REPUBLIC OF THE PHILIPPINES
**HOUSE OF REPRESENTATIVES**
Quezon City, Manila

**SEVENTEENTH CONGRESS**
First Regular Session

**COMMITTEE REPORT NO.** 273

Submitted by the Committee on Health and Committee on Appropriations on MAY 30 2017

Re :House Bill No. 5784

Recommending its approval in substitution of House Bills Numbered 225,1975, 5120 and 5560

Sponsors :Reps. Angelina "Helen" D.L. Tan, M.D., Harry L. Roque, Vilma Santos-Recto, Ron P. Salo, Rose Marie "Baby" J. Arenas, Evelina G., Escudero, Cheryl P. Deloso-Montalla, Josephine Ramirez-Sato, Estrellita B. Suansing, Victoria Isabel G. Noel, and Dephine Gan Lee

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*Mr. Speaker:*

The Committee on Health and Committee on Appropriations to which were referred

House Bill No. 225 introduced by Rep. Harry L. Roque, entitled:

**AN ACT PROVIDING FOR FREE HEALTH CARE FOR ALL FILIPINOS**

House Bill No.1975, introduced by Vilma Santos-Recto, entitled:

**AN ACT EXPEDITING UNIVERSAL HEALTHCARE THROUGH THE NATIONAL HEALTH INSURANCE PROGRAM AND IMPROVING THE PHILIPPINE HEALTH INSURANCE CORPORATION'S (PHILHEALTH) BENEFIT PACKAGES, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES**

House Bill No. 5120 introduced by Rep. Ron P. Salo, entitled:

**AN ACT ESTABLISHING A UNIVERSAL HEALTH CARE SYSTEM FOR ALL FILIPINOS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

House Bill No. 5560 introduced by Rep.Angelina "Helen" D.L. Tan, M.D., Rose Marie "Baby" J. Arenas, Evelina G., Escudero, Cheryl P. Deloso-Montalla, Josephine

CR #239

Ramirez-Sato, Estrellita B. Suansing, Victoria Isabel G. Noel, and Dephine Gan Lee, entitled:

**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**

have considered the same and recommend that the attached House Bill No. 5784, entitled:

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

be approved in substitution of House Bills Numbered 225, 1975, 5120, and 5560 with Reps. Angelina "Helen" D.L. Tan, Harry L. Roque, Vilma Santos-Recto, Ron P. Salo, M.D., Rose Marie "Baby" J. Arenas, Evelina G., Escudero, Cheryl P. Deloso-Montalla, Josephine Ramirez-Sato, Estrellita B. Suansing, Victoria Isabel G. Noel, Dephine Gan Lee,Deogracias Victor "DV" B. Savellano, Edwin C. Ong, France L. Castro, Erico Aristotle C. Aumentado, Peter John D. Calderon, Jonas C. Cortes, Rodrigo A. Abellanosa, Rodante D. Marcoleta, Salvador B. Belaro, Jr., Benhur B. Lopez, Jr., Ann K. Hofer, Manuel T. Sagarbarria, Celso L. Lobregat, Lorna P. Bautista-Bandigan, Juliette T. Uy, Maria Lourdes Acosta-Alba, Noel L. Villanueva, Linabelle Ruth R. Villarica, Florida "Rida" P. Robes, Cheryl P. Deloso-Montalla, Edward Vera Perez Maceda, Arnel M. Cerafica, Carlo V. Lopez, Eric L. Olivarez, John Marvin "Yul Servo" C. Nieto, Rosanna "Ria" Vergara, Ma. Lourdes R. Aggabao, Micaela S. Violago, Mark O. Go, Jorge "Bolet" Banal, Gil "Kabarangay" P. Acosta, Lord Allan Jay Q. Velasco, Mariano Michael M. Velarde, Jr., Dennis C. Laogan, Mark Aeron H. Sambar, Pia S. Cayetano, Raul V. Del Mar, Rogelio Neil P. Roque, Manuel F. Zubiri, Jose Christopher Y. Belmonte, Julieta R. Cortuna, Cecilia Leonila V. Chavez, Arlene B. Arcillas, Luis Angel N. Campos, Jr., Anna Marie Villaraza-Suarez, Manuel Monsour T. Del Rosario III, Richard C. Eusebio, Eugene Michael B. De Vera, Aniceto "John" D. Bertiz III, Orestes T. Salon, Arnolfo A. Teves, Jr., Carlito S. Marquez, Leo Rafael M. Cueva, Greg G. Gasataya, Joseph Stephen S. Paduano, Juliet Marie D. Ferrer, Raul "Boboy" C. Tupas, Edwin C. Ong, Anthony M. Bravo, Ph.D., Lianda B. Bolilia, Mario Vittorio "Marvey" A. Mariño, Leopoldo B. Bataoil, Arnel U. Ty, Ramon V.A. "Rav" Rocamora, Gwendolyn F. Garcia, Alexandria P. Gonzales, Vini Nola Ortega, Arthur R. Defensor, Jr. Gus S. Tambunting, Johnny Ty Pimentel, Enrico A. Pineda, Eric M. Martinez, Juan Pablo "Rimpy" P. Bondoc, Rodel M. Batocabe, Emi G. Calixto-Rubiano, Dale "Along" R. Malapitan, Doy C. Leachon, Virgilio S. Lacson, Tom S. Villarin, Bernadette C. Herrera-Dy, Tricia Nicole Q. Velasco-Catera, Sabiniano S. Canama, Alfredo A. Garbin, Jr.,Marlyn L. Primicias-Agabas, Scott Davies S. Lanete, M.D., Ana Cristina S. Go, Luis Raymund "LRay" F. Villafuerte, Isagani S. Amatong, Rozanno Rufino B. Biazon, Ariel "Ka Ayik" B. Casilao, Emmi A. De Jesus, Edgar S. Sarmiento, Jose "Pingping" I. Tejada, and Carlos Isagani T. Zarate as authors thereof.

Respectfully submitted:

**HON. KARLO ALEXEI B. NOGRALES**
Chairperson
Committee on Appropriations

**HON. ANGELINA "Helen" D.L TAN, M.D.**
Chairperson
Committee on Health

**THE HONORABLE SPEAKER**
HOUSE OF REPRESENTATIVES
QUEZON CITY

As of August 16, 2017

Republic of the Philippines
**HOUSE OF REPRESENTATIVES**
Quezon City

**SEVENTEENTH CONGRESS**
Second Regular Session

**HOUSE BILL NO. 5784**

(In Substitution of House Bills Numbered 5560, 225,1975, and 5120)

Introduced by Representatives Angelina "Helen" D.L. Tan, M.D., Harry L. Roque, Vilma Santos-Recto, Ron P. Salo, Rose Marie "Baby" J. Arenas, Evelina G. Escudero, Cheryl P. Deloso-Montalla, Josephine Ramirez-Sato, Estrellita B. Suansing, Victoria Isabel G. Noel, Delphine Gan Lee, Victor A. Yap, Deogracias Victor "DV" B. Savellano, Edwin C. Ong, France L. Castro, Erico Aristotle C. Aumentado, Peter John D. Calderon, Jonas C. Cortes, Rodrigo A. Abellanosa, Rodante D. Marcoleta, Salvador B. Belaro, Jr., Benhur B. Lopez, Jr., Ann K. Hofer, Manuel T. Sagarbarria, Celso L. Lobregat, Lorna P. Bautista-Bandigan, Juliette T. Uy, Maria Lourdes Acosta-Alba, Noel L. Villanueva, Linabelle Ruth R. Villarica, Florida "Rida" P. Robes, Edward Vera Perez Maceda, Arnel M. Cerafica, Carlo V. Lopez, Eric L. Olivarez, John Marvin "Yul Servo" C. Nieto, Rosanna "Ria" Vergara, Ma. Lourdes R. Aggabao, Micaela S. Violago, Mark O. Go, Jorge "Bolet" Banal, Gil "Kabarangay" P. Acosta, Lord Allan Jay Q. Velasco, Mariano Michael M. Velarde, Jr., Dennis C. Laogan, Mark Aeron H. Sambar, Pia S. Cayetano, Raul V. Del Mar, Rogelio Neil P. Roque, Manuel F. Zubiri, Jose Christopher Y. Belmonte, Julieta R. Cortuna, Cecilia Leonila V. Chavez, Arlene B. Arcillas, Luis Angel N. Campos, Jr., Anna Marie Villaraza-Suarez, Manuel Monsour T. Del Rosario III, Richard C. Eusebio, Eugene Michael B. De Vera, Aniceto "John" D. Bertiz III, Orestes T. Salon, Arnolfo A. Teves, Jr., Carlito S. Marquez, Leo Rafael M. Cueva, Greg G. Gasataya, Joseph Stephen S. Paduano, Juliet Marie D. Ferrer, Raul "Boboy" C. Tupas, Henry C. Ong, Anthony M. Bravo, Ph.D., Lianda B. Bolilia, Mario Vittorio "Marvey" A. Mariño, Leopoldo B. Bataoil, Arnel U. Ty, Ramon V.A. "Rav" Rocamora, Gwendolyn F. Garcia, Alexandria P. Gonzales, Vini Nola Ortega, Arthur R. Defensor, Jr., Gus S. Tambunting, Johnny Ty Pimentel, Enrico A. Pineda, Eric M. Martinez, Juan Pablo "Rimpy" P. Bondoc, Rodel M. Batocabe, Emi G. Calixto-Rubiano, Dale "Along" R. Malapitan, Doy C. Leachon, Virgilio S. Lacson, Tom S. Villarin, Bernadette C. Herrera-Dy, Tricia Nicole Q. Velasco-Catera, Sabiniano S. Canama, Alfredo A. Garbin, Jr., Marlyn L. Primicias-Agabas, Karlo Alexei B. Nograles, Scott Davies S. Lanete, M.D., Ana Cristina S. Go, Luis Raymund "LRay" F. Villafuerte, Isagani S. Amatong, Rozanno Rufino B. Biazon, Ariel "KaAyik" B. Casilao, Emmi A. De Jesus, Edgar S. Sarmiento, Jose "Pingping" I. Tejada, and Carlos Isagani T. Zarate

## AN ACT
## PROVIDING FOR A UNIVERSAL HEALTH COVERAGE FOR FILIPINOS AND APPROPRIATING FUNDS THEREFOR

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

## CHAPTER I

## GENERAL PROVISIONS

SECTION 1. ***Short Title***. – This Act shall be known as the *"Universal Health Coverage Act."*

SEC. 2. ***Declaration of Principles and Policies***. – It is the declared policy of the State to protect and promote the right to health of every Filipino and instill health consciousness among them. Towards this end, the State shall adopt an integrated and comprehensive approach to health development and endeavor to provide every Filipino healthy living conditions and access to needed cost-effective and quality promotive, preventive, curative, rehabilitative and palliative health services, without suffering financial hardship when obtaining them.

The State shall likewise adopt a whole-of-system, whole-of-government and whole-of-society approach, which considers and embraces all sectors and relevant stakeholders in planning, implementing, monitoring, and evaluating all health-related policies, programs and actions for the universal health coverage of every Filipino.

