



HOUSE OF REPRESENTATIVES

H. No. 5784

BY REPRESENTATIVES TAN (A.), ROQUE (H.), SANTOS-RECTO, SALO, ALVAREZ (P.), FARIÑAS, SUAREZ, ABU, ARENAS, ESCUDERO, DELOSO-MONTALLA, RAMIREZ-SATO, SUANSING (E.), NOEL, - LEE, SAVELLANO, ONG (E.), AUMENTADO, CALDERON, CORTES, ABELLANOSA, MARCOLETA, BELARO, LOPEZ (B.), HOFER, SAGARBARRIA, LOBREGAT, BAUTISTA-BANDIGAN, UY (J.), ACOSTA-ALBA, VILLANUEVA, VILLARICA, ROBES, MACEDA, CERAIFICA, LOPEZ (C.), OLIVAREZ, NIETO, VERGARA, AGGABAO, VIOLAGO, GO (M.), BANAL, ACOSTA, VELASCO, VELARDE, LAOGAN, SAMBAR, CAYETANO, DEL MAR, ROQUE (R.), ZUBIRI, BELMONTE (J.C.), CORTUNA, CHAVEZ, ARCILLAS, CAMPOS, VILLARAZA-SUAREZ, DEL ROSARIO, EUSEBIO, DE VERA, BERTIZ, SALON, TEVES, MARQUEZ, CUEVA, GASATAYA, PADUANO, FERRER (J.), TUPAS, BRAVO (A.), BOLILIA, MARIÑO, BATAOIL, TY, ROCAMORA, GARCIA (G.), GONZALES (A.P.), ORTEGA (V.N.), DEFENSOR, TAMBUNTING, PIMENTEL, PINEDA, MARTINEZ, BONDOC, BATOCABE, CALIXTO-RUBIANO, MALAPITAN, LEACHON, LACSON, VILLARIN, HERRERA-DY, VELASCO-CATERA, CANAMA, GARBIN, PRIMICIAS-AGABAS, NOGRALES (K.A.), LANETE, GO (A.C.), VILLAFUERTE, AMATONG, BIAZON, SARMIENTO (E.M.), TEJADA, QUIMBO, BULUT-BEGTANG, BORDADO, BELMONTE (R.), DALIPE, EVARDONE, LOPEZ (M.L.), ONG (H.), BRAVO (M.V.), GONZALES (A.D.), YAP (V.) AND SUANSING (H.), PER COMMITTEE REPORT NO. 273

AN ACT PROVIDING FOR A UNIVERSAL HEALTH COVERAGE FOR
FILIPINOS AND APPROPRIATING FUNDS THEREFOR

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

1 CHAPTER I

2 GENERAL PROVISIONS

3 SECTION 1. *Short Title.* – This Act shall be known as the “Universal
4 Health Coverage Act”.

5 SEC. 2. *Declaration of Principles and Policies.* – It is the declared
6 policy of the State to protect and promote the right to health of every
7 Filipino and instill health consciousness among them. Towards this end, the
8 State shall adopt an integrated and comprehensive approach to health
9 development and endeavor to provide every Filipino healthy living conditions
10 and access to needed cost-effective and quality promotive, preventive,
11 curative, rehabilitative and palliative health services, without suffering
12 financial hardship when obtaining them.

13 The State shall likewise adopt a whole-of-system, whole-of
14 -government and whole-of-society approach, which considers and embraces
15 all sectors and relevant stakeholders in planning, implementing, monitoring,
16 and evaluating all health-related policies, programs and actions for the
17 universal health coverage of every Filipino.

18 Pursuant to these policies, the State shall adopt the following
19 principles:

20 (a) *Accountability* – To hold health care providers and other relevant
21 actors and stakeholders responsible for their intended roles and functions
22 under this Act;

23 (b) *Compulsory Coverage* – To require all citizens of the Philippines
24 to enroll in the National Health Security Program, formerly called the
25 National Health Insurance Program and renamed as such under Chapter III,
26 Section 13 of this Act, and those classified as contributory members to
27 contribute thereto;

28 (c) *Equality* – To provide for uniform entitlement for all citizens;

29 (d) *Equity* – To address unjust social and economic arrangements;

1 (e) *Fidelity to Fiduciary Responsibility* – To provide effective
2 stewardship, funds management, maintenance of reserves, and incorporate
3 features of cost containment in the design of the National Health Security
4 Program and a viable means of affording financial risk protection;

5 (f) *Inclusivity through Public Participation* – To ensure rightful
6 consultation with local government units (LGUs), communities, and other key
7 stakeholders, subject to the overall policy directions set by the national
8 government;

9 (g) *Prioritization of Health Services in the Allocation of National*
10 *Resources* – To provide adequate funds to health programs thereby
11 underscoring the importance of giving priority to health as a strategy to bring
12 about faster economic development and to improve the quality of life of the
13 citizenry;

14 (h) *Responsiveness* – To ensure that the legitimate expectation of the
15 population on health services at various stages of their lives as well as the
16 non-health enhancing aspects of the health system are met;

17 (i) *Sensitivity to the Social Determinants of Health* – To encompass
18 complex, integrated, and overlapping social structures and economic systems
19 that include the social environment, physical environment and health services,
20 which are structural and social factors that are responsible for most of the
21 health inequities;

22 (j) *Social Solidarity* – To highlight risk sharing among income
23 groups, age groups, and persons of differing health status, and residing in
24 different geographic areas;

25 (k) *The Value of Informed Choice* – To periodically apprise all
26 Filipinos, through the use of appropriate local language, their full range of
27 entitlements in order to empower them in seeking the health services they want
28 and need;

1 (l) *Universality* – To provide all citizens with the mechanism to
2 gain access to health services, in combination with other government health
3 programs; and

4 (m) *Value-based Health Care and Purchasing* – To maximize value
5 for patients at the lowest possible cost, by ensuring that payments and
6 incentives are tied to quality, efficiency, effectiveness, and innovation in the
7 delivery of health services.

8 SEC. 3. *General Objectives.* – This Act seeks to:

9 (a) Realize universal health coverage in the country through systematic
10 and systemic approaches, complemented by clear delineation of roles and
11 functions;

12 (b) Ensure strategic supply side investments to guarantee availability
13 and responsiveness of necessary commodities, equipment, and other such
14 resources;

15 (c) Enhance and rename the National Health Insurance Program
16 (NHIP) established under Republic Act No. 7875, as amended, otherwise
17 known as the “National Health Insurance Act of 2013” into the National
18 Health Security Program, as a mechanism for citizens to gain financial
19 access to health services; and

20 (d) Strengthen and rename the Philippine Health Insurance
21 Corporation established under Republic Act No. 7875, as amended, into the
22 Philippine Health Security Corporation, which shall administer the National
23 Health Security Program at the national and local levels.

24 SEC. 4. *Definition of Terms.* – As used in this Act:

25 (a) *Abuse of authority* refers to an act of a person performing a duty
26 or function authorized by this Act or its implementing rules and regulations
27 which is beyond such authority and is inimical to the public;

28 (b) *Beneficiary* refers to any person entitled to health insurance
29 benefits under this Act;

1 (c) *Capitation* refers to a payment mechanism where a set amount for
2 each enrolled person, family, household, or group, is paid to health care
3 providers per period of time, regardless of whether that person, family,
4 household, or group seeks care;

5 (d) *Case-based or bundled payment* refers to a payment mechanism
6 that reimburses health care providers on the basis of expected costs for
7 clinically defined episodes of care;

8 (e) *Contribution* refers to the amount paid by or in behalf of a member
9 to the National Health Security Program in order to enjoy coverage thereof,
10 based on salaries or wages, and on household earnings and assets in the case of
11 contributory group, or on other criteria as may be defined by the Philippine
12 Health Security Corporation in accordance with the guiding principles set forth
13 in this Act;

14 (f) *Co-payment* refers to a payment made by a member or beneficiary
15 as a fixed amount, with the remaining cost of health services covered for by
16 the insurer;

17 (g) *Coinsurance* refers to the portion of the reimbursement fixed by the
18 National Health Security Program to be paid by the member or beneficiary
19 from the total cost of health services with the remaining balance covered by
20 the Philippine Health Security Corporation;

21 (h) *Dependents* refer to the following:

22 (1) The legitimate spouse who is not a member;

23 (2) Unmarried and unemployed legitimate, legitimated, illegitimate,
24 acknowledged children as appearing in the birth certificate; legally adopted or
25 stepchildren below twenty-one (21) years of age;

26 (3) Children who are twenty-one (21) years old or above but suffering
27 from congenital disability, either physical or mental, or any disability acquired
28 that renders them totally dependent on the member for support;

1 (4) Parents of members who are sixty (60) years old or above whose
2 monthly income is below an amount to be determined by the Philippine Health
3 Security Corporation in accordance with the guiding principles set forth in this
4 Act; and

5 (5) Parents of members with permanent disability that render them
6 totally dependent on the member for subsistence;

7 (i) *Drug* refers to a chemical substance used in the treatment, cure,
8 prevention, or diagnosis of disease, or used to otherwise enhance physical
9 or mental well-being, which has been approved by the Food and Drug
10 Administration (FDA) and can be dispensed only pursuant to a prescription
11 order from a physician who is duly licensed to do so;

12 (j) *Emergency* refers to an unforeseen combination of circumstances
13 which calls for immediate action to preserve the life of a person, or to preserve
14 the sight of one or both eyes; the hearing of one or both ears; or one (1) or two
15 (2) limbs at or above the ankle or wrist;

16 (k) *Employee* refers to any person who performs services for an
17 employer in which either or both mental and physical efforts are used and who
18 receives compensation for such services, where there is an employer-employee
19 relationship;

20 (l) *Employer* refers to a natural or juridical person who employs the
21 services of an employee;

22 (m) *Entitlement* refers to any singular or lot of health services
23 provided to members or beneficiaries of the Program for the purpose of
24 improving health;

25 (n) *Fee-for-service* refers to a health care payment system in which
26 health care providers receive a payment for each unit of service performed,
27 and fees are guided by a fixed schedule;

1 (o) *Fraudulent act* refers to any act or omission that is deceptive or
2 causes another to act on any misrepresentation resulting in loss, damage, and
3 injury, whether or not the deceiver profits or is enriched;

4 (p) *Geocodes* refer to geographic coordinates or any form of spatial
5 representation of a locational reference, unique to one specific site, position, or
6 facility;

7 (q) *Global budget* refers to a provider payment mechanism where
8 health care providers receive a fixed amount for a specified period to cover
9 aggregate expenditures to provide an agreed upon set of services; budget is
10 flexible and not tied to line items;

11 (r) *Health care provider* refers to any of the following:

12 (1) A health facility, which may be public or private, devoted primarily
13 to the provision of services for health promotion, prevention, diagnosis,
14 treatment, rehabilitation and palliation of individuals suffering from illness,
15 disease, injury, disability, or deformity, or in need of obstetrical or other
16 medical and nursing care, and which is recognized by the Department of
17 Health (DOH);

18 (2) A health care professional, who is a doctor of medicine, nurse,
19 midwife, dentist, or other health care professional or practitioner duly licensed
20 to practice in the Philippines;

21 (3) A health maintenance organization, which is an entity that
22 provides, offers, or arranges for coverage of designated health services for its
23 plan holders or members for a fixed prepaid premium;

