



SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'17 MAY 16 P5:57

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SENATE

SENATE BILL NO. 1458

INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

AN ACT

PROVIDING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875,
OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE
ACT OF 1995", AS AMENDED BY REPUBLIC ACT NO. 10606 AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Life and health are most precious gifts that we must safely guard through our laws and consistently nurtured by our health care system.

Against a backdrop of a population now at 100.8 million, with 2 million Filipinos added every year¹, an average GDP growth rate of 6.3% from 2010 to 2014, and real per capita health expenditures growing from PhP 1,219 in 1991 to PhP 3,528 in 2014, the provision of adequate basic health services, family and reproductive health, nutrition activities and emergency care are still among our greatest challenges.

Studies show that our health spending per capita may be rising much faster (5.0 percent) than the growth of real GDP per capita (2.4 percent)², yet our life expectancy and infant mortality rates continue to lag behind our ASEAN neighbors.

If almost 30% of the population are still deemed poor and marginalized, this translates to more than 30 million Filipinos who continue to live at risk with limited access to quality healthcare. On top of this number are millions more of

¹ (Philippine Development Plan 2017 – 2022 / Source: Philippine Statistics Authority. Census of Population 2015)

² UPEcon Health Policy Development Program

low-income earners and middle class citizens who remain to have limited health coverage.

Children continue to die needlessly from malnutrition and other preventable diseases even before they reach their puberty. Poor senior citizens, silently succumb to their deaths without proper diagnosis and care from competent doctors. Persons with Disability (PWDs) wither their dreams and potentials away due to lack of health care support. Patients suffering from debilitating illnesses such as cancer; chronic kidney disease; heart ailments among others, lose all hope as they accept death as an option to spare their financially burdened loved ones from undue suffering.

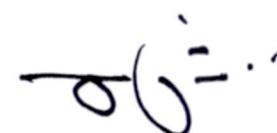
We remain a country where to be ill means losing all your savings, dignity, sanity, and worse, life. This cycle of healthcare depravity must end. A Universal Health Care Law is our redeeming option to end needless deaths, human misery and sufferings due to the unavailability and unaffordability of health care.

This bill will make it possible for every Filipino to enjoy the benefits of a Universal Health Care, where preventive, curative and rehabilitative health services are guaranteed to everyone. It will unburden poor families from financial difficulties when paying for these services. It will improve our people's health-seeking behavior and guarantee affordable medical attention for everyone at home, at work, in school or anywhere in the country as government agencies, Local Government Units and the private sector create more cooperation and synergy to fund and improve basic health care service delivery in government and private hospitals down to the health centers at community level.

A Universal Health Care law banishes healthcare as an entitlement and as a privilege of the few because more health coverage is provided for those in the formal employed sector and informal economy. It will provide more health care services to children and young people and provide better coverage for senior citizens and persons with disability (PWDs).

This Universal Healthcare Bill preserves life and health as an inalienable right of every Filipino.

In view of thereof, immediate approval of this bill is urgently sought.



JOSEPH VICTOR G. EJERCITO

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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 CHAPTER I
2 GENERAL PROVISIONS
3

4 SECTION 1. *Short Title.* – This Act shall be known as the
5 "Universal Health Care for All Filipinos Act."
6

7 SEC. 2. *Declaration of Policy.* – It is hereby declared a policy of
8 the State to protect and promote the right to health of the Filipino
9 people and to instill health consciousness among them. Towards this
10 end, the State shall adopt an integrated and comprehensive
11 approach to health development.
12

13 As such, The State shall endeavor to provide every Filipino a
14 healthy and decent living and working conditions and provide
15 accessible, cost-effective and quality health care without financial
16 hardship for every Filipino.
17

1 The State shall also adopt a whole-of system, whole-of-
2 government, and whole-of-society approach, which considers and
3 embraces all parts, sectors, and relevant stakeholders in the
4 planning, implementation, monitoring, and evaluation of all health-
5 related policies, programs, and actions for the universal health care
6 of all Filipinos.

7

8 SEC. 3. Definition of Terms. - As used in this act, the term:

9

10 (a) Co-insurance refers to a payment made by a
11 member/patient/beneficiary as a fixed proportion of the total cost of
12 health services, with the remaining covered for by the insurer;

13

14 (b) Health intervention refers to public health and medical
15 services aimed at promotional, preventive, and curative cares,
16 diagnosis, rehabilitation and palliation; it can be population-based or
17 individual based, depending on the recipient;

18

19 (c) Health facility refers to public and private health facilities
20 as defined by the Department of Health;

21

22 (d) Health system refers to all organizations, people and
23 actions whose primary intent is to promote, restore or maintain
24 health;

25

26 (e) Individual-based interventions refer to those health care
27 services that can be definitively traced back to a singular person (ex.
28 vaccines, hospitalization, etc.);

29

30 (f) Population-based interventions refer to those health care
31 services that cannot be specifically traced back to a singular person /
32 beneficiary (ex. bed nets, water and sanitation, etc.);

33

34 (g) Service delivery networks refers to a group of health
35 facilities encompassing primary care to higher level facilities within
36 the geographic bounds of a province that render all levels of care
37 and governed by a single board

38

39 (h) Universal Health Care refers to the right of every Filipino
40 to healthy living, working, schooling conditions and to access
41 needed promotive, preventive, curative and rehabilitative health
42 services that is of sufficient quality to be effective, and without
43 financial hardship when paying for these services

1 (i) Whole-of-government approach refers to the adoption of
2 multi-sectoral approach in addressing health issues, affirming the
3 inherently integrated and indivisible linkages between health and
4 other sectors such as education, energy, agriculture, sports,
5 transport, communication, urban planning, environment, labor,
6 employment, industry and trade, finance, and social and economic
7 development;

8
9 (j) Whole-of-society approach refers to the contribution and
10 significant role played by all relevant stakeholders, including
11 individuals, families and communities, non-governmental
12 organizations, civil society, religious institutions, the academe, the
13 media, and the private sector, in advancing health reforms; and
14 strengthening the linkages and coordination among these
15 stakeholders in order to improve the effectiveness of all efforts to
16 improve the health system.

