

SENATE

'18 AUG 14 A10 :43

P.S. Res. No. 840

RECEIVED



Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION

**URGING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE ₱4.75-BILLION NET LOSS
INCURRED BY THE PHILIPPINE HEALTH INSURANCE CORPORATION
(PHILHEALTH) REVEALED IN THE 2017 COMMISSION ON AUDIT
(COA) REPORT**

1 WHEREAS, the 1987 Constitution, Article 13, Section 11, states that “[t]he State
2 shall adopt an integrated and comprehensive approach to health development which
3 shall endeavor to make essential goods, health and other social services available to all
4 people at affordable cost. There shall be priority for the needs of the underprivileged
5 sick, elderly, disabled, women, and children. The State shall endeavor to provide free
6 medical care to paupers”;

7 WHEREAS, the National Insurance Program is part of the Government’s Social
8 Protection framework and strategy under the component of Social Insurance where
9 this program “seeks to mitigate income risks by pooling resources and spreading risks
10 across time and classes. These are designed in such a way that beneficiaries pay a
11 premium over a given period of time to cover or protect them from illness [and other
12 enumerated risks]”¹. PhilHealth is one of the 7 major social protection institutions of
13 the country²;

14 WHEREAS, Republic Act 7875 or the National Health Insurance Act of 1995,
15 Section 14, created the Philippine Health Insurance Corporation (PhilHealth). Section
16 thereof outlines its powers and functions, one of which is to “*administer the*

¹ Villar, F. (2013 October) *The Philippine Social Protection Framework and Strategy: An Overview* Department of Social Welfare and Development

² Orbeta Jr. A. (2011 February) *Social Protection in the Philippines: Current State and Challenge*. Philippine Institute for Development Studies

1 *National Health Insurance Program*” and “*to formulate and promulgate policies for*
2 *the sound administration of the Program*”.

3 WHEREAS, Section 5 of the same provides that “[t]he *Program shall include a*
4 *sustainable system of funds constitution, collection, management and disbursement*
5 *for financing the availment of a basic minimum package and other supplementary*
6 *packages of health insurance benefits by a progressively expanding proportion of the*
7 *population*”;

8 WHEREAS, according to the Commission on Audit (COA) 2017 Annual Audit
9 Report, PhilHealth incurred a net loss of ₱4.75 billion for FY 2017, negatively affecting
10 the efficient implementation of its programs and projects³;

11 WHEREAS, the aforementioned report also disclosed that the annual increase
12 in the Benefit Claims and Operating Expenses averaging 20 percent and 10 percent,
13 respectively, “outpaced the increase in the Premium Contributions with 19 percent
14 average increase from CYs 2013-2017.” Thus, the premium contributions will not be
15 sufficient to cover all current and future PhilHealth claims⁴;

16 WHEREAS, the report also revealed that “[a]dding to PhilHealth’s woes was
17 its inability to avail of the government[‘s] ₱37.06 billion 2017 allocation for indigents
18 premium contributions, which was targeted as the agency’s third major source of
19 income for CY 2017,”⁵. As a result, PhilHealth incurred foregone income of ₱3.2 billion
20 because the agency failed to enroll targeted “indigents/beneficiaries” who were
21 included in the National Household Targeting System identified by the Department of
22 Social Welfare and Development⁶;

23 WHEREAS, the report stated that “[t]he Premium Contributions under the
24 current contribution rate will not be sufficient to cover all current PhilHealth claims
25 and the future benefit availments, thus reduction in the actuarial life of the agency is

³ Commission on Audit (NA) *Executive Summary*; Annual Audit Reports pg 12

⁴ Manila Bulletin (2018 July 28) Philhealth ‘bleeding,’ in bad financial health – COA. Retrieved from:
<https://news.mb.com.ph/2018/07/26/philhealth-bleeding-in-bad-financial-health-coa/>

⁵ *Ibid*

⁶ *Ibid*

1 imminent”⁷, raising a critical warning for the company’s financial performance and its
2 sustainability to provide its mandated services to the public in the coming years.

3 WHEREAS, it is imperative that government continues to deliver an effective
4 health insurance program and social protection mitigating mechanisms helping
5 individuals and their household reduce the impact of future risky events, such as
6 illnesses, most especially for the marginalized and vulnerable members of society;

7 WHEREAS, the fiscal solvency of PhilHealth is paramount for the meaningful
8 implementation of the National Health Insurance Program and the Government’s
9 objective of progressively providing a universal health program for all Filipinos. Hence,
10 financial deficits and continued profit loss shall significantly affect the National Health
11 Insurance Fund and reserve fund;

12 WHEREAS, there is need to determine the root cause of the incurred losses as
13 well as the possible accountability of the PhilHealth leadership;

14 WHEREAS, there is also need to establish a roadmap towards financial stability
15 to ensure that PhilHealth will be sufficiently solvent to address the needs of its
16 members;

17 NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED to
18 direct the Senate Committees on Health and Demography and Social Justice, Welfare
19 and Rural Development to investigate, in aid of legislation, the ₱4.75-billion net loss
20 incurred by the Philippine Health Insurance Corporation (PhilHealth) revealed in the
21 2017 Commission on Audit (COA) Report.

Adopted,


LHILA M. DE LIMA

⁷ ABS-CBN News (2018 July 26) COA worried about PhilHealth sustainability over P4.75-billion net loss.
Retrieved from: <http://news.abs-cbn.com/news/07/26/18/coa-worried-about-philhealth-sustainability-over-p475-billion-net-loss>