24 (4) A community-based health care organization, which is an
25 association of indigenous members of the community organized for the
26 purpose of improving the health status of that community through preventive,
27 promotive and curative health services;

1 (5) Pharmacies or drug outlets, laboratory and diagnostic clinics, and
2 manufacturers, distributors and suppliers of pharmaceuticals, medical
3 equipment and supplies; or

4 (6) Any other entity or organization recognized and contracted by the
5 Philippine Health Security Corporation;

6 (s) *Health insurance identification (ID) card* refers to the official
7 identification card issued by the Philippine Health Security Corporation to
8 members and dependents to serve as the instrument for proper identification,
9 eligibility verification, and utilization recording;

10 (t) *Health intervention* refers to all health services aimed at
11 promotional, preventive, and curative care, diagnosis, rehabilitation and
12 palliation towards achievement of optimal health outcomes. It can be
13 population-based or individual-based, depending on the recipient. It can
14 be primary, or secondary, or tertiary level health care. It can be delivered
15 face-to-face or remotely, through telecommunications and information
16 technology. It includes drugs, vaccine, clinical equipment and devices,
17 medical and surgical procedure, preventive and promotive health services and
18 traditional medicine;

19 (u) *Health system* refers to all organizations, people and actions the
20 primary intent of which is to promote, restore or maintain health;

21 (v) *Health technology assessment* refers to a multidisciplinary process
22 which uses a systematic evaluation of properties, effects, and impacts of health
23 technology to evaluate the health, social, economic, organizational and ethical
24 implications of the use of new and existing health technologies;

25 (w) *Indigent* refers to a Filipino citizen whose income falls below the
26 poverty threshold as defined by the National Economic and Development
27 Authority (NEDA) or one who cannot afford in a sustained manner to provide
28 their minimum basic needs of food, health, education, housing, or other
29 amenities of life;

1 (x) *Individual-based interventions* refer to those health services that
2 can be definitively traced back to a singular person such as medicines,
3 vaccines, outpatient visit and inpatient admission;

4 (y) *Inpatient services* refer to health interventions delivered requiring
5 admission or an overnight stay in a health facility;

6 (z) *Member* refers to any person who either belongs to the contributory
7 group or noncontributory group and whose premium contributions have been
8 regularly paid to the National Health Security Program;

9 (aa) *Migrant workers* refer to documented or undocumented Filipinos
10 who are engaged in a remunerated activity in another country of which they
11 are not citizens;

12 (bb) *Negative list* refers to an explicit list of diseases, services,
13 technologies, or interventions to be excluded for coverage under the National
14 Health Security Program;

15 (cc) *Outpatient services* refer to health interventions delivered without
16 requiring admission or overnight stay in the health facility;

17 (dd) *Philippine National Formulary* refers to the essential drugs list of
18 the Philippines which is prepared by the National Drug Committee of the
19 DOH in consultation with experts and specialists from organized professional
20 medical societies, medical academe and the pharmaceutical industry, and
21 which is updated every year;

22 (ce) *Population-based interventions* refer to those health services that
23 cannot be specifically traced back to a singular person or beneficiary such as
24 water and sanitation, information and education campaigns;

25 (ff) *Positive list* refers to an explicit list of diseases, services,
26 technologies, or interventions to be covered by the National Health Security
27 Program;

1 (gg) *Portability* refers to the enablement of a member to avail of the
2 benefits of the National Health Security Program in an area outside the
3 jurisdiction of the member's Local Health Security Office;

4 (hh) *Primary care* refers to first-contact, accessible, continued,
5 comprehensive and coordinated care that is accessible at the time of need,
6 focuses on the long-term health of a person rather than the short duration of
7 the disease, includes a range of services appropriate to the common problems
8 in the respective population, and acts to coordinate with other specialists that
9 the patient may need;

10 (ii) *Primary health care* refers to essential health care based on
11 practical, scientifically-sound and socially-acceptable methods and technology
12 made universally-accessible to individuals and families in the community
13 through their full participation and at an affordable cost, which they can
14 maintain at every stage of their development in the exercise of their power
15 of self-determination and their abilities to pursue self-reliance;

16 (jj) *Professional practitioners* refer to doctors, lawyers, certified
17 public accountants, and other practitioners required to pass government
18 licensure examinations in order to practice their professions;

19 (kk) *Program benefits* refer to health interventions that the National
20 Health Security Program guarantees for its members and dependents;

21 (ll) *Quality assurance* refers to a formal set of activities to review and
22 ensure the quality of services provided and includes quality assessment and
23 corrective actions to remedy any deficiency identified in the quality of direct
24 patient, administrative, and support services;

25 (mm) *Self-employed* refers to a person who is both employee and
26 employer at the same time;

27 (nn) *Service delivery network* refers to a group of public and private
28 health facilities duly registered with the Securities and Exchange Commission
29 encompassing primary care to higher level facilities;

1 (oo) *Telemedicine* refers to the remote diagnosis and treatment of
2 patients by means of telecommunications technology;

3 (pp) *Unethical practice* refers to any action, scheme or ploy against the
4 National Health Security Program, such as overbilling, upcasing, harboring
5 ghost patients or recruitment practices as defined in the implementing rules
6 and regulations of this Act, or any act contrary to the code of ethics of the
7 responsible person's profession or practice, or other similar, analogous acts
8 that puts or tends to put in disrepute the integrity and effective implementation
9 of the National Health Security Program;

10 (qq) *Universal health coverage* refers to the right of every Filipino to
11 healthy living conditions and to receive the necessary promotive, preventive,
12 curative, rehabilitative and palliative health services that are of sufficient
13 quality and effectivity without suffering financial hardship when obtaining
14 these services;

15 (rr) *Whole-of-government approach* refers to the adoption of
16 multi-sectoral approach in addressing health issues, affirming the inherently
17 integrated and indivisible linkages between health and other sectors such as
18 education, energy, agriculture, sports, transport, communication, urban
19 planning, environment, labor, employment, industry and trade, finance, and
20 social and economic development;

21 (ss) *Whole-of-society approach* refers to the contribution and
22 significant role played by all relevant stakeholders, including individuals,
23 families and communities, nongovernmental organizations, civil society,
24 religious institutions, the academe, the media, and the private sector, in
25 advancing health reforms; and strengthening the linkages and coordination
26 among these stakeholders in order to improve the effectiveness of all efforts to
27 improve the health system; and

28 (tt) *Whole-of-system approach* refers to the approach which looks at
29 each of the component parts or functions of the health system, following the

principle that all parts of a health system, or all its building blocks – leadership, human resources, information, medical products and technology, financing, and service delivery – are interrelated, hence, all actions to be taken must be evaluated for their potential effects on the functioning of the entire system.

CHAPTER II

UNIVERSAL HEALTH COVERAGE

SEC. 5. *Universal Health Coverage.* – Pursuant to the right of every Filipino citizen to healthy living, they shall be provided access to a comprehensive set of health services the cost of which will not cause financial hardship. Inpatient health services shall be made available at zero co-payment for the noncontributory group and for those who opt for basic accommodation, and at fixed coinsurance rates for all who opt for higher types of accommodation. Outpatient health services shall be made available at zero co-payment in public facilities, and fixed coinsurance in private facilities.

SEC. 6. *Operationalizing Entitlements.* – Every Filipino shall be automatically included in the National Health Security Program and thus entitled to all benefits prescribed therein. For purposes of simplicity, all members under the National Health Security Program shall be categorized under two (2) membership types only, namely: the contributory and noncontributory group.

SEC. 7. *Explicitness of Entitlements.* – Within ten (10) years from the effectivity of this Act, the DOH shall, with the assistance and guidance from the Health Technology Assessment Council created pursuant to Chapter 6, Section 45 of this Act, shift to an explicit list of non-covered health services or negative list with all services not in the negative list deemed as entitlements under the National Health Security Program.

In the interim, the DOH and the Philippine Health Insurance Corporation which is renamed as the Philippine Health Security Corporation

1 under Chapter V, Section 30 of this Act shall improve and expand all
2 currently covered entitlements as an explicit positive list to facilitate
3 understanding of entitlements.

4 SEC. 8. *Prioritization of Entitlements.* – A fair and transparent
5 priority setting process shall be used to expand or remove entitlements under
6 the National Health Security Program. Specifically, health technology
7 assessment shall be used to guide decision-making structures in the
8 procurement of medical devices, commodities, drugs and vaccines, including
9 the expansion of drugs and vaccines listed in the Philippine National
10 Formulary, national vaccination and screening programs, and determination of
11 the benefits under the National Health Security Program.

12 The Health Technology Assessment Council shall recommend to the
13 Secretary of Health and the Board of Directors of the Philippine Health
14 Security Corporation a list of entitlements to be financed either by the DOH or
15 the Philippine Health Security Corporation. The DOH and the Philippine
16 Health Security Corporation shall be responsible for managing the smooth
17 rollout or implementation of the entitlements from among the list provided
18 by the Health Technology Assessment Council, ensuring at all times the
19 sustainability of the National Health Security Program.

20 SEC. 9. *Access to Primary Care Entitlements.* – Within three (3)
21 years from the effectivity of this Act, every Filipino shall have a primary care
22 provider, which shall be the initial point of contact prior to gaining access to
23 higher level of care, except in severe or emergency cases.

24 Within two (2) years from the effectivity of this Act, the Philippine
25 Health Security Corporation shall implement a comprehensive outpatient
26 benefit, including outpatient drug benefit in accordance with the
27 recommendations of the Health Technology Assessment Council.

1 Within one (1) year from the effectivity of this Act, the DOH shall
2 promulgate guidelines on the licensing of primary care providers as well as the
3 registration of every person to a primary care provider.

4 SEC. 10. *Delivery of Entitlements.* – All population-based entitlements
5 shall be delivered by the national government and LGUs. All individual-based
6 entitlements must be delivered through networks of licensed and contracted
7 public and private facilities, from primary to tertiary, such that services are
8 provided comprehensively and appropriately.

9 SEC. 11. *Promotion of Public Awareness of Entitlements.* – The DOH
10 and its attached agencies, offices, and health care facilities, in partnership with
11 LGUs and the private sector, shall coordinate and exhaust all means possible
12 to ensure the public's awareness of their entitlements, including services and
13 points of access.

14 SEC. 12. *Role Delineation of Agencies.* – The respective roles and
15 functions of agencies involved in the implementation of the National Health
16 Security Program are as follows:

17 (a) Department of Health:

18 (1) *Strengthening Whole-of-society and Whole-of-government* – The
19 DOH shall establish a Whole of Society and Government (WSG) Unit which
20 shall be in charge of coordinating with other line agencies in developing
21 inter-sectoral policies beneficial to health, including occupational health and
22 safety, urban planning, active design, transport safety, air and water pollution
23 control and prevention, food desertification, inner city decay, crime prevention
24 and control, and others.

25 (2) *Implementing Entitlements in a Whole-of-system Approach* – The
26 DOH shall, as much as possible, integrate disease-based national health
27 programs into other existing programs of government, including the

entitlements under the National Health Security Program. The DOH shall organize its disease-based technical program offices as life course-based offices, and ensuring people-centered approach.

(3) *Financing of Population-based Health Services* – The DOH shall, in consultation with the NEDA, periodically determine the annual per capita health allocation, which LGUs shall appropriate to finance population-based health services and capital investments.

