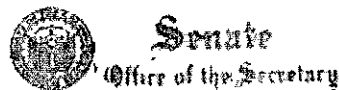


SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

'13 JUL -1 P5:16

S. No. 250

RECEIVED BY: *ja*

Introduced by Senator Ralph G. Recto

Explanatory Note

The PCSO has previously been mired in controversies over the alleged misuse of its Charity Fund - a billion pesos fund utilized to undertake medical and other social welfare program and projects of the PCSO and implemented through the services of Non-Government Organizations (NGOs), the Church and other program partners as conduits of funds for charity projects to the people.

Given the discretionary nature of the Charity Fund and the lack of clear accountability provided in the PCSO charter, the disbursement of Charity Fund has not been in accordance with specific standards and is only subject to the approval of the PCSO board.

Furthermore, the public is left in the dark as to the magnitude and allocation of the PCSO Charity Fund. There is no transparency in the use of the fund because it does not go through the usual budget scrutiny as it is considered an off-budget item and, therefore, not discussed in the congressional public hearings on the General Appropriations Bill.

For as long as we leave the disbursement of the Charity Fund in the hands of the PCSO board, allegations of abuse in its utilization will continue to be a thorny problem for the institution.

This bill intends to amend the charter of the PCSO. The Charity Fund which constitutes 30% of the net receipts of the PCSO, under the bill, shall be used for the following: Universal coverage of the National Health Insurance Program (NHIP) under the Philippine Health Insurance Corporation (Philhealth) and repair, maintenance and improvement of facilities and upgrading of services of each of the 618 district hospitals and 16 regional hospitals nationwide.

The equivalent amount shall be included in the General Appropriations Act (GAA) as a Special Purpose Fund to be directly released by the Department of Budget and Management (DBM) to Philhealth and each of the district and regional hospitals in the country. Thus, "*What you see is what you get*" as reflected in the GAA and no more "*pork barrel*" for the PCSO board.

The provision of PCSO funds for the NHIP will help in meeting and sustaining the goal of universal healthcare coverage for every Filipino, especially the marginalized ones. This will provide all Filipinos, including the poorest of the poor, the access to needed healthcare services without out of the pocket spending on their end. In like manner, the provision of PCSO funds for the repair, maintenance and improvement of facilities and upgrading of services of all district and regional hospitals will enable all district and regional hospitals in the country to deliver better medical and health care services to the public. As such, people in the provinces will no longer need to travel to the cities for emergency and specialized medical procedures, thus, saving more lives and resources.

In view of the foregoing, the approval of the bill is earnestly sought.


RALPH G. RECTO



13 JUL -1 35:16

SENATE

S. No. 250

RECEIVED BY: *ja*

Introduced by Senator Ralph G. Recto.

AN ACT
MODERNIZING HEALTHCARE AND HEALTH INFRASTRUCTURE BY
EARMARKING THE ENTIRE PHILIPPINE CHARITY SWEEPSTAKES OFFICE
CHARITY FUND FOR SUCH PURPOSE, THEREBY AMENDING REPUBLIC ACT
NO. 1169, AS AMENDED BY BATAS PAMBANSA BLG. 42

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

1 **SECTION 1.** Section 1 of Republic Act No. 1169, as amended by Batas Pambansa Blg.
2 42 is hereby further amended to read as follows:

3 "SECTION 1. *The Philippine Charity Sweepstakes Office (PCSO).* -- The
4 Philippine Charity Sweepstakes Office, [hereinafter designated the Office.] shall [be
5 the principal government agency for raising] **RAISE** and [providing] **PROVIDE** [for]
6 funds for **THE UNIVERSAL COVERAGE OF THE NATIONAL HEALTH**
7 **INSURANCE PROGRAM (NHIP), AND THE REPAIR, MAINTENANCE AND**
8 **IMPROVEMENT OF FACILITIES AND UPGRADING OF SERVICES OF**
9 **EACH OF THE SIX HUNDRED EIGHTEEN (618) DISTRICT HOSPITALS**
10 **AND SIXTEEN (16) REGIONAL HOSPITALS NATIONWIDE,** [health
11 programs, medical assistance and services] and charities of national character, and as
12 such shall have the general powers conferred in [section thirteen of Act Numbered
13 One thousand four hundred fifty-nine] **SECTION 13 OF ACT NUMBERED 1469,**
14 as amended, and shall have the authority:"

15 "A. To hold and conduct charity sweepstakes races, lotteries, and other similar
16 activities, in such frequency and manner, as shall be determined, and subject to such
17 rules and regulations as shall be promulgated by the Board of Directors."

18 ["B. Subject to the approval of the Minister of Human Settlements, to engage in health
19 and welfare-related investments, programs, projects and activities which may be
20 profit-oriented, by itself or in collaboration, association or joint venture with any
21 person, association, company or entity, whether domestic or foreign, except for the

1 activities mentioned in the preceding paragraph (A), for the purpose of providing for
2 permanent and continuing sources of funds for health programs, including the
3 expansion of existing ones, medical assistance and services, and/or charitable grants:
4 Provided, That such investments will not compete with the private sector in areas
5 where investments are adequate, as may be determined by the National Economic and
6 Development Authority."]