17
18 (k) Whole-of-system approach refers to the approach which
19 looks at each of the component parts or functions of the health
20 system, following the principle that all parts of a health system, or all
21 its building blocks - leadership, human resources, information,
22 medical products and technology, financing, and service delivery -
23 are interrelated. Hence, all actions to be taken must be evaluated for
24 their potential effects on the functioning of the entire system;

25
26
27 **CHAPTER II**
28 **FRAMEWORK FOR UNIVERSAL HEALTH CARE (UHC)**
29

30 SEC. 4. *UHC Entitlement of Every Filipino.* - Every Filipino
31 citizen shall be entitled to healthy living, working and schooling
32 conditions and access to comprehensive set of health services. Access
33 to health services shall be through every Filipino's automatic
34 inclusion into the National Health Insurance Program whereby
35 services shall be made available at zero co-payment for non-formal
36 sector and all who opt for basic accommodation and at fixed co-
37 insurance for all who opt for higher types of accommodation.

38
39 SEC. 5. *Primary Care as First and Continuing Point of Contact.* -
40 All Filipinos shall be required to register with a primary care facility,
41 which shall be the initial point of contact prior to gaining access to
42 higher level facilities, except in severe/emergency cases.

43

1 SEC. 6. Department of Health as *Steward of the Health of the*
2 *People.* - The DOH shall take all measures to fully discharge its
3 mandate of ensuring the achievement of health system goals of
4 better health outcomes, sustained health financing, and a responsive
5 health system for the achievement of universal health care. As the
6 overall technical authority on health, the DOH shall continue to
7 provide national policy direction and continue to be the overall
8 strategic implementer of the national health reform agenda. It shall
9 explicitly define both population and individual-based services that
10 Filipinos are entitled to. The DOH regional offices shall be
11 reorganized as teams supporting every province.
12

13 SEC. 7. *Financing of Population-Based Health Services.* - The
14 DOH, in consultation with the National Economic and Development
15 Authority, shall determine the annual per capita health allocation,
16 which LGUs shall appropriate for health and shall be complemented
17 by national government support primarily to finance capital
18 investments and population based interventions.
19

20 SEC. 8. *Financing of Individual-Based Health Services.* - A
21 national purchaser of health services shall be identified to achieve
22 optimal economies of scale, significantly influence market, and drive
23 down prices to the most affordable and cost-efficient levels. The
24 Philippine Health Insurance Corporation (PhilHealth), the mandated
25 implementer of the National Health Insurance Program (NHIP),
26 shall transition towards this role in the next 5 years, through the
27 enhancement of its roles, functions, scope, and powers.
28

29 SEC. 9. *Renaming the Philippine Health Insurance Corporation.* -
30 The PhilHealth, as established under Republic Act No. 7875, as
31 amended by Republic Act No. 10606, is hereby renamed as the
32 Philippine Health Security Corporation, hereinafter referred to as the
33 PHSC, which from hereon shall be referred to as the Corporation, in
34 view of its expanded scope and role in financial protection. It shall
35 administer the National Health Security Program of the government.
36

37 SEC. 10. *Delivery of Health Services.* - Both public and private
38 health facilities shall be engaged to render individual-based services,
39 while the DOH and LGU shall provide both population and
40 individual-based services.
41

42 The Department of Interior and Local Government (DILG), as
43 partner of the DOH, shall coordinate and promote the

1 implementation of this Act nationwide, including the execution of
2 local government unit (LGU)'s operation and investment plans
3 related to health. LGUs shall be primarily responsible for delivering
4 population and individual-based health care services in the
5 communities within their respective jurisdictions.

6

7 LGUs shall retain the devolved functions relating to health
8 pursuant to Republic Act No. 7160, otherwise known as the Local
9 Government Code. They shall perform the functions enumerated in
10 Title Five, Book I thereof. Specifically, LGUs shall:

11

- 12 a) Pass local resolutions and ordinances that enable creation of
13 healthy living and working environments
- 14 b) Implement community empowerment, information and
15 education campaigns
- 16 c) Implement public health programs in line with DOH
17 standards
- 18 d) Harness existing community organizations, parent
19 organizations, youth organizations, women's club, faith-based
20 or religious organizations, and other existing groups within
21 their jurisdiction, which are already engaged in health
22 promotion and prevention, or in the absence of any, encourage
23 the establishment of such groups
- 24 e) Establish, operate, and maintain functional barangay health
25 stations, rural health units, or equivalent facilities, municipal
26 and provincial hospitals
- 27 f) Grant financial autonomy/income retention for each health
28 facility through a subsidiary ledger such that incomes such as
29 PHSC reimbursement can be flexibly used to improve the
30 services
- 31 g) Mandate participation of all health care providers within the
32 jurisdiction to engage formally in province-wide service
33 delivery networks
- 34 h) Ensure adequate and equitable distribution of health
35 professionals based on the recommended ratios set by the
36 DOH;
- 37 i) Purchase medicines in line with the Philippine National
38 Formulary and Drug Price Reference Index
- 39 j) Allocate per capita health investment per DOH and NEDA
40 recommendations
- 41 k) Regularly conduct profiling activities on the health status of
42 the people in their locality; and
- 43 l) Develop relevant health programs according to the needs of