(4) *Stewarding Health of the People* – The DOH shall provide national policy direction and be the overall strategic implementer of the universal health coverage. It shall explicitly define both population and individual-based health services that every Filipino shall be entitled to.

The DOH shall continue to provide technical support to all service providers. As such, all DOH regional offices shall be strengthened as teams supporting every province.

(5) *Establishing Disease Registries* – The DOH shall be responsible for the creation and maintenance of all disease-specific registries in support of health research and planning.

(6) *Empowering Communities* – The DOH shall develop programs or campaigns aimed at increasing public awareness on the rights of citizens and benefits they are entitled to under various health-related programs of the government to ensure health literacy and at promoting health seeking behavior and community involvement on health services.

(7) *Strengthening Research Capability* – The DOH shall create a Health Policy and Systems Research Bureau, hereinafter referred to as the Bureau, as an office within the DOH. The Bureau shall support health systems development and reform initiatives through policy and systems research, and shall support the growth of research consortia in line with the vision of the Philippine National Health Research System. The Bureau may receive and give grants, subject to existing policies.

1 The Bureau shall be composed of the following units:

2 (i) a Clinical Practice Guidelines Clearing Unit, which shall
3 provide technical assistance in the development of standards of care and
4 context-appropriate, evidence-based clinical practice guidelines to guide
5 clinical decision support, reimbursement and payment incentives; and

6 (ii) a Health Technology Assessment Unit, which shall perform
7 research and secretariat functions to support the Health Technology
8 Assessment Council.

9 The Bureau shall create a databank that shall serve as a hub of
10 all health transactions data including administrative, medical, prescription
11 and reimbursement data. These shall be reviewed, archived and used
12 exclusively for the purpose of generating information to guide research
13 and policy-making. The privacy and confidentiality of patients and
14 information related to their health and medical status shall at all times be
15 upheld, in accordance with Republic Act No. 10173, otherwise known
16 as the "Data Privacy Act of 2012". The Bureau shall make these data
17 available to researchers.

18 (8) *Licensing of Primary Care Providers* – The DOH shall ensure that
19 all primary care providers are licensed through its Health Facilities and
20 Services Regulatory Bureau.

21 (b) The Philippine Health Security Corporation shall serve as a
22 national financier and purchaser of individual-based health services to
23 achieve optimal economies of scale, significantly influence the market,
24 and drive down cost to the most affordable and efficient levels. All
25 individual-based services covered by the Philippine Health Security
26 Corporation include both inpatient and outpatient goods and services.

27 The Philippine Health Security Corporation, as the implementer of the
28 National Health Security Program, shall transition towards this role in the next

1 five (5) years from the effectivity of this Act, through the enhancement of its
2 roles, functions, scope, and powers.

3 (c) The Department of Social Welfare and Development (DSWD) shall
4 cover all indirect costs borne out of accessing medical services including
5 transportation, accommodation or halfway house and meals.

6 (d) Health care providers, whether public or private, shall be engaged
7 to render individual-based services, while the DOH and LGUs shall provide
8 both population and individual-based services.

9 (e) The Department of the Interior and Local Government (DILG), as
10 partner of the DOH, shall coordinate and promote the implementation of this
11 Act nationwide, including the execution of the operation and investment plans
12 of LGUs related to health.

13 (f) LGUs shall be primarily responsible for delivering population
14 and individual-based health services in the communities within their
15 respective jurisdictions. They shall retain the devolved functions relating to
16 health pursuant to Republic Act No. 7160, otherwise known as the "Local
17 Government Code of 1991". LGUs shall also carry out the following
18 functions:

19 (1) Pass local resolutions and ordinances that enable the creation of
20 healthy living environments;

21 (2) Implement community empowerment to constitute demand units
22 for primary health care, information and education campaigns;

23 (3) Implement public health programs in line with DOH standards;

24 (4) Harness existing community organizations, parent organizations,
25 youth organizations, women's clubs, faith-based or religious organizations,
26 and other existing groups within their jurisdiction, which are already engaged
27 in health promotion and prevention, or in the absence of any, encourage the
28 establishment of such groups;

(5) Establish, operate, and maintain functional barangay health stations, rural health units, or equivalent facilities, district and provincial hospitals;

(6) Grant financial autonomy by authorizing health facilities to retain income, such as reimbursements from the Philippine Health Security Corporation that can be flexibly used to improve its services: *Provided, That*, to promote accountability and fiduciary responsibility, all health facilities shall maintain a subsidiary ledger of such accounts in accordance with Section 61 of this Act:

(7) Mandate participation of all health care providers within their jurisdiction to engage in the provision of quality health service;

(8) Ensure adequate and equitable production, distribution, retention and protection of health workers needed by the LGUs based on the recommended ratios set by the DOH;

(9) Purchase medicines in line with the Philippine National Formulary and Drug Price Reference Index;

(10) Allocate per capita health investment per DOH and NEDA recommendations;

(11) Regularly conduct profiling activities on the health status of the people in their locality;

(12) Develop relevant health programs according to the needs of their locality; and

(13) Provide the minimum basic health services at the municipal level.

CHAPTER III

NATIONAL HEALTH SECURITY PROGRAM

SEC. 13. *Enhancing and Renaming the Program.* – The existing National Health Insurance Program, established under Republic Act No. 7875, as amended, is hereby renamed as the National Health Security Program, hereinafter referred to as the Program, which shall provide health

1 insurance coverage for all citizens of the Philippines, thereby ensuring access
2 with the least financial risk. The Program shall serve as the means for the
3 healthy to help pay for the care of the sick and for those who can afford
4 medical care to subsidize those who cannot. The Program shall include a
5 sustainable system of funds constitution, collection, management and
6 disbursement for financing basic and supplementary health insurance benefits
7 for individual-based interventions. The Program shall be limited to purchasing
8 individual-based interventions and is prohibited from providing health
9 care directly, from dispensing drugs and pharmaceuticals, from employing
10 physicians and other professionals for the purpose of directly rendering care,
11 and from owning or investing in health care facilities. The Program shall be
12 administered by the Philippine Health Security Corporation.

13 SEC. 14. *Membership Types.* – Members of the Program shall be
14 categorized into two (2) types:

15 (a) Contributory members include public and private workers and all
16 other workers rendering services, such as job order contractors; project-based
17 contractors and the like; owners of micro enterprises; owners of small,
18 medium and large enterprises; household help; family drivers; migrant
19 workers; self-earning individuals; professional practitioners; Filipinos with
20 dual citizenship; naturalized Filipino citizens; and citizens of other countries
21 working or residing in the Philippines; and

22 (b) Noncontributory members include indigents as identified by the
23 DSWD, senior citizens, and all others not included in the contributory group,
24 or those covered by special laws.

25 Detailed guidelines on the process of enrollment shall include
26 the identification of members and dependents, issuance of appropriate
27 documentation specifying eligibility to Program benefits, and indicating how
28 membership is obtained or is being maintained.

1 SEC. 15. *Supplementary Coverage.* – The Philippine Health
2 Security Corporation, health maintenance organizations (HMOs), and private
3 health insurance (PHI) companies shall develop supplementary plans that
4 complement the Philippine Health Security Corporation's benefit coverage
5 and coinsurance schedule. The DOH and the Philippine Health Security
6 Corporation shall work with the Insurance Commission to develop and enforce
7 guidelines, monitor implementation of standard plans for HMOs and PHI
8 companies. In addition, HMOs and PHI companies shall be required to cover
9 pre-existing conditions, pregnancy, preventive care, and extend coverage of
10 the insured beyond the current sixty (60)-year old ceiling within the next three
11 (3) years from the effectivity of this Act.

12 SEC. 16. *Administrative Cost.* – For purposes of maximum utilization
13 of existing funds, no more than five percent (5%) of the sum total of the
14 premium contributions, reimbursements and investment earnings generated
15 during the preceding year shall be allocated as administrative cost of the
16 Philippine Health Security Corporation.

17 SEC. 17. *Membership Database.* – The Program shall use civil
18 registry and internal revenue data as bases for validating and updating its
19 membership record within three (3) years from the effectivity of this Act. To
20 this end, the Philippine Statistics Authority (PSA) is mandated to assist and
21 align initiatives with the Philippine Health Security Corporation at no
22 additional costs.

23 SEC. 18. *Health Insurance Identification (ID) Card and Number.* –
24 The Program shall provide all members, whether primary or dependent, a
25 unique number and ID card that shall facilitate the identification, eligibility,
26 verification, and utilization recording. This health insurance ID card with a
27 corresponding number shall be recognized as a valid government ID card and
28 shall be presented and honored in transactions requiring the verification of a
29 person's identity.

1 The absence of the ID card at the point of access of health services shall
2 not prejudice the right of any member to avail of Program benefits or medical
3 services under the Program.

4 SEC. 19. *Range of Program Benefits.* – Inpatient, outpatient and
5 emergency care services encompass preventive, promotive, curative,
6 rehabilitative and palliative care for medical, dental and mental health
7 services, delivered either both face-to-face or remotely via
8 telecommunications technology or through telemedicine. Inpatient benefits
9 shall follow a negative list; and all others shall follow a positive list.

10 SEC. 20. *Immediate Entitlement.* – After a premium contribution is
11 made, no minimum period or lag time shall be required to activate entitlement
12 to Program benefits. In the case of contributory members, failure to pay
13 premiums shall not prevent the enjoyment of Program benefits, but employers
14 and self-employed members shall be required to pay all missed contributions
15 with at least three percent (3%) penalty, compounded monthly.

16 SEC. 21. *Depth of Financial Coverage.* – The Philippine Health
17 Security Corporation shall publish fair reimbursement rates that are guided by
18 accurate disease groupings, periodic costing and consultation, and a stronger
19 surveillance and monitoring system to monitor compliance by all health care
20 providers. All health care providers are mandated to submit encoded cost,
21 price and clinical data consistent with the Data Privacy Act of 2012.

22 SEC. 22. *Cost Containment.* – In order to ensure that health
23 expenditures remain manageable and the Program continues to be sustainable,
24 the Program shall operationalize, within three (3) years from the effectivity
25 of this Act, the annual reimbursement thresholds for facilities based on
26 facility type, facility level, geographic location, expected case mix, and other
27 cost drivers, as may be determined by the Philippine Health Security
28 Corporation and linked with key performance indicators.

1 SEC. 23. *Audit.* - All funds of the Program shall be subject to an
2 internal and external audit to be performed as follows:

3 (a) *Internal Audit* - There shall be an internal audit with respect to the
4 financing, accounting and procurement activities of the Philippine Health
5 Security Corporation, and a corresponding audit report shall be submitted to
6 the Board of Directors, at least once a year.

7 For purposes of internal audit, an official of the Board of Directors of
8 the Philippine Health Security Corporation shall act as an internal auditor and
9 shall be directly accountable to the Board of Directors, in accordance with its
10 regulations. The Board of Directors shall prepare a financial statement, which
11 must include at least a balance sheet and an accounting of operations to be
12 submitted to the internal auditor within one hundred twenty (120) days from
13 the end of each accounting year.

14 (b) *External Audit* - At a yearly interval, the Commission on Audit
15 (COA) shall appraise the utilization and disposition of the National Health
16 Security Fund in accordance with existing laws and guidelines.

