization and sustaining enrollment, especially for the poor
5. Developing strategies and capacities for better regulation, with emphasis in improving access to quality low priced drugs
6. Defining capacities for regulation in the country

D. Institutional capacity building to manage and coordinate reforms will tackle the crosscutting support areas of :
1. Organizational and management structures
2. Human Resource Development
3. Information and communication technology development
4. Performance monitoring and evaluation
5. Advocacy and Information
6. External assistance rationalization

E. The DOH shall seek to continually establish a wider base for appropriate health action by increasing participation of all sectors and agencies in a unified pursuit of public sector reforms by
1. Providing a clear comprehensive health deveIOpment framework
2. Sustaining political commitment
3. Enabling multisectoral participation
4. Developing research and information for decision and action
5. Legislating strategic foundations for reform

F. By virtue of Health Sector-Reform Agenda Implementation Plan (DOH Administrative Order 37 s 2001) and Guidelines on the Development of Investments for the Health Sector (DOH A0 189 s 2003), all health sector investments should be consistent with HSRA.

G. The provisions articulated in the Implementation Guidelines for Foreign Assisted Projects of the DOH (DOH AO 10-A s 2001) shall be followed.

VI. Operational Policies for National Reforms

A. Hospital Reforms

1. Governance policy objective is to improve management of the Philippine hospital system by:

a. Corporate restructuring mechanisms for public hospitals
b. Rationalizing hospital development projects to prioritize upgrading of LGU hospitals to PHIC. accreditation standards, and develop national and sub-national specialty referral hospitals for the country
c. Developing referral networks to include private providers
d. Improving management structures, systems, and performance and accountability measures within hospitals

2. Financing policy objective is to improve efficiency and quality of hospital services through:

a. Fiscal autonomy including income-retention in public hospitals
b. Increasing PhilHealth reimbursements
c. Cost sharing arrangements with LGUs served by DOH hospitals, which may be in the form of billing arrangements, tiered pricing or other alternative schemes agreed upon with LGUs
d. Performanced- based financing system

B. Public Heafih Reforms

The policy objective is to improve the organization and financing of priority public health programs by:

1. Developing systemic models to improve organization of service delivery of priority public health program packages. Program service components to be made accessible for each public health program shall be defined for the following:

a. Hospitals at the National level, Local Government level, and at private hospitals
b. Public Health Clinics 1 Centers, School Clinics, or Company Clinics
c. Private Physician clinics
d. Other health facilities like drug rehabilitation centers, dialysis centers and birthing clinics

2. Developing systemic models to improve organization and institutionalization of managerial and technical expertise throughout the health sector to include govemment and civil society, at national or subnational level. Managerial and technical expertise shall include but not be limited to the following:

a. Reference facilities for validation of laboratory specimens
b. Expert Groups to serve multisec'toral advisory or special technical assistance functions to the DOH
c. Training centers to develop, conduct, and evaluate training programs for health sector needs, and which shall maintain progressive training standards and financial sustainability
d. Collaborating Resource/Research Centers which will compile and generate information and evidence for policy and decision making Development of clinical and preventive health promotive guidelines to be linked with service performance and payment at all service delivery levels
f. Epidemiology Surveillance and Health Information Unite to provide real time data for service

delivery and operations

3. Develop systemic models for efficiently financing priority public health programs including performance-based financing system in terms of the following.
a. National Govemment Budget
b. Local Government Budgets
c. Social Health Insurance
d. Out of Pocket
e. Others (e. g. Employer or School Benefits)

C. Local Health System

The policy objectives are improved govemance thru 1) establishment of an effective inter-local health zones (ILHZ), effective referral networks, resource-sharing schemes pursuing accreditation of ILHZ networks, and 2) quality improvement thru PHIC accreditation and Sentrong Sigla Program Health Financing Reforms

D. Health Financing Reforms

The policy objectives are: 1) to improve social safety net for access to health services by the poor, in terms of: a) expansion of benefit packages, b) sustaining enrollment of sponsored group and poor individually paying group, c) making premiums more progressive, and d) improving PHIC administrative and technical capacity, and 2) to improve macrofinancing for health thru: a) improvements of resource mobilization; b) resource allocation, and c) efficiency in production

E. Regulatory Reforms

The policy Objectives are: 1) improved access to quality low priced drugs, and 2) improved regulatory and enforcement mechanisms for ensuring quality and safety of health facilities, products and services.