their locality

3 SEC 11. *Coverage for indirect costs.* - The Social Security System
4 or Government Service Insurance System shall cover indirect costs
5 for members in the formal sector. The Department of Social Welfare
6 and Development (DSWD), Philippine Amusement and Gaming
7 Corporation (PAGCOR), Philippine Charity Sweepstakes Office
8 (PCSO), Aurora Pacific Economic Zone and Freeport (APECO) and
9 Authority of the Freeport Area of Bataan (AFAB) shall support those
10 in the non-formal sector for all indirect costs borne out of accessing
11 medical services. This includes but not limited to transportation,
12 accommodation or halfway house, compensation for missed work,
13 meals.

15 SEC. 12. *Supplementary Coverage.* - Article VI, Sec. 25 5b of RA
16 7875, as amended by Republic Act No. 10606, is hereby amended to
17 read as follows:

19 The Corporation, Health Maintenance Organizations (HMOs),
20 and private health insurance (PHIs) companies shall develop
21 supplementary plans that complement PHSC's basic benefits
22 package and co-insurance schedule. The DOH shall work with the
23 Insurance Commission to develop and monitor implementation of
24 standard plans for HMOs and PHIs. In addition, HMOs and PHIs
25 are mandated to extend coverage of the insured beyond the current
26 60-year old cut-off.

28 SEC. 13. *Public Access to Price Information.* - In order to promote
29 informed choice, every health care facility is mandated to establish a
30 desk where the public may obtain relevant and up to date
31 information regarding prices of all goods and services being offered
32 by such facility.

34 SEC. 14. *Community Empowerment* – The DOH shall develop
35 health literacy programs/campaigns aimed at increasing awareness
36 of the public on their rights and benefits, the available health
37 services, the various health-related programs of the government, and
38 health literacy.

CHAPTER III

HEALTH SYSTEM - GOVERNANCE

43 SEC. 15. Strengthening Whole of Society and Whole of Government.

1 - The Department of Health (DOH) shall establish a Whole of
2 Society and Government (WSG) unit which shall be in charge of
3 coordinating with other line agencies in developing inter-sectoral
4 policies beneficial to health, including but not limited occupational
5 health and safety, urban planning, active design, transport safety, air
6 and water pollution control and prevention, food desertification,
7 inner city decay, crime prevention and control, etc.

8

9 SEC. 16. *Implementation of National Health Programs in a Whole of*
10 *System approach.* - The DOH shall as much as possible minimize silos
11 and integrate disease-based national health programs into other
12 existing programs of government, including but not limited to the
13 Philippine Health Security Program as benefit packages, and
14 organize its disease-based technical program offices as life course-
15 based teams.

16

17 SEC. 17. *Health Technology Assessment Group.* - The DOH and
18 the PHSC shall jointly establish a Health Technology Assessment
19 Group (HTAG), which shall ensure explicit and transparent
20 prioritization of all health benefits that the PHSC shall cover by
21 utilizing health technology assessment (HTA) which is a systematic
22 evaluation of properties, effects, and/or impacts of health
23 technology in order to arrive at an informed policy decision making.

24

25 The HTAG shall be composed of experts from the National
26 Institute of Health, Research Institute of Tropical Medicines, the
27 Epidemiology Bureau of the DOH, Philippine Medical Association,
28 Philippine Dental Association, the National Economic and
29 Development Authority, public hospital association, private hospital
30 association, pharmaceutical industry and the PHSC. The HTAG shall
31 create a secretariat as the need arises to facilitate and ensure the
32 achievement of its objectives. Such funds necessary to support its
33 activities shall be allocated to the HTAG, specifically for research
34 and administrative support to the HTAG secretariat.

35

36 The HTAG shall have the following functions:

37

38 (a) Define and establish the components of the benefit
39 packages for primary, secondary and tertiary care;

40

41 (b) Update the benefit packages every three (3) years, based on
42 the country's demography, epidemiology and burden of disease, the
43 available technology, the financial position of the social health

1 insurance fund, and the cost and affordability of new benefits to be
2 included; and

3
4 (c) Review, update, and amend the benefit packages within
5 the three-year period if the country faces a health situation or
6 emergency and warrants immediate changes in the benefit packages.

7
8 The HTAG shall be directly accountable to the Secretary of the
9 DOH. Further, it shall ensure that its decision-making processes
10 shall be as transparent and the results of its deliberations shall be
11 made public.

12
13 SEC. 18. *Coverage of Health Benefits.* – The coverage for the
14 health benefits for both outpatient and in-hospital care shall include
15 medicines, diagnostic studies, vaccinations and geriatric care.
16 Particularly, it shall include the following benefits thereby amending
17 Section 10 of Republic Act No. 7875, as amended by Republic Act
18 10606:

19
20 (a) Inpatient care:
21
22 (1) room and board;
23
24 (2) services of health care professionals including dentists;
25
26 (3) diagnostic, laboratory, and other medical and dental
27 services;
28
29 (4) use of surgical, medical or dental equipment and facilities;
30
31 (5) prescription drugs and biologicals;
32
33 (6) inpatient education packages; and
34
35 (7) post-inpatient hospital care rehabilitation services.