17 SEC. 24. *Period to File Claims for Reimbursement.* - Within two (2)
18 years from the effectivity of this Act, the Philippine Health Security
19 Corporation shall shift all manual claims review and processing to electronic
20 and engage third party administrators as may be necessary. All health care
21 facilities are expected to submit electronic or fully encoded claims with all
22 necessary documents and accompanying data within fifteen (15) days upon the
23 discharge of a patient.

24 All claims by a health care provider shall be reimbursed within thirty
25 (30) days from filing thereof: *Provided,* That all required documents and
26 information including encoded cost, price, and clinical data are submitted
27 completely.

28 The period to file a claim may be extended for such reasonable causes
29 as may be determined by the Philippine Health Security Corporation.

SEC. 25. Exclusion from Benefits. – In cases where a private insurance company is liable to pay the compensation to a motor vehicle accident victim who has received health care services pursuant to this Act, the Philippine Health Security Corporation shall be entitled to reimbursement from the insurance company and such reimbursement shall form part of its fund. The Philippine Health Security Corporation shall issue an order requiring the insurance company to pay such health service expenses not exceeding the amount stipulated in the insurance policy.

SEC. 26. *Portability of Benefits.* – The Philippine Health Security Corporation shall develop and enforce mechanisms and procedures to assure that benefits can be availed of nationwide.

CHAPTER IV

NATIONAL HEALTH SECURITY FUND

SEC. 27. *Strengthening and Renaming the National Health Insurance Fund.* — The National Health Insurance Fund, created under Republic Act No. 7875, as amended, is hereby renamed as the National Health Security Fund, and hereinafter referred to as the Fund, that consists of:

- (a) Contribution from Program members;
- (b) Other appropriations earmarked by the national government such as the health assistance funds of the Philippine Charity Sweepstakes Office (PCSO) and the Philippine Amusement and Gaming Corporation (PAGCOR), and local governments purposely for the implementation of the Program;
- (c) Subsequent appropriations provided for under this Act;
- (d) Donations and grants-in-aid; and
- (e) All accruals thereof.

SEC. 28. *Financial Management.* – The use, disposition, investment, disbursement, administration and management of the Fund, including any subsidy, grant or donation received for Program operations shall be governed

1 by applicable laws and in the absence thereof, by existing resolutions of the
2 Board of Directors of the Philippine Health Security Corporation.

3 SEC. 29. *Reserve Fund.* — The Philippine Health Security Corporation
4 shall set aside a portion of its accumulated revenues not needed to meet
5 the cost of the current year's expenditures as reserve funds: *Provided,* That
6 the total amount of reserves shall not exceed a ceiling equivalent to
7 the amount actuarially estimated for two (2) years' projected Program
8 expenditures: *Provided, further,* That whenever actual reserves exceed the
9 required ceiling at the end of the fiscal year, the excess of the Philippine
10 Health Security Corporation's reserve fund shall be used to increase the
11 Program's benefits and to decrease the amount of members' contributions.

12 Any unused portion of the reserve fund that is not needed to meet the
13 current expenditure obligations or support the abovementioned programs,
14 shall be placed in investments to earn an average annual income at prevailing
15 rates of interest and shall be referred to as the Investment Reserve Fund. The
16 Investment Reserve Fund shall be invested in any or all of the following:

17 (a) In interest-bearing bonds, securities or other evidence of
18 indebtedness of the Government of the Philippines, or in bonds, securities,
19 promissory notes and other evidence of indebtedness to which full faith and
20 credit and unconditional guarantee of the Republic of the Philippines is
21 pledged;

22 (b) In debt securities and corporate bonds issuances that are rated
23 triple "A" or double "A" by authorized accredited domestic rating agencies:
24 *Provided,* That the issuing or assuming entity or its predecessor shall not have
25 defaulted in the payment of interest on any of its securities and that during
26 each of any three (3) including the last two (2) of the five (5) fiscal years
27 next preceding the date of acquisition by the Philippine Health Security
28 Corporation of such bonds, securities or other evidence of indebtedness, the
29 net earnings of the issuing or assuming institution available for its recurring

1 expenses, such as amortization of debt discount and rentals for leased
2 properties, including interest on funded and unfunded debt, shall have been not
3 less than one and one quarter (1 ¼) times the total of the recurring expenses
4 for such year: *Provided, further,* That such investment shall not exceed fifteen
5 percent (15%) of the Investment Reserve Fund;

6 (c) In interest-bearing deposits and loans to or securities in any
7 domestic bank doing business in the Philippines: *Provided,* That in the case
8 of such deposits, this shall not exceed at any time the unimpaired capital and
9 surplus or total private deposits of the depository bank, whichever is smaller:
10 *Provided, further,* That the bank shall have been designated as a depository for
11 this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas;

12 (d) In preferred stocks of any solvent corporation or institution created
13 or existing under the laws of the Philippines and listed in the stock exchange:
14 *Provided,* That such securities are rated triple "A" or double "A" by
15 authorized accredited domestic rating agencies: *Provided,* That the issuing,
16 assuming, or guaranteeing entity or its predecessor has paid regular dividends
17 upon its preferred or guaranteed stocks for a period of at least three (3) years
18 immediately preceding the date of investment in such preferred or guaranteed
19 stocks: *Provided, further,* That if the stocks are guaranteed, the amount of
20 stocks so guaranteed is not in excess of fifty percent (50%) of the amount of
21 the preferred stocks as the case may be of the issuing corporation: *Provided,*
22 *furthermore,* That if the corporation or institution has not paid dividends upon
23 its preferred stocks, the corporation or institution has sufficient retained
24 earnings to declare dividends for at least two (2) years on such preferred
25 stocks;

26 (e) In common stocks of any solvent corporation or institution created
27 or existing under the laws of the Philippines listed in the stock exchange with
28 proven track record of profitability and payment of dividends over the last
29 three (3) years; and

(f) In bonds, securities, promissory notes or other evidence of indebtedness of accredited and financially sound medical institutions exclusively to finance the construction, improvement and maintenance of hospitals and other medical facilities: *Provided*, That such securities and instruments are backed up by the guarantee of the Republic of the Philippines or the issuing medical institution and the issued securities and bonds are both rated triple "A" by authorized accredited domestic rating agencies: *Provided, further*, That said investments shall not exceed ten percent (10%) of the total Investment Reserve Fund.

As part of its investments operations, the Philippine Health Security Corporation may hire institutions with valid trust licenses as its external local fund managers to manage the Investment Reserve Fund, as it may deem appropriate, through public bidding. The fund managers shall submit annual reports on investment performance to the Philippine Health Security Corporation.

CHAPTER V

PHILIPPINE HEALTH SECURITY CORPORATION

SEC. 30. *Philippine Health Security Corporation.* – The existing Philippine Health Insurance Corporation, established pursuant to Republic Act No. 7875, as amended, is hereby renamed as the Philippine Health Security Corporation, and shall hereinafter referred to as the Corporation, which shall have the status of a tax-exempt government corporation attached to the DOH. The Corporation shall primarily be concerned with macro and top-level policy issues that directly affect the fulfillment of the Corporation's role and mandate as a national single purchaser of medical services in accordance with the provisions of this Act.

SEC. 31. *Exemptions from Taxes and Duties.* – The Corporation shall be exempt from the payment of corporate tax as provided in Section 27(c) of the National Internal Revenue Code of 1997, as amended.

1 All grants, bequests, endowments, donations and contributions made
2 to the Corporation to be used actually, directly and exclusively by the
3 Corporation shall be exempt from donor's tax and the same shall be allowed as
4 allowable deduction from the gross income of the donor for purposes of
5 computing the taxable income of the donor in accordance with the provisions
6 of the National Internal Revenue Code of 1997, as amended.

7 SEC. 32. *Powers and Functions.* – The Corporation shall have the
8 following powers and functions:

9 (a) To administer the Program;

10 (b) To set standards, rules, and regulations, and formulate and
11 promulgate policies necessary to ensure equitable access to quality care,
12 financial risk protection, appropriate provision of services, fund viability,
13 member satisfaction, and system efficiency, towards achievement of program
14 and national health objectives;

15 (c) To determine requirements and issue guidelines on selective
16 contracting, and negotiate and enter into contracts with health care institutions,
17 professionals, and other persons or health service entities, juridical or natural,
18 either individually or as groups, regarding the pricing, payment mechanisms,
19 design and implementation of administrative and operating systems and
20 procedures, financing, and delivery of health goods and services in behalf of
21 its members;

22 (d) To visit, enter and inspect facilities of health care providers and
23 employers during office hours, unless there is reason to believe that inspection
24 has to be done beyond office hours, and where applicable, to secure copies of
25 their medical, financial, and other records and data pertinent to the claims and
26 premium contribution, and that of their patients or employees, who are
27 members of the Program;

28 (e) To conduct a post-audit review of the quality of services rendered
29 by health care providers;

1 (f) To establish an office, or where it is not feasible, designate a focal
2 person in every Philippine consular office in all countries where there are
3 Filipino citizens. The office or the focal person shall, among others, process,
4 review and pay the claims of the overseas Filipino workers (OFWs);

5 (g) To enter into mutual recognition agreements with other countries
6 through their health security office or similar agencies to ensure continuing
7 health coverage of Filipinos overseas;

8 (h) To conduct a cost-effective public information campaign on the
9 principles of the Program, which must include information on the current
10 benefits provided by the Corporation, the procedures for the availment of
11 benefits, the list of contracted and blacklisted health care providers, and the list
12 of its local offices;

13 (i) To monitor the appropriateness of services provided by health care
14 providers;

15 (j) To establish and maintain an electronic database of all its members
16 and ensure its security to facilitate efficient and effective services;

17 (k) To invest in the acceleration of the Corporation's information
18 technology systems;

19 (l) To receive and manage grants, donations, and other forms of
20 assistance;

21 (m) To sue and be sued in court;

22 (n) To acquire property, real and personal, which may be necessary or
23 expedient for the attainment of the purposes of this Act;

24 (o) To collect, deposit, invest, administer, and disburse the Fund in
25 accordance with the provisions of this Act;

26 (p) To keep records of the operations of the Corporation and
27 investments of the Fund;

28 (q) To impose, notwithstanding the provisions of any law to the
29 contrary, interest or surcharges as may be fixed by the Corporation, but

1 not to exceed three percent (3%) per month, in case of any delay in the
2 remittance of contributions by an employer which are due within the
3 prescribed period, whether public or private, and to compromise,
4 waive or release, in whole or in part, such interest or surcharges imposed upon
5 an employer regardless of the amount involved under such valid terms and
6 conditions it may prescribe;

7 (r) To financially support the use of electronic health records and
8 enterprise resource planning or hospital management information system;

9 (s) To publish and share data pertaining to the planning and
10 implementation of the Program and to the extent possible, to make these data
11 available in the public domain;

12 (t) To monitor compliance by the regulatory agencies with the
13 requirements of this Act and to carry out necessary actions to enforce
14 compliance;

15 (u) To mandate the national agencies and LGUs to require proof of
16 membership in the Program before doing business with a private individual or
17 group;

18 (v) To organize its office and fix the compensation of its personnel and
19 appoint personnel as may be deemed necessary and upon the recommendation
20 of the President of the Corporation, subject to the approval of the Governance
21 Commission for Government-Owned and -Controlled Corporations (GOCCs);

22 (w) To submit to the President of the Philippines and to both Houses of
23 Congress its annual report which shall contain the status of the Fund, its total
24 disbursements, reserves, average costing to members and dependents, any
25 request for additional appropriation, and other data pertinent to the
26 implementation of the Program and publish a synopsis of such report in two
27 (2) newspapers of general circulation; and

1 (x) To perform such other acts as it may deem appropriate for the
2 attainment of the goals of the Program and national health objectives and for
3 the proper enforcement of the provisions of this Act.