VII. Operational Policies for Institutional Management Reforms

A. Organizational and Management Structure Reforms

The policy objective is to strengthen the current organization and management structure through:

1. Strengthening of the organizational management stmcture for HSRA defined in D.O. 2279, s 2002, reiterating the operationalization and functions of the Reform area TWGs, Regional implementation Teams and Site Implementation Teams
2. The development of personnel with functions specific to HSRA implementation, which may include but not limited to CHD local health assistance division, DOH representatives, or hired contractual personnel.

B. Human Resource Development

The policy objective is to develop HSRA human resource development plan. The plan shall address priority policy issues and gaps relevant to operationalizing reforms and enhancing institutional and management capacities. Training institutions, capacity building activities and training calendars for DOH, PHIC officials and convergence site leaders shall be specified.

C. Information and Communication Technology Development

The policy objective is to establish capacity to provide real time data for operations and decision making for HSRA implementation for all stakeholders. It shall include:

1. Installation of Information Communication Technology (ICT) connectivity for DOH, PHIC and LGU convergence sites
2. Development and maintenance of HSRA website and automated monitoring and tracking of-HSRA progress
3. Inclusion of the Director of Management Information Services as a designated member of the TCG to initiate development of the ICT in support of HSRA
4. ICT development at PHIC to facilitate administration of enrollment services and benefits

D. Advocacy and lnforrnation

The policy lobjective is the development of Health Promotion Plan 1 Campaign to intensify advocacy and support for HSRA. A targeted advocacy and information campaign for upstream and downstream audiences shall be developed.

E. Performance Monitoring and Evaluation

The policy objective is to institutionalize a functional Monitoring and Evaluation System for tracking HSRA implementation. The system shall provide basis for linking performance with budgets and incentives.

F. Extemal Assistance rationalization

The policy objective is to rationalize loans and grants from foreign assistance agencies through the following:
1. Prioritize assistance which shall advance comprehensive reforms
2. Develop a sector wideapproach for health sector reform Implementation.

VIII. Operational Framework For Convergence Site implementation of Reforms

A. Core Reform Package

Although implementation of HSRA in the convergence sites is in its initial phase, LGU initiatives

and best practices have become sources of lessons. The Core Reform Package specifies components, which are deemed essential in the success of HSRA implementation and are required as basic inputs in all convergence sites.

1. Upgraded Facilities Based on Need

a. Both the public and private health facilities per ILHZ in the convergence site shall be mapped out based on need
b. The providers shall be organized and integrated in an inter-local health zone as the basic implementing unit of the core reform package
c. These health facilities shall be upgraded to appropriate level (preventive, primary, secondary and tertiary), to meet the requirements for DOH licensing and PHIC accreditation for hospitals and SS Certification and PHIC accreditation for RHUs.

2. Expanded Enrollment to National Health Insurance

a. Identification of the poor in the ILHZ
b. Enrollment of the poor
c. Mechanism for annual payment of premium contribution to the Indigent/Sponsored Program
d. Identification of Individually Paying or Informal Sector
e. Mechanisms to enroll and sustain membership to Individually Paying Program (IPP)

3. Management and Fiscal autonomy. for local hospitals

a. Development of hospital business plan
b. Updating of hospital fee schedules
c. Upgrading of staff capacity in terms of hospital and financial management
d. Development of mechanism to retain income
e. Development of appropriate governance and management structure for local hospitals

4. Integrated and Coordinated Efforts and Resources

Integration and coordination of efforts in the convergence sites shall be done in 3 dimensions:

a. Governance

Coordinated governance is necessary toimplement the HSRA at the local level. The organizational unit that will manage and deliver the reform package shall be the inter-local health zone council or an equivalent public—private health board for highly urbanized cities (HUCs). This integrated management group shall:
> Develop plans for the health programs and activities using the integrated health planning system
> Establish network of appropriate number and type of health facilities and services
> Mobilize resources
> Manage health data collection, analysis and submission