36
37 (b) Outpatient care:
38
39 (1) services of health care professionals including dentists;
40
41 (2) diagnostic, laboratory, and other medical and dental
42 services;

43

- (3) use of surgical, medical or dental equipment and facilities;
 - (4) personal preventive services;
 - (5) prescription drugs and biologicals; and
 - (6) port-outpatient surgical home and rehabilitation services.

To minimize out-of-pocket expenses, emergency and transfer services and such other healthcare services that the DOH shall deem appropriate shall, as far as practicable, be covered. HTAG shall develop guidelines, in cooperation with appropriate government and private agencies, for the co-payment, which the patients may be asked to share when a health service incurred is beyond the PHSC coverage.

17 SEC. 19. *Standards of Care.* - The DOH shall establish a
18 clearinghouse and work with various medical professional
19 organizations in developing context-appropriate, evidence-based
20 clinical practice guidelines to guide clinical decision support,
21 reimbursement and payment incentives.

22
23 SEC. 20. *Patient-friendly Procedures.* – All health facilities are
24 required to adopt a standard admission, billing and discharge
25 procedures to be developed by the DOH, in coordination with
26 private hospitals association, which will ensure that (1) patients are
27 not treated differently based on their capacity to pay, (2) patients are
28 accommodated and provided necessary health service at the most
29 convenient, responsive and efficient way, and (3) medical social
30 workers are seamlessly integrated into a single process.

32 SEC. 21. *Research and Development.* – The DOH and its attached
33 agencies are hereby mandated to strengthen their capacity for
34 producing and utilizing health policy and systems research to
35 inform policymaking and as such shall earmark 2% of their MOOE
36 for research. The DOH shall also establish the Health Policy and
37 Systems Research Institute (HPSRI) as an office within the DOH
38 funded primarily from the 2% MOOE, and support the
39 establishment of research consortia in line with the vision of the
40 Philippine National Health Research System.

CHAPTER IV

HEALTH SYSTEM - HEALTH SERVICE DELIVERY

4 SEC. 22. *Network of Health Service Providers.* – All health
5 facilities, encompassing primary to tertiary care within a provincial
6 jurisdiction, are mandated to form a single network for purposes of
7 effective referral system. The network shall be responsible for
8 ensuring efficiency in using resources and establishing strategically
9 located specialty centers to avoid redundant one-stop shops, and
10 facilitate cross-subsidization of operational costs and the setting up
11 of referral protocols including transport and accommodation
12 services.

13
14 SEC. 23. *Establishment of New Health Care Facilities.* – All new
15 health facilities shall be developed in line with the province-wide
16 and nation-wide health facility development plan and shall require
17 the issuance of a Certificate of Need from the DOH prior to
18 establishment. Government hospitals, whether general or specialty,
19 shall only be established in areas with documented demand.

21 SEC. 24. *Income Retention.* – To ensure that all government
22 hospitals and health facilities have full authority to utilize their
23 income to enhance their capacity to expand and to improve the
24 quality of their services, all government hospitals are hereby
25 authorized to retain and utilize one hundred percent (100%) of their
26 income, which includes hospital fees from in-house services and
27 facilities; income derived from non-patient-related services such as
28 affiliation/medical/professional fees, rental fees, parking fees,
29 interview and tour fees; and income derived from interest on
30 account deposits, without remitting the same to the Bureau of
31 Treasury.

For this purpose, a trust fund constituting the retained income shall be established to be distributed among the following, in a ratio to be determined by the DOH: capital outlays for the purpose of equipment and infrastructure projects including construction, improvement, and/or renovation of hospital facility; other expenses for maintenance and operation of the facility; assistance to indigents; additional allowances of medical personnel and staff; and other purposes to be determined by the DOH.

42 This trust fund shall be deposited in an authorized
43 government depository bank/s recommended by the DOH the

1 Department of Finance (DOF), and the Department of Budget and
2 Management (DBM).

3
4 Further, all public hospitals shall comply with DOH's
5 standard cost accounting method and comprehensively account for
6 facilities' finances and expenditures.

7
8 SEC. 25. *Government Hospitals as No Balance Billing (NBB) Hospitals.* - Consistent with the objective of improving accessibility
9 and availability of health care for all, especially the poor, all
10 government hospitals are hereby required to operate with not less
11 than ninety percent (90%) NBB beds, as mandated by RA 1939,
12 Section 6. Specialty hospitals are required to operate with not less
13 than sixty percent (60%), and private hospitals not less than ten
14 percent (10%) of their capacity as NBB beds.

15
16 All government hospitals, specialty hospitals and private
17 hospitals shall regularly submit a report on the allotment or
18 percentage of their bed capacity to charity beds. The DOH shall issue
19 the necessary guidelines for the immediate implementation of this
20 Section.

21
22
23 **CHAPTER V**
24 **HEALTH SYSTEM - HUMAN RESOURCES**
25

26 SEC. 26. *Appropriate Compensation Package.* - In order to ensure
27 that all health professionals, personnel, and staff in the public and
28 private sector receive adequate compensation and benefits
29 commensurate to their fundamental role in society and to the
30 amount of work that they render as well as to inform the costing of
31 PHSC reimbursements, the DOH shall set up a board which will
32 determine the remuneration, and other benefits due to health
33 professionals based on their qualification, with rates updated
34 periodically.

