

---

Introduced by Senator Ralph G. Recto

---

**Explanatory Note**

As the budget deficit is seen to reach over P325 billion for 2010, the national government is looking at all its resources in order to provide funding for its social progress programs. While it is true that the country's revenue targets depend on the growth of the economy and the efficiency in tax collections, there are other sources of funds which can be tapped.

For example, several revenue-generating government-owned and controlled corporations (GOCCs) and government financial institutions (GFIs) have billions in retained earnings waiting to be tapped and channeled to the right government programs. One such GOCC is the Philippine Health Insurance Corporation (PhilHealth).

During a recent budget hearing at the Senate, PhilHealth officials bared that the corporation has retained earnings reaching P110 billion. This amount is three times the proposed budgetary allocation for the Department of Health (DOH) next year and could easily be used to wipe out the infrastructure backlog of department.

However, Republic Act No. 7875 or the PhilHealth law states that its retained earnings, in excess of its statutorily-determined reserve funds, can only be used for investments purposes.

The proposed budget of the DOH when it comes to infrastructure is at P7.143 billion, but it said it needs more or less double or triple the amount to wipe out the backlog in its Health Facilities Enhancement Program.

This bill aims to make use of a portion of the excess of PhilHealth's reserve funds to augment the DOH's budget for health-related infrastructure projects. It also reduces from two years to one year the reserve funds ceiling, or the amount set aside which is actuarially estimated for the corporation's program expenditures.

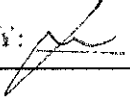
With these in mind, the immediate passage of this bill is sincerely sought.

  
RALPH G. RECTO

SENATE

11 JAN 25 P 1:13

S.B. No. 2653

RECEIVED BY: 

---

Introduced by Sen. Ralph G. Recto

---

AN ACT

**EARMARKING FIFTY PERCENT (50%) OF PHILHEALTH'S EXCESS RESERVE FUNDS TO FUND PUBLIC HEALTHCARE INFRASTRUCTURE DEFICIT, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS "AN ACT INSTITUTING A NATIONAL HEALTH INSURANCE PROGRAM FOR ALL FILIPINOS AND ESTABLISHING THE PHILIPPINE HEALTH INSURANCE CORPORATION"**

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

1     **SECTION 1.**   This Act shall be known as the "Public Healthcare Infrastructure Fund Act of  
2 2011."

3     **SEC. 2.**   Section 27 of Republic Act No. 7875, or An Act Instituting A National Health  
4 Insurance Program For All Filipinos And Establishing The Philippine Health Insurance  
5 Corporation For The Purpose, is hereby amended to read as follows:

6           "SEC. 27. *Reserve Funds.* - The Corporation shall set aside a portion of its  
7 accumulated revenues not needed to meet the cost of the current year's expenditures as  
8 reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling  
9 equivalent to the amount actuarially estimated for [two] **ONE** year's projected  
10 Program expenditures: Provided, further, That whenever actual reserves exceed the  
11 required ceiling at the end of the Corporation's fiscal year, the Program's benefits shall  
12 be increased or member-contributions decreased prospectively in order to adjust  
13 expenditures or revenues to meet the required ceiling for reserve funds. Such portions  
14 of the reserve fund as are not needed to meet the current expenditure obligations shall  
15 be **SET ASIDE TO BE USED FOR THE FOLLOWING PURPOSES:**

16     **1.     FIFTY PERCENT (50%) OF THIS AMOUNT SHALL BE**  
17 **AUTOMATICALLY EARMARKED TO AUGMENT THE DEPARTMENT OF**

1 HEALTH'S HEALTH FACILITIES ENHANCEMENT PROGRAM FOR THE  
2 NEXT FISCAL YEAR AND SHALL BE KNOWN AS THE "PUBLIC  
3 HEALTHCARE INFRASTRUCTURE FUND." THIS FUND SHALL BE  
4 MANAGED BY THE DOH ACCORDING TO RULES AND REGULATIONS  
5 THAT SHALL BE PROMULGATED BY THE DEPARTMENT OF BUDGET  
6 AND MANAGEMENT.