Pursuant to these policies, the State shall adopt the following principles:

(a) ***Accountability***. – To hold health care providers and other relevant actors and stakeholders responsible for their intended roles and functions under this Act;

(b) ***Compulsory Coverage***. – To require all citizens of the Philippines to enroll in the National Health Security Program, formerly called the National Health Insurance Program and renamed as such under Chapter III, Section 13 of this Act, and those classified as contributory members to contribute thereto;

(c) ***Equality***. – To provide for uniform entitlement for all citizens;

(d) ***Equity***. – To address unjust social and economic arrangements;

(e) ***Fidelity to Fiduciary Responsibility***. – To provide effective stewardship, funds management, maintenance of reserves, and incorporate features of cost containment in the design of the National Health Security Program and a viable means of affording financial risk protection;

(f) ***Inclusivity through Public Participation***. – To ensure rightful consultation with local government units (LGUs), communities, and other key stakeholders, subject to the overall policy directions set by the National Government;

(g) ***Prioritization of Health Services in the Allocation of National Resources***. – To provide adequate funds to health programs thereby underscoring the importance of giving priority to health as a strategy to bring about faster economic development and to improve the quality of life of the citizenry;

(h) ***Responsiveness***. – To ensure that the legitimate expectation of the

population on health services at various stages of their lives as well as the non-health enhancing aspects of the health system are met;

(i) ***Sensitivity to the Social Determinants of Health.*** – To encompass complex, integrated, and overlapping social structures and economic systems that include the social environment, physical environment and health services, which are structural and social factors that are responsible for most of the health inequities;

(j) ***Social Solidarity.*** – To highlight risk sharing among income groups, age groups, and persons of differing health status, and residing in different geographic areas;

(k) ***The Value of Informed Choice.*** – To periodically apprise all Filipinos, through the use of appropriate local language, their full range of entitlements in order to empower them in seeking the health services they want and need;

(l) ***Universality.*** – To provide all citizens with the mechanism to gain access to health services, in combination with other government health programs; and

(m) ***Value-based Healthcare and Purchasing.*** – To maximize value for patients at the lowest possible cost, by ensuring that payments and incentives are tied to quality, efficiency, effectiveness, and innovation in the delivery of health services.

SEC. 3. ***General Objectives.*** – This Act seeks to:

(a) Realize universal health coverage in the country through systematic and systemic approaches, complemented by clear delineation of roles and functions;

(b) Ensure strategic supply side investments to guarantee availability and responsiveness of necessary commodities, equipment, and other such resources;

(c) Enhance and rename the National Health Insurance Program (NHIP) established under Republic Act No. 7875, as amended, otherwise known as the *"National Health Insurance Act of 2013"* into the National Health Security Program, as a mechanism for citizens to gain financial access to health services; and

(d) Strengthen and rename the Philippine Health Insurance Corporation established under Republic Act No. 7875, as amended, into the Philippine Health Security Corporation, which shall administer the National Health Security Program at the national and local levels.

SEC. 4. ***Definition of Terms.*** – As used in this Act:

(a) *Abuse of authority* refers to an act of a person performing a duty or function authorized by this Act or its implementing rules and regulations which is beyond such authority and is inimical to the public;

(b) *Beneficiary* refers to any person entitled to health insurance benefits under

this Act;

(c) *Capitation* refers to a payment mechanism where a set amount for each enrolled person, family, household, or group, is paid to healthcare providers per period of time, regardless of whether that person, family, household, or group seeks care;

(d) *Case-based or bundled payment* refers to a payment mechanism that reimburses health care providers on the basis of expected costs for clinically-defined episodes of care;

(e) *Contribution* refers to the amount paid by or in behalf of a member to the National Health Security Program in order to enjoy coverage thereof, based on salaries or wages, and on household earnings and assets in the case of contributory group, or on other criteria as may be defined by the Philippine Health Security Corporation in accordance with the guiding principles set forth in this Act;

(f) *Co-payment* refers to a payment made by a member or beneficiary as a fixed amount, with the remaining cost of health services covered for by the insurer;

(g) *Co-insurance* refers to the portion of the reimbursement fixed by the National Health Security Program to be paid by the member or beneficiary from the total cost of health services with the remaining balance covered by the Philippine Health Security Corporation;

(h) *Dependents* refer to the following:

(1) The legitimate spouse who is not a member;

(2) Unmarried and unemployed legitimate, legitimated, illegitimate, acknowledged children as appearing in the birth certificate; legally adopted or stepchildren below twenty-one (21) years of age;

(3) Children who are twenty-one (21) years old or above but suffering from congenital disability, either physical or mental, or any disability acquired that renders them totally dependent on the member for support;

(4) Parents of members who are sixty (60) years old or above whose monthly income is below an amount to be determined by the Philippine Health Security Corporation in accordance with the guiding principles set forth in this Act; and

(5) Parents of members with permanent disability that render them totally dependent on the member for subsistence;

(i) *Drug* refers to a chemical substance used in the treatment, cure, prevention, or diagnosis of disease, or used to otherwise enhance physical or mental well-being, which has been approved by the Food and Drug Administration and can be dispensed only pursuant to a prescription order from a physician who is duly licensed to do so;

(j) *Emergency* refers to an unforeseen combination of circumstances which calls for immediate action to preserve the life of a person, or to preserve the sight of one or both eyes; the hearing of one or both ears; or one or two limbs at or above the ankle or wrist;

(k) *Employee* refers to any person who performs services for an employer in which either or both mental and physical efforts are used and who receives compensation for such services, where there is an employer-employee relationship;

(l) *Employer* refers to a natural or juridical person who employs the services of an employee;

(m) *Entitlement* refers to any singular or lot of health services provided to members or beneficiaries of the Program for the purpose of improving health;

(n) *Fee-for-service* refers to a health care payment system in which health care providers receive a payment for each unit of service performed, and fees are guided by a fixed schedule;

(o) *Fraudulent act* refers to any act or omission that is deceptive or causes another to act on any misrepresentation resulting in loss, damage, and injury, whether or not the deceiver profits or is enriched;

(p) *Geocodes* refer to geographic coordinates or any form of spatial representation of a locational reference, unique to one specific site, position, or facility;

(q) *Global budget* refers to a provider payment mechanism where healthcare providers receive a fixed amount for a specified period to cover aggregate expenditures to provide an agreed upon set of services; budget is flexible and not tied to line items;

(r) *Health care provider* refers to any of the following:

(1) A health facility, which may be public or private, devoted primarily to the provision of services for health promotion, prevention, diagnosis, treatment, rehabilitation and palliation of individuals suffering from illness, disease, injury, disability, or deformity, or in need of obstetrical or other medical and nursing care, and which is recognized by the Department of Health (DOH);

(2) A health care professional, who is a doctor of medicine, nurse, midwife, dentist, or other health care professional or practitioner duly licensed to practice in the Philippines;

(3) A health maintenance organization, which is an entity that provides, offers, or arranges for coverage of designated health services for its plan holders or members for a fixed pre-paid premium;

(4) A community-based health care organization, which is an association of

indigenous members of the community organized for the purpose of improving the health status of that community through preventive, promotive and curative health services;

(5) Pharmacies or drug outlets, laboratory and diagnostic clinics, and manufacturers, distributors and suppliers of pharmaceuticals, medical equipment and supplies; or

(6) Any other entity or organization recognized and contracted by the Philippine Health Security Corporation;

(s) *Health insurance identification (ID) card* refers to the official identification card issued by the Philippine Health Security Corporation to members and dependents to serve as the instrument for proper identification, eligibility verification, and utilization recording;

(t) *Health intervention* refers to all health services aimed at promotional, preventive, and curative care, diagnosis, rehabilitation and palliation towards achievement of optimal health outcomes. It can be population-based or individual-based, depending on the recipient. It can be primary, or secondary, or tertiary level health care. It can be delivered face-to-face or remotely, through telecommunications and information technology. It includes drugs, vaccine, clinical equipment and devices, medical and surgical procedure, preventive and promotive health services and traditional medicine;

(u) *Health system* refers to all organizations, people and actions the primary intent of which is to promote, restore or maintain health;

(v) *Health technology assessment* refers to a multidisciplinary process which uses a systematic evaluation of properties, effects, and impacts of health technology to evaluate the health, social, economic, organizational and ethical implications of the use of new and existing health technologies;

(w) *Indigent* refers to a Filipino citizen whose income falls below the poverty threshold as defined by the National Economic and Development Authority (NEDA) or one who cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing, or other amenities of life;

(x) *Individual-based interventions* refer to those health services that can be definitively traced back to a singular person such as medicines, vaccines, outpatient visit and inpatient admission;

(y) *Inpatient services* refer to health interventions delivered requiring admission or an overnight stay in a health facility;

(z) *Member* refers to any person who either belongs to the contributory group or non-contributory group and whose premium contributions have been regularly paid to the National Health Security Program;

(aa) *Migrant workers* refer to documented or undocumented Filipinos who are engaged in a remunerated activity in another country of which they are not citizens;

(bb) *Negative list* refers to an explicit list of diseases, services, technologies, or interventions to be excluded for coverage under the National Health Security Program;

(cc) *Outpatient services* refer to health interventions delivered without requiring admission or overnight stay in the health facility;

(dd) *Philippine National Formulary* refers to the essential drugs list of the Philippines which is prepared by the National Drug Committee of the DOH in consultation with experts and specialists from organized professional medical societies, medical academe and the pharmaceutical industry, and which is updated every year;

(ee) *Population-based interventions* refer to those health services that cannot be specifically traced back to a singular person or beneficiary such as water and sanitation, information and education campaigns;

(ff) *Positive list* refers to an explicit list of diseases, services, technologies, or interventions to be covered by the National Health Security Program;

(gg) *Portability* refers to the enablement of a member to avail of the benefits of the National Health Security Program in an area outside the jurisdiction of the member's Local Health Security Office;

(hh) *Primary care* refers to first-contact, accessible, continued, comprehensive and coordinated care that is accessible at the time of need, focuses on the long-term health of a person rather than the short duration of the disease, includes a range of services appropriate to the common problems in the respective population, and acts to coordinate with other specialists that the patient may need;

(ii) *Primary health care* refers to essential health care based on practical, scientifically-sound and socially- acceptable methods and technology made universally-accessible to individuals and families in the community through their full participation and at an affordable cost, which they can maintain at every stage of their development in the exercise of their power of self-determination and their abilities to pursue self-reliance;

(jj) *Professional practitioners* refer to doctors, lawyers, certified public accountants, and other practitioners required to pass government licensure examinations in order to practice their professions;

(kk) *Program benefits* refer to health interventions that the National Health Security Program guarantees for its members and dependents;

(ll) *Quality assurance* refers to a formal set of activities to review and ensure the quality of services provided and includes quality assessment and corrective actions to remedy any deficiencies identified in the quality of direct patient, administrative, and support services;

(mm) *Self-employed* refers to a person who is both employee and employer at the same time;

(nn) *Service delivery network* refers to a group of public and private health facilities duly registered with the Securities and Exchange Commission encompassing primary care to higher level facilities;

(oo) *Telemedicine* refers to the remote diagnosis and treatment of patients by means of telecommunications technology;

(pp) *Unethical practice* refers to any action, scheme or ploy against the National Health Security Program, such as overbilling, upcasing, harboring ghost patients or recruitment practices as defined in the implementing rules and regulations of this Act, or any act contrary to the code of ethics of the responsible person's profession or practice, or other similar, analogous acts that puts or tends to put in disrepute the integrity and effective implementation of the National Health Security Program;

(qq) *Universal health coverage* refers to the right of every Filipino to healthy living conditions and to receive the necessary promotive, preventive, curative, rehabilitative and palliative health services that are of sufficient quality and effectivity without suffering financial hardship when obtaining these services;

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

(ss) *Whole-of-society approach* refers to the contribution and significant role played by all relevant stakeholders, including individuals, families and communities, non-governmental organizations, civil society, religious institutions, the academe, the media, and the private sector, in advancing health reforms; and strengthening the linkages and coordination among these stakeholders in order to improve the effectiveness of all efforts to improve the health system; and

(tt) *Whole-of-system approach* refers to the approach which looks at each of the component parts or functions of the health system, following the principle that all parts of a health system, or all its building blocks - leadership, human resources, information, medical products and technology, financing, and service delivery - are interrelated, hence, all actions to be taken must be evaluated for their potential effects on the functioning of the entire system.

