Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE RESOLUTION NO. 1113

Introduced by HON. LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.

RESOLUTION URGING THE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE ALLEGED RAMPANT CORRUPTION AND MISMANAGEMENT IN THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) THAT MAY LEAD TO ITS FINANCIAL COLLAPSE TO THE DETRIMENT OF THE FILIPINO PEOPLE AND OUR FIGHT AGAINST THE COVID-19 PANDEMIC

WHEREAS, the recent resignation of PhilHealth Anti-Fraud Legal Officer, Atty. Thorsson Montes Keith caused an uproar and stirred the interest of the Filipinos in the alleged rampant corruption that has plagued the agency since previous administrations;

WHEREAS, in a letter address to PhilHealth president Ricardo Morales, Atty. Keith said he was stepping down from his post due to alleged “widespread corruption” and “rampant and patent unfairness in the promotion process” and delayed salaries and hazard pay;

WHEREAS, around a month prior to the resignation, the PhilHealth has been dealing with allegations of P154 billion in missing funds and a supposed large-scale syndicate defrauding the agency, after Presidential Spokesperson Harry Roque said Morales allegedly failed to curb corruption in the agency;

WHEREAS, in a letter dated 15 March 2020 of PhilHealth Board Member Alejandro L. Cabading to President Rodrigo Roa Duterte, through Secretary Roque, he asserted that the Internal Audit report contained the discovery of major discrepancies in the Information Technology (IT) Sector’s representation, including items which were not in the Information Systems Strategic Plan (ISSP) that was approved by the Department of Information and Communications Technology (DICT);

WHEREAS, the same Internal Audit report indicated that despite absence from the DICT-approved ISSP, P734 million-worth of Information and Communication Technology (ICT) resources was flagrantly included in the CY 2020 budget proposal
of PhilHealth, which is a whopping 46.84% of the total amount of proposed budget of ICT for CY 2020;

WHEREAS, on top of the discrepancies found in the CY 2020 budget proposal and the ISSP, the report revealed a list of overpriced items amounting to P98.05 million and indicated that there had been splitting of items through listing of different descriptions or specifications which amounted to a total of P132.2 million;

WHEREAS, in August 2019, the Senate held series of joint public hearings which revealed that the state-run firm has been suffering from substantial financial deficit year for many years, even hitting negative net operating income of P10.5 billion in 2017;

WHEREAS, the dire financial condition of PhilHealth was exposed because of the dismal fund viability and contentious policy called the All Case Rates (ACR) scheme which accounted for PhilHealth's undue overpayments to Health Care Institutions (HCIs);

WHEREAS, massive fraud perpetrated by the WellMed Dialysis & Laboratory Center Corporation which was reported to have resulted in a total loss of P154 billion since 2013 also came to light;

WHEREAS, cases of conflict of interests were also exposed last year as exemplified by PhilHealth's leasing a building owned by the family of Dr. Francisco Duque who at that time, held concurrent positions in their family corporation and high-rank government posts;

WHEREAS, there are also allegations of manipulations of PhilHealth's financial statements by the PhilHealth Financial Management Sector (FMS) because of the revealed discrepancies in the presentation and disclosure of accounts;

WHEREAS, PhilHealth's net income for CY 2018 was restated from P11.6 billion to P21.02 billion or an increase of P9.4 billion due to "prior year adjustment", which had no apparent or recorded basis or disclosure as to the nature and reason for such adjustments, thus hindering the COA audit team to validate the said reports;

WHEREAS, based on the financial statement of PhilHealth in 2019, the agency has P111 billion in liabilities and P109 billion in equities, or a debt to equity ratio of 1 is to .99;

WHEREAS, the debt to equity ratio reveals that PhilHealth does not have enough money to pay its creditors in the event of liquidation relative to its reported debt to equity ratio;

WHEREAS, PhilHealth instituted the Interim Reimbursement Mechanism or IRM, as a response to COVID-19, which allows PhilHealth to grant advance payment up to three months to HCIs to support their continuous operation;

WHEREAS, IRM is defined as "a special privilege for the provision of substantial aid to an eligible Health Care Institutions (HCIs) directly hit by a fortuitous event with clear
and apparent intent to continuously operate and/or rebuild the HCI in order to provide continuous health care services to adversely affected Filipinos;"

**WHEREAS**, on 18 March 2020, PhilHealth is said to release P30 billion to accredited hospitals through its IRM, claiming that the agency "rests on solid ground and with sufficient liquidity";

**WHEREAS**, on 27 May 2020, when PhilHealth issued an official statement that it has already released P13.8 billion and will then "scale down its IRM releases and preserve its funds for the anticipated expanded targeted testing";

**WHEREAS**, on 16 June 2020 during the Joint Congressional Oversight Committee on Universal Health Care (UHC) Law when PhilHealth President and CEO Ricardo Morales showed that the fund projections of the agency significantly fall amid the pandemic and that its collection was only about 10% of what it was last year;

**WHEREAS**, the IRM was even disbursed to HCIs which are not accredited by PhilHealth, have pending cases for violations of its warranties of accreditation, and have no COVID-19 cases/admissions;

**WHEREAS**, among the unaccredited hospitals which were granted IRM by PhilHealth were the Catarman Doctors Hospital in Northern Samar in the amount of P9.62 million which was released on 15 April 2020 and St. Benedict Hospital in Davao del Sur in the amount of P11.73 million which was released on 05 May 2020;

**WHEREAS**, the corruption in PhilHealth does not only appear as rampant but also cyclical that cannot be cured by replacement of its leaders such as when the dialysis controversy in 2019 prompted former PhilHealth chief Roy Ferrer to resign in replacement of Celestina Ma. Jude Dela Serna, who got embroiled in a controversy over her supposedly excessive expenses on trips and hotel accommodations;

**WHEREAS**, in 2015, the Senate Blue Ribbon Committee investigated senior citizens supposedly being forced to undergo cataract removals, which is an outpatient procedure that could take as quickly as 15 minutes for which PhilHealth reimbursed P16,000;

**WHEREAS**, a surge in benefit reimbursements of cataract removals in 2015 led to a series of investigations, and that in 2014 alone, PhilHealth paid P2 billion for such claims, equivalent to 125,000 procedures;

**WHEREAS**, despite numerous allegations of mismanagement and corruption, PhilHealth still gets the biggest chunk of government subsidy among GOCCs due to is mandate to make health and social services comprehensive, available and affordable for Filipinos;

**WHEREAS**, more than 300 small private hospitals are in danger of closing down due to the impact of the coronavirus disease 2019 or COVID-19 pandemic and the failure of the Philippine Health Insurance Corp. (PhilHealth) to release insurance claims, the Private Hospitals Association of the Philippines Inc. (PHAPI) revealed;
WHEREAS, PHAPI, an association of 744 member private hospitals, alleged that PhilHealth owed its members P14 billion as of December 2018, and an additional P4 billion in 2019;

WHEREAS, the pervasiveness of the allegations of corruption and incompetence have systematically impeded the management of PhilHealth to the detriment of the Filipinos in this time of calamity, thereby endangering PhilHealth’s existence and of member hospitals, and necessitating an investigation to prevent the corporation’s financial collapse;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, to urge the Committee on Good Government and Public Accountability to conduct an investigation, in aid of legislation, on the alleged rampant corruption and mismanagement in the Philippine Health Insurance Corporation (PhilHealth) that may lead to its financial collapse to the detriment of the Filipino people and our fight against the Covid-19 pandemic.

ADOPTED,

LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.