

THIRTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
*First Regular Session*

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**S E N A T E**

S. No. 343

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**Introduced by Senator S. R. Osmeña III**

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**EXPLANATORY NOTE**

In a time of mounting expenses and high medicine costs, it is imperative to institutionalize free hospitalization for all Filipino citizens through a working cost-sharing scheme that will ensure Filipinos get the medical attention they need without worrying about deposit payments before being treated or attended to by a physician.

Health is a basic human rights and both a means and an end to development. It is influenced by factors within and outside of the health sector. Health for every Filipino can only be attained in partnership with the people.

Access to health services is still a problem of many Filipinos. A survey conducted by the Department of Health showed that those individuals who belong to the low-income families manifested a high rate of mortality because of absence of necessary health care. Health statistics reveal that forty two percent proper medical care. The percentage of the population that was hospitalized is less than one percent (1%) of total population.

One major reason for the poor access of the population to proper medical care is the high cost of hospitalization. It is prevalent nowadays that a medical doctor will not attend to a poor patient if there is no substantial hospital deposit.

The Local Government Code of 1991 devolved the function of providing health services, particularly hospital services, to the local governments. While the local government units (LGUs) welcomed the responsibility and authority to deliver health care services to their people, many LGUs faced problems in implementing this function. Financial and budgetary constraints and the lack of medical personnel and facilities to adequately service the needs of their constituents were encountered.

This situation forced LGUs to find innovative ways to provide this basic service to their residents. The schemes adopted by local governments involved inter-LGU cooperation and cost sharing schemes. The Philippine Institute of Development Studies has documented successful LGU health systems that adopted these schemes, among them Bukidnon and Valencia, Negros Oriental.

This bill therefor seeks to institutionalize a local health delivery system among local governments to solve the problem of access to medical care. This will require local government units to establish a cost-sharing scheme for the hospitalization services to their constituents. The system will also include the blood typing of all residents for easy access to blood donors and establish a perfect system of identity of all citizens of the country.

In line of this cost-sharing scheme, a national ID system shall also be established, which will show the individuals date of birth, residence address, blood type, thumb mark, civil status and picture. Said ID will be printed by the Department of Health to distributed to all LGUs through the barangay level. The ID will be signed by the barangay treasurer, countersigned by the municipal doctor and the municipal treasurer.

The ID shall be accepted as proof of identity in all sectors of the government including the COMELEC.

The Department of Health shall maintain operations of special hospitals such as the Philippine Heart Center, Kidney Institute, Philippine Children's Medical Center, as well as the other hospitals under its jurisdiction. Said hospitals shall be covered by the cost-sharing scheme.

The health system will require mandated contributions from all Filipino residents, LGUs and the national government. An example of annual contributions based on the per capita share on the internal revenue allotment (IRA) is as follows:

City Dwellers (per person)		Municipal Residents (per person)	
Resident	P30.00	Resident	P30.00
Barangay	15.00	Barangay	15.00
City Government	120.00	Municipal Government	70.00
Dept. of Health	75.00	Provincial Government	50.00
Total	P240.00	Dept. of Health	75.00
		Total	P240.00

This is highly feasible based on the experience of Negros Oriental. This province has a budget for health and hospitalization of P120,358,665 and an income of P27,755,997. Its outlay is P92,600,669 or P 82.23 per capita (population of 1,126,061). For the Department of Health its budget for the year 2001 is P10.74 billion and with a population of 76,498,735, this results to a per capita of P141.00. The budget for hospital assistance is around P4.123 billion translating to a per capita budget of P54.00. This includes the budgets for subsidy to indigent patients, support to local public health systems and health facilities direct service delivery. Therefore, the contributions are affordable.

The expected contribution for a year will be P242.10 million and expected expenditures is P233.84 million resulting to a surplus of P8.26 million. Looking at the experience of hospital totalled P178.5 million. (Siliman University Medical Center-P101.7 million, Holy Child Hospital P49.0 million and Provincial hospital P27.7 million) These hospitals however, service mostly affluent families of the province and other nearby provinces.

A Board of Trustees will manage the proposed system, and the funds shall be put into trust fund. The local treasurers shall assist in the collection of the contributions.

The health care program will encourage the people, especially the marginalized sector, to seek medical assistance upon early manifestation of an illness. Prompt medical attention can arrest further complications minimizing work lags and reinforcing his productivity.

Likewise, this scheme assures private hospitals of a maximum fee per patient amounting to P5,000.00 while there will be no limit to be imposed on government hospitals. The program will then encourage the establishment of health facilities since hospitals are assured of funding. The availability of prompt and efficient hospital service will also be greatly improved.

Through this Act, no Filipino will then be denied access to medical and hospital services.