## CHAPTER II

## UNIVERSAL HEALTH COVERAGE

SEC. 5. ***Universal Health Coverage***. – Pursuant to the right of every Filipino

citizen to healthy living, they shall be provided access to a comprehensive set of health services the cost of which will not cause financial hardship. Inpatient health services shall be made available at zero co-payment for the non-contributory group and for those who opt for basic accommodation, and at fixed co-insurance rates for all who opt for higher types of accommodation. Outpatient health services shall be made available at zero co-payment in public facilities, and fixed co-insurance in private facilities.

SEC. 6. ***Operationalizing Entitlements.*** – Every Filipino shall be automatically included in the National Health Security Program and thus entitled to all benefits prescribed therein. For purposes of simplicity, all members under the National Health Security Program shall be categorized under two membership types only, namely: the contributory and non-contributory group.

SEC. 7. ***Explicitness of Entitlements.*** – Within ten (10) years from the effectivity of this Act, the DOH shall, with the assistance and guidance from the Health Technology Assessment Council created pursuant to Chapter 6, Section 45 of this Act, shift to an explicit list of non-covered health services or negative list with all services not in the negative list deemed as entitlements under the National Health Security Program.

In the interim, the DOH and the Philippine Health Insurance Corporation which is renamed as the Philippine Health Security Corporation under Chapter V, Section 30 of this Act shall improve and expand all currently covered entitlements as an explicit positive list to facilitate understanding of entitlements.

SEC. 8. ***Prioritization of Entitlements.*** – A fair and transparent priority setting process shall be used to expand or remove entitlements under the National Health Security Program. Specifically, health technology assessment shall be used to guide decision making structures in the procurement of medical devices, commodities, drugs and vaccines, including the expansion of drugs and vaccines listed in the Philippine National Formulary, national vaccination and screening programs, and determination of the benefits under the National Health Security Program.

The Health Technology Assessment Council shall recommend to the Secretary of Health and the Board of Directors of the Philippine Health Security Corporation a list of entitlements to be financed either by the DOH or the Philippine Health Security Corporation. The DOH and the Philippine Health Security Corporation shall be responsible for managing the smooth roll-out or implementation of the entitlements from among the list provided by the Health Technology Assessment Council ensuring at all times the sustainability of the National Health Security Program.

SEC. 9. ***Access to Primary Care Entitlements.*** – Within three (3) years from the effectivity of this Act, every Filipino shall have a primary care provider, which shall be the initial point of contact prior to gaining access to higher level of care, except in severe or emergency cases.

Within two (2) years from the effectivity of this Act, the Philippine Health Security Corporation shall implement a comprehensive outpatient benefit, including outpatient drug benefit in accordance with the recommendations of the Health Technology Assessment Council.

1 Within one (1) year from the effectivity of this Act, the DOH shall promulgate
2 guidelines on the licensing of primary care providers as well as the registration of every
3 person to a primary care provider.
4
5 SEC. 10. ***Delivery of Entitlements.*** – All population-based entitlements shall be
6 delivered by the National Government and local government units. All individual-based
7 entitlements must be delivered through networks of licensed and contracted public and
8 private facilities, from primary to tertiary, such that services are provided
9 comprehensively and appropriately.

10 SEC. 11. **Promotion of Public Awareness of Entitlements.** – The DOH and its
11 attached agencies, offices, and healthcare facilities, in partnership with LGUs and the
12 private sector, shall coordinate and exhaust all means possible to ensure the public's
13 awareness of their entitlements, including services and points of access.
14
15 SEC. 12. ***Role Delineation of Agencies.*** – The respective roles and functions of
16 agencies involved in the implementation of National Health Security Program are as
17 follows:
18
19 (a) Department of Health
20
21 (1) *Strengthening whole-of-society and whole-of-government.* – The DOH
22 shall establish a Whole of Society and Government (WSG) Unit which shall be in charge
23 of coordinating with other line agencies in developing inter-sectoral policies beneficial to
24 health, including occupational health and safety, urban planning, active design,
25 transport safety, air and water pollution control and prevention, food desertification,
26 inner city decay, crime prevention and control, and others.
27
28 (2) *Implementing entitlements in a whole-of-system approach.* – The DOH
29 shall, as much as possible, integrate disease-based national health programs into other
30 existing programs of government, including the entitlements under the National Health
31 Security Program. The DOH shall organize its disease-based technical program offices
32 as life course-based offices, and ensuring people-centered approach.
33
34 (3) *Financing of population-based health services.* – The DOH shall, in
35 consultation with the NEDA, periodically determine the annual per capita health
36 allocation, which LGUs shall appropriate to finance population-based health services
37 and capital investments.
38
39 (4) *Stewarding health of the people.* – The DOH shall provide national policy
40 direction and be the overall strategic implementer of the universal health coverage. It
41 shall explicitly define both population and individual-based health services that every
42 Filipino shall be entitled to.
43
44 The DOH shall continue to provide technical support to all service providers. As
45 such, all DOH regional offices shall be strengthened as teams supporting every
46 province.
47
48 (5) *Establishing disease registries.* – The DOH shall be responsible for the

creation and maintenance of all disease-specific registries in support of health research and planning.

(6) Empowering *Communities*. – The DOH shall develop programs or campaigns aimed at increasing public awareness on the rights of citizens and benefits they are entitled to under various health-related programs of the government to ensure health literacy and at promoting health seeking behavior and community involvement on health services.

(7) *Strengthening research capability*. – The DOH shall create a Health Policy and Systems Research Bureau, hereinafter referred to as the Bureau, as an office within the DOH. The Bureau shall support health systems development and reform initiatives through policy and systems research, and shall support the growth of research consortia in line with the vision of the Philippine National Health Research System. The Bureau may receive and give grants, subject to existing policies.

The Bureau shall be composed of the following units:

(i) a Clinical Practice Guidelines Clearing Unit, which shall provide technical assistance in the development of standards of care and context-appropriate, evidence-based clinical practice guidelines to guide clinical decision support, reimbursement and payment incentives; and

(ii) a Health Technology Assessment Unit, which shall perform research and secretariat functions to support the Health Technology Assessment Council.

The Bureau shall create a databank that shall serve as a hub of all health transactions data including administrative, medical, prescription and reimbursement data. These shall be reviewed, archived and used exclusively for the purpose of generating information to guide research and policy-making. The privacy and confidentiality of patients and information related to their health and medical status shall at all times be upheld, in accordance with Republic Act No. 10173, otherwise known as the *"Data Privacy Act of 2012."* The Bureau shall make these data available to researchers.

(8) *Licensing of Primary Care Providers*. – The DOH shall ensure that all primary care providers are licensed through its Health Facilities and Services Regulatory Bureau.

(b) The Philippine Health Security Corporation shall serve as a national financier and purchaser of individual-based health services to achieve optimal economies of scale, significantly influence the market, and drive down cost to the most affordable and efficient levels. All individual-based services covered by the Corporation include both inpatient and outpatient goods and services.

The Philippine Health Security Corporation, as the implementer of the National Health Security Program, shall transition towards this role in the next five (5) years from the effectivity of this Act, through the enhancement of its roles, functions, scope, and powers.

1 (c) The Department of Social Welfare and Development (DSWD) shall cover
2 all indirect costs borne out of accessing medical services including transportation,
3 accommodation or halfway house and meals.

4 (d) Health care providers, whether public or private, shall be engaged to
5 render individual-based services, while the DOH and LGUs shall provide both
6 population and individual-based services.
7
8 (e) The Department of the Interior and Local Government (DILG), as partner
9 of the DOH, shall coordinate and promote the implementation of this Act nationwide,
10 including the execution of the operation and investment plans of LGUs related to health.
11
12 (f) Local government units shall be primarily responsible for delivering
13 population and individual-based health services in the communities within their
14 respective jurisdictions. They shall retain the devolved functions relating to health
15 pursuant to Republic Act No. 7160, otherwise known as the "Local Government Code of
16 1991." LGUs shall also carry out the following functions:
17
18 (1) Pass local resolutions and ordinances that enable the creation of healthy
19 living environments;
20
21 (2) Implement community empowerment to constitute demand units for
22 primary health care, information and education campaigns;
23
24 (3) Implement public health programs in line with DOH standards;
25
26 (4) Harness existing community organizations, parent organizations, youth
27 organizations, women's club, faith-based or religious organizations, and other existing
28 groups within their jurisdiction, which are already engaged in health promotion and
29 prevention, or in the absence of any, encourage the establishment of such groups;
30
31 (5) Establish, operate, and maintain functional barangay health stations, rural
32 health units, or equivalent facilities, district and provincial hospitals;
33
34 (6) Grant financial autonomy by authorizing health facilities to retain income,
35 such as reimbursements from the Philippine Health Security Corporation that can be
36 flexibly used to improve its services: *Provided*, *That*, to promote accountability and
37 fiduciary responsibility, all health facilities shall maintain a subsidiary ledger of such
38 accounts in accordance with Sec. 61 herein;
39
40 (7) Mandate participation of all health care providers within their jurisdiction to
41 engage in the provision of quality health service;
42
43 (8) Ensure adequate and equitable production, distribution, retention and
44 protection of health workers needed by the LGUs based on the recommended ratios set
45 by the DOH;
46
47 (9) Purchase medicines in line with the Philippine National Formulary and
48 Drug Price Reference Index;

(10) Allocate per capita health investment per DOH and NEDA recommendations;

(11) Regularly conduct profiling activities on the health status of the people in their locality;

(12) Develop relevant health programs according to the needs of their locality; and

(13) Provide the minimum basic health services at the municipal level.

## CHAPTER III

## NATIONAL HEALTH SECURITY PROGRAM

SEC. 13. ***Enhancing and Renaming the Program.*** – The existing National Health Insurance Program, established under Republic Act No. 7875, as amended, is hereby renamed as the National Health Security Program, hereinafter referred to as the Program, which shall provide health insurance coverage for all citizens of the Philippines thereby ensuring access with the least financial risk. The Program shall serve as the means for the healthy to help pay for the care of the sick and for those who can afford medical care to subsidize those who cannot. The Program shall include a sustainable system of funds constitution, collection, management and disbursement for financing basic and supplementary health insurance benefits for individual-based interventions. The Program shall be limited to purchasing individual-based interventions and is prohibited from providing health care directly, from dispensing drugs and pharmaceuticals, from employing physicians and other professionals for the purpose of directly rendering care, and from owning or investing in health care facilities. The Program shall be administered by the Philippine Health Security Corporation.

