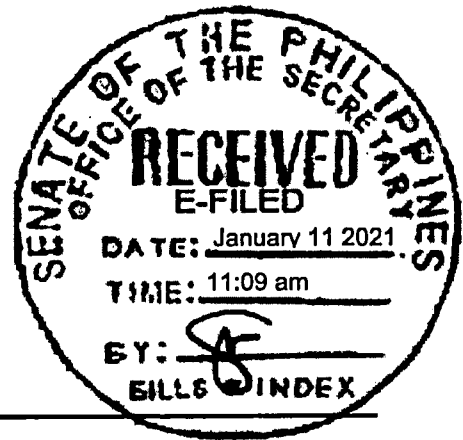


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
S. No. 1977



Introduced by SENATOR LEILA M. DE LIMA

AN ACT
GRANTING THE PRESIDENT OF THE PHILIPPINES THE POWER TO
SUSPEND THE SCHEDULED INCREASES IN PHILHEALTH PREMIUM
CONTRIBUTION RATES, AMENDING FOR THE PURPOSE REPUBLIC
ACT NO. 11223, OTHERWISE KNOWN AS THE UNIVERSAL HEALTH
CARE ACT

EXPLANATORY NOTE

In 2015, the United Nations (UN) marked the Universal Health Coverage day with a strong call on countries to invest substantially towards achieving affordable health care access in order to improve the lives of people, and contribute significantly to the UN Sustainable Development Goals. On that day, then Secretary-General Ban Ki-moon stated that, “[o]ur best defenses against any health emergency are strong and resilient health systems that serve all people without exposing them to financial hardship.”¹ In that event, he highlighted that the 2030 Agenda for Sustainable Development, adopted by world leaders, envisaged universal health coverage and other important measures to ensure that the right to health of all is upheld, and that countries strengthen their response to infectious and non-communicable diseases.

Not only are we mandated under our international obligations to ensure the health of our people and their affordable access to healthcare, our 1987 Constitution, under Article 13, Section 11, mandates the State to adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost.

¹ UN News. (12 December 2015) *UN calls on global community to ensure access to affordable, quality health services for all*. Retrieved 06 January 2021, from <https://news.un.org/en/story/2015/12/517992-un-calls-global-community-ensure-access-affordable-quality-health-services-all>

As complement thereto, the National Health Insurance Program was established in Article III of Republic Act (R.A.) 7875, or the National Health Insurance Act of 1995, as amended by R.A. No. 9241 and R.A. No. 10606, to provide health insurance coverage and ensure access to quality and affordable health care services for all citizens of the Philippines.

In 2019, the landmark legislation providing universal health care for all Filipinos, as enacted in R.A. No. 11223 or the Universal Health Care Act (UHC Act), was coupled with reforms in the health care sector to help ensure access to quality and affordable health care. Under the UHC Act, every Filipino citizen shall be automatically included into the National Health Insurance Program, with membership types simplified into direct and indirect contributors.

Section 10 of the aforementioned law authorizes the Philippine Health Insurance Corporation (PhilHealth) to implement annual increases in the premium rates of direct contributors until 2024 in order to raise revenue for the implementation of the UHC Act. For 2021, the premium rate is scheduled to increase to 3.5 percent of the monthly basic salary, from the 2020 rate of 3 percent.

However, several issues hounded the PhilHealth which put to question their capability in implementing the UHC Act. The recent Senate investigations into the allegations of corruption in PhilHealth revealed that almost 15 billion pesos was lost to corruption in the last few years alone. The PhilHealth likewise owes payables reaching more than a billion pesos to many hospitals and healthcare institutions, including the Philippine Red Cross in spite of infusion of funds from the Bayanihan Law.

This has brought the credibility of PhilHealth to an all-time low, which, in turn, discourages members to actively and regularly pay their membership dues. Unless and until there is a clear showing from PhilHealth that the funds are properly used and the corrupt officials are duly punished, it will always be viewed as a corrupt institution unfit to manage the UHC funds.

The lockdowns and most stringent protocols brought by the COVID-19 pandemic likewise crippled many of our citizens' capacity to pay the premium contribution, much less the scheduled increase for this year. The emergency responses that were put in place, while aimed at keeping our numbers at bay, have

also caused our economy to shrink into record-levels of recession,² which resulted in a further widening of the gap between rich and poor.