35
36 SEC. 27. *Underserved Areas.* - In order to encourage service in
37 underserved areas, government health workers shall be
38 compensated based on 100% of Salary Standardization Rates.
39

40 SEC. 28. *PHSC reimbursements to complement compensation in the*
41 *public sector.* - The DOH shall spearhead the setting up of guidelines
42 on the use of reimbursements from PHSC to augment salaries and
43 make overall compensation in the public sector competitive.

SEC. 29. Available Plantilla Items. - The DOH shall work with the Department of Budget and Management (DBM) to regularly adjust plantilla items in government health facilities for both general practitioners and specialists, including residency positions, such that the ratio for health professionals will be met, consistent with the burden of disease and ensuring that distribution and allocation responsive to contextual geographic needs especially of underserved areas.

SEC. 30. Return of Service. - All health professional graduates from public schools shall be required to serve for at least two (2) full years, under supervision, in an underserved area or in the public sector prior to obtaining their permanent/official license to practice.

SEC. 31. Publicly-funded Health Professional Education. Within the next 5 years, the DOH shall ensure that health professional education shall be publicly funded. The DOH, Commission on Higher Education (CHED), and the DBM shall develop and plan the expansion of health professional education degree programs as well as regulate the slots for each depending on market needs. In the interim, the government may contract out to private health professional institutions.

SEC. 32. Curriculum Shift. The DOH shall work with the Association of Philippine Medical Colleges and various academic institutions to shift the focus and learning outcomes of degree programs to that of primary care.

CHAPTER VI

HEALTH SYSTEM - HEALTH INFORMATION SYSTEM

SEC. 33. *Administrative, Medical, Prescription, Reimbursement Data.* - All health service providers and insurers shall within four (4) years, create and maintain information systems including but not limited to enterprise resource planning, human resource information system, electronic medical records, and electronic prescription consistent with DOH standards which shall be electronically uploaded on a regular basis. The DOH, in consultation with appropriate government and private agencies, is hereby mandated to develop a single system to be used by all health service providers.

SEC. 34. Health Research Data Warehouse. - The DOH shall

1 create a databank, which shall serve as a hub of all health
2 transactions/data including but not limited to administrative,
3 medical, prescription and reimbursement data. These shall be
4 reviewed and archived and shall be used exclusively for the purpose
5 of generating information to guide research and policy. Patient
6 privacy and confidentiality shall at all times be upheld, in
7 accordance with the Data Privacy Act of 2012.

9 SEC. 35. *Access to Health Research Data Warehouse.* – The PHSC
10 shall be transparent with respect to data pertaining to the planning
11 and implementation of the national health security fund. To the
12 extent possible and unless restricted by the Data Privacy Act of 2012,
13 these data shall be in the public domain. The Corporation shall not
14 unduly restrict the release of information required by its members,
15 government officials, researchers, members of the academe, media,
16 and other concerned parties, unless they require excessive costs to
17 generate, in which case, arrangements should be made for those who
18 are requesting the data to pay for the necessary costs of obtaining
19 such data.

CHAPTER VII

HEALTH SYSTEM - REGULATION

SEC. 36. Regulation of private health facilities, drug outlets and diagnostics clinics outside public hospitals. - The Food and Drug Administration (FDA) and the DOH shall strictly regulate setting up private facilities within the vicinity of public hospitals as well as ownership of these facilities by health professionals engaged by the government hospital, as mandated by Article IV Sec. 38 of RA 10918.

31 SEC. 37. *Generics prescribing.* Sec. 6 of RA 6675 is hereby
32 amended to read as all medical, dental and veterinary practitioners,
33 including private practitioners, shall write prescriptions using the
34 international nonproprietary name (INN) or generic name ONLY.
35 No brand names shall be allowed in any part of the prescription.

37 SEC. 38. *Availability of Generics.* All drug outlets shall be
38 required at all times to carry the generic equivalent of all drugs in
39 the Primary Care Formulary.

41 SEC. 39. *Informed Choice.* All health care providers are required
42 to put up a desk within their health facilities where the public can
43 readily access pertinent information regarding the costs of medical

1 services.

2

3 Drug outlets shall be required to provide customers with a list
4 of therapeutic equivalent and their corresponding prices when
5 fulfilling prescriptions and/or in any transaction.

6

7 SEC. 40. *Commodities of Public Health Significance.* - The DOH
8 shall determine a list of public health commodities that shall be
9 taken out of the private market, especially if their unregulated use
10 poses threats and risks to public health (e.g. drug resistance).

11

12 SEC. 41. *Tariff Exemption for Raw Materials of Medicines.* -
13 Manufacturers of generic medicines may apply for exemption from
14 tariffs through Philippine Economic Zone Authority (PEZA) in the
15 importation of raw materials for the sole use in the manufacturing of
16 generic medicines part of the essential medicines list intended for
17 domestic consumption.

18

19 SEC 42. *Price Negotiation Committee.* - The DOH shall be
20 mandated to set-up a price negotiation committee which will ensure
21 value-based pricing through a framework contract with suppliers of
22 drugs which are either (1) on patent, (2) single-source (one supplier
23 only), or (3) have no therapeutic equivalent in the Philippine
24 National Formulary. The negotiated price in the framework contract
25 shall be made available for all public sector institutions.

