

SENATE

S. No. 837

'19 JUL 31 P 3:44

Introduced by Senator Manuel "Lito" M. Lapid

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AN ACT
INCREASING THE PENALTY FOR FRAUD COMMITTED IN RELATION TO THE
MANDATORY EMPLOYEE CONTRIBUTIONS AND BENEFITS

EXPLANATORY NOTE

Last June of 2019, news reports broke out regarding the proliferation of "ghost dialysis" in a certain dialysis center in Quezon City¹. The modus is simple: the center claims for reimbursement of the yearly 90 free dialysis sessions as covered by PhilHealth for a long-deceased patient. There were no patients, so no dialysis treatments were performed and therefore, no costs were incurred by this center and yet they reap the full payment for the dialysis sessions courtesy of PhilHealth and our taxpayers' money.

The Home Development Mutual Fund, also known as the Pag-IBIG Fund, was likewise allegedly hounded by ghosts – ghost borrowers.

Even the Social Security System is not spared. Last 2016, an SSS claimant was sentenced to imprisonment of seven years and eight months up to 10 years and nine months for the crime of defrauding the SSS of disability benefits². He used spurious documents such as a fake medical certificate and X-Ray report in order to make it appear that he has pulmonary tuberculosis and claim benefits from the SSS.

The revelation of these bogus claims brings to the fore the vulnerability of PhilHealth, SSS and the Pag-IBIG Fund. It is therefore imperative that we put an immediate stop to these abuses and schemes that exploit the laws that are

¹ <https://newsinfo.inquirer.net/1127283/philhealth-pays-for-ghost-kidney-treatments>

² <https://www.sunstar.com.ph/article/75949>

intended to benefit the poor and marginalized. Every peso that is robbed and raided from the coffers earmarked for these programs equates to a legitimate indigent patient unable to continue with his/her direly needed dialysis treatment or life-sustaining medications, or to an employee stricken by an accident unable to apply for loans and benefits.

To deter future perpetrators of these fraudulent acts, this bill mandates the imposition of penalties ranging from *reclusion temporal*, *reclusion perpetua* to life imprisonment against individuals who cause the filing of false and fraudulent claims for benefits and other entitlements. As a result, this crime will therefore become a non-bailable offense.

In view thereof, the early approval of this bill is being earnestly sought.



MANUEL "LITO" M. LAPID
Senator



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Office of the Secretary

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

1 SECTION 1. *Declaration of Policy.* – It is hereby declared as a policy of the State
2 to curb the proliferation of false and fraudulent claims for benefits and entitlements
3 under the Universal Health Care Law, the Social Security Law and the Home Mutual
4 Development Fund Law in order to safeguard and preserve the financial health of this
5 program.

6 Sec. 2. Any member, real estate developer, health care provider or person, who
7 shall cause the filing of a false or fraudulent claim for benefits or entitlements under
8 Republic Act No. 11223 or the Universal Health Care Law, Republic Act No. 11199 or
9 the Social Security Law and Republic Act No. 9679 or the Home Development Mutual
10 Fund Law shall suffer the penalty of *reclusion temporal* to *reclusion perpetua*. If the
11 crime is committed by a syndicate consisting of five or more persons, the imposable
12 penalty shall be life imprisonment.

13 Sec. 3. - *Separability Clause.* - Should any provision of this Act or the application
14 thereof to any person or circumstance be held invalid, the other provisions or sections
15 of this Act shall not be affected thereby.

16 Sec. 4. - *Repealing Clause.* – Sections 38 (b), (c), and (e)(2) of Republic Act No.
17 11223, Section 28(a) of Republic Act No. 11199 and Section 25 of Republic Act No.
18 9679 are hereby repealed, amended or modified accordingly. All laws, decrees,
19 executive orders, rules and regulations or parts thereof which are inconsistent with this
20 Act are hereby repealed, amended or modified accordingly.

1 *Sec. 5. Effectivity Clause.* - This Act shall take effect fifteen (15) days following
2 its publication in the Official Gazette or in at least two (2) newspapers of general
3 circulation.

4 *Approved,*