Unemployment rate reached a historic high in April at 17.7 percent, translating to 7.3 million unemployed Filipinos.³ While employment levels have since picked up, many are in lower quality jobs compared to pre-COVID times, with most accepting jobs if only to make ends meet, some even driven to self-employment or informal work. Businesses are also struggling, with DTI reporting closures among 26 percent of surveyed businesses during the lockdown.⁴ Given ongoing economic hardships, we can expect a difficulty on the part of PhilHealth members and employers to comply with the increased premium rates this year. Such increases will only further decrease households' disposable incomes and stifle their consumption.

PhilHealth reports that they expect only 10 percent of Individually Paying Program members to pay their premiums for 2021. The projected collection rate for Overseas Filipino Workers is even lower at 4 percent this year. These figures point to the reality that its members are either incapable or unwilling to pay the high premium rates. This representation believes that proceeding with the increase in PhilHealth premium contributions at such an inopportune time imposes as an unjust burden to the Filipino taxpayer.

This bill amends Section 10 of the UHC Act to grant the President the power to suspend or defer the scheduled increases in premium rates provided therein when it is in the interest of the public, such as with the ongoing national emergency. In such instances, the scheduled increase in a certain year will fall to the year following the lifting of the suspension.

These most trying times require from our government and our leaders exceptional efforts and emergency responses that will not only secure the health of the people, but would likewise cushion and mitigate the worst economic shocks of a pandemic of this scale. Universal access to quality and affordable health coverage is fundamental to equipping our people with the capability of withstanding the shocks brought about by unexpected national health emergencies. It does not only epitomize

² ABS-CBN News (10 November 2020) Philippine economy shrinks 11.5 pct in third quarter, but 'worst is over' says NEDA. Retrieved from: <https://news.abs-cbn.com/business/11/10/20/philippine-economy-shrinks-115-pct-in-q3-second-worst-quarterly-contraction-on-record>. Accessed last 6 January 2020

³ Philippine Statistic Authority Employment Situation in April 2020

⁴ Magkilat, B. (16 July 2020) Closure of 26% of PH businesses alarms DTI. Retrieved from: <https://mb.com.ph/2020/07/16/closure-of-26-of-ph-businesses-alarms-dti/>. Accessed last 6 January 2020

a strong focus on equity and social justice, it likewise encourages more to trust the system.

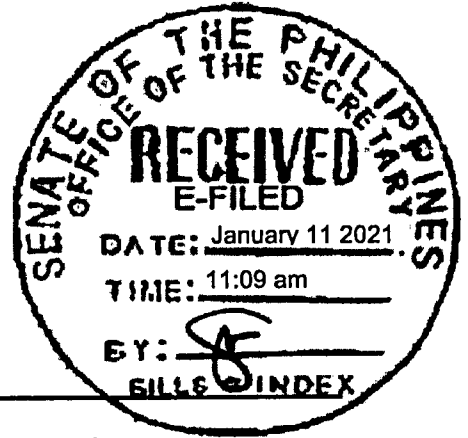
This is the counterpart bill of the HBN 8300 filed by Rep. Quimbo in the House of Representatives.

The expeditious consideration and approval of this measure is earnestly sought.


HEILA M. DE LIMA

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

1 Section 1. *Power to Suspend Premium Rate Increases.* – Section 10 of
2 Republic Act No. 11223, otherwise known as the “Universal Health Care Act”, is
3 hereby amended to read as follows:

4 “SEC. 10. Premium Contributions. – For direct contributors,
5 premium rates shall be in accordance with the following
6 schedule, and monthly floor and ceiling:

7
8 xxx

9 PROVIDED, FURTHER, THAT THE PRESIDENT, IN
10 CONSULTATION WITH THE PHILHEALTH BOARD OF
11 DIRECTORS, MAY SUSPEND THE IMPLEMENTATION OF
12 ANY SCHEDULED INCREASE IN PREMIUM RATES AS
13 PROVIDED IN THIS SECTION WHEN PUBLIC INTEREST
14 SO REQUIRES, SUCH AS, BUT NOT LIMITED TO, TIMES
15 OF NATIONAL EMERGENCIES. SUBSEQUENT

1 **SCHEDULED INCREASES IN CONTRIBUTIONS SHALL**
2 **BE ADJUSTED TO FALL ON THE YEARS FOLLOWING**
3 **THE LIFTING OF THE SUSPENSION.**

4
5 xxx"

6 **Sec. 2. *Repealing Clause.*** – All laws, decrees, letters of instruction, resolutions,
7 orders or parts thereof which are inconsistent with the provisions of this Act are
8 hereby repealed, modified or amended accordingly.

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

Approved,