SEC. 14. ***Membership Types.*** – Members of the Program shall be categorized into two types:

(a) Contributory members include public and private workers and all other workers rendering services, such as job order contractors; project-based contractors and the like; owners of micro enterprises, owners of small, medium and large enterprises, household help, family drivers, migrant workers, self-earning individuals, professional practitioners, Filipinos with dual citizenship, naturalized Filipino citizens, and citizens of other countries working or residing in the Philippines; and

(b) Non-contributory members include indigents as identified by the DSWD, senior citizens, and all others not included in the contributory group, or those covered by special laws.

Detailed guidelines on the process of enrollment shall include the identification of members and dependents, issuance of appropriate documentation specifying eligibility to Program benefits, and indicating how membership is obtained or is being maintained.

1 SEC. 15. ***Supplementary Coverage.*** – The Philippine Health Security
2 Corporation, health maintenance organizations (HMOs), and private health insurance
3 (PHI) companies shall develop supplementary plans that complement the Philippine
4 Health Security Corporation's benefit coverage and co-insurance schedule. The DOH
5 and the Philippine Health Security Corporation shall work with the Insurance
6 Commission to develop and enforce guidelines, monitor implementation of standard
7 plans for HMOs and PHI companies. In addition, HMOs and PHI companies shall be
8 required to cover pre-existing conditions, pregnancy, preventive care, and extend
9 coverage of the insured beyond the current 60-year old ceiling within the next three (3)
10 years from the effectivity of this Act.
11
12 SEC. 16. ***Administrative Cost.*** – For purposes of maximum utilization of existing
13 funds, no more than five percent (5%) of the sum total of the premium contributions,
14 reimbursements and investment earnings generated during the preceding year, shall be
15 allocated as administrative cost of the Philippine Health Security Corporation.
16 SEC. 17. ***Membership Database.*** – The Program shall use civil registry and
17 internal revenue data as bases for validating and updating its membership record within
18 three (3) years from the effectivity of this Act. To this end, the Philippine Statistics
19 Authority (PSA) is mandated to assist and align initiatives with the Philippine Health
20 Security Corporation at no additional costs.
21
22 SEC. 18. ***Health Insurance Identification (ID) Card and Number.*** – The
23 Program shall provide all members, whether primary or dependent, a unique number
24 and ID card that shall facilitate the identification, eligibility, verification, and utilization
25 recording. This health insurance ID card with a corresponding number shall be
26 recognized as a valid government ID card and shall be presented and honored in
27 transactions requiring the verification of a person's identity.
28
29 The absence of the ID card at the point of access of health services shall not
30 prejudice the right of any member to avail of Program benefits or medical services
31 under the Program.
32
33 SEC. 19. ***Range of Program Benefits.*** – Inpatient, outpatient and emergency
34 care services encompass preventive, promotive, curative, rehabilitative and palliative
35 care for medical, dental and mental health services, delivered either both face-to-face or
36 remotely via telecommunications technology or through telemedicine. Inpatient benefits
37 shall follow a negative list; all others shall follow a positive list.

38 SEC. 20. ***Immediate Entitlement.*** – After a premium contribution is made, no
39 minimum period or lag time shall be required to activate entitlement to Program benefits.
40 In the case of contributory members, failure to pay premiums shall not prevent the
41 enjoyment of Program benefits, but employers and self-employed members shall be
42 required to pay all missed contributions with at least three percent (3%) penalty,
43 compounded monthly.
44
45 SEC. 21. ***Depth of Financial Coverage.*** – The Philippine Health Security
46 Corporation shall publish fair reimbursement rates that are guided by accurate disease
47 groupings, periodic costing and consultation, and a stronger surveillance and monitoring
48 system to monitor compliance by all health care providers. All healthcare providers are

mandated to submit encoded cost, price and clinical data consistent with the Data Privacy Act of 2012.

SEC. 22. ***Cost Containment.*** – In order to ensure that health expenditures remain manageable and the Program continues to be sustainable, the Program shall operationalize, within three (3) years from the effectivity of this Act, the annual reimbursement thresholds for facilities based on facility type, facility level, geographic location, expected case mix, and other cost drivers, as may be determined by the Philippine Health Security Corporation and linked with key performance indicators.

SEC. 23. ***Audit.*** – All funds of the Program shall be subject to an internal and external audit to be performed as follows:

(a) Internal Audit – There shall be an internal audit with respect to the financing, accounting and procurement activities of the Philippine Health Security Corporation, and a corresponding audit report shall be submitted to the Board of Directors, at least once a year.

For purposes of internal audit, an official of the Board of Directors of the Philippine Health Security Corporation shall act as an internal auditor and shall be directly accountable to the Board of Directors, in accordance with its regulations. The Board of Directors shall prepare a financial statement, which must include at least a balance sheet and an accounting of operations to be submitted to the internal auditor within one hundred and twenty (120) days from the end of each accounting year.

(b) External Audit – At a yearly interval, the Commission on Audit (COA) shall appraise the utilization and disposition of the National Health Security Fund in accordance with existing laws and guidelines.

SEC. 24. ***Period to File Claims for Reimbursement.*** – Within two (2) years from the effectivity of this Act, the Philippine Health Security Corporation shall shift all manual claims review and processing to electronic and engage third party administrators as may be necessary. All health care facilities are expected to submit electronic or fully encoded claims with all necessary documents and accompanying data within fifteen (15) days upon the discharge of a patient.

All claims by a health care provider shall be reimbursed within thirty (30) days from filing thereof: *Provided,* That all required documents and information including encoded cost, price, and clinical data are submitted completely.

The period to file a claim may be extended for such reasonable causes as may be determined by the Philippine Health Security Corporation.

SEC. 25. ***Exclusion from Benefits.*** – In cases where a private insurance company is liable to pay the compensation to a motor vehicle accident victim who has received health care services pursuant to this Act, the Philippine Health Security Corporation shall be entitled to reimbursement from the insurance company and such reimbursement shall form part of its fund. The Philippine Health Security Corporation

shall issue an order requiring the insurance company to pay such health service expenses not exceeding the amount stipulated in the insurance policy.

SEC. 26. ***Portability of Benefits.*** – The Philippine Health Security Corporation shall develop and enforce mechanisms and procedures to assure that benefits can be availed of nationwide.

## CHAPTER IV

## NATIONAL HEALTH SECURITY FUND

SEC. 27. ***Strengthening and Renaming the National Health Insurance Fund.*** – The National Health Insurance Fund, created under Republic Act No. 7875, as amended, is hereby renamed as the National Health Security Fund, and hereinafter referred to as the Fund, that consists of:

(a) Contribution from Program members;

(b) Other appropriations earmarked by the National Government such as the health assistance funds of the Philippine Charity Sweepstakes Office (PCSO) and the Philippine Amusement and Gaming Corporation (PAGCOR), and local governments purposely for the implementation of the Program;

(c) Subsequent appropriations provided for under this Act;

(d) Donations and grants-in-aid; and

(e) All accruals thereof.

SEC. 28. ***Financial Management.*** – The use, disposition, investment, disbursement, administration and management of the Fund, including any subsidy, grant or donation received for program operations shall be governed by applicable laws and in the absence thereof, by existing resolutions of the Board of Directors of the Philippine Health Security Corporation.

SEC. 29. ***Reserve Fund.*** – The Philippine Health Security Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: *Provided*, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: *Provided, further*, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the Philippine Health Security Corporation's reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs, shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be

1 invested in any or all of the following:
2
3 (a) In interest-bearing bonds, securities or other evidence of indebtedness of
4 the Government of the Philippines, or in bonds, securities, promissory notes and other
5 evidence of indebtedness to which full faith and credit and unconditional guarantee of
6 the Republic of the Philippines is pledged;
7
8 (b) In debt securities and corporate bonds issuances that are rated triple 'A' or
9 double 'A' by authorized accredited domestic rating agencies: *Provided*, That the
10 issuing or assuming entity or its predecessor shall not have defaulted in the payment of
11 interest on any of its securities and that during each of any three (3) including the last
12 two (2) of the five (5) fiscal years next preceding the date of acquisition by the
13 Philippine Health Security Corporation of such bonds, securities or other evidence of
14 indebtedness, the net earnings of the issuing or assuming institution available for its
15 recurring expenses, such as amortization of debt discount and rentals for leased
16 properties, including interest on funded and unfunded debt, shall have been not less
17 than one and one quarter (1 ¼) times the total of the recurring expenses for such year:
18 *Provided, further*, That such investment shall not exceed fifteen percent (15%) of the
19 Investment Reserve Fund;

20 (c) In interest-bearing deposits and loans to or securities in any domestic
21 bank doing business in the Philippines: *Provided*, That in the case of such deposits,
22 this shall not exceed at any time the unimpaired capital and surplus or total private
23 deposits of the depository bank, whichever is smaller: *Provided, further*, That the bank
24 shall have been designated as a depository for this purpose by the Monetary Board of
25 the Bangko Sentral ng Pilipinas;
26
27 (d) In preferred stocks of any solvent corporation or institution created or
28 existing under the laws of the Philippines and listed in the stock exchange: *Provided*,
29 That such securities are rated triple "A" or double "A" by authorized accredited
30 domestic rating agencies: *Provided*, That the issuing, assuming, or guaranteeing entity
31 or its predecessor has paid regular dividends upon its preferred or guaranteed stocks
32 for a period of at least three (3) years immediately preceding the date of investment in
33 such preferred or guaranteed stocks: *Provided, further*, That if the stocks are
34 guaranteed, the amount of stocks so guaranteed is not in excess of fifty percent (50%)
35 of the amount of the preferred stocks as the case may be of the issuing corporation:
36 *Provided, furthermore*, That if the corporation or institution has not paid dividends upon
37 its preferred stocks, the corporation or institution has sufficient retained earnings to
38 declare dividends for at least two (2) years on such preferred stocks;
39
40 (e) In common stocks of any solvent corporation or institution created or
41 existing under the laws of the Philippines listed in the stock exchange with proven track
42 record of profitability and payment of dividends over the last three (3) years; and
43
44 (f) In bonds, securities, promissory notes or other evidence of indebtedness
45 of accredited and financially sound medical institutions exclusively to finance the
46 construction, improvement and maintenance of hospitals and other medical facilities:
47 *Provided*, That such securities and instruments are backed up by the guarantee of the
48 Republic of the Philippines or the issuing medical institution and the issued securities

and bonds are both rated triple 'A' by authorized accredited domestic rating agencies: *Provided, further,* That said investments shall not exceed ten percent (10%) of the total investment reserve fund.

As part of its investments operations, the Philippine Health Security Corporation may hire institutions with valid trust licenses as its external local fund managers to manage the Investment Reserve Fund, as it may deem appropriate, through public bidding. The fund managers shall submit annual reports on investment performance to the Philippine Health Security Corporation.