26

27

28 **CHAPTER VIII**
29 **PHILIPPINE HEALTH SECURITY CORPORATION**

30

31 SEC. 43. *Membership Types.* - For purposes of simplicity, all
32 members previously enrolled under the NHIP, as provided under
33 Section 7 of Republic Act No 7875, as amended by Republic Act No.
34 10606, is hereby classified as follows:

35

- 36 a) Members in the formal group include government workers,
37 private employees, all other workers rendering services, whether
38 in government or private offices, such as job order contractors;
39 project-based contractors and the like; owners of micro
40 enterprises, owners of small, medium and large enterprises,
41 household help, family drivers, migrant workers, self-earning
42 individuals, professionals, Filipinos with dual citizenship,
43 naturalized Filipino citizens, citizens of other countries working

1 and/or residing in the Philippines; and lifetime members.
2

3 In view of the senior citizen's mandatory coverage, lifetime
4 membership program shall no longer exist.
5

6 b) Members in the non-formal group include all others not included
7 in the formal group.
8

9 SEC. 44. *Membership Database.* - The PHSC shall within (2)
10 years of this Act shall use civil registration as the basis for cleaning
11 up and regular updating its database. To this end, the Philippine
12 Statistical Authority is hereby mandated to assist and align
13 initiatives with the Corporation.
14

15 SEC. 45. *Setting of Contribution or Premium Rates.* - Section 28
16 and 29 of Republic Act 7875, as amended by Republic Act No. 10606,
17 is hereby amended to read as follows:
18

19 The PHSC shall review and adjust every two (2) years or as
20 often as necessary, the prevailing contribution in order to achieve
21 desired support value.
22

23 Members in the formal group shall pay the monthly
24 contribution rate, *provided*, that employers shall pay an equivalent
25 contribution on behalf of each employee.
26

27 Members in the non-formal group shall have their
28 contributions fully subsidized by the national government. *Provided*,
29 that such contributions to the PHSC be included annually in the
30 General Appropriations Act, among other sources. All LGUs whose
31 premiums to the Corporation are shouldered by the national
32 government are hereby mandated to utilize funds intended for
33 premium payments of their constituents for the improvement of
34 their respective health facilities and the delivery of quality health
35 care.
36

37 SEC 46. *Collection of Contribution or Premium.* Collection
38 functions, as stated in Article III, Section 5 of RA 7875, as amended
39 by Republic Act No. 10606, is hereby amended to read as the
40 Corporation shall unburden itself from the task of collecting
41 premium and focus on benefits administration. As such, it shall
42 enlist the assistance of Bureau of Internal Revenue in collecting
43 contributions from the formal sector and directly collect from the

1 DBM for all non-formal members.

2

3 SEC 47. *Entitlement to Benefits.* - Section 12 of RA 7875, as
4 amended by Republic Act No. 10606, is hereby amended to read as
5 follows:

6

7 No minimum period after the contribution is paid will
8 be required to activate entitlement to benefits. In the case of the
9 formal sector, failure to pay will enable access to benefits but require
10 retrospective payment of all missed contributions with at least 15%
11 penalty for the individual (in the case of self-employed) and 15%
12 penalty for the employer (in the case of employers), per annum.

13

14 SEC. 48. *National Health Security Fund (NHSF).* - The National
15 Health Insurance Fund, as created and utilized under Articles VI and
16 VII of Republic Act No. 7875 and amended by Sections 15 to 21 of
17 Republic Act No. 10606, is hereby referred to as National Health
18 Security Fund, herein after referred to as the NHSF. All budgetary
19 allocations for the Corporation and prepaid funds shall be
20 consolidated and pooled as the NHSF. All other health assistance
21 funds, such as, but not limited to, the DOH's Medical Assistance
22 Fund, Philippine Charity Sweepstakes Office (PCSO) and Philippine
23 Amusement and Gaming Corporation (PAGCOR), revenues from
24 Sin Tax, shall be redirected into the NHSF. Furthermore, budgetary
25 allocations for inputs that can be included as part of the
26 Corporation's benefit packages reimburses - such as drugs, devices -
27 shall be pooled as part of NHSF.

28

29 SEC. 49. *Breadth of Benefits Coverage.* - The recommendations of
30 the HTAG shall be regarded as binding by default, with the PHSC
31 negotiating solely on the basis of financial feasibility. Further, benefit
32 packages shall be regularly reviewed by the Corporation for this
33 purpose.

34

35 SEC. 50. *Depth of Financial Coverage.* - The PHSC shall ensure
36 fair reimbursement rates that is informed by accurate disease
37 groupings, periodic costing and consultation, and stronger
38 surveillance and monitoring system to monitor compliance to co-
39 payment rates by all health care providers. In view of this, all health
40 care providers are mandated to submit encoded cost, price, and
41 clinical data *provided* that these are consistent with the Data Privacy
42 Act of 2012. All healthcare providers are mandated to charge
43 patients only according to PHSC's rules on co-payment.

1

2 SEC. 51. *Cost Containment.* – In order to ensure that health
3 expenditures remain manageable and the NHSF sustainable, the
4 PHSC is hereby mandated to operationalize within five (5) years the
5 Global Budget Payment Program as defined under Section 4 of
6 Republic Act 7875, which shall be redefined hereon to mean as
7 setting annual reimbursement thresholds for facilities based on
8 facility type, facility level, geographic location, expected case mix,
9 and other cost drivers, as may be determined by the PHSC and
10 linked with key performance indicators.

11

12 SEC. 52. *Administrative Cost.* – For purposes of maximum
13 utilization of existing funds, no more than five percent (5%) of the
14 sum total of the various funds enumerated under Article VI, Section
15 26 of Republic Act No. 7875, as amended by Republic Act No. 10606,
16 shall be allocated for administering the Program.

17

18 SEC. 53. *Accreditation and Advanced Participation* – All licensed
19 facilities shall be deemed accredited. In addition, the Corporation
20 shall develop a scheme for advanced participation to incentivize
21 high quality health networks.

