



13 JUL -8 P2:50

SENATE

S. No. 620

RECEIVED BY: *[Signature]*

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 National Health Insurance Program administered by the PhilHealth. The existing revenue share of the local government units and other government agencies in the PCSO charity fund shall be respected nevertheless.

The equivalent amount shall be included in the General Appropriations Act (GAA) as a Special Purpose Fund for the counterpart shares of the national and local government in the National Health Insurance Program under the PhilHealth. Thus, "*What you see is what you get*" as reflected in the GAA and no more "*pork barrel*" for the PCSO board.

Hence, instead of the PCSO funneling the funds to its various government hospital beneficiaries, PCSO's Charity Fund would now be directly infused to PhilHealth that will allow indigents to seek treatment in government and private hospitals as well.

Given such set-up, indigents no longer need to suffer the long queues of patients in the PCSO for financial assistance before they can line up in the hospitals for the medical services. Instead, they can go directly to any hospital accredited by the PhilHealth to avail the needed hospital services.

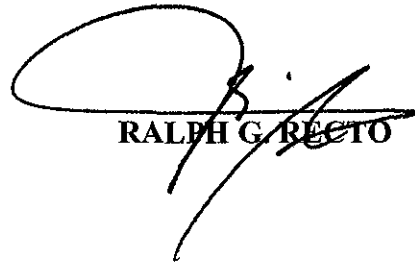
The provision of funds for PhilHealth will hasten the achievement of universal health care coverage and will mean health insurance coverage for the poorest of the poor who are the usual players of the PCSO's Lotto and Sweepstakes.

This is also in line with the Aquino Administration Health Agenda which seeks to attain Universal Health Care by giving all Filipinos especially the poor and marginalized access to needed health care services without having to use personal money by enrolling them in PhilHealth and enhancing the benefit package that it offers.

With PCSO funds used to finance the National Health Insurance Program, there will be easing of pressure to raise new taxes to cover increasing requirements of the program. And, instead of PhilHealth members having to pay increased contributions to pay for enhanced benefits, the PhilHealth with additional funding from PCSO will now finance the additional cost of improved health services.

The full implementation of universal coverage will increase health expenditures of the PhilHealth and will reduce out-of-pocket expenditures which have dire implications to the people particularly the poor. This will result in freeing scarce household funds that can now be used for other basic expenses like education and food. The availability of insurance can also shield the people from distress having to face unexpected hospital expenses.

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



RALPH G. RECTO

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SENATE

S. No. 620

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AN ACT
AUGMENTING THE PHILHEALTH FUND FOR UNIVERSAL HEALTH CARE
COVERAGE BY EARMARKING THE 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 NATIONAL HEALTH INSURANCE PROGRAM (NHIP)** [health
7 programs, medical assistance and services] and charities of national character, and as
8 such shall have the general powers conferred in [section thirteen of Act Numbered
9 One thousand four hundred fifty-nine] **SECTION 13 OF ACT NUMBERED 1469,**
10 as amended, and shall have the authority:"

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

14 ["B. Subject to the approval of the Minister of Human Settlements, to engage in health
15 and welfare-related investments, programs, projects and activities which may be
16 profit-oriented, by itself or in collaboration, association or joint venture with any
17 person, association, company or entity, whether domestic or foreign, except for the
18 activities mentioned in the preceding paragraph (A), for the purpose of providing for
19 permanent and continuing sources of funds for health programs, including the
20 expansion of existing ones, medical assistance and services, and/or charitable grants:

1 Provided, That such investments will not compete with the private sector in areas
2 where investments are adequate, as may be determined by the National Economic and
3 Development Authority."]

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

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

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

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

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

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

23 "B. Thirty percent (30%), **AS CHARITY FUND, WHICH** shall be set aside as
24 contributions to the **NHIP, CREATED UNDER REPUBLIC ACT NO. 7875, AS**
25 **AMENDED, AND ADMINISTERED BY THE PHILIPPINE HEALTH**
26 **INSURANCE CORPORATION (PHILHEALTH) FOR THE EXCLUSIVE**
27 **PURPOSE OF UNIVERSAL HEALTH CARE COVERAGE: PROVIDED,**
28 **THAT THE EQUIVALENT AMOUNT SHALL BE INCLUDED IN THE**
29 **GENERAL APPROPRIATIONS ACT (GAA) AS A SPECIAL PURPOSE**
30 **FUND FOR THE COUNTERPART SHARES OF THE NATIONAL AND**
31 **LOCAL GOVERNMENT IN THE NHIP UNDER THE PHILHEALTH:**
32 **PROVIDED, FURTHER, THAT THE EXISTING REVENUE SHARE OF**

1 **LOCAL GOVERNMENT UNITS AND OTHER GOVERNMENT**
2 **AGENCIES, AS PROVIDED FOR BY EXISTING LAWS, SHALL BE**
3 **RETAINED** [charity fund from which the Board of Directors, in consultation with
4 the Ministry of Human Settlements on identified priority programs, needs and
5 requirements in specific communities and with the approval of the Office of the
6 President (Prime Minister), shall make payments or grants for health programs,
7 including the expansion of existing ones, medical assistance and services and/or
8 charities of national character, such as the Philippine National Red Cross, under such
9 policies and subject to such rules and regulations as the Board may from time to time
10 establish and promulgate. The Board may apply part of the contributions to the
11 charity fund to approved investments of the Office pursuant to Section 1 (B) hereof,
12 but in no case shall such application to investments exceed ten percent (10%) of the
13 net receipts from the sale of sweepstakes tickets in any given year]."

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

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

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

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

26 **Sec. 3. *Implementing Rules and Regulations.*** – Within sixty (60) days upon effectivity of
27 this Act, the PCSO, the PhilHealth and the Department of Budget and Management (DBM) shall
28 provide the necessary rules and regulations for the proper disposition of the said funds and the
29 effective implementation of this Act.

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

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

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

Approved,