

HOUSE OF REPRESENTATIVES
Quezon City

Eightheenth Congress
First Regular Session
HOUSE RESOLUTION NO. 246



Introduced by Rep. Bernadette Herrera-Dy

**A RESOLUTION DIRECTING THE APPROPRIATE HOUSE COMMITTEE TO CONDUCT AN
INVESTIGATION, IN AID OF LEGISLATION ON THE ALLEGATIONS AND
CONTROVERSIES RELATING TO THE PHILIPPINE HEALTH INSURANCE CORPORATION
(PHILHEALTH) AND TO PERFORM A HOLISTIC REVIEW OF THE AGENCY'S FUNCTIONS
AND TRANSACTIONS**

WHEREAS, the Philippine Health Insurance Corporation (PhilHealth) is a government-owned and controlled corporation which was created to implement and to manage the Philippines' universal health coverage.

WHEREAS, last June 8, 2019, President Rodrigo Roa Duterte ordered the arrest of the owner of the private dialysis center, WellMed Dialysis and Laboratory Center in Novaliches, Quezon City, for allegedly claiming benefits for "fictitious" kidney treatments. It was assumed that the medical center continued to seek PhilHealth funds on behalf of patients who had long died. It was reported that the center took advantage of a "loophole" in the patient's death reporting system of PhilHealth.

WHEREAS, PhilHealth suffered huge losses because of the fraudulent scheme. It was reported by the Philippine Daily Inquirer that the government lost around P154 billion pesos due to fake medical claims and schemes from 2013 to 2018.

WHEREAS, WellMed denied the accusations of its former employees Edwin Roberto and Liezel Santos who exposed the controversy. Instead, the medical center reportedly claimed that they "connived with each other, took advantage of the trust reposed in them by WellMed's owners, and perpetrated the fraudulent scheme."

WHEREAS, Last June 10, 2019, Bryan Christopher Sy, the owner of WellMed Dialysis Center was arrested when he appeared at the National Bureau of Investigation's (NBI) headquarters in

1 Manila. On the same day, President Duterte demanded the resignation of the entire PhilHealth
2 board during a meeting in Malacañang. Evidently, the president wants a "clean slate in the
3 PhilHealth administration" since the fraudulent claims went on for a long time under the
4 administration of current officials.

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6 **WHEREAS**, last June 15, 2019, Metropolitan Trial Court Branch 6 allowed Bryan Christopher Sy
7 to post a P72,000 bail and ordered the NBI to release him. He was charged with estafa in
8 connection with patient benefit payments made by Philhealth for the alleged "ghost" dialysis
9 treatments.

10
11 **WHEREAS**, due to the President's order, PhilHealth president and chief executive officer Roy
12 Ferrer and six PhilHealth board members, namely: Jack Arroyo, Rex Mendoza, Hildegardes
13 Dineros, Celestina dela Serna, Roberto Salvador and Joan Liban-Lareza resigned from their
14 posts.

15
16 **WHEREAS**, at the midst of the fraudulent acts where Philhealth is involved, Senator Panfilo
17 Lacson pushed the Department of Health Secretary Francisco Duque to also submit a courtesy
18 resignation out of propriety that he leads the body. He also reminded President Duterte that the
19 current DOH Secretary, who was PhilHealth president from 2001 to 2004, under the
20 administration of former President Gloria Macapagal-Arroyo, was involved in the transfer of the
21 P530-million OWWA funds for the distribution of the PhilHealth cards during the 2004 presidential
22 elections. **WHEREAS**, Senator Lacson also claimed that there is a "conflict of interest" by Health
23 Secretary Francisco Duque III whose family-owned corporation supposedly leased a building to
24 PhilHealth. At the same time, Doctors Pharmaceuticals, Inc. (DPI) a pharmaceutical firm also
25 owned by Duque's family, continued to bid for government contracts.

26
27 **WHEREAS**, Senator Lacson also determined that PhilHealth Provincial Regional Office 1 (PRO-
28 1) was housed in a building owned by Duque's family in Tapuac District, Dagupan City,
29 Pangasinan. It was also named after the Educational and Medical Development Corporation
30 (EMDC) whose owner and president is the DOH chief's sister, Luz T. Duque-Hammershaimb.
31 Evidence shows that PhilHealth PRO-1 agreed to rent the first to third levels of the EMDC building
32 for a monthly rate of P529,261.20

33
34 **WHEREAS**, with regards to Senator Lacson's claims, Secretary Francisco Duque III denied the
35 allegations of conflict of interest over the lease of a property owned by his family. Secretary Duque
36 emphasized that it did not in any way conflict with the interest of the government. Further, he said

1 that the Educational and Medical Development Corporation (EDMC) and the Doctors
2 Pharmaceuticals, Inc. (DPI) are two businesses on which his family members have a "substantial
3 interest."