4 SEC. 33. *Quasi-Judicial Powers.* – To carry out its tasks more
5 effectively, the Corporation shall be vested with the following powers:

6 (a) Subject to the respondent's right to due process, to conduct
7 investigations for the determination of a question, controversy, complaint, or
8 unresolved grievance brought to its attention, and render decisions, orders, or
9 resolutions thereon; proceed to hear and determine the case even in the
10 absence of any party who has been properly served with notice to appear;
11 conduct its proceedings or any part thereof in public or in executive session;
12 adjourn its hearings to any time and place; refer technical matters or accounts
13 to an expert and to accept reports from such expert as evidence; direct parties
14 to be joined in or excluded from the proceedings; and give all such directions
15 as it may deem necessary or expedient in the determination of the dispute
16 before it;

17 (b) To summon the parties to a controversy, issue subpoena requiring
18 the attendance and testimony of witnesses or the production of documents and
19 other materials necessary to a just determination of the case under
20 investigation;

21 (c) Subject to the respondent's right to due process, to suspend,
22 terminate, or restore the contract of a health care provider or the right to
23 benefits of a member, and to impose necessary fines, sanctions, and/or
24 penalties as allowed by the provisions of this Act. Any such decision shall
25 immediately be executory, even pending appeal, when the public interest so
26 requires and as may be provided for in the implementing rules and regulations.
27 Suspension of the contract shall not exceed six (6) months. Suspension of the
28 rights of members shall not exceed six (6) months.

1 Any breach of contract by a health care provider shall disqualify the
2 health care provider from obtaining another contract in its own name, under a
3 different name, or through another person, whether natural or juridical, until
4 resolution of all imposed fines, sanctions, and/or penalties, if any.

5 The Corporation shall not be bound by the technical rules of evidence.

6 SEC. 34. *Board of Directors.* – The Corporation shall be governed by
7 a Board of Directors, hereinafter referred to as the Board, which shall be
8 composed of members that are classified into three (3) distinct groups, as
9 follows:

10 (a) Four (4) *ex officio* members, namely:

11 (1) Secretary of Health;

12 (2) Secretary of Social Welfare and Development;

13 (3) Secretary of Budget and Management; and

14 (4) Secretary of Finance.

15 (b) Three (3) members that shall comprise the expert panel of the
16 Board and must be citizens and residents of the Philippines, of good moral
17 character, of recognized probity and independence and must have
18 distinguished themselves professionally in public, civic or academic service in
19 any of the following fields: public health, medicine, economics, law, finance,
20 or business and management. They must have been in the active practice of
21 their professions for at least ten (10) years, and must not have been candidates
22 for any elective national or local office in the immediately preceding
23 elections, whether regular or special. Of the three (3) members of the expert
24 panel: one (1) member of the expert panel must be a public health specialist,
25 one (1) must be a management expert, and one (1) must be a health
26 economist.

27 The President and Chief Executive Officer (CEO) of the Corporation
28 shall be selected by the President of the Philippines from the expert panel.

1 (c) Five (5) members shall compose the sectoral panel of the Board and
2 shall include:

3 (1) A permanent representative of the members in the contributory
4 group;

5 (2) A permanent representative of the members of the non-
6 contributory group;

7 (3) A permanent representative of employers;

8 (4) A permanent representative from a migrant workers' organization;
9 and

10 (5) A permanent representative of the elected local chief executives to
11 be endorsed by the League of Provinces of the Philippines, League of Cities of
12 the Philippines, and League of Municipalities of the Philippines.

13 Except for *ex officio* members, the other members of the Board shall
14 be appointed by the President of the Philippines in accordance with the
15 provisions of Republic Act No. 10149, otherwise known as the "GOCC
16 Governance Act of 2011". The term of office of the appointive members of
17 the Board shall be in accordance with Republic Act No. 10149.

18 Prior to the start of their term, all appointive members of the Board are
19 required to undergo training in health care financing, health systems, costing
20 health services, and health technology assessment. Succeeding trainings shall
21 be provided and required as necessary. Noncompliance or nonattendance in
22 trainings shall be a ground for dismissal.

23 The Secretary of Health shall be an *ex officio* nonvoting Chairperson of
24 the Board.

25 Within thirty (30) days following the effectivity of this Act, the
26 Governance Commission for GOCCs shall, in accordance with the provisions
27 of Republic Act No. 10149, promulgate the nomination and selection process
28 for appointive members of the Board with a clear set of qualifications,
29 credentials, and recommendation from the concerned sectors.

1 SEC. 35. *Meetings and Quorum.* – The Board shall hold regular
2 meetings at least once a month. Special meetings may be called by the
3 Chairperson or by a majority of the members of the Board. The presence of six
4 (6) voting members constitutes a quorum. In the absence of the Chairperson
5 and Vice Chairperson, a temporary presiding officer shall be designated by the
6 majority of the members present, there being a quorum.

7 SEC. 36. *Allowances and Per Diems.* – The members of the Board are
8 entitled to receive a *per diem* for every meeting actually attended, subject to
9 the rules provided under Executive Order 24, Series of 2011, the GOCC
10 Governance Act of 2011, and other pertinent budgetary laws, rules and
11 regulations on compensation, honoraria and allowances.

12 SEC. 37. *President of the Corporation.* – (a) The President of the
13 Philippines shall appoint the President and CEO of the Corporation,
14 hereinafter referred to as the President, upon the recommendation of the
15 Board. The President shall have a tenure of one (1) year in accordance with the
16 provisions of the GOCC Governance Act of 2011.

17 (b) The President shall advise the Board and carry into effect its
18 policies and decisions. The functions of the President are as follows:

- 19 (1) To act as the chief executive officer of the Corporation; and
20 (2) To be responsible for the general conduct of the operations and
21 management functions of the Corporation and for other duties assigned by the
22 Board.

23 (c) The President shall be entitled to receive a salary to be fixed by the
24 Board, with the approval of the President of the Philippines, payable from the
25 funds of the Corporation.

26 SEC. 38. *Conflict of Interest.* – Any member of the Board who is in
27 any way, whether directly or indirectly, interested in a contract or proposed
28 contract with the Board shall, as soon as practicable after the relevant facts
29 have come to that member's knowledge, declare the fact and the nature and

1 extent of the interest, in writing to the Chairperson, before the meeting of the
2 Board and inhibit himself or herself from the deliberations when such matter is
3 taken up. The decision taken on the matter shall be made public and the
4 minutes of the meeting shall reflect the disclosure made and the inhibition of
5 the member concerned.

6 A violation of this section shall be penalized in accordance with
7 Section 72(b) of this Act and other existing laws.

8 *SEC. 39. Office of Health Finance Policy of the Corporation.* – The
9 present Health Finance Policy Research Department of the Corporation,
10 created pursuant to Section 20 of Republic Act No. 7875, as amended,
11 is hereby strengthened and is renamed as the Health Finance Policy Office.
12 It shall perform the following duties and functions:

13 (a) Develop a national health purchasing master plan for
14 individual-based health services delivered by contracted service delivery
15 networks while ensuring the viability, adequacy and responsiveness of the
16 Program at all times;

17 (b) Conduct researches toward the development of evidence-informed
18 policies on benefits design, quality assurance, provider payment, and
19 contracting, and undertake periodic review of these policies;

20 (c) Monitor cost, quality and appropriateness of services provided by
21 health care providers; and

22 (d) Evaluate the impact of the Program on intermediate and final
23 outcomes of health care.

24 *SEC. 40. Office of the Actuary of the Corporation.* – The present
25 Office of the Actuary of the Corporation, created pursuant to Section 21 of
26 Republic Act No. 7875, as amended, shall continue as an office of the
27 Corporation and shall conduct the necessary actuarial studies and present
28 recommendations to the Board on insurance premium, investments and other
29 related matters.

1 SEC. 41. *Local Health Security Office.* – The Corporation shall
2 strengthen its existing Local Health Insurance Offices, which shall now be
3 known as the Local Health Security Office, hereinafter referred to as the Local
4 Office. To be able to provide services to more members, the Corporation shall
5 establish, as far as practicable, a Local Office in every legislative district, with
6 priority given to areas that are geographically isolated and disadvantaged.
7 Each Local Office shall have the following powers and functions, according to
8 the requirements of the Corporation:

- 9 (a) To maintain and update the membership list at community levels;
10 (b) To issue health insurance ID cards;
11 (c) To monitor compliance of contracted health care providers
12 specifically with regard to quality and financial protection;
13 (d) To process, review and pay the claims of health care providers
14 within a period not exceeding thirty (30) days whenever applicable in
15 accordance with the rules and guidelines of the Corporation;
16 (e) To ensure quality of encoded claims data and implement sanctions
17 and penalties;
18 (f) To establish a referral system and network arrangements with other
19 Local Offices as may be necessary;
20 (g) To serve as the first level for appeals and grievance cases;
21 (h) To tap community-based volunteer health workers and barangay
22 officials, if necessary, for information and communication activities
23 and to grant such workers incentives in accordance with the guidelines
24 set by the Corporation and applicable laws, except that the incentives for
25 barangay officials shall accrue to the barangay and not to the barangay
26 officials; and
27 (i) To prepare an annual report.

CHAPTER VI

HEALTH TECHNOLOGY ASSESSMENT

SEC. 42. *Health Technology Assessment Principles.* – The health technology assessment process shall adhere to the following principles:

(a) *Ethical Soundness* – The process must be grounded on moral standards and principles as defined by relevant Philippine laws, international agreements and covenants. It includes managing conflicts of interest and ensures that all actors and stakeholders have equal opportunity to contribute and these contributions are equally accounted and treated objectively;

(b) *Inclusiveness and Preferential Regard for the Underserved* – The process involves deliberate and structured consultations with relevant parties, such as community members and end-users, with particular attention to the underserved. Societal values are acknowledged in the acceptance of nominations for health technologies;

(c) *Evidence-Based and Scientific Defensibility* – The process utilizes evidence that underwent systematic appraisal and preferentially uses local data. It also encourages contextualization of foreign data by proactively seeking multidisciplinary experts and applying relevant methods. The process is regularly updated based on developments in this field;

(d) *Transparency and Accountability* – All steps in the process must be standardized, consistent and explicit. All actors and stakeholders are well-informed and acquainted on the proceedings and knowledgeable about their roles and responsibilities. The process ensures that proceedings of activities are publicly disclosed in a manner that is easily accessible, clear and understandable;

(e) *Efficiency* – The process ensures proper coordination among the stakeholders and consolidation of information to avoid redundancy of actions and delays of output. Technical and administrative staff are adequate in number, well adept and competent in fulfilling the tasks in a timely manner.

1 Applications are efficiently directed, assessed and managed through relevant
 2 steps. Administrative costs are kept at a minimum, without compromising the
 3 quality and rigor of the process;

4 (f) *Enforceability* – The process is executed with strict observance to
 5 guidelines and procedures. Human and financial resources required for
 6 implementation are readily available to ensure feasibility and sustainability of
 7 the process; and

8 (g) *Availability of Remedies and Due Process* – Proponents are
 9 informed of the status of applications and appeals, including supporting facts
 10 and reasons, in a clear and timely manner. Embedded in the process is a
 11 standardized appeals mechanism, where guidelines are clearly communicated,
 12 thus empowering all stakeholders to utilize. The process enables resolution of
 13 conflict.

