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Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

Our country's ability to ensure optimum health for every Filipino hinges on the degree of priority given to health research and development (R & D) activities. Article 11, Section 15 of the 1987 Constitution provides that:

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

Although this right is guaranteed by the 1987 Constitution, access to health care system in the Philippines especially by the poor is still hampered by financial, physical, social and cultural barriers.

To help achieve the country's vision of universal primary health care services, it is not enough to be contented with the present capacity of the country's health care system. It is important to build the country's capability for research and development because these can fuel the necessary innovation that will lead to a responsive and efficient health care system.

To achieve this, the country must provide for a favorable research environment wherein government agencies, non-government organizations, public and private hospitals, academic institutions and private agencies can optimize their research activities. However, a closer scrutiny at the present system would reveal that current researches are uncoordinated, fragmented and duplicated which precludes the optimal use of time, effort and resources.

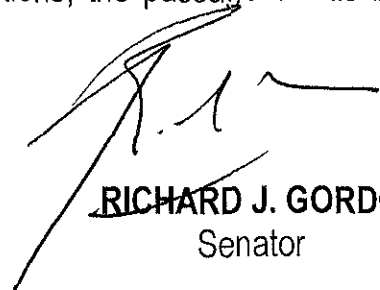
The proposed Philippine National Health Research System bill will address these current problems by institutionalizing the Philippine National Health Research System (PNHRS) and create the Philippine National Health Research Fund (PNHRF).

PNHRS if recognized and institutionalized by statutory mandate shall serve the following functions:

- Produce new knowledge through research;
- Develop a national and global network of researchers, research organizations, and other members of the health research community;
- Secure sustainable financing for health research and development;
- Build capacities for health research and development activities and encourage individuals to pursue research as a career;

- Inculcate internationally and culturally accepted ethical standards and principles especially in researches involving human subjects and participants;
- Deepen the involvement of stakeholders;
- Ensure public access to the information and other outputs generated by the health research systems; and
- Encourage the utilization of research results in the form of products, technologies, programs and services

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. For these considerations, the passage of this bill is earnestly sought.



RICHARD J. GORDON
Senator

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SENATE
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Introduced by **Senator Richard J. Gordon**

AN ACT
INSTITUTIONALIZING THE PHILIPPINE NATIONAL HEALTH RESEARCH SYSTEM,
ESTABLISHING THE PHILIPPINE NATIONAL HEALTH RESEARCH FUND,
PROVIDING FOR ITS ADMINISTRATION AND FOR OTHER PURPOSES

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

Article 1

1
2
3 **SECTION 1. Short Title.** This Act shall be known as the "Philippine National Health
4 Research System Act of 2008."

5 **SEC. 2. Declaration of Policy.** It is hereby declared the policy of the State to:

6 (A) protect and promote the right of health to the people and instill health
7 consciousness among them; and

8 (B) improve the quality of life of every Filipino through health research and
9 development initiatives.

10 **SEC. 3. Definition of Terms.** For purposes of this Act, the term:

11 (A) "Health" is defined as a state of optimal physical, mental and social well-being
12 and ability to function at the individual level.

13 (B) "Research and development (R & D) for health" refers to generation of
14 knowledge to identify and deal with health problems, health system and policies as well as
15 those that impact on health.

16 (C) "Philippine National Health Research System (PNHRS)" is a framework
17 anchored on the principles of Essential National Health Research on inclusiveness,
18 participation, quality, equity, efficiency and effectiveness, which connect to, and converge
19 with, the wider health, economic, political, educational and science and technology (S&T)
20 systems of the country.

21 (D) "National Unified Health Research Agenda" contains the research priorities

1 determined by the country's stakeholders which serve the health needs of the population
2 especially the marginalized, disadvantaged and those with special needs. This agenda is a
3 platform to advocate for local, national, and international support.

4 (E) "Core agencies" refer to the main national health and health related agencies
5 namely: the Department of Health (DOH), the Department of Science and Technology-
6 Philippine Council for Health Research and Development (DOST-PCHRD), University of
7 the Philippines Manila -National Institutes of Health ((UPM-NIH), and the Commission on
8 Higher Education (CHED).