## CHAPTER V

## PHILIPPINE HEALTH SECURITY CORPORATION

SEC. 30. ***Philippine Health Security Corporation.*** – The existing Philippine Health Insurance Corporation, established pursuant to Republic Act No. 7875, as amended, is hereby renamed as the Philippine Health Security Corporation, and shall hereinafter referred to as the Corporation, which shall have the status of a tax-exempt government corporation attached to the DOH. The Corporation shall primarily be concerned with macro and top-level policy issues that directly affect the fulfillment of the Corporation's role and mandate as a national single purchaser of medical services in accordance with the provisions of this Act.

SEC. 31. ***Exemptions from Taxes and Duties.*** – The Corporation shall be exempt from the payment of corporate tax as provided in Section 27 (c) of the National Internal Revenue Code of 1997, as amended.

All grants, bequests, endowments, donations and contributions made to the Corporation to be used actually, directly and exclusively by the Corporation shall be exempt from donor's tax and the same shall be allowed as allowable deduction from the gross income of the donor for purposes of computing the taxable income of the donor in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 32. ***Powers and Functions.*** – The Corporation shall have the following powers and functions:

(a) To administer the National Health Security Program;

(b) To set standards, rules, and regulations, and formulate and promulgate policies necessary to ensure equitable access to quality care, financial risk protection, appropriate provision of services, fund viability, member satisfaction, and system efficiency, towards achievement of program and national health objectives;

(c) To determine requirements and issue guidelines on selective contracting, and negotiate and enter into contracts with health care institutions, professionals, and other persons or health service entities, juridical or natural, either individually or as groups, regarding the pricing, payment mechanisms, design and implementation of administrative and operating systems and procedures, financing, and delivery of health

goods and services in behalf of its members;

(d) To visit, enter and inspect facilities of health care providers and employers during office hours, unless there is reason to believe that inspection has to be done beyond office hours, and where applicable, to secure copies of their medical, financial, and other records and data pertinent to the claims and premium contribution, and that of their patients or employees, who are members of the Program;

(e) To conduct a post-audit review of the quality of services rendered by health care providers;

(f) To establish an office, or where it is not feasible, designate a focal person in every Philippine consular office in all countries where there are Filipino citizens. The office or the focal person shall, among others, process, review and pay the claims of the overseas Filipino workers (OFWs);

(g) To enter into mutual recognition agreements with other countries through their health security office or similar agencies to ensure continuing health coverage of Filipinos overseas;

(h) To conduct a cost-effective public information campaign on the principles of the Program, which must include information on the current benefits provided by the Corporation, the procedures for the availment of benefits, the list of contracted and blacklisted health care providers, and the list of its local offices;

(i) To monitor the appropriateness of services provided by health care providers;

(j) To establish and maintain an electronic database of all its members and ensure its security to facilitate efficient and effective services;

(k) To invest in the acceleration of the Corporation's information technology systems;

(l) To receive and manage grants, donations, and other forms of assistance;

(m) To sue and be sued in court;

(n) To acquire property, real and personal, which may be necessary or expedient for the attainment of the purposes of this Act;

(o) To collect, deposit, invest, administer, and disburse the National Health Security Fund in accordance with the provisions of this Act;

(p) To keep records of the operations of the Corporation and investments of the National Health Security Fund;

(q) To impose, notwithstanding the provisions of any law to the contrary, interest or surcharges as may be fixed by the Corporation, but not to exceed three

percent (3%) per month, as may be fixed by the Corporation, in case of any delay in the remittance of contributions by an employer which are due within the prescribed period, whether public or private, and to compromise, waive or release, in whole or in part, such interest or surcharges imposed upon an employer regardless of the amount involved under such valid terms and conditions it may prescribe;

(r) To financially support the use of electronic health records and enterprise resource planning or hospital management information system;

(s) To publish and share data pertaining to the planning and implementation of the Program and to the extent possible, to make these data available in the public domain;

(t) To monitor compliance by the regulatory agencies with the requirements of this Act and to carry out necessary actions to enforce compliance;

(u) To mandate the national agencies and LGUs to require proof of membership in the Program before doing business with a private individual or group;

(v) To organize its office and fix the compensation of its personnel and appoint personnel as may be deemed necessary and upon the recommendation of the president of the Corporation, subject to the approval of the Governance Commission for Government-Owned and-Controlled Corporations (GOCCs);

(w) To submit to the President of the Philippines and to both Houses of Congress its annual report which shall contain the status of the National Health Security Fund, its total disbursements, reserves, average costing to members and dependents, any request for additional appropriation, and other data pertinent to the implementation of the Program and publish a synopsis of such report in two (2) newspapers of general circulation; and

(x) To perform such other acts as it may deem appropriate for the attainment of the goals of the Program and national health objectives and for the proper enforcement of the provisions of this Act.

SEC. 33. ***Quasi-Judicial Powers.*** – To carry out its tasks more effectively, the Corporation shall be vested with the following powers:

(a) Subject to the respondent's right to due process, to conduct investigations for the determination of a question, controversy, complaint, or unresolved grievance brought to its attention, and render decisions, orders, or resolutions thereon; proceed to hear and determine the case even in the absence of any party who has been properly served with notice to appear; conduct its proceedings or any part thereof in public or in executive session; adjourn its hearings to any time and place; refer technical matters or accounts to an expert and to accept reports from such expert as evidence; direct parties to be joined in or excluded from the proceedings; and give all such directions as it may deem necessary or expedient in the determination of the dispute before it;

(b) To summon the parties to a controversy, issue subpoena requiring the attendance and testimony of witnesses or the production of documents and other materials necessary to a just determination of the case under investigation;

(c) Subject to the respondent's right to due process, to suspend, terminate, or restore the contract of a health care provider or the right to benefits of a member, and to impose necessary fines, sanctions, and/or penalties as allowed by the provisions of this Act. Any such decision shall immediately be executory, even pending appeal, when the public interest so requires and as may be provided for in the implementing rules and regulations. Suspension of the contract shall not exceed six (6) months. Suspension of the rights of members shall not exceed six (6) months.

Any breach of contract by a health care provider shall disqualify the health care provider from obtaining another contract in its own name, under a different name, or through another person, whether natural or juridical, until resolution of all imposed fines, sanctions, and/or penalties, if any.

The Corporation shall not be bound by the technical rules of evidence.

SEC. 34. ***Board of Directors.*** - The Corporation shall be governed by a Board of Directors, hereinafter referred to as the Board, which shall be composed of members that are classified into three distinct groups, as follows:

(a) Four(4) *ex officio* members, namely:

(1) Secretary of Health;

(2) Secretary of Social Welfare and Development;

(3) Secretary of Budget and Management; and

(4) Secretary of Finance.

(b) Three (3) members that shall comprise the expert panel of the Board and must be citizens and residents of the Philippines, of good moral character, of recognized probity and independence and must have distinguished themselves professionally in public, civic or academic service in any of the following fields: public health, medicine, economics, law, finance, or business and management. They must have been in the active practice of their professions for at least ten (10) years, and must not have been candidates for any elective national or local office in the immediately preceding elections, whether regular or special. Of the three (3) members of the expert panel,

One (1) member of the expert panel must be a public health specialist, one (1) must be a management expert, and one (1) must be a health economist.

The President and Chief Executive Officer (CEO) of the Corporation shall be selected by the President of the Philippines from the expert panel.

(c) Five (5) members shall compose the sectoral panel of the Board and shall include:

(1) A permanent representative of the members in the contributory group;

(2) A permanent representative of the members of the non-contributory group;

(3) A permanent representative of employers;

(4) A permanent representative from a migrant workers' organization;

(5) A permanent representative of the elected local chief executives to be endorsed by the League of Provinces of the Philippines, League of Cities of the Philippines, and League of Municipalities of the Philippines;

Except for *ex officio* members, the other members of the Board shall be appointed by the President of the Philippines in accordance with the provisions of Republic Act No. 10149, otherwise known as the *"GOCC Governance Act of 2011."* The term of office of the appointive members of the Board shall be in accordance with Republic Act No. 10149.

Prior to the start of their term, all appointive members of the Board are required to undergo training in health care financing, health systems, costing health services, and health technology assessment. Succeeding trainings shall be provided and required as necessary. Non-compliance or non-attendance in trainings shall be a ground for dismissal.

The Secretary of Health shall be an *ex-officio* non-voting Chairperson of the Board.

Within thirty (30) days following the effectivity of this Act, the Governance Commission for GOCCs shall, in accordance with the provisions of Republic Act No. 10149, promulgate the nomination and selection process for appointive members of the Board with a clear set of qualifications, credentials, and recommendation from the concerned sectors.

SEC. 35. ***Meetings and Quorum***. – The Board shall hold regular meetings at least once a month. Special meetings may be called by the Chairperson or by a majority of the members of the Board. The presence of six (6) voting members constitutes a quorum. In the absence of the Chairperson and Vice Chairperson, a temporary presiding officer shall be designated by the majority of the members present, there being a quorum.

SEC. 36. ***Allowances and Per Diems***. – The members of the Board are entitled to receive a *per diem* for every meeting actually attended, subject to the rules provided under Executive Order 24, Series of 2011, the GOCC Governance Act of 2011, and other pertinent budgetary laws, rules and regulations on compensation, honoraria and allowances.

SEC. 37. ***President of the Corporation.*** – (a) The President of the Philippines shall appoint the President and CEO of the Corporation, hereinafter referred to as the President, upon the recommendation of the Board. The President shall have a tenure of one (1) year in accordance with the provisions of the GOCC Governance Act of 2011.

(b) The President shall advise the Board and carry into effect its policies and decisions. The functions of the President are as follows:

(1) To act as the chief executive officer of the Corporation; and

(2) To be responsible for the general conduct of the operations and management functions of the Corporation and for other duties assigned by the Board.

(c) The President shall be entitled to receive a salary to be fixed by the Board, with the approval of the President of the Philippines, payable from the funds of the Corporation.

SEC. 38. ***Conflict of Interest.*** – Any member of the Board who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Board shall, as soon as practicable after the relevant facts have come to that member's knowledge, declare the fact and the nature and extent of the interest, in writing to the Chairperson, before the meeting of the Board and inhibit himself or herself from the deliberations when such matter is taken up. The decision taken on the matter shall be made public and the minutes of the meeting shall reflect the disclosure made and the inhibition of the member concerned.

A violation of this section shall be penalized in accordance with Section 72(b) of this Act and other existing laws.

SEC. 39. **Office of *Health Finance Policy of the Corporation.*** – The present Health Finance Policy Research Department of the Corporation, created pursuant to Section 20 of Republic Act No. 7875, as amended, is hereby strengthened and is renamed as the Health Finance Policy Office. It shall perform the following duties and functions:

(a) Develop a national health purchasing master plan for individual-based health services delivered by contracted service delivery networks while ensuring the viability, adequacy and responsiveness of the Program at all times;

(b) Conduct researches toward the development of evidence-informed policies on benefits design, quality assurance, provider payment, and contracting, and undertake periodic review of these policies;

(c) Monitor cost, quality and appropriateness of services provided by health care providers; and

(d) Evaluate the impact of the Program on intermediate and final outcomes of health care.