22

23 SEC. 54. *Claims.* – Sec. 23 (j) of RA 7875, as amended by
24 Republic Act No. 10606, is hereby amended to read as follows:

25

26 All claims should be reimbursed within thirty (30) days of
27 filing of the health care provider. *Provided*, that all accompanying
28 requirements including encoded cost, price, and clinical data are
29 submitted completely.

30

31 The PHSC shall shift all claims review and processing to
32 electronic within two (2) years of the enactment of this bill and
33 engage third party administrators as may be necessitated. All health
34 care facilities are expected to submit electronic or fully encoded
35 claims, complete with all necessary documents and accompany data
36 within fifteen days (15) upon discharge of the patient.

37

38 SEC. 55. *Reorganization.* – Section 18 (a) of Republic Act No.
39 7875, as amended by Republic Act No. 10606, is hereby amended to
40 read as follows:

41

42 The Board of the PHSC shall provide strategic oversight,
43 planning, and alignment function towards the achievement of the

1 institution's vision and mission, as well as the overall goals and
2 targets of the sector. It shall primarily be concerned with macro- and
3 top-level policy issues that directly concerns fulfillment of the NHSO
4 role and mandate as a national single purchaser. On matters relating
5 to the development and/or expansion of benefits, the Board shall be
6 guided by the evidence results of a priority setting process as
7 provided in the previous sections.

8

9 The Corporation shall be governed by a Board of Directors
10 hereinafter referred to as the Board, composed of the following
11 members:

12

13 Ex Officio Board Members

14

15 "The Secretary of Health;

16

17 "The Secretary of Labor and Employment or a permanent
18 representative;

19

20 "The Secretary of the Interior and Local Government or a
21 permanent representative;

22

23 "The Secretary of Social Welfare and Development or a
24 permanent representative;

25

26 "The Secretary of the Department of Finance (DOF) or a
27 permanent representative;

28

29 "The Secretary of the Department of Budget and Management
30 (DBM) or a permanent representative;

31

32 "The President and Chief Executive Officer (CEO) of the
33 Corporation (ex officio Vice Chairperson);

34

35 The Vice Chairperson for the basic sector of the National Anti-
36 Poverty Commission or a permanent representative;

37

38 "The Chairman of the Philippine Charity Sweepstakes Office
39 (PCSO) or a permanent representative;

40

41 "The Chairman and CEO of the Philippine Amusement and
42 Gaming Corporation (PAGCOR) or a permanent representative;

43

1 Appointive Board Members
2

3 "A permanent representative of Filipino migrant workers;
4

5 "A permanent representative of the members in the formal
6 economy;

7 "A permanent representative of the members in the informal
8 economy;

9
10 "A representative of employers;

11 "A representative of health care providers to be endorsed by
12 their national associations of "health care institutions and medical
13 health professionals;

14 "A permanent representative of the elected local chief
15 executives to be endorsed by the "League of Provinces, League of
16 Cities and League of Municipalities; and

17 "An independent director to be appointed by the Monetary
18 Board.

19 The Secretary of Health shall be the *ex-officio* Chairperson
20 while the President and CEO of the Corporation shall be the Vice
21 Chairperson of the Board.

22 SEC. 56. *Selection Process of Nominees from the Sectors.* - Section
23 18 (b) of Republic Act No. 7875, as amended by Republic Act No.
24 10606, is hereby amended to read as follows:

25 Within thirty (30) days following the effectivity of this Act, the
26 DOH shall promulgate the nomination process with a clear set of
27 qualifications, credentials, and recommendation from the sector. The
28 nominees shall be validated and shortlisted by the DOH, in
29 consultation with relevant stakeholders particularly from the sector
30 the nominee is expected to represent. The list of nominees shall be
31 submitted to the Governance Commission for GCGs.

32 Prior to the start of their term, all members of the Board,
33 including their respective alternates, shall be required to undergo
34 training in health care financing, health systems, costing health
35 services, and health technology assessment. Succeeding trainings

1 shall be provided and required as necessary. Non-compliance
2 and/or non-attendance to trainings can be grounds for dismissal.

3

4 SEC. 57. *Conflict of Interest.* – The members of the Board, the
5 President of the PHSC, other officers and employees should not have
6 any conflict of interest that may compromise his/her participation in
7 the activities or decision of the Board. As such, prior to every board
8 meeting, all members of the Board shall duly sign a conflict of
9 interest declaration.

10

11 A member of the Board who is in any way, whether directly or
12 indirectly, interested in a contract or proposed contract with the
13 Board must, as soon as practicable after the relevant facts have come
14 to his or her knowledge, declare the fact and the nature and extent of
15 the interest, in writing to the Chairperson, before the meeting of the
16 Board and inhibit himself during the deliberations when such matter
17 is taken up. The decision taken on the matter shall be made public
18 and the minutes of the meeting shall reflect the disclosure made and
19 the inhibition of the member concerned.