9 (F) "Philippine National Health Research Fund (PNHRF)" refers to a special fund
10 which by legislative action segregates specified revenues for health research purposes.

11 (G) "Health research stakeholders" include the national and the local private and
12 public health agencies, policy makers, the academe, medical societies, people's
13 organizations, and others which may have the roles of health researchers, program
14 administrators and beneficiaries.

15 (H) "Management of Fund" -involves the generation, allocation and utilization, of the
16 PNHRF, including government and non-government sources, and both domestic and
17 international sources.

18 **Article 2**

19 ***The Philippine National Health Research System***

20 **SEC. 4. Creation of the Philippine National Health Research System.** The
21 Philippine National Health Research System (PNHRS) is hereby constituted to improve the
22 health status, productivity, and the quality of life of Filipinos by:

23 (1) Ensuring that health research is linked to the health system needs;

24 (2) Ensuring that investments in health research yield the most benefit;

25 (3) Promoting good governance in research towards high performing and ethical
26 health research organizations;

27 (4) Engaging in national and international partnerships and networks for health
28 research development.

29 **SEC. 5. Composition of the PNHRS.** The PNHRS shall be composed of the
30 Governing Council (GC), Steering Committee, the Technical Working Committees (TWC),
31 the Secretariat, and the whole health research community. The interrelationships among
32 these various components shall be described in the IRR of this Act.

1 **SEC. 6. Creation of the PNHRS Governing Council.** The PNHRS GC, whose
2 functions are enumerated in Section 7 shall be composed of the following:

3 (1) The Secretary of the Department of Science and Technology;

4 (2) The Secretary of the Department of Health or his/her designated permanent
5 representative;

6 (3) The Chair of the Commission on Higher Education;

7 (4) The Chancellor of the University of the Philippines Manila;

8 (5) The National Nutrition Council Director;

9 (6) The PCHRD Director;

10 (7) President of the Philippine Health Insurance Corporation (w);

11 (8) The Director General of the National Economic Development Agency (NEDA)

12 (9) The Professionals Regulation Commission (PRC) Chairperson

13 (10) Representative from the Philippine health industry;

14 (11) Representative from a non-government organization (NGO);

15 (12) Representative from Academe;

16 (13) Representative from League of Governors; and

17 (14) Representative from the Regional Health Research System.

18 Representatives 1-9 shall serve as Ex-Officio Members while those mentioned in
19 numbers 10 to 14 shall be nominated by the core agencies, and appointed by the
20 President of the Philippines for a term of three (3) years; provided however, that for those
21 first appointed representatives from Philippine health industry, NGO network and academe
22 shall serve for three (3) years and those first appointed representatives from the League of
23 Governors and the Regional Health Research Development Committees shall serve for
24 two (2) years. The qualifications of the representatives mentioned in subparagraphs 10-14
25 shall be provided for in the Implementing Rules and Regulations of this Act.

26 Majority of the members of the GC shall constitute a quorum in all meetings.

27 **SEC. 7. Functions of the PNHRS Governing Council.** The PNHRS GC shall:

28 (1) Set policies and directions for the PNHRS;

29 (2) Periodically review and approve the long-term plans and programs of the
30 PNHRS;

31 (3) Evaluate and approve the National Unified Health Research Agenda developed
32 and integrated by the Core Agencies, and identify areas that will serve as the

- 1 foci of the National Health Research Agenda;
- 2 (4) Establish the criteria for stakeholders that can apply for grants for the approval
- 3 of projects and programs;
- 4 (5) Approve investments of the PNHRF created under Section 11 of this Act;
- 5 (6) Review, grants and/or donations to any government agency relative to health
- 6 research from domestic and international funding agencies;
- 7 (7) Review and approve research projects and programs; and
- 8 (8) Create committees as the need arises.

9 **SEC. 8. Creation/Functions of the Steering Committee.** The GC shall create the

10 Steering Committee composed of the six (6) PNHRF Technical Working Committee

11 Chairs. The functions of the Steering Committee are:

- 12 (1) Recommend policies to the Governing Council;
- 13 (2) Perform oversight function on the implementation of PNHRF activities;
- 14 (3) Coordinate activities of the six (6) PNHRF committees, and
- 15 (4) Monitor and report the progress of the committees' programs to the Governing
- 16 Council.

