# Atoning for PhilHealth plunder

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The shock from the defunding of the Philippine Health Insurance Corp. (PhilHealth) last year and the transfer of P89.9 billion of its “excess” funds to the national treasury has somehow subsided, and the Marcos administration seems to be making amends by allocating a subsidy of P53.26 billion to the state health insurer in the 2026 budget.

According to Finance Secretary Ralph Recto, the PhilHealth subsidy next year would go to enhancing members’ benefit packages without increasing their premium contributions.

“No plans for additional contributions,” Recto emphasized, “There is so much money with PhilHealth.”

The Department of Finance said PhilHealth would likely end the year with a fund balance of P348 billion, despite the 30-50 percent increase in benefit packages to PhilHealth members.

Indeed, the DOF pointed out that even without the subsidies in 2025, PhilHealth managed to expand its coverage starting Jan. 1 this year, including for emergency procedures and outpatient services given at the emergency department and accredited healthcare facilities.

Also, PhilHealth implemented a new round of adjustments “to increase support value, decrease out-of-pocket payment, increase financial risk protection and ensure the effective delivery of high-quality health services.”

## Development agenda

This was said to be only the second time that PhilHealth revised its benefit packages across the board since 2013, when it shifted to the case-based payment system, where accredited health providers were reimbursed a predetermined fixed rate for each treated case, instead of the fee-for service system where they are paid for each service provided that tended to be more expensive and less expensive than the more holistic case-based system.

“That should already be a significant improvement in PhilHealth services,” said Recto.

And to drive home his point that the Marcos administration was giving the health-care sector its due, Recto said the budget of the Department of Health would likewise be increased in 2026 as health as well as education were “priorities” of President Marcos.

Mr. Marcos recently approved a proposed budget of P6.793 trillion next year—another record high—to support his continuing “Bagong Pilipinas” development agenda as he enters the fourth year of his presidency. The budget is equivalent to 22 percent of the country’s gross domestic product and 7.4 percent more than the 2025 budget of P6.326 trillion.

## Original sin

The health sector will be given priority as it falls under the first pillar of the Philippine Development Plan, which covers developing and protecting the capabilities of individuals and families, encompassing the education, health, social protection, agriculture, and labor sectors.

This welcome return of the subsidy to PhilHealth in 2026, however, does not absolve the Marcos administration of the original sin of withholding the subsidy this year, exacerbated by the return of part of its excess funds, considering that members are crying out for even more support given that almost half of health-care expenses come out of patients’ pockets.

Indeed, various petitions to declare the zero subsidy to PhilHealth and transfer of its funds in 2025 unconstitutional on grounds that Filipinos have the right to health and the benefits under the Universal Health Care Act remain pending with the Supreme Court.

If petitioners win, the DOF had said that the money would be returned to PhilHealth.

The transfer of PhilHealth funds and the zero subsidy were just part of the loud criticisms against the 2025 budget.

## Crucial mandate

A number of lawmakers, academics, and progressive groups had called this year’s budget as the “most corrupt” due in large part to the surprise changes after the budget came out of the bicameral conference committee, with social welfare programs supposedly getting more funds “in aid of elections” this year.

This especially hits hard when it comes to PhilHealth, on which poor Filipinos rely almost entirely for their health-care needs.

And as the Marcos administration atones for missteps in the 2025 budget, PhilHealth must take the opportunity to show the Filipinos to it deserves the additional funds and deliver on its crucial mandate to effectively deliver health-care services to the people.

The Governance Commission for Government Owned or Controlled Corporations under the Office of the President has already ordered it to do so to enhance its efficiency and solve key operational challenges, specifically ordering it to address long-standing issues including its outdated workforce, fragmented data, strategy execution and benefits claims.

By healing itself, PhilHealth will be in a more robust position to do right by its members, especially now with the promised funds in the 2026 budget.