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REPUBLIC OF THE PHILIPPINES)
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SENATE

S. No. **2350**

Introduced by Senator Manny Villar

EXPLANATORY NOTE

Health research is vital in the improvement of the blueprint and strategies for health interventions, policies and service delivery. It encompasses all different types of research including basic, fundamental, laboratory, biomedical, clinical, applied, epidemiology, psychosocial, population health, health promotion, policy development, health economics, health systems and health delivery systems. Many of the components of a successful research environment include, among others, the need for training, skilled researchers, protection of time, a supportive environment, peer review, dissemination and implementation of research results, effective alliances and partnerships, and, of course, the financial resources to support the activity.

The health research landscape is composed mainly of national agencies such as the Department of Health (DOH) and Department of Science and Technology (DOST), the academe, people's organizations, medical societies and policy-makers. The implementation of researches is accomplished through a health research network composed of public and private research institutions working in unison or independently to respond to the national health needs.

In Republic Act No. 8503, also known as the "Health Research and Development Act of 1998" the National Institutes of Health was established as a center for excellence for health research and development, mandated to (1) promote science and technology research and development in the field of health; (2) promote the development of study groups and research programs; (3) establish mechanism for the dissemination and utilization of research outputs; and (4) ensure that the results of health research and development activities are utilized to improve the health of the people.

Executive order No. 102 mandates the Department of Health to provide assistance to local government units, People's organizations, and other members of the civic society in effectively implementing programs, projects and services that will promote the health and wellbeing of every Filipino, prevent and control diseases among populations at risk, protect individuals, families and communities exposed to hazards and risks that could affect their health, and treat, manage and rehabilitate individuals affected by disease and disability.

By virtue of Executive Order No. 128, the Department of Science and Technology, is mandated to (1) provide central direction, leadership and coordination of scientific and technological efforts; (2) formulate and implement policies, plans, programs and projects for the development of scientific and

technological activities in the public and private, sectors; and (3) ensure that the results of scientific and technological activities are properly applied and utilized to accelerate economic and social development.

In the 1999 Center for Economic Policy Research study on the flow of funds for health research: and development it was reported that the government's budget in 1996 allocated less than 1% for research and development resources, only 17% of which was allotted for health research. Respondents to the survey claimed that a large chunk of health R & D funds came from the private sector (45%) led by private hospitals. However, despite increasing support from the private sector, the total health R & D expenditures are still far below the World Health Organization recommended level of 5% of total health expenditures.

Our country's ability to ensure optimum health for every Filipino hinges on the degree of priority we grant to health research and development (R & D) activities. This bill, therefore, seeks to oblige a number of government institutions to allocate a particular portion of their gross annual revenue or charge additional fees for health research and development activities.



MANNY VILLAR

SENATE
S.No. **2350**



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AN ACT ESTABLISHING A PHILIPPINE NATIONAL HEALTH RESEARCH SYSTEM MANDATING SELECTED GOVERNMENT AGENCIES TO ALLOCATE PERCENTAGES OF THEIR GROSS ANNUAL INCOME OR CHARGE ADDITIONAL FEES FOR HEALTH RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

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

SECTION 1. Short Title. This Act shall be known as the "Philippine National Health Research System Act of 2008."

SECTION 2. Declaration of Policy. It is hereby declared the policy of the State to:

- (A) protect and promote the right of health of the people and instill health consciousness among them; and
- (B) improve the quality of life of every Filipino through health research and development initiatives.

SECTION 3. Definitions. For purposes of this Act, the term:

- (A) "Health" is defined as a state of optimal physical, mental and social well-being and ability to function at the individual level, and not merely the absence of disease or infirmity.
- (B) "Research and development (R & D) for health" is a global term to describe research and development activities undertaken to identify, resolve and prevent health problems and improve well-being. This encompasses all different types of research including basic, fundamental, laboratory, biomedical, clinical, applied, epidemiology, psychosocial, population health, health promotion, policy development, health economics, health systems and health delivery systems.
- (C) "Philippine National Health Research System (PNHRS) is a framework anchored on the principles of Essential National Health Research on inclusiveness, participation, quality, equity, efficiency and effectiveness, for the development of a coherent research agenda which connect to, and converge with, the wider health, economic,

political, educational and science and technology (S & T) systems of the country.