17 **SEC. 9. Creation of PNHRF Committees.** The GC shall create the following

18 Committees composed of representatives from the Core Agencies and various

19 stakeholders:

- 20 (1) Research Management - provide technical and policy advice in setting health
- 21 research agenda, formulating policies and addressing matters related to priority setting,
- 22 proposal review and funding/fund management, and project monitoring and evaluation;
- 23 (2) Ethics - ensure adherence to universal ethical principles and values on the
- 24 dignity of health research participants;
- 25 (3) Capacity Building - provide technical and policy advice in the development and
- 26 continuous supply of quality human and institutional resources for health research:
- 27 (4) Structure, Organization, Monitoring and Evaluation - provide technical and
- 28 policy advice to ensure the stewardship and leadership of the PNHRF espoused health
- 29 research that connects to health needs and outcomes, policy and action;
- 30 (5) Research Utilization - provide technical and policy advice to develop and
- 31 sustain knowledge management systems, communication and advocacy strategies to
- 32 connect research to health needs and outcomes, policy and action;

1 (6) Resource Mobilization - provide technical and policy advice/support to secure
2 sustainable financing, and ensure equity, effective and efficient use of resources for health
3 research and development.

4 The Committees shall develop, implement, and monitor their respective strategic
5 plans.

6 **SEC. 10. The Executive Director and Secretariat.** The PCHR Executive
7 Director shall be the PNHR Executive Director, responsible for, among others, the
8 coordination and oversight functions of the System assisted by the PCHR secretariat.

9 **Article 3**

10 ***The Philippine National Health Research Fund***

11 **SEC. 11. Creation and Nature of the Philippine National Health Research**
12 **Fund.** A Special Research Fund hereinafter called the Philippine National Health
13 Research Fund (PNHRF) is hereby created under the management of the GC through the
14 Secretariat. The PNHRF shall not be used for purposes other than those provided in
15 Section 12 of this Act. Moreover, no portion of the funds of the PNHR or income thereof
16 shall accrue to the General Fund of the national government and its political subdivisions,
17 instrumentalities and other agencies including government-owned and controlled
18 corporations except as may be allowed under this Act.

19 **SEC. 12. Uses of the PNHRF.** The main objective of this fund is to provide
20 sustained financial support for knowledge management and its translation into efficient and
21 effective health- policies and service delivery; a strengthened health care system; and
22 improved health for all Filipinos. It shall ensure that the Government invests in health
23 research as part of its commitment to secure the well-being of its citizens. Specifically, it
24 shall be utilized for any or all of, but not limited to, the following:

- 25 (1) Support quality ethical research and the application of ethical principles to health
26 research and development activities;
- 27 (2) Create a robust health research environment in the Philippines that will attract,
28 develop and keep excellent researchers and provide them with the opportunity to
29 contribute to the improvement of people's health in the country and the world;
- 30 (3) Fulfill an integrated health research agenda across disciplines, sectors and regions
31 that reflect the emerging health needs of Filipinos and the evolution of the health
32 system, and supports' health policy decision-making;

- 1 (4) Ensure the promotion research undertakings that meet the highest international
2 scientific standards of excellence and ethics and that pertain to all aspects of
3 health, including bio-medical research, clinical research and research on health
4 systems, health services, the health of populations, societal and cultural
5 dimensions of health and environmental influences on health;
- 6 (5) Address emerging health opportunities, threats and challenges (e.g. avian flu,
7 SARS) and accelerate the discovery of cures and treatments and improvements to
8 health care, prevention and wellness strategies;
- 9 (6) Promote the dissemination of research-based knowledge, technologies, and
10 innovations and the application of health research to improve the health of Filipinos
11 and,
- 12 (7) Provide support for the participation of Filipino health scientists in international
13 collaboration and partnerships in health research.