7 "[C]B. To undertake any other activity that will enhance its funds generation
8 operations and funds management capabilities[, subject to the same limitations
9 provided for in the preceding paragraph]."

10 "It shall have, a Board of Directors, hereinafter designated the Board, composed of
11 five members who shall be appointed, and whose compensation and term of office
12 shall be fixed, by the President [(Prime Minister)]."

13 **Sec. 2.** Section 6 of Republic Act No. 1169, as amended by Batas Pambansa Blg. 42 is
14 hereby further amended to read as follows:

15 *"Sec. 6 Allocation of Net Receipts.* – From the gross receipts from the sale of
16 [sweepstakes] tickets, whether for sweepstakes races, lotteries, or other similar
17 activities, shall be deducted the printing cost of such tickets, which in no case shall
18 exceed two percent (2%) of such gross receipts to arrive at the net receipts. The net
19 receipts shall be allocated as follows:"

20 "A. Fifty-five percent (55%) shall be set aside as a prize fund for the payment of
21 prizes, including those for the owners, jockeys of running horses, and sellers of
22 winning tickets."

23 "Prizes not claimed by the public within one year from date of draw shall be
24 considered forfeited, and shall form part of the charity fund for disposition as stated
25 below."

26 "B. Thirty percent (30%), **AS CHARITY FUND** shall be set aside **TO FUND THE**
27 **UNIVERSAL COVERAGE OF THE NATIONAL HEALTH INSURANCE**
28 **PROGRAM (NHIP) UNDER THE PHILIPPINE HEALTH INSURANCE**
29 **CORPORATION (PHILHEALTH), AND THE REPAIR, MAINTENANCE**
30 **AND IMPROVEMENT OF FACILITIES AND UPGRADING OF SERVICES**
31 **OF THE SIX HUNDRED EIGHTEEN (618) DISTRICT HOSPITALS AND**
32 **SIXTEEN (16) REGIONAL HOSPITALS NATIONWIDE: PROVIDED, THAT**
33 **THE EQUIVALENT AMOUNT SHALL BE INCLUDED IN THE GENERAL**

1 **APPROPRIATIONS ACT (GAA) AS A SPECIAL PURPOSE FUND:**
2 **PROVIDED, FURTHER, THAT FUNDS FOR THE NHIP SHALL NOT BE**
3 **USED FOR PERSONNEL SERVICES, AS WELL AS TRAVEL,**
4 **TRANSPORTATION OR REPRESENTATION EXPENSES, OR PURCHASE**
5 **OF MOTOR VEHICLES: PROVIDED, EVEN FURTHER, THAT FUNDS**
6 **FOR THE REPAIR, MAINTENANCE AND IMPROVEMENT OF**
7 **FACILITIES AND UPGRADING OF SERVICES SHALL BE DIRECTLY**
8 **RELEASED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT**
9 **(DBM) TO EACH OF THE DISTRICT AND REGIONAL HOSPITALS**
10 **NATIONWIDE** [as contributions to the charity fund from which the Board of
11 Directors, in consultation with the Ministry of Human Settlements on identified
12 priority programs, needs and requirements in specific communities and with the
13 approval of the Office of the President (Prime Minister), shall make payments or
14 grants for health programs, including the expansion of existing ones, medical
15 assistance and services and/or charities of national character, such as the Philippine
16 National Red Cross, under such policies and subject to such rules and regulations as
17 the Board may from time to time establish and promulgate. The Board may apply
18 part of the contributions to the charity fund to approved investments of the Office
19 pursuant to Section 1 (B) hereof, but in no case shall such application to investments
20 exceed ten percent (10%) of the net receipts from the sale of sweepstakes tickets in
21 any given year]."

22 "Any property acquired by an institution or organization with funds given to it under
23 this Act shall not be sold or otherwise disposed of without the approval of the Office
24 of the President [(Prime Minister)], and that in the event of its dissolution all such
25 property shall be transferred to and shall automatically become the property of the
26 Philippine Government."

27 "C. Fifteen (15%) percent shall be set aside as contributions to the operating
28 expenses and capital expenditures of the Office.

29 "D. All balances of any funds in the Philippine Charity Sweepstakes Office shall
30 revert to and form part of the charity fund provided for in paragraph (B) **HEREOF**[,
31 and shall be subject to disposition as above stated]."

32 "The disbursements of the allocation herein authorized shall be subject to the usual
33 auditing rules and regulations."

1 **Sec. 3. *Implementing Rules and Regulations.*** – Within sixty (60) days upon effectivity of
2 this Act, the PCSO, the Philhealth, the Department of Health (DOH) and the Department of
3 Budget and Management (DBM) shall provide the necessary rules and regulations for the proper
4 disposition of the said funds and the effective implementation of this Act.

5 **Sec. 4. *Separability Clause.*** – If any provision of this Act is subsequently declared
6 unconstitutional, the validity of the remaining provisions hereof shall remain in full force and
7 effect.

8 **Sec. 5. *Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations and
9 other issuances or parts thereof which are inconsistent with this Act are hereby repealed or
10 modified accordingly.

11 **Sec. 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the
12 Official Gazette or in any two (2) newspapers of general circulation.

Approved,