- (D) "Health research agenda" describes the overall directions and the important general principles, issues and priorities which should be addressed in the national plan for health R and D under the National Health Research System. The research will be based on a unified national health research agenda for the local and national levels.
- (E) "Core agencies" refer to the main national health and health related agencies namely: the Department of Health (DOH), the Department of Science and Technology-Philippine Council for Health Research and Development (DOST-PCHRD), the National Institutes of Health (NIH), and the Commission on Higher Education (CHED).
- (F) "Coordinating Agencies" refer to PCHRD-DOST and DOH with PCHRD as lead coordinator and DOH as co-coordinator.
- (G) "Philippine National Health Research Fund (PNHRF)" means any funds made available by appropriations to the partner institutions for attainment of the purposes of the PNHRF.
- (H) "Health research stakeholders" include the national and the local private and public health agencies, policy makers, the academe, medical societies, people's organizations, and others which may have the roles of health researchers, program administrators and beneficiaries.
- (I) "Management of Fund"-involves the generation, allocation and utilization of the Philippine National Health Research Fund, including government and non-government sources both domestic and international sources.

Title I Philippine National Health Research System

SECTION 4. Creation of the Philippine National Health Research System.- The Philippine National Health Research System (PNHRF) is hereby constituted. It shall be made up of all research stakeholders as defined under section 3 (H).

SECTION 5. *Purposes of the PNHRF.* The PNHRF aims to improve the health status, productivity, and the quality of life of Filipinos by:

- (1) producing new knowledge through research;
- (2) developing a national and global network of researchers, research organizations, and other members of the health research community;
- (3) deepening the involvement of stakeholders;
- (4) securing sustainable financing for health research and development;
- (5) building capabilities for health research and development activities;
- (6) encouraging individuals to pursue research as a career;

- (7) inculcating internationally and culturally accepted ethical standards and principles especially in researches involving human subjects and participants;
- (8) ensuring public access to the information and other outputs generated by the health research systems; and
- (9) encouraging the utilization of research results in the form of products, technologies, programs and services.

SECTION 6. Structure and Organization of the PNHRs. The Philippine National Health Research System shall have a Governing Council made up of the following:

- (1) The Secretary of the Department of Science and Technology;
- (2) The Secretary of the Department of Health;
- (3) The Chair of the Commission on Higher Education;
- (4) The Executive Director of the Philippine Council for Health Research and Development;
- (5) The Director of the Health Policy Division and Planning Bureau;
- (6) The Chancellor, UP Manila
- (7) The Executive Director, national Nutrition Council
- (8) The Director, National Institutes of Health
- (9) The Director, Social Services Director-NEDA
- (10) Industry Representative
- (11) NGO Representative
- (12) Representative from Academe
- (13) LGU representative
- (14) The Visayas regional health research system representative;
- (15) The Mindanao regional health research system representative; each of whom shall serve for a term of two years.

SECTION 7. Functions of the Governing Council.

The Governing Council shall:

- (1) set policies and directions for the Philippine National Health Research System.
- (2) periodically review and approve the long-term plans and programs of the Philippine National Health Research System.

- (3) evaluate and approve the National Health Research Agenda that shall be developed and drafted by the Core Agencies.
- (4) identify areas that will serve as the foci of the National Health Research Agenda.
- (5) review grants and/or donations from domestic and international funding agencies. It shall consider the terms of the grants/donations; assess the benefits from the grants/donations; and evaluate the relevance of the grants terms on over-all health research plans and objectives.
- (6) review and approve research projects or programs that have an estimated cost of equal to or more than one (1) million pesos.
- (7) approve investments to be made from the Philippine National Health Research Fund created under Section 9 of this Act, after studying recommendations made by the Investment Advisory Group, established under Section 15.

SECTION 8. Functions of the Advisory Board. A nine member Advisory Board shall provide advice to the PNHRs Governing Council. The Advisory Board composed of individuals with broad knowledge and experience in areas affecting health and health research.