14 **SEC. 13. Sources of PNHRF and Method of Collection.**

15 (1) The PNHRF shall be sourced out from the following agencies, but not limited to:

16 a. One percent (1%) of the gross annual revenue collected by the PHIC from
17 premium payments until the PNHRF reaches the sum of 10 Billion pesos;

18 b. Five percent (5%) of the annual revenue collected by the National
19 Statistics Office from birth certificate issuances;

20 c. Fifteen percent (15%) of the total fees collected by the Professional
21 Regulation Commission from the issuance and renewal of licenses of health
22 professionals such as but not limited to physicians, nurses, dentists, pharmacists,
23 medical technologists, midwives, dieticians, and veterinarians;

24 d. Any other appropriations from the General Appropriations Act; and

25 e. Donations and grants from domestic and international sources duly
26 accepted/approved by the GC which do not constitute a breach of the Philippine
27 laws and recognized international treaties.

28 (2) All agencies mentioned in the preceding paragraph are hereby directed to
29 automatically remit semi-annually the amount prescribed by this Act to the specified
30 account established by the GC on or before the 31st day of January and July of each year.
31 This does not preclude the agencies from making advance contributions provided they fall
32 within the specifications of this act.

1 (3) The rates indicated in Paragraph 1 hereof shall be reviewed and updated every
2 five (5) years.

3 **SEC. 14. Management and Allocation of Fund**

4 (1)The GC through the secretariat shall manage the funds in accordance with
5 generally accepted auditing standards;

6 (2) The GC shall allocate two percent (2%) from the fund for research operational
7 expenses.

8 (3) The GC is authorized to invest the PNHRF that was not allocated/obligated
9 during the current year in any of the following:

10 a. Interest-bearing bonds, securities, and other evidence of indebtedness of
11 the Republic of the Philippines and other evidences to which full faith and credit
12 and unconditional guarantee of the Republic of the Philippines are pledged.

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

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

30 The Board can also invest in common stocks of any solvent corporation or
31 institution created or existing, under Philippine laws, in the stock exchange with proven
32 track record of profitability and payment of dividends over the last three (3) years or in the

1 common stocks of a newly organized corporation about to be listed in the Philippine stock
2 exchange. Provided, finally, that such duly organized corporation shall have been rated
3 "A," double "A's" or triple "A's" by authorized accredited domestic rating agencies or in
4 mutual funds including allied investments.

5 (4) The GC shall allocate not less than sixty percent (60%) but not more than
6 seventy five percent (75%) to priority research programs and agenda as defined by the
7 National Unified Health Research Agenda and to UPM-NIH, as lead implementing agency
8 for health research, *not less than twenty five percent (25%) but not more than forty percent*
9 *(40%) of the funds.*

10 (5) The GC, through the Secretariat shall submit periodic reports to agencies
11 mentioned in Section 6 on the use of the PNHRF.

12 **SEC. 15. Creation of the Investment Advisory Group.**

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

16 (2) The advisory group shall be composed of the Representatives of the Core
17 Agencies to be appointed by their respective heads and any three of the following, for a
18 term of three (3) years:

19 a. An economist or market analyst with extensive knowledge of the financial
20 and stock markets;

21 b. A representative from the Bangko Sentral ng Pilipinas (BSP)

22 c. A member from the Philippine Bar;

23 d. A representative from the research community. Provided, that the
24 representative from the BSP shall always be a member of the Advisory Group.

25 **Article 4**

26 *Final Provisions*

27 **SEC. 16. Monitoring, Valuation, Accountabilities, and Annual Report.** Regular
28 monitoring and evaluation mechanism shall be done by the GC through the secretariat to
29 determine the accountabilities of the System to the Contributing Agencies. The
30 specifics/details of monitoring, evaluation, accountabilities and annual reporting shall be
31 provided for in the Implementing Rules and Regulations of this Act.

32 **SEC. 17. Implementing Rules and Regulation.** The Core Agencies shall

1 promulgate the implementing rules and regulations of this Act within a year after the
2 effectivity hereof.

3 **SEC. 18. Separability Clause.** If any provision or part hereof, is held invalid or
4 unconstitutional, the remainder of the law or the provision not otherwise affected shall
5 remain valid and subsisting.

6 **SEC. 19. Repealing Clause.** Any law, presidential decree or issuance, executive
7 order, letter of instruction, administrative order, rule or regulation contrary to or
8 inconsistent with, the provisions of this Act is hereby repealed, modified or amended
9 accordingly.

10 **SEC. 20. Effectivity Clause.** This Act shall take effect fifteen (15) days after its
11 publication in at least two (2) newspapers of general circulation.

12 Approved.