14 SEC. 43. *Health Technology Assessment Criteria.* – The following
 15 criteria must be observed in conducting health technology assessment:

16 (a) *Responsiveness to Magnitude, Severity, and Equity* – The health
 17 interventions must address the top medical conditions that place the heaviest
 18 burden on the population, including dimensions of magnitude or the number
 19 of people affected by a health problem, and severity or health loss by an
 20 individual as a result of disease, such as death, handicap, disability or pain,
 21 and conditions of the poorest and most vulnerable population;

22 (b) *Safety and Effectiveness* – Each intervention must have undergone
 23 Phase IV clinical trial, and systematic review and meta-analysis must be
 24 readily available. The interventions must also not pose any harm to the users
 25 and health care providers;

26 (c) *Household Financial Impact* – The interventions contribute to
 27 out-of-pocket expenses. Interventions must have economic studies and
 28 cost-of-illness studies to satisfy this criterion;

1 (d) *Cost-effectiveness* – The interventions must provide overall health
2 gain to the health system and outweighs the opportunity costs of funding drug
3 and technology; and

4 (e) *Affordability and Viability* – The interventions must be affordable
5 and the cost thereof must be viable to the financing agents.

6 SEC. 44. *Health Technology Assessment Procedures.* – The following
7 procedures shall comprise the health technology assessment process:

8 (a) Nomination of an intervention by various stakeholders;

9 (b) Shortlisting and screening of a health intervention using the
10 following criteria: magnitude, severity, equity, household financial impact,
11 effectiveness, safety, cost-effectiveness, budget impact, and social
12 acceptability;

13 (c) Generation of evidence by commissioning relevant studies to
14 research groups for each shortlisted intervention;

15 (d) Development of the benefits design including the implementation
16 of arrangements of the intervention; and

17 (e) Appraisal of evidence produced by the research groups taking into
18 account the benefit design to be recommended to financing agents.

19 SEC. 45. *Health Technology Assessment Council.* – The Health
20 Technology Assessment Council is hereby created which shall hereinafter
21 referred to as the HTAC. The HTAC shall be multi-expert group that shall
22 conduct the health technology assessment in accordance with the principles,
23 criteria and procedures provided under Sections 42, 43, and 44 of this Act.
24 The HTAC shall consist of a core committee and six (6) subcommittees.

25 The Core Committee shall be composed of nine (9) voting members,
26 namely:

27 (a) a public health epidemiologist;

28 (b) a health economist;

29 (c) an ethicist;

- 1 (d) a citizen's representative;
- 2 (e) a sociologist or anthropologist;
- 3 (f) a clinical trial or research methods expert;
- 4 (g) a clinical epidemiologist or evidence-based medicine expert;
- 5 (h) a medico-legal expert; and
- 6 (i) a public health expert.

7 The Core Committee members shall elect from among themselves the
8 Chairperson of the HTAC.

9 The six (6) subcommittees shall be constituted for each type of
10 intervention with a minimum of one (1) and maximum of three (3) nonvoting
11 members per subcommittee, namely:

12 (1) Subcommittee on Drugs:

- 13 (i) Pharmacologist;
- 14 (ii) Toxicologist; and
- 15 (iii) Pharmacist;

16 (2) Subcommittee on Vaccines:

- 17 (i) Immunologist;

18 (3) Subcommittee on Clinical Equipment and Devices:

- 19 (i) Physicist;
- 20 (ii) Biomedical engineer; and
- 21 (iii) Radio technologist;

22 (4) Subcommittee on Medical and Surgical Procedure:

- 23 (i) Medical Specialist;

24 (5) Subcommittee on Preventive and Promotive Health Services:

- 25 (i) Primary care physician;
- 26 (ii) Public health expert; and
- 27 (iii) Consultants, as needed; and

28 (6) Subcommittee on Traditional Medicine:

- 29 (i) Traditional medicine expert;

1 (ii) Medical specialist; and

2 (iii) Consultants, as needed.

3 Each subcommittee may include additional experts as may be
4 necessary.

5 The HTAC's core committee and subcommittee members shall be
6 appointed by the Secretary of Health for a term of three (3) years except
7 for the medico-legal expert, ethicist, and the sociologist or anthropologist
8 who shall serve for a term of four (4) years: *Provided*, That no member shall
9 serve for more than three (3) consecutive terms. The members of the HTAC
10 shall receive an honorarium in accordance with existing policies.

11 The DOH shall promulgate the nomination process for all HTAC
12 members with a clear set of qualifications, credentials and recommendations
13 from the sectors concerned.

14 All members of the HTAC are required to sign a conflict-of-interest
15 declaration prior to every meeting, and must inhibit themselves during the
16 deliberation if a conflict of interest exists.

17 The HTAC may call upon technical resource persons from the DOH,
18 the Corporation, the FDA, patient groups and clinical medicine experts as
19 regular resource persons; and representatives from the private sector and
20 health care providers as by-invitation resource persons.

21 CHAPTER VII

22 FINANCING

23 SEC. 46. *Financing of Entitlements.* - All entitlements under the
24 Program shall be funded by a combination of budget appropriations,
25 contributions, earmarked funds, and other types of fund sources. All
26 population-based entitlements shall be financed by the DOH and LGUs,
27 whereas all individual-based entitlements shall be purchased through
28 the Corporation. For all publicly-owned health care providers, capital
29 expenditures and personnel salaries shall be sourced from national and local

1 budgets, while maintenance and other operating expenses (MOOE) shall be
2 sourced from reimbursements from the Corporation.

3 SEC. 47. *Contributions.* — All contributory members shall pay
4 premiums based on the contribution schedule as determined by the
5 Corporation on the basis of applicable actuarial studies.

6 Government and private employees shall be required to pay the
7 monthly contributions which shall not exceed five percent (5%) of their
8 respective salaries, equally shared between the employees and the employers.
9 All government agencies shall include the payment of premium contributions
10 in their respective annual appropriations. Any increase in the premium
11 contribution of the national government as employer shall only become
12 effective upon inclusion of the amount in the annual General Appropriations
13 Act.

14 Self-earning individuals, professionals, and consultants shall be
15 required to pay the full contributions which shall not exceed five percent (5%)
16 of their respective incomes.

17 All other workers rendering services, whether in government or private
18 offices, such as job order contractors, project-based contractors and the like,
19 shall pay the monthly contributions based on the contribution schedule
20 prescribed by the Corporation. It is the responsibility of the hiring agency to
21 deduct, remit, and report the corresponding contributions.

22 Owners of micro enterprises; owners of small, medium and large
23 enterprises; family drivers; migrant workers; Filipinos with dual citizenship;
24 naturalized Filipino citizens; and citizens of other countries working or
25 residing in the Philippines shall pay the monthly contributions based on the
26 contribution schedule prescribed by the Corporation.

27 Premium contributions of household helpers shall be in accordance
28 with the provisions of Republic Act No. 10361, otherwise known as the
29 "Domestic Workers Act" or "Batas Kasambahay".

1 SEC. 48. *Payment for Noncontributory Members.* – The national
2 government shall fully subsidize the contributions of the noncontributory
3 members. Such subsidy to the Program shall be included annually in the
4 General Appropriations Act, among other sources.

5 CHAPTER VIII

6 HUMAN RESOURCES FOR HEALTH

7 SEC. 49. *Competitive Compensation Package.* – In order to ensure
8 that all health professionals, personnel, and staff in the public sector receive
9 adequate compensation and benefits commensurate to their fundamental role
10 in society and the amount of work that they render, the DOH, in consultation
11 with the Department of Budget and Management (DBM), shall work for the
12 increase in salaries and allowances of all health professionals, personnel and
13 staff to make their compensation and benefits competitive in accordance with
14 national salary rates, and provide additional allowances if assigned in
15 underserved or geographically isolated and disadvantaged areas.

16 SEC. 50. *Reimbursements.* – All payments for professional services
17 rendered by salaried public providers shall be pooled and distributed among
18 health personnel. The DOH shall, in consultation with the Corporation,
19 develop specific guidelines on this.

20 SEC. 51. *Available Plantilla Items.* – The DOH shall, in coordination
21 with the DBM, regularly adjust plantilla items in government health facilities
22 for both general practitioners and specialists, including residency positions,
23 such that the desired ratio of health professionals to the population are met and
24 is consistent with the burden of disease and that distribution of health
25 professionals and allocation of health professionals are responsive to
26 contextual geographic needs especially of underserved areas.

27 SEC. 52. *Return of Service.* – All health professional graduates from
28 state universities and colleges or government-funded scholarship programs
29 shall be required to serve for at least two (2) full years, under supervision and

1 with compensation, in an underserved area or in the public sector. All health
2 professional graduates from private schools shall be similarly encouraged to
3 serve in these areas.

4 The DOH shall coordinate with the Commission on Higher Education
5 (CHED) for the effective implementation of this section.

6 SEC. 53. *Publicly-funded Health Professional Education.* – Within
7 the next five (5) years from the effectivity of this Act, the government
8 shall ensure that funds for scholarship grants to deserving students in
9 health-related undergraduate and graduate programs are allocated. The DOH,
10 the CHED, and the DBM shall develop and plan the expansion of local
11 health-related degree programs and regulate the number of enrollees in each
12 degree program based on health needs of the population. For programs not
13 available locally, the DOH and the CHED shall develop a systematic
14 capacity development program that shall enable the full implementation of
15 this Act.

16 SEC. 54. *Curriculum Shift to Primary Care and Outcomes Orientation.*
17 – The DOH, in coordination with the CHED and various academic institutions
18 and professional organizations, shall work towards shifting the focus and
19 learning outcomes of degree programs to that of health promotion and primary
20 health care. The DOH shall redesign, finance and scale up primary care
21 residency training to develop a cadre of primary care practitioners.

22 SEC. 55. *Integrated Human Resources for Health Data.* – The DOH
23 shall set up and manage an integrated human resource database containing data
24 from all government agencies, covering entry into and exit from the health
25 workforce, among others. A national census on human resources for health
26 shall be conducted every five (5) years for the purpose of updating the
27 database.

CHAPTER IX

HEALTH INFORMATION SYSTEM

SEC. 56. *Access to Data.* – The DOH and the Corporation shall observe transparency with respect to data pertaining to the planning and implementation of the Fund. To the extent possible and unless restricted by the Data Privacy Act of 2012, these data shall be in the public domain. The DOH and the Corporation shall not unduly restrict the release of information required by its members, government officials, researchers, members of the academe, media, and other concerned parties, unless the release of information requires excessive cost to generate, in which case, those who request the data may be required to pay for the cost of obtaining it.

CHAPTER X

HEALTH CARE PROVIDERS

SEC. 57. *Quality Assurance.* – All health care providers shall take part in a quality assurance program which shall have the following objectives:

(a) to ensure that the quality of health interventions delivered, measured in terms of inputs, process, output and outcomes, are of reasonable quality in the context of the Philippines over time;

(b) to ensure that the health care standards are uniform; and

(c) to see to it that the acquisition and use of scarce and expensive health technologies are consistent with actual needs and standards of medical practice, and that the performance of medical procedures and the administration of drugs are appropriate, necessary and unquestionably consistent with accepted standards of medical practice and ethics. Drugs for which payments are made shall be those included in the Philippine National Formulary.