SECTION 9. Functions of the Philippine National Health Research Committees. The PNHRs shall be composed of six (6) committees namely the Committees on Research Management, Capacity Building, Ethics, Structure/Organization, Monitoring and Evaluation, Research Utilization, and Resource Mobilization. The Committees shall:

- (1) provide technical and policy advice in setting health research agenda, formulating policies and addressing matters related to priority setting, proposal review and funding/fund management, and project monitoring and evaluation;
- (2) ensure adherence to universal ethical principles and values on the dignity of health research participants;
- (3) provide technical and policy advice in the development and continuous supply of quality human and institutional resources for health research;
- (4) provide technical and policy advice in the development and continuous supply of quality human and institutional resources for health research;
- (5) provide technical and policy advice to ensure the stewardship and leadership of the PNHRs espoused health research that connects to health needs and outcomes, policy and action;
- (6) provide technical and policy advice to develop and sustain knowledge management systems, communication and advocacy strategies to connect research to health needs and outcomes, policy and action;

- (7) provide technical and policy advice/support to secure sustainable financing, and ensure equity, effective and efficient use of resources for health research and development.

SECTION 10. Roles of the Core Agencies. The Philippine Council on Health Research and Development, the National Institutes of Health, the Department of Health, and CHED shall serve as the core agencies in the implementation of the purposes of this Act:

- (1) The DOST-PCHRD, DOH, NIH and CHED, in accordance with the purposes set in Section 4, shall develop through consultation with stakeholders the research agenda for the Philippine National Health Research System, subject to the Governing Council's approval.
- (2) The DOST-PCHRD shall approve and if necessary partake in specific projects and programs proposed by health research stakeholders defined in Sec. 3 (G), provided the cost of each project or program is estimated below one (1) million pesos and that they are in accordance with the PNHRs research agenda.
- (3) The NIH, CHED and the DOH shall also approve research projects and programs proposed by their internal organizations, provided that the projects/programs are in accordance with the PNHRs research agenda.
- (4) DOST-PCHRD, DOH, NIH, and CHED can utilize the sum allotted for research projects and programs from the Philippine National Health Research Fund stipulated in Title II.
- (5) The four agencies, collectively, shall establish the criteria for stakeholders that can apply for the grants. They shall collectively establish the criteria for the approval of projects and programs. These criteria shall be reflected in the implementing rules and regulation of this Act.

Title II Philippine Health Research Fund

SECTION 11. Creation of the Philippine National Health Research Fund. To pursue the objectives of the PNHRs, a Philippine National Health Research Fund is hereby created.

SECTION 12. Fund Uses. The main objective of this fund is to provide sustained financial support for knowledge management and its translation into efficient and effective health policies and service delivery; a strengthened health care system; and improved health for all Filipinos. It shall ensure that the Government invests in health research as part of its commitment to secure the well-being of its citizens. Specifically, it shall:

- (1) support quality ethical research and the application of ethical principles to health research and development activities;
- (2) create a robust health research environment in the Philippines that will attract, develop and keep excellent researchers and provide them with the opportunity to contribute to the improvement of people's health in the country and the world;

- (3) fulfill an integrated health research agenda across disciplines, sectors and regions that reflects the emerging health needs of Filipinos and the evolution of the health system, and supports health policy decision-making;
- (4) ensure the promotion research undertakings that meet the highest international scientific standards of excellence and ethics and that pertains to all aspects of health, including bio-medical research, clinical research and research on health systems, health services, the health of populations, societal and cultural dimensions of health of populations, societal and cultural dimensions of health and environmental influences on health;
- (5) address emerging health opportunities, threats and challenges (e.g. avian flu, SARS) and accelerate the discovery of cures and treatments and improvements to health care, prevention and wellness strategies;
- (6) promote then dissemination of research-based knowledge, technologies, and innovations and the application of health research to improve the health of Filipinos and, provide support for the participation of Filipino health scientists in international collaboration and partnerships in health research.

SECTION 13. Sources of Fund and Method of Collection.