In view of the foregoing, early passage of this bill is earnestly requested.



**SERGIO OSMEÑA III**  
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
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S E N A T E

S.No. 343

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Introduced by Senator S. R. Osmeña III

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AN ACT  
ESTABLISHING A COST SHARING SCHEME TO PROVIDE FOR A  
HOSPITAL CARE PROGRAM IN LOCAL GOVERNMENT UNITS AND FOR  
OTHER PURPOSES

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

1           SECTION 1. **Declaration of Policy.** – It is the policy of the State to  
2 provide for adequate health services for all its citizens as mandated by the  
3 Constitution. As a basic service, this function is now a responsibility of local  
4 government units. As such all local government units as mandated in the Local  
5 Government Code of 1991 or Republic Act No. 7160 is required to render health  
6 services to their constituents through the establishment and maintenance of  
7 health facilities and to provide access to proper medical care possible. Local  
8 government units shall utilize the powers and authority given to them to fulfill this  
9 mandate including consolidating or coordinating their efforts, services and  
10 resources for purposes commonly beneficial among them and the provision of  
11 budgetary allocations for health programs and services.

12           SEC. 2. **Establishment of a Cost Sharing Scheme for Hospital Care**  
13 **Program.** – Every province or city, in cooperation with the municipalities and  
14 barangays, shall establish a Cost Sharing Scheme for a Hospital Care Program.  
15 This scheme shall ensure the access of their residents to affordable quality and  
16 accessible medical care from health facilities and hospitals. The Hospital Care

1 program will cover all residents of the local government units under their  
2 respective jurisdictions.

3 SEC. 3. **The Cost Sharing Scheme.** – Every province or city,  
4 municipality and barangay shall appropriate funds for the Hospital Care Program,  
5 which shall be placed in Trust Fund for this purpose. The contribution of each  
6 local government shall be as follows

7 City Dwellers		Municipal Residents	
8 (per person)		(per person)	
9 Resident	P30.00	Resident	P30.00
10 Barangay	15.00	Barangay	15.00
11 City Government	120.00	Municipal Government	70.00
12 Dept. of Health	<u>75.00</u>	Provincial Government	50.00
13 Total	P240.00	Dept. of Health	<u>75.00</u>
		14 Total	P240.00

15 The contributions to the Cost Sharing Scheme may be adjusted by the  
16 Board of Trustees who will manage the program according to the needs of its  
17 beneficiaries and to improve the quality of health care services: Provided,  
18 however, That any adjustment in the National Government contribution shall be  
19 decided by the Department of Health according to the needs of the respective  
20 local government units and the availability of funds.

21 The trust fund shall be used solely for the purposes of the Hospital Care  
22 Program and the improvement of the health facilities. The fund shall be deposited  
23 into a bank account and managed by the Board of Trustees. Provided, however,  
24 That the fund shall not be invested in any financial instrument or undertaking that  
25 may jeopardize the feasibility and viability of the Hospital Care Program.

26 SEC. 4. **Identification Card System.** – There is hereby established an  
27 ID System which shall require the issuance of an identification card to every  
28 citizen as proof of their qualification to the program, and which shall contain the  
29 following information: (a) residence address; (b) date of birth; (c) blood type; (d)

1 thumb mark; (e) civil status; and (f) picture. The identification card shall be signed  
2 by the barangay treasurer, municipal/ city treasurer and municipal/city health  
3 officer. Every citizen seeking medical attention shall present said ID upon  
4 admission to any hospital. Said ID shall be accepted as proof of identity in all  
5 government sectors including the COMELEC.

6         **SEC. 5 *Creation of the Board of Trustees.*** – There shall be a Board of  
7 Trustees in every province to manage the Hospital Care Program and the Trust  
8 Fund.

9         a) For provinces, the Board of Trustees shall be composed of the  
10 Provincial Governor as Chairman, Provincial Health Officer as President & Chief  
11 Executive Officer, and the following as members:

12             President of the Provincial Mayor's League

13             Chairman of the Provincial Councilors' League

14             Chairman of the Provincial Barangays' League

15             Vice Governor of the Province

16             Chairman of the Provincial Health Board

17             Four (4) Representatives from four Non-Government Organizations

18         b) For Highly Urbanized Cities, the Board of Trustees shall be composed  
19 of the City Mayor as Chairman, City Health Officer as President & Chief  
20 Executive Officer, and the following as members:

21             President of Mayors' League

22             Chairman of the Councilors' League

23             Chairman of the Barangays' League

24             Vice Mayor of the City

25             Chairman of the City Health Board

26             Four (4) Representatives from four Non-Government Organizations

27         The Non-Government Organization representatives shall be selected by  
28 the Provincial Governor or City Mayor, as the case may be, from NGOs involved  
29 in providing health and social services operating in the province or city.