1 SEC. 58. *Safeguards Against Overprovision and Underprovision.* —

2 It shall be incumbent upon the Corporation to set up a monitoring mechanism
3 to be operationalized through a contract with health care providers to ensure
4 compliance with clinical practice guidelines issued by the DOH and to provide
5 safeguards against the following:

6 (a) overprovision of services;

7 (b) unnecessary diagnostic and therapeutic procedures and
8 intervention;

9 (c) irrational medication and prescriptions;

10 (d) underprovision of services; and

11 (e) inappropriate medical and referral practices.

12 The Corporation may deny or reduce the payment for claims when such
13 claims are attended by false or incorrect information and when the claimants
14 fail, without justifiable cause, to comply with the pertinent rules and
15 regulations of this Act.

16 SEC. 59. *Contracting Network of Health Service Providers.* — To

17 encourage efficiency and accountability in the use of resources, specifically
18 avoiding redundant one-stop shop, facilitating cross-subsidization of
19 operational costs, and setting up of referral protocols including transportation
20 and accommodation services, the Corporation shall, within three (3) years
21 from the effectivity of this Act, only engage and contract service delivery
22 networks that encompass primary to tertiary levels of care. The Corporation,
23 in coordination with the DOH, shall formulate terms and mechanisms for
24 contracting these networks. In the interim, the Corporation shall continue to
25 individually contract health care facilities and health care professionals.

26 (a) *Contracting of Health Care Facilities* — The minimum
27 contracting requirements for health care facilities are as follows:

28 (1) Human resource, equipment and physical structure in conformity
29 with the DOH licensing standards of the relevant facility;

1 (2) Acceptance of formal program of quality assurance and utilization
2 review;

3 (3) Acceptance of the payment mechanisms specified in Section 60 of
4 this Act;

5 (4) Adoption of referral protocols and health resources sharing
6 arrangements;

7 (5) Recognition of the rights of patients;

8 (6) Acceptance of information system requirements and regular
9 transfer of information; and

10 (7) Any other requirements as may be determined by the Corporation.

11 (b) *Contracting Health Care Professionals* – The minimum
12 contracting requirements for health care professionals are as follows:

13 (1) License to practice in the Philippines by the Professional
14 Regulatory Commission or certified by a body or organization recognized by
15 the Corporation;

16 (2) Active membership in the Program;

17 (3) Acceptance of formal program of quality assurance;

18 (4) Acceptance of the payment mechanisms specified in Section 60 of
19 this Act;

20 (5) Adoption of referral protocols and health resources sharing
21 arrangements;

22 (6) Recognition of the rights of patients; and

23 (7) Any other requirements as may be determined by the Corporation.

24 SEC. 60. *Provider Payment Mechanisms.* – The following payment
25 mechanisms for public and private health care providers shall be allowed in
26 the Program:

27 (a) Capitation;

28 (b) Case-based or bundled payment; and

29 (c) Global budget.

1 Subject to the approval of its Board, the Corporation may adopt other
2 payment mechanisms that are most beneficial to the members and the
3 Corporation.

4 SEC. 61. *Income Retention.* – To ensure that all government hospitals
5 and health facilities have full authority to utilize their income and enhance
6 their capacity to expand and to improve the quality of their services, all
7 government hospitals are hereby authorized to retain and utilize one hundred
8 percent (100%) of their income, which includes reimbursements from the
9 Program excluding payment for professional services, hospital fees from
10 in-house services and facilities without remitting the same to the Bureau of
11 Treasury.

12 In no case shall the retained income be used for the payment of salaries
13 and other personnel benefits.

14 The retained income shall be deposited in an authorized government
15 depository bank recommended by the DOH, the DBM, and the Department of
16 Finance.

17 Further, all public hospitals shall comply with the standard cost
18 accounting method of the DOH and accordingly account for their finances and
19 expenditures with separate financial reports for No Balance Billing and
20 non-No Balance Billing accommodation.

21 SEC. 62. *Establishment of New Health Care Facilities.* – The DOH
22 shall use geocodes to tag all health facilities and facilitate determination of
23 areas of need, which shall serve as basis for updating the provincial and
24 national health facility development plan and establishing health facilities.
25 In order to promote equitable access, all new health facilities shall be required
26 to obtain a Certificate of Need. For geographically isolated and disadvantaged
27 areas and areas with documented demand, the DOH shall be responsible for
28 the establishment of health facilities.

1 SEC. 63. *Government Hospitals as No Balance Billing Hospitals.* –

2 Consistent with the objective of improving accessibility and availability of
3 health care for all, especially the poor, all government hospitals are hereby
4 required to operate with not less than ninety percent (90%) of their bed
5 capacity as free or charity beds as mandated by Section 6 of Republic Act
6 No. 1939, entitled “An Act Prescribing the Appropriate Share of the National,
7 Provincial, City and Municipal Governments in the Financial Contributions for
8 the Operation and Maintenance of Free Beds in Government Hospitals and/or
9 the Establishment of Additional Wards or Hospitals in the Philippines”.

10 Specialty hospitals are required to operate with not less than seventy
11 percent (70%) and private hospitals with not less than ten percent (10%) of
12 their bed capacity as free or charity beds.

13 All government hospitals, specialty hospitals and private hospitals shall
14 regularly submit a report on the allotment or percentage of their bed capacity
15 to charity beds. The DOH shall issue the necessary guidelines for the
16 immediate implementation of this section.

17 SEC. 64. *Administrative, Medical, Prescription, Reimbursement Data.*

18 – All health care providers and insurers shall, within four (4) years from the
19 effectivity of this Act, create and maintain information systems that include
20 enterprise resource planning, human resource information system, electronic
21 medical records, and electronic prescription consistent with DOH standards
22 and which shall be electronically uploaded on a regular basis. The DOH shall
23 develop a single system to be used by all health care providers.

24 SEC. 65. *Patient-friendly Procedures.* – All health care providers shall
25 adopt standard admission, billing and discharge procedures to be developed by
26 the DOH, in coordination with private hospitals association, to ensure that:

27 (a) patients receive the same quality of service or treatment,
28 notwithstanding their differing capacity to pay;

1 (b) patients are accommodated and provided necessary health service
2 at the most convenient, responsive, culture-sensitive and efficient way; and

3 (c) medical social workers are seamlessly integrated into the health
4 service system.

5 SEC. 66. *Access to Price Information.* — To promote informed
6 choice, all health care providers shall designate an information desk where the
7 public may obtain relevant and up-to-date information regarding prices of all
8 goods and services being offered by such health care provider.

9 CHAPTER XI

10 GRIEVANCE AND APPEAL

11 SEC. 67. *Grievance System.* — A grievance system is hereby
12 established, wherein members, dependents, or health care providers of the
13 Program who are aggrieved by any decision of the implementors of the
14 Program, may seek redress in accordance with the provisions of this chapter.

15 SEC. 68. *Ground for Grievances.* — The following acts shall constitute
16 valid grounds for grievance action:

17 (a) Any violation of the rights of patients;

18 (b) A willful neglect of duties of program implementors that results in
19 the loss or non-enjoyment of benefits by members or their dependents;

20 (c) Unjustifiable delay in actions or claims;

21 (d) Delay in the processing of claims that extends beyond the period
22 agreed upon;

23 (e) Any other act or neglect that undermines or defeats the purposes of
24 this Act; and

25 (f) Any other act or omission that constitutes a violation of this Act.

26 SEC. 69. *Grievance and Appeal Procedures.* — A member, a
27 dependent, or a health care provider may file a complaint based on any of the
28 above-stated grounds, in accordance with the following rules and procedures:

1 (a) A complaint must be filed with the Corporation which shall refer
2 the same to the Grievance and Appeal Review Committee. The Grievance and
3 Appeal Review Committee shall rule on the complaint through a notice of
4 resolution within sixty (60) calendar days from receipt thereof;

5 (b) An appeal from the decision of the Grievance and Appeal Review
6 Committee must be filed with the Board within thirty (30) calendar days from
7 receipt of the notice of resolution;

8 (c) The Board shall promptly and expeditiously issue its decision or
9 resolution on each appeal or grievance within sixty (60) calendar days from
10 the date it is submitted to it for determination;

11 (d) Nonobservance of the periods set forth in this section shall subject
12 the responsible officer or employee to the penalties prescribed under Section
13 72(b) of this Act;

14 (e) All decisions by the Board as to entitlement to benefits of members
15 or to payments of health care providers shall be considered final and
16 executory; and

17 (f) The Corporation's local offices shall have no jurisdiction over any
18 issue involving the suspension or revocation of contracts, the imposition of
19 fines, or the imposition of charges on members' premiums.

20 SEC. 70. *Grievance and Appeal Review Committee.* – The Board shall
21 create a Grievance and Appeal Review Committee, composed of five (5)
22 members, hereinafter referred to as the Committee, which shall, subject to the
23 procedures enumerated above, receive and recommend appropriate action on
24 complaints from members and health care providers relative to this Act and its
25 implementing rules and regulations.

26 The Committee shall have as one of its members a representative of any
27 of the health care providers as endorsed by the DOH.

28 SEC. 71. *Hearing Procedures of the Committee.* – Upon the filing of
29 the complaint, the Committee, after consideration of the allegations thereof,

1 may dismiss the case outrightly due to lack of verification, failure to state the
2 cause of action, or any other valid ground for the dismissal of the complaint
3 after consultation with the Board; or require the respondent to file a verified
4 answer within five (5) days from service of summons.

5 In case the respondent fails to answer the complaint within
6 the reglementary five (5)-day period herein provided, the Committee,
7 *motu proprio* or upon motion of the complainant, render judgment as may be
8 warranted by the facts alleged in the complaint and limited to what is prayed
9 for therein.

10 After an answer is filed and the issues are joined, the Committee shall
11 require the parties to submit, within ten (10) days from receipt of the order, the
12 affidavits of witnesses and other evidence on the factual issues defined therein,
13 together with a brief statement of their positions setting forth the law and the
14 facts relied upon by them. In the event that the Committee finds, upon
15 consideration of the pleadings, the affidavits and other evidences, and position
16 statements submitted by the parties, that a judgment may be rendered thereon
17 without need of a formal hearing, it may proceed to render judgment not later
18 than ten (10) days from the submission of the position statements of the
19 parties.

20 In cases where the Committee deems it necessary to hold a hearing
21 to clarify specific factual matters before rendering judgment, it shall set
22 the case for hearing. At such hearing, witnesses whose affidavits were
23 previously submitted may be asked clarificatory questions by the proponent
24 and by the Committee and may be cross-examined by the adverse party.
25 The order setting the case for hearing shall specify the witnesses who
26 will be called to testify, and the matters which their examination will
27 pertain to. The hearing shall be terminated within fifteen (15) days, and the
28 case decided upon by the Committee within fifteen (15) days from such
29 termination.

The decision of the Committee shall become final and executory fifteen (15) days after notice thereof: *Provided, however,* That the same may be appealable to the Board within thirty (30) days from receipt of the copy of the judgment appealed from. An appellee shall be given fifteen (15) days from notice to file a memorandum after which the Board shall decide on the appeal within sixty (60) days from the submittal of the said pleadings.

