



SENATE

P.S. Res. No. 62

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Introduced by SENATOR LEILA M. DE LIMA

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RESOLUTION

**URGING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED ALARMING STATE OF WIDESPREAD CORRUPTION AND MISMANAGEMENT IN THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) LEADING TO LOSSES AMOUNTING TO BILLIONS OF PESOS TO THE PREJUDICE OF OUR NATIONAL HEALTH INSURANCE AND UNIVERSAL HEALTH CARE PROGRAMS**

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

7 WHEREAS, Article II, Section 27 of the same states that, “[t]he State shall  
8 maintain honesty and integrity in the public service and take positive and effective  
9 measures against graft and corruption”;

10 WHEREAS, in Section 5 of Republic Act 7875, otherwise known as the  
11 “National Health Insurance Act of 1995”, the National Health Insurance Program shall  
12 include “a sustainable system of funds constitution, collection, management and  
13 disbursement for financing the availment of a basic minimum package and other  
14 supplementary packages of health insurance benefits by a progressively expanding  
15 proportion of the population”;

16 WHEREAS, according to the Commission on Audit (COA) 2017 Annual Audit  
17 Report, Philippine Health Insurance Corporation (PhilHealth) incurred a net loss of

1 P4.75 billion for FY 2017, negatively affecting the efficient implementation of its  
2 programs and projects<sup>1</sup>;

3 WHEREAS, the aforementioned report also disclosed that the annual increase  
4 in the Benefit Claims and Operating Expenses averaging 20 percent and 10 percent,  
5 respectively, “outpaced the increase in the Premium Contributions with 19 percent  
6 average increase from CYs 2013-2017.” Thus, the increase in premium contributions  
7 will not be sufficient to cover all current and future PhilHealth claims<sup>2</sup>;

8 WHEREAS, the report also revealed that “[a]dding to PhilHealth’s woes was  
9 its inability to avail of the government[’s] P37.06 billion 2017 allocation for indigents  
10 premium contributions, which was targeted as the agency’s third major source of  
11 income for CY 2017,”<sup>3</sup>.

12 WHEREAS, as a result, PhilHealth incurred losses by way of foregone income  
13 of P3.2 billion because the agency failed to enroll targeted “indigents/beneficiaries”  
14 who were included in the National Household Targeting System identified by the  
15 Department of Social Welfare and Development<sup>4</sup>;

16 WHEREAS, the report stated that “[t]he Premium Contributions under the  
17 current contribution rate will not be sufficient to cover all current PhilHealth claims  
18 and the future benefit availments, thus reduction in the actuarial life of the agency is  
19 imminent”<sup>5</sup>, raising a critical warning for the company’s financial performance and its  
20 sustainability to provide its mandated services to the public in the coming years;

21 WHEREAS, the COA uncovered illegal bonuses and “perks” given to various  
22 PhilHealth officials and offices and ordered the return of P34 millions of disallowed  
23 bonuses from Philhealth regional offices in Metro Manila and Soccsksargen. In August

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<sup>1</sup> Commission on Audit (NA) *Executive Summary*; Annual Audit Reports pg 12

<sup>2</sup> 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/>

<sup>3</sup> *Ibid*

<sup>4</sup> *Ibid*

<sup>5</sup> 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>

1 2018, the COA affirmed its decision that PhilHealth distributed ₱164 million in  
2 unauthorized perks to officials and personnel in fiscal years 2009, 2010, and 2014<sup>6</sup>;

3 WHEREAS, recent news reports disclosed that PhilHealth continues to face  
4 serious leakages and operation losses amounting to ₱154 billion since fiscal year 2013.  
5 Of said reported “losses” in the past six years, ₱102.5 billion was due to overpayment;<sup>7</sup>

6 WHEREAS, one of the reasons of this overpayment that gravely depletes  
7 PhilHealth’s funds are the reported upcasing problems, such as claims for pneumonia  
8 even if patients may have had only cough or cold, and other overpayments for medical  
9 procedures such as hemodialysis where PhilHealth paid Capitol University Medical  
10 City Foundation the maximum ₱4,000 for hemodialysis when the hospital charged its  
11 patient only ₱500<sup>8</sup>;

12 WHEREAS, it was also widely reported that PhilHealth was involved in falsified  
13 claims for payment for dialysis treatments, as in the case of WellMed Dialysis &  
14 Laboratory Center Corp (WellMed)<sup>9</sup>;

15 WHEREAS, it is imperative that government continues to deliver an effective  
16 health insurance program and social protection mitigating mechanisms helping  
17 individuals and their households reduce the impact of future risky events, such as  
18 illnesses, especially for the marginalized and vulnerable members of society;

19 WHEREAS, as the primary institution involved in the implementation of the  
20 National Health Insurance and Universal Health Care programs, PhilHealth cannot  
21 continue operating with this level of corruption and incompetence, lest they continue  
22 to incur losses which will continue to prejudice our national health services to the  
23 detriment of our countrymen;

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<sup>6</sup> Rappler (16 July 2019) COA to Philhealth regional officials: Return P34-M illegal bonuses. Retrieved from:  
<https://www.rappler.com/nation/235560-coa-decision-philhealth-officials-illegal-bonuses-june-2019>

<sup>7</sup> Yee, J (7 June 2019) Salaverria, L. (6 June 2019) PhilHealth pays for ghost kidney treatments. Retrieved from:  
<https://newsinfo.inquirer.net/1127283/philhealth-pays-for-ghost-kidney-treatments>

<sup>8</sup> Ibid

<sup>9</sup> Salaverria, L. (6 June 2019) PhilHealth pays for ghost kidney treatments. Retrieved from:  
<https://newsinfo.inquirer.net/1127283/philhealth-pays-for-ghost-kidney-treatments>

1           WHEREAS, there is need to determine and address the root causes of the  
2 incurred losses, provide policy and structural reforms, as well as the possible  
3 accountability of the PhilHealth leadership in all levels;

4           WHEREAS, there is also need to establish a clear roadmap towards financial  
5 stability, transparency and higher accountability to ensure that PhilHealth will be able  
6 to provide credible and reliable services to its members;

7           NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, as it is hereby  
8 Resolved, to direct the appropriate Senate committee, to conduct an inquiry, in aid of  
9 legislation, on the reported alarming state of widespread corruption and  
10 mismanagement in the Philippine Health Insurance Corporation (PhilHealth) leading  
11 to losses amounting to billions of pesos to the prejudice of our National Health  
12 Insurance and Universal Health Care programs.

*Adopted,*

  
LEILA M. DE LIMA