

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Third Regular Session)



Senate
Office of the Secretary

'15 SEP -8 P1 56

SENATE
S. No. 2944

RECEIVED BY: _____

Introduced by Senator Miriam Defensor Santiago

AN ACT
TO ENHANCE CITIZEN AWARENESS OF INSURANCE INFORMATION AND
SERVICES BY ESTABLISHING STANDARDS IN THE LANGUAGE EMPLOYED
IN INSURANCE DOCUMENTS

EXPLANATORY NOTE

The Constitution, Article 2, Section 15 provides that:

The State shall protect and promote the right to health of the people
and instill health consciousness among them.

A good health care system is anchored on a sound insurance system. Reasonable insurance coverage means less cost for the government in terms of disease prevention and treatment. There are many insurers who afford reasonable coverage at affordable cost to most of our countrymen. However, our country has yet to establish a meaningful insurance system as most expenditures are still paid out of pocket or paid for by the government. In 2007, expenditures on health services were paid for by the government (33%) and out-of-pocket payments (57.00%) and total health expenditure per capita was US\$68. Government funding is a share from general taxation. Several earmarked taxes are also directed to PhilHealth; these include: value added tax, sin tax, stamp tax and excise tax. A small proportion of funding comes from private insurance, HMOs, employment-based plans and private schools. Foreign assisted projects comprise only 1.7% of health finances. ¹

¹ WHO and DOH: Health Service Delivery Profile Philippines 2012. URL
<http://www.wpro.who.int/health_services/service_delivery_profile_philippines.pdf>

The lack of faith in the insurance sector can be attributed to several factors. One is the public's insufficient understanding of the health insurance industry. It can be attributed to the legalese and technical terms employed by the insurance companies in marketing and crafting the health insurance policies leading to failure to communicate the benefits of having health insurance. As a result, the insurance system is generally treated with distrust.

This bill seeks to mandate health insurance providers to use plain language in preparing insurance documents. By doing so, we will be able to democratize the understanding of such documents and thereby establish faith in the health insurance system.²


MIRIAM DEFENSOR SANTIAGO
RP

² This bill was originally filed during the Fourteenth Congress, Third Regular Session.



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

1 SECTION 1. *Short Title.* – This Act shall be known as the “Plain Language in
2 Health Insurance Act.”

3 SECTION 2. *Purpose.* – The purpose of this Act is to improve the effectiveness
4 and accountability of health insurance issuers, health plans, and government health care
5 programs by promoting clear communication that the public can understand and use.

6 SECTION 3. *Definition of Terms.* – For purposes of this Act the term –

7 A. “Covered document” means any publicly distributed document issued by a
8 health insurance issuer, health plan, or government health care program;

9 B. “Plain language” means language that the intended audience can readily
10 understand and use because that language is clear, concise, well organized,
11 and follows other best practices of plain language writing; and

12 C. “Secretary” means the Secretary of Health, unless otherwise indicated.

13 SECTION 4. *Requirement to Use Plain Language in New Documents.* – Not later
14 than one year after the date of effectivity of this Act, all health insurance issuer, health

1 plan provider, and government agencies implementing health care programs shall use
2 plain language in any covered document of the plan issued or substantially revised.

3 SECTION 5. *Guidelines.* – The Secretary of Health, not later than six months after
4 date of effectivity of this Act, shall develop guidelines on implementing the requirements
5 of Section 4 of this Act. The Secretary shall issue such guidelines to health insurance
6 issuers, health plans providers, and government agencies implementing health care
7 programs.

8 SECTION 6. *Corrective Action Plan.* – If the Secretary finds that a health
9 insurance issuer or health plan provider is in violation of Section 4 of this Act, the
10 Secretary shall issue an order requiring the issuer or plan to submit a corrective action
11 plan within 90 days for review and approval by the Secretary.

12 SECTION 7. *Penalties.* – Any health insurance issuer or health plan provider that
13 violates an order under Section 6 or any provision of a corrective action plan approved by
14 the Secretary pursuant to the same shall be liable for a penalty in an amount not to exceed
15 One Hundred Thousand Pesos (₱100,000.00) for each such violation.

16 SECTION 8. *Government Health Care Programs.* – The Secretary, in consultation
17 with other appropriate departments and agencies, shall establish mechanisms to ensure
18 that government health care programs meet the requirements of Section 4.

19 SECTION 9. *Initial Report to Congress.* – Not later than six months after the
20 effectivity date of this Act, the Secretary shall submit to the appropriate committees in
21 the Senate and the House of Representatives a report that describes how the agency
22 intends to meet the following objectives:

23 A. Communicating the requirements of this Act to health insurance issuers, health
24 plans, and government health care programs;

1 B. Training government health care program employees to write in plain
2 language;

3 C. Meeting the requirement under Section 4;

4 D. Ensuring ongoing compliance with the requirements of this Act;

5 E. Enforcing the requirements of this Act pursuant to Section 6; and

6 F. Designating a senior official to be responsible for implementing the
7 requirements of this Act.

8 SECTION 10. *Annual Reports.* – The Secretary shall submit reports on
9 compliance with this Act to the appropriate committees in the Senate and the House of
10 Representatives annually for the first two years after the date of effectivity of this Act;
11 and once every three years thereafter.

12 SECTION 11. *Appropriations.* – The amount necessary for the initial
13 implementation of this Act shall be charged against the appropriations of the Department
14 of Health under the current General Appropriations Act. Thereafter, such sum as may be
15 necessary for its full implementation shall be included in the annual General
16 Appropriations Act as a distinct and separate item.

17 SECTION 12. *Separability Clause.* – If any provision of this Act is held invalid or
18 unconstitutional, the same shall not affect the validity and effectivity of the other
19 provisions hereof.

20 SECTION 13. *Repealing Clause.* – Any law, presidential decree or issuance,
21 executive order, letter of instruction, administrative order, rule or regulation contrary to
22 or is inconsistent with the provision of this Act is hereby repealed, modified, or amended
23 accordingly.

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

Approved,

/apm28August2015