20

21 SEC. 58. *Local Health Security Office.* – Article V of RA 7875, as
22 amended by Republic Act No. 10606, is hereby amended to read as
23 follows:

24

25 The PHSC shall establish a Local Health Security Office,
26 hereinafter referred to as the Office, in every congressional district.
27 Each Office shall have the following powers and functions:

28

- 29 a) to maintain and update the membership eligibility list at
30 community levels;
- 31 b) to issue health insurance ID cards to persons whose premiums
32 have been paid according to the requirements of the Office
33 and the guidelines issued by the Board;
- 34 c) to grant or deny accreditation to health care providers in their
35 area of jurisdiction, subject to the rules and regulations to be
36 issued by the Board;
- 37 d) to monitor compliance of accredited health care providers
38 specifically with regards to quality and financial protection;
- 39 e) to process, review and pay the claims of providers, within a
40 period not exceeding thirty (30) days whenever applicable in
41 accordance with the rules and guidelines of the PHSC;
- 42 f) to ensure quality of encoded claims data and recommend
43 necessary sanctions and penalties in the form of financial

- 1 demerits to succeeding claims of non-compliant health care
2 providers;
- 3 g) to establish referral systems and network arrangements with
4 other Offices as may be necessary following the guidelines set
5 by the PHSC;
- 6 h) to serve as the first level for appeals and grievance cases;
- 7 i) to tap community-based volunteer health workers and
8 barangay officials, if necessary, for information and
9 communication activities to grant such workers incentives
10 according to the guidelines set by the PHSC and in accordance
11 with applicable laws. However, the incentives for the
12 barangay officials shall accrue to the barangay and not to the
13 said officials;
- 14 j) to prepare an annual report according to guidelines set by the
15 Board and to submit the same to the central office of the
16 Corporation.

17

18 SEC. 59. *Audit.* – All funds intended for the universal health
19 care shall be subject to an internal and external audit to be done as
20 follows:

21

22 a) Internal Audit – There shall be an internal audit with respect
23 to the finance, accounting and procurement of PHSC, with a
24 corresponding audit report for the submission to the Board, at
25 least once a year.

26

27 For purposes of internal audit, there shall be an official of the
28 Board acting as an internal auditor with direct accountability
29 to the Board, in accordance with the regulations prescribed by
30 the Board. The Board shall prepare a financial statement,
31 which must include at least a balance sheet and an operation
32 account to be submitted to the auditor within one hundred
33 and twenty (120) days from the end of each accounting year.

34

35 b) External Audit – At an interval of every year, the Commission
36 on Audit shall appraise the utilization and disposition of the
37 NHSF in accordance with existing laws and guidelines. The
38 COA is also hereby directed to review its rules vis-a-vis the
39 merits of the PHSC's provider payment mechanisms.

40

41 SEC. 60. *Employees Covered by the Workmen's Compensation Act.*
42 – In cases where an employee is entitled to health care service under
43 the Workmen's Compensation Act, also enjoys benefits of a health

1 care provider pursuant to this Act, the health service provider shall
2 notify such event to the Corporation. The Corporation shall be
3 entitled to reimbursement for health services from the Workmen's
4 Compensation Fund, not exceeding such amount as prescribed in the
5 Workmen's Compensation Law, and shall submit such amount of
6 reimbursement to the fund of the Corporation.

8 SEC. 61. *Patients Covered by Motor Vehicle Accidents Insurance.* -
9 In cases where an insurance company is liable to pay the
10 compensation to a motor vehicle accident victim who has enjoyed
11 the right of health services pursuant to this Act, the Corporation
12 shall be entitled to reimbursement from the insurance company, and
13 shall submit such amount of reimbursement to the fund of the
14 Corporation. The Corporation shall have powers to issue an order
15 requesting the said insurance company to pay such health service
16 expenses, not exceeding the amount in accordance with the
17 conditions of the insurance policy.

19 SEC. 62. Appropriations. – Article XI of RA 7875, as amended by
20 Republic Act No. 10606, is hereby amended to read as follows:

22 The amount necessary to implement the provisions of this Act
23 shall be included in the General Appropriations Act for the year
24 following the approval of this Act. In addition, the Corporation may
25 request Congress to appropriate supplemental funding to meet
26 targeted milestones of the Program.

CHAPTER IX

MISCELLANEOUS PROVISIONS

31 SEC. 63. *Implementing Rules and Regulations.* – The DOH, the
32 Corporation, and DILG, in consultation and coordination with
33 appropriate government agencies, CSOs, NGOs, representatives
34 from the private sector, and other stakeholders, shall promulgate a
35 new set of implementing rules and regulations within sixty (60) days
36 from the effectivity of this Act.

38 SEC. 64. Adoption of the Provisions of Republic Act No. 7875,
39 Republic Act No. 10606, Republic Act No. 8980, and Act No. 10410. –
40 The provisions of Republic Act No. 7875, otherwise known as the
41 National Health Insurance Act of 1995, as amended by Republic Act
42 No. 10606; Republic Act No. 8980, otherwise known as the ECCD
43 Act of 2000; and Republic Act No. 10410, otherwise known as "Early

1 Years Act of 2013" insofar as they are not inconsistent with the
2 provisions of this Act, are hereby adopted and made an integral part
3 of this Act.

4

5 SEC. 65. *Interpretation.* – Any doubt in the interpretation of any
6 provision of this Act shall be liberally interpreted in a manner
7 mindful of the rights and interests of every Filipino to quality,
8 accessible and affordable health care.

9

10 SEC. 66. *Separability Clause.* – If any provision of this Act is
11 held invalid or unconstitutional, the same shall not affect the validity
12 and effectivity of the other provisions hereof.

13

14 SEC. 67. *Repealing Clause.* – All other laws, decrees, executive
15 orders and rules and regulations contrary to or inconsistent with the
16 provisions of this Act are hereby repealed or modified accordingly.

17

18 SEC. 68. *Effectivity Clause.* – This Act shall take effect fifteen
19 (15) days after its publication in the Official Gazette or in two (2)
20 newspapers of general circulation.

21

22 *Approved,*