- (1) The Philippine National Health Research Fund will be sourced out from the following:
 - a. One percent (1%) of the Philippine Health Insurance Corporation gross annual revenue until the PNHRF reaches the sum of 10 billion pesos;
 - b. Five percent (5%) of the National Statistics Office's annual revenue from birth certificate issuances;
 - c. Additional Php50 for driver's license issuance and renewal fees charged by the Land Transportation Office;
 - d. Additional Php100 health research fee charged for license application and renewal of all health professional (i.e. physicians, nurses, dentists, pharmacists, medical technologists, midwives, dieticians, veterinarians, etc.);
 - e. One percent (1%) total revenues generated by the Department of Environment and Natural Resources from the motor vehicle user's charge, and fines and penalties collected under the Clean Air Act and the Clear Water Act;
 - f. Any other appropriations from government when reflected in the General Appropriations Act; and
 - g. Donations and grants from domestic and international sources provided that the receipt thereof does not constitute a breach of Philippine law and recognized international treaties.
- (2) All agencies covered under Section 13 Paragraph 1 are hereby directed to automatically transfer the amount prescribed by this act to the specified account t established by PCHRD as the fund manager. Except

in cases of force majeure and similar circumstances. The transfer must take place during the first quarter of the current fiscal year with the previous fiscal year as basis for determining the contribution to the fund. This does not preclude they fall within the specifications of this act.

- (3) The rates indicated in Section 13 Paragraph 1 shall be reviewed and updated every five years to accommodate altered economic conditions.

SECTION 14. Administration of Fund

- (1) All funds under the management and control of the Governing Council shall be subject to all regulations covering public funds including auditing requirements.
- (2) All official disbursements from the PNHRF shall be managed and administered by PCHRD after the approval made by the Governing Council as the case may be.
- (3) The Governing Council is authorized to use the interest and returns generated by the PNHRF during its first year and 20% of contributions for the succeeding years. The balance from the contributions then reverts to the PNHRF account. This arrangement shall be in force until such time that the PNHRF reaches the ceiling of 10 billion pesos.
- (4) Upon reaching the ceiling of 10 billion pesos, the Governing Council shall manage all contributions as they see fit, provided, that such uses fall within the purposes of this Act.
- (5) Such sum that shall be deposited in the PNHRF account, following the deliberation and concurrence of the Governing Council, can be invested in:
 - a. Interest-bearing bonds, securities, and other evidence of indebtedness of the Republic of the Philippines and other evidences to which full faith and credit and unconditional guarantee of the Republic of the Philippines is pledged.
 - b. In interest-bearing deposits and loans to or securities in any domestic bank doing business in the Philippines: Provided, that in the case of such deposits, this shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller. Provided, further, that said bank shall first have been designated as depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas; and
 - c. In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, that the issuing, assuming, or guaranteeing entity or its predecessor has paid regular dividends upon its preferred or guaranteed stocks for a period of at least three (3) years immediately preceding the date of investment in such preferred or guaranteed stocks. Provided further, that if the stocks are guaranteed the amount of stocks so guaranteed is not excess of fifty percent (50%) of the amount of the preferred common stocks as the case may be of the issuing corporation. Provided furthermore, that if the corporation or institution has not paid dividends upon its preferred stocks, the

corporation or institution has sufficient retained earnings to declare dividends for at least two years on such preferred stocks and in common stocks options. The Board can also invest in common stocks of any solvent corporation or institution created or existing, under Philippine laws, in the stock exchange with proven track record of profitability and payment of dividends over the last three (3) years or in the common stocks of a newly organized corporation about to be listed in the Philippine stock exchange. Provided, finally, that such duly organized corporation shall have been rated "A", double "A's" or triple "A's" by authorized accredited domestic rating agencies or in mutual funds including allied investments.

- (6) All investments made with the sue of the PNHRF shall be fully disclosed to the public.

SECTION 15. Creation of the Investment Advisory Group.

- (1) An Investment Advisory Group is hereby established to make recommendations on matter of investments from the PNHRF. The group shall recommend the method of investment that will yield the highest return for the PNHRF.

- (2) The advisory group shall compose of:

- a. A DOH representative to be appointed by the Health Secretary;
- b. A DOST-PCHR representative to be appointed by the DOST Secretary;
- c. A representative from the NIH to be appointed by the NIH Director.
- d. Two reputable economists or market analysts with extensive knowledge of the financial and stock markets;
- e. A representative from the Bangko Sentral ng Pilipinas.
- f. Two reputable members of the bar;
- g. A representative from the research community.

Title III Transitory Provisions

SECTION 16. Implementing Rules and Regulation. The Coordinating Agencies shall draw up the implementing rules and regulations for this Act within a year after the effectivity of this Act.

SECTION 17. Separability Clause. If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 18. Repealing Clause. Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SECTION 19. Effectivity Clause. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.