1           The members of the Board shall have a term of three (3) years and shall  
2 receive reasonable allowances as determined by the Board.

3           **SEC. 6. Powers and Functions of the Board of Trustees.** – The Board  
4 of Trustees shall have the following powers and functions:

5           a) To administer the Hospital Care Program and manage the Trust Fund;

6           b) To formulate and promulgate policies for the sound administration of  
7 the program;

8           c) To set standards necessary to ensure the quality of hospital service, the  
9 proper utilization of services, viability of the Trust fund and other rules that may  
10 be needed for the successful implementation of the Hospital Care Program;

11           d) To formulate the rules and guidelines for the proper availment of the  
12 services of the hospital Care Program including limits to the amount of service  
13 and medicine that can be availed, amendments to the coverage and other  
14 relevant aspects of the program;

15           e) To amend the contributions to the cost sharing scheme to make it more  
16 responsive to the needs of the Hospital Care Program and other external factors;

17           f) To set the guidelines for the accreditation of the health facilities;

18           g) To negotiate and enter into contracts with health care institutions, health  
19 professionals and other juridical or natural persons regarding the financing,  
20 payments, pricing design and administrative systems and procedures necessary  
21 for the delivery of the services of the Hospital Care Program;

22           h) To collect, deposit, administer and disburse the Trust fund in  
23 accordance with the provisions of this Act;

24           i) To monitor and inspect the delivery of services to ensure the  
25 appropriate delivery of quality hospital service and make certain the satisfaction  
26 of the beneficiaries;

27           j) To solicit, receive and manage grants, donations and other forms of  
28 assistance;

1 k) To organize its office, fix the compensation of and appoint personnel as  
2 may be deemed necessary for the successful implementation of the Hospital  
3 Care Program; and

4 l) To submit a report on the financial condition and status of operations for  
5 the Hospital Care Program to the Sangguniang Panlalalwigan or Sangguniang  
6 Bayan of all municipalities. The reports shall likewise be posted in every  
7 municipality and made available to the beneficiaries.

8 **SEC. 7. *The Hospital Care Program.*** – There shall be created a Hospital  
9 Care Program in every province or city which shall provide the following services  
10 to their residents:

11 a. Inpatient Hospital Care

- 12 1. room and board
- 13 2. services of health care professionals;
- 14 3. diagnostic, laboratory and other medical examinations;
- 15 4. use of surgical or medical equipment and facilities; and
- 16 5. prescription drugs and biologicals, subject to limitations set forth.

17 b. Outpatient Care:

- 18 1. services of health care professionals;
- 19 2. diagnostic, laboratory , and other medical examination services;
- 20 3. personal preventive services; and
- 21 4. prescription drugs and biologicals, subject to limitations set forth.

22 The following treatments shall be excluded from the coverage of the  
23 Hospital Care Program:

- 24 a. eyeglasses and optometric services;
- 25 b. dental examinations and dentures
- 26 c. expensive and sophisticated procedures such as CT scans and the like;
- 27 d. cosmetic procedures and surgery;
- 28 e. non-prescription drug and devices;
- 29 f. drug and alcohol abuse and dependency;



1 g. other ailments as may be declared by the Board of Trustees

2 SEC. 8. **Accreditation of Health Facilities.** – The Board of Trustees  
3 shall ensure that health facilities shall be available for the Hospital Care Program.  
4 All government health facilities shall participate in the program and in addition,  
5 private health facilities shall be accredited to provide services for the program.

6 SEC. 9. **Enrollment Beneficiaries.** – Every barangay shall enroll their  
7 residents in the Hospital Care Program. The barangay captain shall certify that  
8 the person to be enrolled is a resident of the barangay based on official records  
9 such as the municipal civil registry, community tax certificates and others.

10 The municipal local treasurers in coordination with the barangay  
11 treasurers shall collect the contributions of the residents and remit them to the  
12 provincial or city treasurer.

13 SEC. 10. **The Department of Health.** – The DOH shall maintain its  
14 subsidy for indigent patients who are for confinement in specialty hospitals as  
15 well as the other hospitals under its jurisdiction. Said hospitals shall be covered  
16 by the cost-sharing scheme.

17 SEC. 11. **Separability Clause.** – If any section or provision of this Act is  
18 declared unconstitutional, the rest of the provisions not affected thereby shall  
19 continue to be valid.

20 SEC. 12. **Repealing Clause.** – All laws, as well as pertinent rules and  
21 regulations thereof, which are inconsistent with the provisions of this Code, are  
22 hereby repealed or amended accordingly.

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

Approved,