7 2. THE REMAINING FIFTY PERCENT (50%) SHALL BE invested in short-  
8 term investments to earn an average annual income at prevailing rates of interest and  
9 shall be known as the "Investment Reserve Fund" which shall be invested in any or all  
10 of the following:

11 a) In interest-bearing bonds, securities or other evidences of indebtedness of  
12 the Government of the Philippines, or in bonds, securities, promissory notes and other  
13 evidences of indebtedness to which full faith and credit and unconditional guarantee  
14 of the Republic of the Philippines is pledged

15 b) In interest-bearing deposits and loans to or securities in any domestic bank  
16 doing business in the Philippines: Provided, That in the case of such deposits, this  
17 shall not exceed at any time the unimpaired capital and surplus or total private  
18 deposits of the depository bank, whichever is smaller: Provided, further, That said  
19 bank shall first have been designated as a depository for this purpose by the Monetary  
20 Board of the Bangko Sentral ng Pilipinas; and

21 c) In preferred stocks of any solvent corporation or institution created or  
22 existing under the laws of the Philippines: Provided, That the issuing, assuming, or  
23 guaranteeing entity or its predecessor has paid regular dividends upon its preferred or  
24 guaranteed stocks for a period of at least three (3) years immediately preceding the  
25 date of investment in such preferred or guaranteed stocks: Provided, further, That if  
26 the stocks are guaranteed the amount of stocks so guaranteed is not in excess of fifty  
27 percent (50%) of the amount of the preferred common stocks as the case may be of  
28 the issuing corporation: Provided, furthermore, That if the corporation or institution  
29 has not paid dividends upon its preferred stocks, the corporation or institution has

1 sufficient retained earnings to declare dividends for at least two (2) years on such  
2 preferred stocks and in common stocks option or warrants to common stocks of any  
3 solvent corporation or institution created or existing under the laws of the Philippines  
4 in the stock exchange with proven track record of profitability and payment of  
5 dividends over the last three (3) years or in common stocks of a newly organized  
6 corporation about to be listed in the stock exchange: Provided, finally, That such  
7 duly organized corporation shall have been rated 'A' double 'A's or triple 'A's by  
8 authorized accredited domestic rating agencies or by the Corporation or in mutual  
9 funds including allied investments.

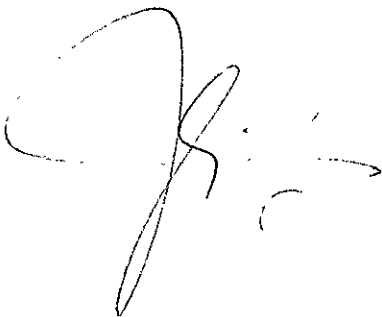
10 **SEC. 3. *Implementing Rules and Regulations.*** – The Secretary of the Department of Budget  
11 and Management shall, upon consultation with the Secretary of the Department of Health and with  
12 the President of the Philippine Health Insurance Corporation, shall promulgate the necessary rules  
13 and regulations for the effective implementation of this Act within sixty (60) days from the  
14 approval of this Act.

15 **SEC. 4. *Separability Clause.*** – If any provision of this Act is subsequently declared  
16 unconstitutional, the validity of the remaining provisions hereof shall remain in full force and  
17 effect.

18 **SEC. 5. *Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations and  
19 other issuances or parts thereof which are inconsistent with this Act are hereby repealed or  
20 modified accordingly.

21 **SEC. 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in any two  
22 (2) newspapers of general circulation.

*Approved,*

A handwritten signature in black ink, appearing to be a stylized name, possibly 'J. S.', written in a cursive style.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13

**SECTION 12. *Separability Clause.*** – Should any provision herein be subsequently declared invalid or unconstitutional, the same shall not affect the validity or the legality of the other provisions not so declared.

**SECTION 13. *Repealing Clause.*** – All laws, presidential decrees, executive orders, rules and regulations, other issuances, and parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed and modified accordingly.

**SECTION 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in at least (2) newspapers of general circulation.

*Approved,*