SEC. 40. ***Office of the Actuary of the Corporation.*** – The present Office of the

Actuary of the Corporation, created pursuant to Section 21 of Republic Act No. 7875, as amended, shall continue as an office of the Corporation and shall conduct the necessary actuarial studies and present recommendations to the Board on insurance premium, investments and other related matters.

SEC. 41. ***Local Health Security Office.*** – The Corporation shall strengthen its existing Local Health Insurance Offices, which shall now be known as the Local Health Security Office, hereinafter referred to as the Local Office. To be able to provide services to more members, the Corporation shall establish, as far as practicable, a Local Office in every legislative district, with priority given to areas that are geographically isolated and disadvantaged. Each Local Office shall have the following powers and functions, according to the requirements of the Corporation:

(a) To maintain and update the membership list at community levels;

(b) To issue health insurance ID cards;

(c) To monitor compliance of contracted health care providers specifically with regard to quality and financial protection;

(d) To process, review and pay the claims of health care providers within a period not exceeding thirty (30) days whenever applicable in accordance with the rules and guidelines of the Corporation;

(e) To ensure quality of encoded claims data and implement sanctions and penalties;

(f) To establish a referral system and network arrangements with other Local Offices as may be necessary;

(g) To serve as the first level for appeals and grievance cases;

(h) To tap community-based volunteer health workers and barangay officials, if necessary, for information and communication activities and to grant such workers incentives in accordance with the guidelines set by the Corporation and applicable laws, except that the incentives for barangay officials shall accrue to the barangay and not to the barangay officials; and

(i) To prepare an annual report.

## CHAPTER VI

## HEALTH TECHNOLOGY ASSESSMENT

SEC. 42. ***Health Technology Assessment Principles***. – The health technology assessment process shall adhere to the following principles:

(a) *Ethical Soundness.* – The process must be grounded on moral standards and principles as defined by relevant Philippine laws, international agreements and

covenants. It includes managing conflicts of interest and ensures that all actors and stakeholders have equal opportunity to contribute and these contributions are equally accounted and treated objectively;

(b) *Inclusiveness and Preferential Regard for the Underserved.* – The process involves deliberate and structured consultations with relevant parties, such as community members and end-users, with particular attention to the underserved. Societal values are acknowledged in the acceptance of nominations for health technologies;

(c) *Evidence–Based and Scientific Defensibility.* – The process utilizes evidence that underwent systematic appraisal and preferentially uses local data. It also encourages contextualization of foreign data by proactively seeking multi-disciplinary experts and applying relevant methods. The process is regularly updated based on developments in this field;

(d) *Transparency and Accountability.* – All steps in the process must be standardized, consistent and explicit. All actors and stakeholders are well-informed and acquainted on the proceedings and knowledgeable about their roles and responsibilities. The process ensures that proceedings of activities are publicly disclosed in a manner that is easily accessible, clear and understandable;

(e) *Efficiency.* – The process ensures proper coordination among the stakeholders and consolidation of information to avoid redundancy of actions and delays of output. Technical and administrative staff are adequate in number, well adept and competent in fulfilling the tasks in a timely manner. Applications are efficiently directed, assessed and managed through relevant steps. Administrative costs are kept at a minimum, without compromising the quality and rigor of the process.

(f) *Enforceability.* – The process is executed with strict observance to guidelines and procedures. Human and financial resources required for implementation are readily available to ensure feasibility and sustainability of the process; and

(g) *Availability of Remedies and Due Process.* – Proponents are informed of the status of applications and appeals, including supporting facts and reasons, in a clear and timely manner. Embedded in the process is a standardized appeals mechanism, where guidelines are clearly communicated, thus empowering all stakeholders to utilize. The process enables resolution of conflict.

SEC. 43. ***Health Technology Assessment Criteria.*** – The following criteria must be observed in conducting health technology assessment:

(a) *Responsiveness to Magnitude, Severity, and Equity.* – The health interventions must address the top medical conditions that place the heaviest burden on the population, including dimensions of magnitude or the number of people affected by a health problem, and severity or health loss by an individual as a result of disease, such as death, handicap, disability or pain, and conditions of the poorest and most vulnerable population;

(b) *Safety and Effectiveness.* – Each intervention must have undergone Phase IV clinical trial, and systematic review and meta-analysis must be readily available. The interventions must also not pose any harm to the users and health care providers;

(c) *Household Financial Impact.* – The interventions contribute to out-of-pocket expenses. Interventions must have economic studies and cost-of-illness studies to satisfy this criterion;

(d) *Cost-effectiveness.* – The interventions must provide overall health gain to the health system and outweighs the opportunity costs of funding drug and technology; and

(e) *Affordability and Viability.* – The interventions must be affordable and the cost thereof must be viable to the financing agents.

SEC. 44. ***Health Technology Assessment Procedures.*** – The following procedures shall comprise the health technology assessment process:

(a) Nomination of an intervention by various stakeholders;

(b) Shortlisting and screening of a health intervention using the following criteria: magnitude, severity, equity, household financial impact, effectiveness, safety, cost-effectiveness, budget impact, and social acceptability;

(c) Generation of evidence by commissioning relevant studies to research groups for each shortlisted intervention;

(d) Development of the benefits design including the implementation of arrangements of the intervention; and

(e) Appraisal of evidence produced by the research groups taking into account the benefit design to be recommended to financing agents.

SEC. 45. ***Health Technology Assessment Council.*** – The Health Technology Assessment Council is hereby created which shall hereinafter referred to as the HTAC. The HTAC shall be multi-expert group that shall conduct the health technology assessment in accordance with the principles, criteria and procedures provided under Sections 42, 43, and 44 of this Act. The HTAC shall consist of a core committee and six (6) subcommittees.

The Core Committee shall be composed of nine (9) voting members, namely:

(1) a Public health epidemiologist;
(2) a Health economist;
(3) an Ethicist;
(4) a Citizen's representative;
(5) a Sociologist or anthropologist;
(6) a Clinical trial or research methods expert;

(7) a Clinical epidemiologist or evidence-based medicine expert;
(8) a Medico-legal expert; and
(9) a Public health expert.

The core committee members shall elect from among themselves the Chairperson of the HTAC.

The six (6) subcommittees shall be constituted for each type of intervention with a minimum of one (1) and maximum of three (3) non-voting members per subcommittee, namely:

(1) Subcommittee on Drugs:

(i) Pharmacologist;
(ii) Toxicologist; and
(iii) Pharmacist.

(2) Subcommittee on Vaccines:
(i) Immunologist

(3) Subcommittee on Clinical Equipment and Devices:

(i) Physicist;
(ii) Biomedical engineer; and
(iii) Radio technologist.

(4) Subcommittee on Medical and Surgical Procedure:

(i) Medical Specialist

(5) Subcommittee on Preventive and Promotive Health Services:

(i) Primary care physician;
(ii) Public health expert; and
(iii) Consultants, as needed; and

(6) Subcommittee on Traditional Medicine:
(i) Traditional medicine expert;
(ii) Medical specialist; and
(iii) Consultants, as needed.

Each sub-committee may include additional experts as may be necessary.

The HTAC's core committee and subcommittee members shall be appointed by the Secretary of Health for a term of three (3) years except for the medico-legal expert, ethicist, and the sociologist or anthropologist who shall serve for a term of four (4) years. *Provided*, That, no member shall serve for more than three (3) consecutive terms. The members of the HTAC shall receive an honorarium in accordance with existing policies.

The DOH shall promulgate the nomination process for all HTAC members with a clear set of qualifications, credentials and recommendations from the sectors concerned.

All members of the HTAC are required to sign a conflict-of-interest declaration prior to every meeting, and must inhibit themselves during the deliberation if a conflict of interest exists.

The HTAC may call upon technical resource persons from the DOH, the Corporation, the Food and Drug Administration, patient groups and clinical medicine experts as regular resource persons; and representatives from the private sector and health care providers as by-invitation resource persons.

## CHAPTER VII

## FINANCING

SEC. 46. ***Financing of Entitlements.*** – All entitlements under the Program shall be funded by a combination of budget appropriations, contributions, earmarked funds, and other types of fund sources. All population-based entitlements shall be financed by the DOH and LGUs, whereas all individual-based entitlements shall be purchased through the Corporation. For all publicly-owned health care providers, capital expenditures and personnel salaries shall be sourced from national and local budgets, while MOOE shall be sourced from reimbursements from the Corporation.

SEC. 47. ***Contributions.*** – All contributory members shall pay premiums based on the contribution schedule as determined by the Corporation on the basis of applicable actuarial studies.

Government and private employees shall be required to pay the monthly contributions which shall not exceed five percent (5%) of their respective salaries, equally shared between the employees and the employers. All government agencies shall include the payment of premium contributions in their respective annual appropriations. Any increase in the premium contribution of the National Government as employer shall only become effective upon inclusion of the amount in the annual General Appropriations Act.

Self-earning individuals, professionals, and consultants shall be required to pay the full contributions which shall not exceed five percent (5%) of their respective incomes.

All other workers rendering services, whether in government or private offices, such as job order contractors, project-based contractors and the like, shall pay the monthly contributions based on the contribution schedule prescribed by the Corporation. It is the responsibility of the hiring agency to deduct, remit, and report the corresponding contributions.

Owners of micro enterprises, owners of small, medium and large enterprises,

family drivers, migrant workers, Filipinos with dual citizenship, naturalized Filipino citizens, and citizens of other countries working or residing in the Philippines shall pay the monthly contributions based on the contribution schedule prescribed by the Corporation.

Premium contributions of household helpers shall be in accordance with the provisions of Republic Act No. 10361, otherwise known as the *"Domestic Workers Act"* or *"Batas Kasambahay."*

SEC. 48. ***Payment for Non-Contributory Members.*** – The National Government shall fully subsidize the contributions of the non-contributory members. Such subsidy to the Program shall be included annually in the General Appropriations Act, among other sources.

## CHAPTER VIII

## HUMAN RESOURCES FOR HEALTH

SEC. 49. ***Competitive Compensation Package.*** – In order to ensure that all health professionals, personnel, and staff in the public sector receive adequate compensation and benefits commensurate to their fundamental role in society and the amount of work that they render, the DOH in consultation with the DBM shall work for the increase in salaries and allowances of all health professionals, personnel and staff to make their compensation and benefits competitive in accordance with national salary rates, and provide additional allowances if assigned in underserved or geographically isolated and disadvantaged areas.

SEC. 50. ***Reimbursements.*** – All payments for professional services rendered by salaried public providers shall be pooled and distributed among health personnel. The DOH shall, in consultation with the Corporation, develop specific guidelines on this.

SEC. 51. ***Available Plantilla Items.*** – The DOH shall, in coordination with the Department of Budget and Management (DBM), regularly adjust plantilla items in government health facilities for both general practitioners and specialists, including residency positions, such that the desired ratio of health professionals to the population are met and is consistent with the burden of disease and that distribution of health professionals and allocation of health professionals are responsive to contextual geographic needs especially of underserved areas.

SEC. 52. ***Return of Service.*** – All health professional graduates from state universities and colleges or government-funded scholarship programs shall be required to serve for at least two (2) full years, under supervision and with compensation, in an underserved area or in the public sector. All health professional graduates from private schools shall be similarly encouraged to serve in these areas.

The DOH shall coordinate with the Commission on Higher Education (CHED) for the effective implementation of this section.