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5 **WHEREAS**, Secretary Duque maintained that the lease of property went through the proper
6 procurement process required by Republic Act 9184 (Government Procurement Reform Act) and
7 applicable regulations. Also, he said that he did not participate in the negotiation or approval of
8 the lease as an ex-officio member of the PhilHealth Board.

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10 **WHEREAS**, in terms of DPI, Secretary Duque claimed that he only acquired shares in DPI in
11 1996 which is 50 years after its founding and five years before he was appointed DOH
12 Undersecretary.

13
14 **WHEREAS**, regarding fraud schemes allegedly involving PhilHealth officials, PhilHealth acting
15 president and CEO Dr. Roy Ferrer denied, prior to his resignation, that there is a "mafia" in
16 PhilHealth and vowed to launch a corporate-wide intensive fraud detection and enforcement
17 activities that "will catch the thieving, deceiving, and villainous officials and their band of brothers
18 among hospitals and other healthcare facilities."

19
20 **WHEREAS**, Ferrer instead clarified that so-called "mafia members" in the countryside are actually
21 members of a "syndicate of cheating, disloyal, and disgruntled PhilHealth officers who have
22 colluded with hospitals and other health care facilities."

23
24 **WHEREAS**, in the recent Senate probe, Roy Ferrer reiterated that there was no mafia in
25 PhilHealth but he claimed that the alleged group is composed of at least seven PhilHealth regional
26 officials who have been serving for as long as 20 years in the agency and allegedly refuse to be
27 reassigned to other locations. He recalled that he learned it from investigating "unresolved cases"
28 in the PhilHealth.

29
30 **WHEREAS**, former PhilHealth board member Roberto Salvador identified the so-called "mafia"
31 members as regional vice presidents Khaliquzzaman Macabato (Autonomous Region in Muslim
32 Mindanao), Masiding Alonto Jr. (Northern Mindanao), William Chavez (Central Visayas), Paolo
33 Johan Perez (Mimaropa), and Jelbert Galicto (Caraga). He also included PhilHealth assistant
34 corporate secretary Valerie Anne Hollero and former regional vice president Miriam Grace
35 Pamonag (Central Mindanao).

1 **WHEREAS**, both Salvador and Ferrer maintained that the alleged "mafia" was behind the
2 agency's loss of billions of funds for the past several years through various fraud schemes such
3 as "ghost" claims and overpayments.

4
5 **WHEREAS**, Senator Lacson expressed his doubts on the accusations thrown against the senior
6 PhilHealth executives which was said to have helped hospitals extort PhilHealth of billions of
7 pesos.

8
9 **WHEREAS**, Senator Lacson restated that both Ferrer and Salvador even admitted that the cases
10 brought against the group were just administrative cases, ranging from insubordination to grave
11 misconduct.

12
13 **WHEREAS**, Senator Lacson maintained that while Salvador and Ferrer tried to expose the so-
14 called "mafia" of the health insurance system, they were actually the ones who were ordered by
15 the President to resign and not members of a "phantom organization."

16
17 **WHEREAS**, the accused members of the alleged "mafia" vehemently denied the accusations as
18 they unexpectedly appeared at the Senate hearing. They even claimed that they were used as
19 "scapegoats to cover up for the incompetence of PhilHealth's previous management."

20
21 **WHEREAS**, Presidential Spokesperson Salvador Panelo vowed that the president shall not
22 protect the alleged members of the so-called "mafia" of PhilHealth. He further emphasized that
23 the president will never allow or tolerate any irregularity or corruption in this government,
24 "regardless of any relationship to him, or whether or not those people are allied with him politically."

25
26 **WHEREAS**, the recent controversies related to PhilHealth exposed years of corrupt and
27 fraudulent acts that plagued the agency. If these problems were not exposed, the agency would
28 have continued to be abused by people who operate its functions and manage its finances.

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30 **WHEREAS**, the issues faced by PhilHealth soiled the agency's reputation since the allegations
31 have brought about cases of mismanagement with uncertainties as to who are the real
32 perpetrators of such acts.

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34 **WHEREAS**, such acts led to huge losses of the agency's funds which should have been used for
35 the achievement of PhilHealth' mandate and allotted for the welfare of its beneficiaries. While many

1 of its officials have denied their involvement in anomalies, there is a need to safeguard public
2 interest, to deter the scandalous transactions of the agency, and to eliminate corruption in all levels.

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4 **NOW, THEREFORE, BE IT RESOLVED,** by the House of Representatives, directing the
5 appropriate House Committee to conduct an investigation, in aid of legislation on the allegations
6 and controversies relating to the Philippine Health Insurance Corporation (PhilHealth) and to
7 perform a holistic review of the agency's functions and transactions. With new policy reforms to
8 be implemented towards the interest of the public, it is important for Philhealth's mandate,
9 jurisdiction, administration, and functions to undergo changes towards transparency and
10 accountability. To ensure that the citizens is the government's top priority, the House of
11 Representatives shall monitor developments of this concern and continuously direct all its efforts
12 towards this end.

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14 Adopted,

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BERNADETTE HERRERA-DY