> Monitor and evaluate performance of different providers and facilities in their catchment area.

b. Health Services

> Functional referral system.
> Provision of priority public health programs including TB control, rabies, family health (Expanded Program of Immunization, micronutrient, Family . Planning, safe motherhood and healthy lifestyle) and local priority health programs that prevent and control endemic diseases
> Coordination of public and private sector across the different levels of care (is. primary, secondary and tertiary)

c. Resource Sharing

The component LGUs of each Inter-Local Health Zone and the participating facilities and groups of public-private health board of Highly Urbanized Cities shall share

> Human Resources
> Financial resources
> Equipment

5. Quality Health Services

The quality of health services provided in the convergence site shall be based on:
a. PHIC accreditation of public and private health facilities including RHUs
b. Sentrong Sigla Certification for RHUs
c. Establishment of an efficient drug management system
d. Effective Management of Health Information
e. Appropriate human resource development plan

B. Strategies! Techgigal Options to achieve the Core Reform Package

The technical options are critical decision points. They represent the current perceived'necessary strategies and activities in implementing, reforms at the local level. These are culled from experiences and best practices of the advanced convergence sites. However, 'these are neither exhaustive nor mutually exclusive of each other. The LGUs are therefore encouraged to use this section as a guide, and to improve on these suggested options to achieve the goals of HSRA in their locality.

1. Public Health Reform Options

Public health reform cptions are aimed at improving the public health services in the convergence site through increase in funding support for priority public health programs and improvement in the quality of health services through legislation and regulation, and through incentive mechanisms.

a. How to increase funds allocated for priority public health programs in your ILHZ / HUC
i. % Increase in Internal Revenue Allocation for public health Maintenance and Other Operating Expenses (MOOE)
- Provincial Government
- Municipal Government
ii. % RHUs accredited for participation in PHIC capitation fund
iii. Charging of user fees for health services of non-poor
- Laboratory services
- Annual physical examination
- Medical examination for employment
- Water analysis
- Sanitary permit
- Other services

b. How to improve efficiency in using current public health resources for Priority Public Health Programs (PPHP)
i. Client segmentation or targeting of the peer
ii. Outsourcing of services
iii. Integrated public health service (e. g. Integrated Management of Childhood Illnesses)
iv. Increased role and participation of NGOs and private sector

c. How to Improve technrcal leadership for ILHZ
i. Identify other priority health programs for the ILHZICS
ii. Identify expert groups for Infectious Diseases, Degenerative Diseases, Family Health, and Environmental/Occupational Health covering Priority Public Health Programs (PPHP)
iii. Identify/Develop training centers In the province for PPHP
- Infectious diseases
- Degenerative diseases
- Family Health
- Environmental! Occupational Health
- Management! Leadership
iv. Develop a continuing health human resource development program for the CS/ILHZ

d. How to improve priority public health programs through local legislation
- Provinciallevel
- Municipal level
- ILHZ level

2. Hospital Reform Options

This set of options aims at ensuring that local hospitals will attain fiscal autonomy that will in turn aid in the upgrading of these facilities and improving the. quality of hospital serviCes.

a. How to ensure fiscal autonomy

i. Business Planning
ii. Hospital Management training
iii. Financial management training
iv. Income retention
v. Local economic enterprise
vi. Sangguniang Panlalawigan resolution
vii. Others

b. How to Increase hospital revenues
i. Increase reimbursements from PHIC
ii. Rentals
iii. Payment in kind
iv. Donations! endowment
v. Upgrade facilities, equipment, capabilities and services
vi. Proper cost and rate setting procedures
vii. Client classification
viii. Improve financial management system (e. g. efficient billing and collection)
ix. Other

3. Local Health Systems Options

These options aim at improving the management of health services at the local level including setting up of management structures, establishing critical management systems and organizing the delivery of health services.