SEC. 53. ***Publicly-funded Health Professional Education.*** – Within the next

five (5) years from the effectivity of this Act, the government shall ensure that funds for scholarship grants to deserving students in health-related undergraduate and graduate programs are allocated. The DOH, CHED, and the DBM shall develop and plan the expansion of local health-related degree programs and regulate the number of enrollees in each degree program based on health needs of the population. For programs not available locally, the DOH and CHED shall develop a systematic capacity development program that shall enable the full implementation of this Act.

SEC. 54. ***Curriculum Shift to Primary Care and Outcomes Orientation.*** – The DOH, in coordination with the CHED and various academic institutions and professional organizations shall work towards shifting the focus and learning outcomes of degree programs to that of health promotion and primary health care. The DOH shall redesign, finance and scale-up primary care residency training to develop a cadre of primary care practitioners.

SEC. 55. ***Integrated Human Resources for Health Data.*** – The DOH shall set-up and manage an integrated human resource database containing data from all government agencies, covering entry into and exit from the health workforce, among others. A national census on human resources for health shall be conducted every five (5) years for the purpose of updating the database.

## CHAPTER IX

## HEALTH INFORMATION SYSTEM

SEC. 56. ***Access to Data.*** – The DOH and the Corporation shall observe transparency with respect to data pertaining to the planning and implementation of the Fund. To the extent possible and unless restricted by the Data Privacy Act of 2012, these data shall be in the public domain. The DOH and the Corporation shall not unduly restrict the release of information required by its members, government officials, researchers, members of the academe, media, and other concerned parties, unless the release of information requires excessive cost to generate, in which case, those who request the data may be required to pay for the cost of obtaining it.

## CHAPTER X

## HEALTH CARE PROVIDERS

SEC. 57. ***Quality Assurance.*** – All health care providers shall take part in a quality assurance program which shall have the following objectives:

(a) to ensure that the quality of health interventions delivered, measured in terms of inputs, process, output and outcomes, are of reasonable quality in the context of the Philippines over time;

(b) to ensure that the health care standards are uniform; and

(c) to see to it that the acquisition and use of scarce and expensive health technologies are consistent with actual needs and standards of medical practice, and

that the performance of medical procedures and the administration of drugs are appropriate, necessary and unquestionably consistent with accepted standards of medical practice and ethics. Drugs for which payments are made shall be those included in the Philippine National Formulary.

SEC. 58. ***Safeguards Against Overprovision and Underprovision.*** – It shall be incumbent upon the Corporation to set up a monitoring mechanism to be operationalized through a contract with health care providers to ensure compliance with clinical practice guidelines issued by the DOH and to provide safeguards against the following:

(a) overprovision of services;

(b) unnecessary diagnostic and therapeutic procedures and intervention;

(c) irrational medication and prescriptions;

(d) underprovision of services; and

(e) inappropriate medical and referral practices.

The Corporation may deny or reduce the payment for claims when such claims are attended by false or incorrect information and when the claimants fail, without justifiable cause, to comply with the pertinent rules and regulations of this Act.

SEC. 59. ***Contracting Network of Health Service Providers.*** – To encourage efficiency and accountability in the use of resources, specifically avoiding redundant one-stop shop, facilitating cross-subsidization of operational costs, and setting up of referral protocols including transportation and accommodation services, the Corporation shall within three (3) years from the effectivity of the Act, only engage and contract service delivery networks that encompass primary to tertiary levels of care. The Corporation in coordination with the DOH shall formulate terms and mechanisms for contracting these networks. In the interim, the Corporation shall continue to individually contract health care facilities and health care professionals.

(a) **Contracting of Health Care Facilities**. - The minimum contracting requirements for health care facilities are as follows:

(i) Human resource, equipment and physical structure in conformity with the DOH licensing standards of the relevant facility;

(ii) Acceptance of formal program of quality assurance and utilization review;

(iii) Acceptance of the payment mechanisms specified in Section 60 of this Act;

(iv) Adoption of referral protocols and health resources sharing arrangements;

(v) Recognition of the rights of patients;

(vi) Acceptance of information system requirements and regular transfer of information; and

(vii) Any other requirement as may be determined by the Corporation.

(b) ***Contracting Health Care Professionals.*** – The minimum contracting requirements for health care professionals are as follows:

(i) License to practice in the Philippines by the Professional Regulatory Commission or certified by a body or organization recognized by the Corporation;

(ii) Active membership in the Program;

(iii) Acceptance of formal program of quality assurance;

(iv) Acceptance of the payment mechanisms specified in Section 60 of this Act;

(v) Adoption of referral protocols and health resources sharing arrangements;

(vi) Recognition of the rights of patients; and

(vii) Any other requirements as may be determined by the Corporation.

SEC. 60. ***Provider Payment Mechanisms.*** – The following payment mechanisms for public and private health care providers shall be allowed in the Program:

(a) Capitation;

(b) Case-based or bundled payment; and

(c) Global budget.

Subject to the approval of its Board of Directors, the Corporation may adopt other payment mechanisms that are most beneficial to the members and the Corporation.

SEC. 61. ***Income Retention.*** – To ensure that all government hospitals and health facilities have full authority to utilize their income and enhance their capacity to expand and to improve the quality of their services, all government hospitals are hereby authorized to retain and utilize one hundred percent (100%) of their income, which includes, reimbursements from the National Health Security Program excluding payment for professional services, hospital fees from in-house services and facilities without remitting the same to the Bureau of Treasury.

In no case shall the retained income be used for the payment of salaries and other personnel benefits.

The retained income shall be deposited in an authorized government depositary

bank recommended by the DOH, DBM, and the Department of Finance.

Further, all public hospitals shall comply with the standard cost accounting method of the DOH and accordingly account for their finances and expenditures with separate financial reports for No Balance Billing and non-No Balance Billing accommodation.

SEC. 62. ***Establishment of New Health Care Facilities.*** – The DOH shall use geocodes to tag all health facilities and facilitate determination of areas of need, which shall serve as basis for updating of the provincial and national health facility development plan and establishing of health facilities. In order to promote equitable access, all new health facilities shall be required to obtain a Certificate of Need. For geographically isolated and disadvantaged areas and areas with documented demand, the DOH shall be responsible for the establishment of health facilities.

SEC. 63. ***Government Hospitals as No Balance Billing Hospitals.*** – Consistent with the objective of improving accessibility and availability of health care for all, especially the poor, all government hospitals are hereby required to operate with not less than ninety percent (90%) of their bed capacity as free or charity beds as mandated by Section 6 of Republic Act No. 1939, entitled *"An Act Prescribing the Appropriate Share of the National, Provincial, City and Municipal Governments in the Financial Contributions for the Operation and Maintenance of Free Beds in Government Hospitals and/or the Establishment of Additional Wards or Hospitals in the Philippines."*

Specialty hospitals are required to operate with not less than seventy percent (70%) and private hospitals with not less than ten percent (10%) of their bed capacity as free or charity beds.

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

SEC. 64. ***Administrative, Medical, Prescription, Reimbursement Data.*** – All health care providers and insurers shall, within four (4) years from the effectivity of this Act, create and maintain information systems that include enterprise resource planning, human resource information system, electronic medical records, and electronic prescription consistent with DOH standards and which shall be electronically uploaded on a regular basis. The DOH shall develop a single system to be used by all health care providers.

SEC. 65. ***Patient-friendly Procedures.*** – All health care providers shall adopt standard admission, billing and discharge procedures to be developed by the DOH in coordination with private hospitals association, to ensure that:

(1) patients receive the same quality of service or treatment, notwithstanding their differing capacity to pay;

(2) patients are accommodated and provided necessary health service at the

most convenient, responsive, culture-sensitive and efficient way; and

(3) medical social workers are seamlessly integrated into the health service system.

SEC. 66. ***Access to Price Information.*** – To promote informed choice, all health care providers shall designate an information desk where the public may obtain relevant and up-to-date information regarding prices of all goods and services being offered by such health care provider.

## CHAPTER XI

## GRIEVANCE AND APPEAL

SEC. 67. ***Grievance System.*** – A grievance system is hereby established, wherein members, dependents, or health care providers of the Program who are aggrieved by any decision of the implementors of the Program, may seek redress in accordance with the provisions of this chapter.

SEC. 68. ***Ground for Grievances.*** – The following acts shall constitute valid grounds for grievance action:

a) Any violation of the rights of patients;

b) A willful neglect of duties of program implementors that results in the loss or non-enjoyment of benefits by members or their dependents;

c) Unjustifiable delay in actions or claims;

d) Delay in the processing of claims that extends beyond the period agreed upon;

e) Any other act or neglect that undermines or defeats the purposes of this Act; and

f) Any other act or omission that constitutes a violation of this Act.

SEC. 69. ***Grievance and Appeal Procedures.*** – A member, a dependent, or a health care provider may file a complaint based on any of the above stated grounds, in accordance with the following rules and procedures:

(a) A complaint must be filed with the Corporation which shall refer the same to the Grievance and Appeal Review Committee. The Grievance and Appeal Review Committee shall rule on the complaint through a notice of resolution within sixty (60) calendar days from receipt thereof;

(b) An appeal from the decision of the Grievance and Appeal Review Committee must be filed with the Board within thirty (30) calendar days from receipt of

the notice of resolution;

(c) The Board shall promptly and expeditiously issue its decision or resolution on each appeal or grievance within sixty (60) days from the date it is submitted to it for determination;

(d) Non-observance of the periods set forth in this Section shall subject the responsible officer or employee to the penalties prescribed under Section 72(b) of this Act;

(e) All decisions by the Board as to entitlement to benefits of members or to payments of health care providers shall be considered final and executory; and

(f) The Corporation's local offices shall have no jurisdiction over any issue involving the suspension or revocation of contracts, the imposition of fines, or the imposition of charges on members' premiums.

SEC. 70. ***Grievance and Appeal Review Committee.*** – The Board shall create a Grievance and Appeal Review Committee, composed of five (5) members, hereinafter referred to as the Committee, which shall, subject to the procedures enumerated above, receive and recommend appropriate action on complaints from members and health care providers relative to this Act and its implementing rules and regulations.

The Committee shall have as one of its members a representative of any of the health care providers as endorsed by the DOH.

SEC. 71. ***Hearing Procedures of the Committee.*** – Upon the filing of the complaint, the Grievance and Appeal Review Committee, after consideration of the allegations thereof, may dismiss the case outrightly due to lack of verification, failure to state the cause of action, or any other valid ground for the dismissal of the complaint after consultation with the Board; or require the respondent to file a verified answer within five (5) days from service of summons.

In case the respondent fails to answer the complaint within the reglementary five-day period herein provided, the Grievance and Appeal Review Committee, *motu propio* or upon motion of the complainant, render judgment as may be warranted by the facts alleged in the complaint and limited to what is prayed for therein.

After an answer is filed and the issues are joined, the Committee shall require the parties to submit, within ten (10) days from receipt of the order, the affidavits of witnesses and other evidence on the factual issues defined therein, together with a brief statement of their positions setting forth the law and the facts relied upon by them. In the event that the Committee finds, upon consideration of the pleadings, the affidavits and other evidence, and position statements submitted by the parties, that a judgment may be rendered thereon without need of a formal hearing, it may proceed to render judgment not later than ten (10) days from the submission of the position statements of the parties.