The decision of the Board shall also become final and executory fifteen (15) days after notice thereof: *Provided, however,* That the same may be reviewed by the Supreme Court on purely questions of law in accordance with the Rules of Court.

The Committee and the Board, in the exercise of their quasi-judicial functions, as specified in Section 33 hereof, can administer oaths, certify to official acts and issue subpoena to compel the attendance and testimony of witnesses, and subpoena *duces tecum* and *ad testificandum* to enjoin the production of books, papers and other records and to testify therein on any question arising out of this Act. Any case of contumacy shall be dealt with in accordance with the provisions of the Revised Administrative Code and the Rules of Court. The Board or the Committee, as the case may be, shall prescribe the necessary administrative sanctions such as fines, warnings, suspension or revocation of the right to participate in the Program.

In all its proceedings, the Board or the Committee shall not be bound by the technical rules of evidence: *Provided, however,* That the Rules of Court shall apply with suppletory effect.

CHAPTER XII

PENALTIES

SEC. 72. *Penal Provisions.* – (a) A violation by the following persons shall suffer the corresponding penalties as herein provided:

(1) *Contracted Health Care Provider* – Any contracted health care provider who commits an unethical act, abuses the authority vested upon

1 him or her, or perform a fraudulent act as defined in Section 4 of this Act
2 shall be punished by a fine of two hundred thousand pesos (P200,000.00),
3 or suspension of contract for three (3) months, or both, at the discretion
4 of the Corporation. If the health care provider is a juridical person, its officers
5 and employees or other representatives found to be responsible, who acted
6 negligently or with intent, or have directly or indirectly caused the commission
7 of the violation, shall be liable. Recidivists may no longer be contracted as
8 participants of the Program.

9 (2) *Member* – Any member who commits any violation of this Act
10 or knowingly and deliberately cooperates or agrees, whether explicitly
11 or implicitly, to the commission of a violation by a contracted health care
12 provider or employer as defined in this section, including the filing of a
13 fraudulent claim for benefits or entitlement under this Act, shall be punished
14 by a fine of fifty thousand pesos (P50,000.00) for each count or suspension
15 from availment of the benefits of the Program for not less than three (3)
16 months but not more than six (6) months, or both, at the discretion of the
17 Corporation.

18 (3) *Employer* –

19 (i) *Failure or Refusal to Register, Deduct or Remit the Contributions*
20 – Any employer who deliberately or through inexcusable negligence, fails or
21 refuses to register employees, regardless of their employment status,
22 accurately and timely deduct contributions from the employee's compensation
23 or to accurately and timely remit the same to the Corporation shall be punished
24 with a fine of fifty thousand pesos (P50,000.00) for every violation per
25 affected employee, or imprisonment of not less than six (6) months but not
26 more than one (1) year, or both such fine and imprisonment, at the discretion
27 of the court.

28 Any employer or any officer authorized to collect contributions under
29 this Act who, after collecting or deducting the monthly contributions from the

1 employee's compensation, fails or refuses for whatever reason to accurately
2 and timely remit the contributions to the Corporation within thirty (30) days
3 from due date is presumed *prima facie*, to have misappropriated the same
4 and is obligated to hold the same in trust for and in behalf of the employees
5 and the Corporation, and is immediately obligated to return or remit the
6 amount. If the employer is a juridical person, its officers and employees or
7 other representatives found to be responsible, whether they acted negligently
8 or with intent, or have directly or indirectly caused the commission of the
9 violation, shall be liable.

10 (ii) Unlawful Deductions – Any employer or officer who shall deduct
11 directly or indirectly from the compensation of the covered employees or
12 otherwise recover from them the employer's own contribution on behalf of
13 such employees shall be punished with a fine of five thousand pesos
14 (P5,000.00) multiplied by the total number of affected employees or
15 imprisonment of not less than six (6) months but not more than one (1) year, or
16 both such fine and imprisonment, at the discretion of the court.

17 If the unlawful deduction is committed by an association, partnership,
18 corporation or any other institution, its managing directors or partners or
19 president or general manager, or other persons responsible for the commission
20 of the act shall be liable for the penalties provided for in this Act.

21 (iii) Misappropriation of Funds by Employees of the Corporation –
22 Any employee who, without prior authority or contrary to the provisions of
23 this Act or its implementing rules and regulations, wrongfully receives or
24 keeps funds or property payable or deliverable to the Corporation, and
25 who shall appropriate and apply such fund or property for their own personal
26 use, or shall willingly or negligently consent either expressly or implicitly
27 to the misappropriation of funds or property without objecting to the same
28 and promptly reporting the matter to proper authority, shall be liable for
29 misappropriation of funds under this Act and shall be punished with a fine

1 equivalent to triple the amount misappropriated per count and suspension for
2 three (3) months without pay.

3 (b) Other Violations of this Act Declared to be Unlawful herein. –

4 Any violation of Section 38 (Conflict of Interest) and Section 69
5 (Grievance and Appeal Procedures) of this Act and other infractions or
6 violations of the provisions of this Act or its implementing rules and
7 regulations shall be punished with a fine of not less than fifty thousand pesos
8 (P50,000.00) but not more than one hundred thousand pesos (P100,000.00) per
9 count.

10 The violation of Section 45 (HTAC members' non-disclosure of
11 conflict of interest) shall be punished with a fine of fifty thousand pesos
12 (P50,000.00) and expulsion.

13 (c) Despite the cessation of operation by a health care provider or
14 termination of practice of an independent health care professional while the
15 complaint is being heard, the proceeding against them shall continue until final
16 resolution of the case.

17 The dispositive part of the decision requiring payment of fines,
18 reimbursement of paid claim or denial of payment shall be immediately
19 executory.

20 (d) The imposition of penalties for violations of the provisions of this
21 Act shall be without prejudice to the imposition of other applicable penalties
22 for any violation of the Revised Penal Code or other special laws arising from
23 the same act or transaction.

24 (e) The provisions of the Revised Penal Code on aggravating,
25 exempting, mitigating, justifying and alternative circumstances shall be
26 applied in a suppletory manner when considering the imposition of
27 imprisonment for violations under this Act.

(f) Violation of the provisions of this Act shall be promptly acted upon by the law enforcement agencies, the prosecutorial arms of the Department of Justice and the courts.

SEC. 73. *Review of Penalties.* — The President of the Corporation shall, after five (5) years from the effectivity of this Act and every five (5) years thereafter, review the applicability and enforcement of all foregoing pecuniary penalties. The President of the Corporation is authorized to increase the same as may be necessary, subject to the approval of the Secretary of Health: *Provided*, That the increase may not be more than three percent (3%) of the amount of the pecuniary penalty during each review.

In the case of penalties provided for the HTAC, the Secretary of Health shall review the applicability and enforcement of pecuniary penalty.

CHAPTER XIII

APPROPRIATIONS

SEC. 74. *Appropriations.* — The funds needed to implement the provisions of this Act shall be included in the annual General Appropriations Act.

CHAPTER XIV

MISCELLANEOUS PROVISIONS

SEC. 75. *Requisites for Issuance or Renewal of License or Permits.* — Notwithstanding any law to the contrary, all government agencies issuing professional or business licenses or permits including LGUs, the DOH, Professional Regulation Commission, Land Transportation Office, Land Transportation Franchising and Regulatory Board, Securities and Exchange Commission, Philippine Overseas Employment Administration, Integrated Bar of the Philippines, Philippine Economic Zone Authority, Bureau of Immigration, Department of Trade and Industry, and the Maritime Industry Authority shall require all applicants to submit a certificate or proof of

1 payment of premium contributions to the Corporation, prior to the issuance or
2 renewal of such licenses or permits.

3 SEC. 76. *Oversight Provision.* — There is hereby created a Joint
4 Congressional Oversight Committee to conduct a regular review of the
5 implementation of this Act which shall entail a systematic evaluation of
6 the performance, impact or accomplishments of the Program and the various
7 agencies involved in the provision of universal health coverage, particularly
8 with respect to their objectives and functions. The Joint Congressional
9 Oversight Committee shall be composed of five (5) members from the Senate
10 and five (5) members from the House of Representatives, to be appointed by
11 the Senate President and the Speaker of the House of Representatives,
12 respectively. The Joint Congressional Oversight Committee shall be jointly
13 chaired by the Chairpersons of the Senate Committee on Health and
14 Demography and the House of Representatives Committee on Health.

15 The DOH shall develop a comprehensive monitoring and
16 evaluation framework, in order to assess the implementation and validate
17 the accomplishments of the provisions of this Act. The PSA is mandated to
18 conduct the relevant modules of the Family Income and Expenditure Survey
19 (FIES) annually during the first ten (10) years of the implementation of this
20 Act, in order to track the progress of the Program and thereafter follow its
21 regular schedule of survey. In addition, the NEDA shall contract the services
22 of an appropriate research entity to undertake studies using the said
23 framework. The DOH shall provide the necessary budget for these purposes.

24 SEC. 77. *Implementing Rules and Regulations.* — Within sixty (60)
25 days from the approval of this Act, the Secretary of Health, the Secretary
26 of Social Welfare and Development and the Corporation, in consultation
27 and coordination with appropriate government agencies, civil society
28 organizations, nongovernment organizations, representatives from the private

sector, and other stakeholders, shall promulgate the necessary implementing rules and regulations for the effective implementation of this Act.

SEC. 78. *Transitory Provision.* — Within thirty (30) days from the effectivity of this Act, the President of the Philippines shall appoint the new members of the Board and the President of the Corporation. The existing board of directors of the Corporation shall serve in a hold-over capacity until a full and permanent board of directors of the Corporation is constituted and functioning.

Pursuant to Section 30 of this Act, all personnel, records, assets and properties, including land and improvements thereon, facilities and equipment of the Philippine Health Insurance Corporation shall be transferred to the Corporation. Furthermore, all obligations, funds and the applicable appropriations of the Philippine Health Insurance Corporation are now vested in the Corporation.

All officers and personnel of the Corporation, except members of the Board who shall be governed by the first paragraph of this section, shall continue to perform their duties and responsibilities and receive their corresponding salaries and benefits as officers and employees. The approval of this Act shall not cause any demotion in rank or diminution of salary, benefits and other privileges of the incumbent personnel of the Corporation.

All references to the Philippine Health Insurance Corporation in other laws, rules and regulations, and other executive issuances are now deemed to refer to the Corporation.

SEC. 79. *Interpretation.* — Any doubt in the interpretation of any provision of this Act shall be liberally interpreted in a manner mindful of the rights and interests of every Filipino to quality, accessible and affordable health care.

1 SEC. 80. *Separability Clause.* — If any part or provision of this Act is
2 held invalid or unconstitutional, the remaining parts or provisions not affected
3 shall remain in full force and effect.

4 SEC. 81. *Repealing Clause.* — Republic Act No. 7875, as amended
5 by Republic Act Nos. 9241 and 10606, is hereby repealed. All other laws,
6 decrees, executive orders and rules and regulations contrary to or inconsistent
7 with the provisions of this Act are hereby repealed or modified accordingly.

8 SEC. 82. *Government Guarantee.* — The Government of the
9 Philippines guarantees the financial viability of the Program.

10 SEC. 83. *Effectivity.* — This Act shall take effect fifteen (15) days
11 after its publication in the *Official Gazette* or in any newspaper of general
12 circulation.

Approved,

O