a. The preferred models of ILHZ in the Convergence Sites
i. Provincial-wide ILHZ
ii. Several ILHZs in the province
iii. Highly Urbanized Cities
iv. Inter-provincial health zone
v. Any of the above including Geographically Isolated and Disadvantaged Areas (GIDA)

b. The coverage of the ILHZ
i. All municipalities including component cities and core referral hospital
ii. At least 3-5 municipalities and any component city and core referral hospital
iii. Catchment municipalities and their core referral hospital in one province and the municipalities of a nearby provinbe accessing the services of the core referral hospital

c. Identify number of the following facilities appropriate for the ILHZ
i. Barangay Health Stations
ii. Rural Health Units
iii. Birthing clinics
iv. Infirmary

v. Primary level referral
vi. Secondary level referral facility
vii. Tertiary level health facility
viii. Private clinics

d. What body to governlmanage your ILHZ
i. Interlocal Health Zone Board
ii. Provincial Health Council
iii. Expanded Provincial Health Boards
iv. Others

e. Who will be the members of the governing body
i. Governor, Provincial Health Officer
ii. Mayors, Municipal Health Officers of participating municipalities
iii. PHIC representative
iv. DOH representative
v. NGO representative
vi. Others

f. What mandates to legalize the ILHZ governing body
i. Sangguniang Panlalawigan! Sangguniang Bayan Resolutions
ii. Memorandum of Agreement among participating LGUs, DOH and PHIC
iii. Incorporation (SEC registration)
iv. Others

g. What management systems need to be institutionalized
i. IHPS
ii. Referral system
iii. Management information system
iv. Human resource development system
v. Baseline monitoring survey

4. Regulatory Options

This set of options aims to ensure that quality essential drugs are available and affordable at the convergence sites.

a. How to rationalize the selection of drugs for procurement in your ILHZ
i. Organize functional Therapeutic Committees
- Provincial—based
- ILHZ-based
- Facility—based

ii. Adherence to Philippine National Drug Formulary

iii. Drug procurement based on leading mortality and morbidity of the province

b. How to procure drugs for your ILHZ
i. Pooled procurement
- Provincial
- ILHZ
ii. Parallel drug importation
iii. Drug consignment
iv. Electronic procurement system
v. Others

c. How to ensure quality of drugs procured
i. Buy only from drugstores! suppliers with BFAD quality seal
ii. Other means of drug assurance (e.g. GPHF Minilab or BFAD in suitcase)

d. How to ensure access to guality low-priced drugs
i. Revolving drug fund at the hospital
ii. Cooperative pharmacy
ill. Botlka ng Barangay
iv. Others

e. How to prevent stock cuts of drugs in your ILHZs
i. Use of stock cards
ii. Drug consignment
iii. Other means

5. Health Care Financing Options

These options aim to ensure that the constituents in the convergence sites are protected through social health insurance, especially the poor.

a. How to enroll the indigent families

i. How to identify the indigent families
- Means test
- Complete enumeration
- Minimum basic needs survey
- Family income and expenditure survey

ii. How to pay the premium contribution for the Sponsored Program
- Municipal and Barangay contributions
- Municipal contribution only
- Provincial contribution only
- Municipal + provincial share

- Municipal + provincial + congressional share
- Trust fund to include private sponsors

iii. How will you ensure timely remittance of LGU contributions for Sponsored Program
- Quarterly
- Semi-annual
- Annual
- Others

b. How to increase the enrollment to Individually-Paying Program
i. Identify organized groups
ii. Establish enrollment desks at RHUs and Hospitals
iii. Include the PHIC premium payment as a requirement in availing Mayor's Permit for business establishments
iv. Include the PHIC premium payment as a requirement in getting residence certificates or other certificates
v. Others

IX Implementing Mechanisms and Requirements

The following steps shall be undertaken in implementing the different reform areas in the Convergence cite. These processes are important in achieving LGU cooperation, establishing necessary legal instruments among the stakeholders andidentifying the critical investments to ensure that the HSRA core reform package is in place in the convergence sites.