In cases where the Committee deems it necessary to hold a hearing to clarify

specific factual matters before rendering judgment, it shall set the case for hearing. At such hearing, witnesses whose affidavits were previously submitted may be asked clarificatory questions by the proponent and by the Committee and may be cross-examined by the adverse party. The order setting the case for hearing shall specify the witnesses who will be called to testify, and the matters which their examination will pertain to. The hearing shall be terminated within fifteen (15) days, and the case decided upon by the Committee within fifteen (15) days from such termination.

The decision of the Committee shall become final and executory fifteen (15) days after notice thereof: *Provided, however*, That the same may be appealable to the Board within thirty (30) days from receipt of the copy of the judgment appealed from. An appellee shall be given fifteen (15) days from notice to file a memorandum after which the Board shall decide on the appeal within sixty (60) days from the submittal of the said pleadings.

The decision of the Board shall also become final and executory fifteen (15) days after notice thereof: *Provided*, *however*, That the same may be reviewed by the Supreme Court on purely questions of law in accordance with the Rules of Court.

The Committee and the Board, in the exercise of their quasi-judicial functions, as specified in Section 33 hereof, can administer oaths, certify to official acts and issue subpoena to compel the attendance and testimony of witnesses, and subpoena *duces tecum and ad testificandum* to enjoin the production of books, papers and other records and to testify therein on any question arising out of this Act. Any case of contumacy shall be dealt with in accordance with the provisions of the Revised Administrative Code and the Rules of Court. The Board or the Grievance and Appeal Review Committee, as the case may be, shall prescribe the necessary administrative sanctions such as fines, warnings, suspension or revocation of the right to participate in the Program.

In all its proceedings, the Board or the Grievance and Appeal Review Committee shall not be bound by the technical rules of evidence: *Provided*, *however*, That the Rules of Court shall apply with suppletory effect.

## CHAPTER XII

## PENALTIES

SEC. 72. ***Penal Provisions.*** – (a) A violation by the following persons shall suffer the corresponding penalties as herein provided:

(1) *Contracted Health Care Provider* – Any contracted health care provider who commits an unethical act, abuses the authority vested upon him or her, or perform a fraudulent act as defined in Section 4 of this Act shall be punished by a fine of Two hundred thousand pesos (P200,000.00), or suspension of contract for three (3) months, or both, at the discretion of the Corporation. If the health care provider is a juridical person, its officers and employees or other representatives found to be responsible, who acted negligently or with intent, or have directly or indirectly caused the commission of the violation, shall be liable. Recidivists may no longer be contracted as a participant of the Program.

(2) *Member* – Any member who commits any violation of this Act or knowingly and deliberately cooperates or agrees, whether explicitly or implicitly, to the commission of a violation by a contracted health care provider or employer as defined in this section, including the filling of a fraudulent claim for benefits or entitlement under this Act, shall be punished by a fine of Fifty thousand pesos (P50,000.00) for each count or suspension from availment of the benefits of the Program for not less than three (3) months but not more than six (6) months, or both, at the discretion of the Corporation.

(3) *Employer* –

(i) Failure or Refusal to Register, Deduct or Remit the Contributions – Any employer who deliberately or through inexcusable negligence, fails or refuses to register employees, regardless of their employment status, accurately and timely deduct contributions from the employee's compensation or to accurately and timely remit the same to the Corporation shall be punished with a fine of Fifty thousand pesos (P50,000.00) for every violation per affected employee, or imprisonment of not less than six (6) months but not more than one (1) year, or both such fine and imprisonment at the discretion of the court.

Any employer or any officer authorized to collect contributions under this Act who, after collecting or deducting the monthly contributions from the employee's compensation, fails or refuses for whatever reason to accurately and timely remit the contributions to the Corporation within thirty (30) days from due date is presumed *prima facie*, to have misappropriated the same and is obligated to hold the same in trust for and in behalf of the employees and the Corporation, and is immediately obligated to return or remit the amount. If the employer is a juridical person, its officers and employees or other representatives found to be responsible, whether they acted negligently or with intent, or have directly or indirectly caused the commission of the violation, shall be liable.

(ii) Unlawful Deductions – Any employer or officer who shall deduct directly or indirectly from the compensation of the covered employees or otherwise recover from them the employer's own contribution on behalf of such employees shall be punished with a fine of Five thousand pesos (P5,000.00) multiplied by the total number of affected employees or imprisonment of not less than six (6) months but not more than one (1) year, or both such fine and imprisonment at the discretion of the court.

If the unlawful deduction is committed by an association, partnership, corporation or any other institution, its managing directors or partners or president or general manager, or other persons responsible for the commission of the act shall be liable for the penalties provided for in this Act.

(iii) Misappropriation of Funds by Employees of the Corporation – Any employee who, without prior authority or contrary to the provisions of this Act or this Act's implementing rules and regulations, wrongfully receives or keeps funds or property payable or deliverable to the Corporation, and who shall appropriate and apply such fund or property for their own personal use, or shall willingly or negligently consent either expressly or implicitly to the misappropriation of funds or property without objecting to the same and promptly reporting the matter to proper authority, shall be

liable for misappropriation of funds under this Act and shall be punished with a fine equivalent to triple the amount misappropriated per count and suspension for three (3) months without pay.

(b) Other Violations of this Act Declared to be Unlawful herein. –

Any violation of Section 38 (Conflict of Interest) and Section 69 (Grievance and Appeal Procedures) of this Act and other infractions or violations of the provisions of this Act or its implementing rules and regulations shall be punished with a fine of not less than Fifty thousand pesos (P50,000.00) but not more than One hundred thousand pesos (P100,000.00) per count.

The violation of Section 45 (HTAC members' non-disclosure of conflict of interest) shall be punished with a fine of Fifty thousand pesos (P50,000.00) and expulsion.

(c) Despite the cessation of operation by a health care provider or termination of practice of an independent health care professional while the complaint is being heard, the proceeding against them shall continue until final resolution of the case.

The dispositive part of the decision requiring payment of fines, reimbursement of paid claim or denial of payment shall be immediately executory.

(d) The imposition of penalties for violations of the provisions of this Act shall be without prejudice to the imposition of other applicable penalties for any violation of the Revised Penal Code or other special laws arising from the same act or transaction.

(e) The provisions of the Revised Penal Code on aggravating, exempting, mitigating, justifying and alternative circumstances shall be applied in a suppletory manner when considering the imposition of imprisonment for violations under this Act.

(f) Violation of the provisions of this Act shall be promptly acted upon by the law enforcement agencies, the prosecutorial arms of the Department of Justice and the courts.

SEC. 73. ***Review of Penalties.*** – The President of the Corporation shall, after five (5) years from the effectivity of this Act and every five (5) years thereafter, review the applicability and enforcement of all foregoing pecuniary penalties. The President of the Corporation is authorized to increase the same as may be necessary, subject to the approval of the Secretary of Health: *Provided*, *That* the increase may not be more than three percent (3%) of the amount of the pecuniary penalty during each review.

In the case of penalties provided for the HTAC, the Secretary of Health shall review the applicability and enforcement of pecuniary penalty.

## CHAPTER XIII

## APPROPRIATIONS

SEC. 74. ***Appropriations.*** – The funds needed to implement the provisions of this

Act shall be included in the annual General Appropriations Act.

## CHAPTER XIV

## MISCELLANEOUS PROVISIONS

SEC. 75. ***Requisites for Issuance or Renewal of License or Permits.*** – Notwithstanding any law to the contrary, all government agencies issuing professional or business licenses or permits including LGUs, the DOH, Professional Regulation Commission, Land Transportation Office, Land Transportation and Franchising Regulatory Board, Securities and Exchange Commission, Philippine Overseas Employment Administration, Integrated Bar of the Philippines, Philippine Economic Zone Authority, Bureau of Immigration, Department of Trade and Industry, and the Maritime Industry Authority shall require all applicants to submit a certificate or proof of payment of premium contributions to the Corporation, prior to the issuance or renewal of such licenses or permits.

SEC.76. ***Oversight Provision.*** – There is hereby created a Joint Congressional Oversight Committee to conduct a regular review of the implementation of this Act which shall entail a systematic evaluation of the performance, impact or accomplishments of the Program and the various agencies involved in the provision of universal health coverage, particularly with respect to their objectives and functions. The Joint Congressional Oversight Committee shall be composed of five (5) members from the Senate and five (5) members from the House of Representatives to be appointed by the Senate President and the Speaker of the House of Representatives, respectively. The Joint Congressional Oversight Committee shall be jointly chaired by the Chairpersons of the Senate Committee on Health and Demography and the House of Representatives Committee on Health.

The DOH shall develop a comprehensive monitoring and evaluation framework, in order to assess the implementation and validate the accomplishments of the provisions of this Act. The PSA is mandated to conduct the relevant modules of the Family Income and Expenditure Survey (FIES) annually during the first ten (10) years of the implementation of this Act, in order to track the progress of the Program and thereafter follow its regular schedule of survey. In addition, the NEDA shall contract the services of an appropriate research entity to undertake studies using the said framework. The DOH shall provide the necessary budget for these purposes.

SEC. 77. ***Implementing Rules and Regulations.*** – Within sixty (60) days from the approval of this Act, the Secretary of Health, the Secretary of Social Welfare and Development and the Corporation, in consultation and coordination with appropriate government agencies, civil society organizations, non-government organizations, representatives from the private sector, and other stakeholders, shall promulgate the necessary implementing rules and regulations for the effective implementation of this Act.

SEC. 78. ***Transitory Provision.*** – Within thirty (30) days from the effectivity of this Act, the President of the Philippines shall appoint the new members of the Board

and the President of the Corporation. The existing board of directors of the Corporation shall serve in a hold-over capacity until a full and permanent board of directors of the Corporation is constituted and functioning.

Pursuant to Section 30 of this Act, all personnel, records, assets and properties, including land and improvements thereon, facilities and equipment of the Philippine Health Insurance Corporation shall be transferred to the Philippine Health Security Corporation. Furthermore, all obligations, funds and the applicable appropriations of the Philippine Health Insurance Corporation are now vested in the Corporation.

All officers and personnel of the Corporation, except members of the Board who shall be governed by the first paragraph of this section, shall continue to perform their duties and responsibilities and receive their corresponding salaries and benefits as officers and employees. The approval of this Act shall not cause any demotion in rank or diminution of salary, benefits and other privileges of the incumbent personnel of the Corporation.

All references to the Philippine Health Insurance Corporation in other laws, rules and regulations, and other executive issuances are now deemed to refer to the Philippine Health Security Corporation.

SEC. 79. ***Interpretation.*** – Any doubt in the interpretation of any provision of this Act shall be liberally interpreted in a manner mindful of the rights and interests of every Filipino to quality, accessible and affordable health care.

SEC. 80. ***Separability Clause.*** – If any part or provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 81. ***Repealing Clause.*** – Republic Act No. 7875, as amended by Republic Act Nos. 9241 and 10606, is hereby repealed. All other laws, decrees, executive orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 82. ***Government Guarantee.*** – The Government of the Philippines guarantees the financial viability of the Program.

SEC. 83. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of general circulation.

*Approved,*