A. Ground Working

Setting the stage for implementing the reform package requires a series of steps that include conferences, meetings and field visits to get the involvement of all stakeholders in the convergence site. This process involves:

a. Coordinating with the local government units both at the provincial and municipal levels
b. Informing and advocating on the need for reforms and key strategic cptions
i. Local Government Units
ii. Public and private providers
iii. Civil society
iv. Community

c. Securing preliminary acceptance of keyrefonn strategies from stakeholders

B. Formalizing Political Commitments

The political commitment-of the local officials to implement the core reform package in the convergence site is critical in the success and sustainability of the implementation of HSRA. This

process includes the following steps:

a. Formal participation in workshops that include major stakeholders (DOH, CHD, PhilHealth Regional Office. LGUs, private sector, civil society, community representatives) to decide on key reform strategies for the area
b. Commitment among the Provincial Govemment, the Center of Health Development and the Regional PhilHealth Office articulated through a Memorandum of Understanding (MOU), which contains political commitment to the core reform package and other key reform strategies decided through the workshop. The LGU commitment also includes organizing themselves into an Inter-Local Health Zone (ILHZ) that will become the basic implementing unit of HSRA. Signing the MOU signals the commencement of HSRA implementation.

C. Situational Analysis

A baseline survey to illustrate the health service delivery system in the convergence site shall be done. This study shall include, but not limited to the following:
a. Identifying the number and types of health service providers and facilities both public and private, in the province or city
b. The kinds of services provided at what level of care
c. The kind of financing for health
d. The existing regulation and legislation that will ensure quality of health services.
e. identifying the forthcoming projects and plans of other agencies that will affect the health service delivery system in the convergence site (e.g. forthcoming road projects of the DPWH will affect the access to health facilities)

D. Strategic Planning

The stakeholders in the convergence site will discuss how to put in place the HSRA core reform package. This package constitutes the critical investments that must be in place in order for the HSRA to work at the LGU level. There are options that can help to implement this package. These options are based on previous experience and good practices, which will be presented during strategic planning. The stakeholders shall then select the options they will adopt to implement each reform area (public health, local. health, regulation, financing and hospital system).

E. Detailed Investment Planning

This process require the following steps:
a. Finalization of the Strategic Plan by the convergence site
b. Identify critical investments for the convergence site based on the baseline survey
c. Development of detailed investment planning for year 1—3 of the strategic plan specifying the benchmarks for each strategy

F. Signing of Detailed Memorandum of Agreement

The Memorandum of' Agreement contains the detailed benchmark commitments of the LGU, the DOH through the CHD and PHIC. This Agreement shall be the legal instrument that will support the detailed investment planning of the convergence site.

G. Implementation of the HSRA Convergence Plan

The management board of the ILHZI will oversee the implementation of their HSRA Convergence Plan. The CHD through its HSRA point person will provide technical assistance.

H. Monitoring and Evaluation

Internal monitoring and evaluation of convergence plan implementation will be done by the ILHZ management board while an external evaluation may be done by the civil society or-as part of an independent study commissioned by the DOH.

X. Roles and Responsibilities

A. Department of Health

1. Central Office

a. Develop systems, policies and guidelines that will facilitate the implementation of HSRA, including the monitoring and evaluation of reform strategies
b. Develop the capacity of the CHD personnel in assisting the LGUs in implementing the HSRA at the local level

2. Center for Health Development

a. Facilitate the implementation of procedural guidelines in the convergence sites, from ground working and situational analysis to finalizing the commitments of the key players (DOH, LGU, PHIC, private sector, NGOs,etc.)
b. Provide technical assistance to LGUs in selecting reform strategies
c. Assist the-LGUs in coordinating the actual implementation of the chosen reform strategies

B. Local Government Units

1. Organize themselves into Inter-Local Health Zones that will manage the implementation of reforms strategies
2. Pass the necessary local legislation (ordinances, resolution, etc) to implement the reform strategies
3. Provide the counterpart funds for implementing their investment plan

C. Civil Society

1. Assist the LGUs in achieving their health objectives
2. Identify the health needs of the people and bring to the attention of the ILHZ managers
3. Enhance accountability and transparency of ILHZ management

D. Donor Agencies

1. Provide financial and technical assistance according to the investment plan developed for the convergence site

XI. Repealing Clause

The provisions of previous Orders and other related issuances inconsistent or contrary with the provisions of this Administrative Order are hereby revised, modified accordingly andlor repealed. All other provisions of existing issuances which are not affected by this Order shall remain valid and in effect.

XII. Effectiyity

This Order shall take effect immediately.

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Secretary of Health