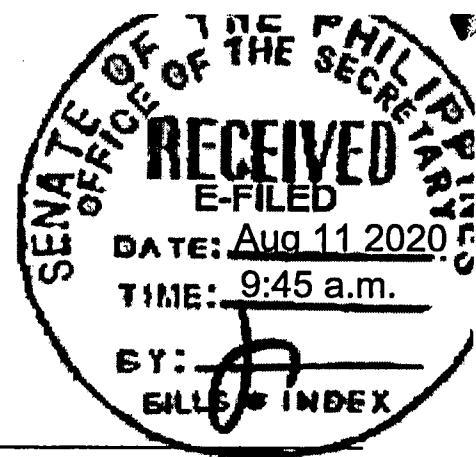


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
S.B. No. 1765



Introduced by **Senator Richard J. Gordon**

AN ACT
CREATING THE INSURANCE FRAUD DETECTION DIVISION UNDER THE
NATIONAL BUREAU OF INVESTIGATION, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill is a result of the various hearings of the Committee on Accountability of Public Officers and Investigations or the Blue Ribbon Committee regarding its investigation on the alleged Philippine Health Insurance Corporation (PhilHealth) corruption and scam.

According to the 2018 Governance Commission for GOCC (GCG) Performance Scorecard of PhilHealth, PhilHealth has an overall score of only 78.17%, collection efficiency of 16.73%, claims processing of 11.44%, prosecution rate of 0%, and percentage of employees meeting required competencies of 10%.

Noteworthy is the overall 0% rating in the resolution of cases filed within the applicable time in the 2018 GCG Scorecard. Although PhilHealth's Fact Finding Investigation and Enforcement Department (FFEID) was able to process 4,357 cases within the 45 day period or 75% of the 5,797 cases received for 2018, its Prosecution Department processed 0 cases of the 4,146 total cases the department received for 2018. Moreover, the Arbitration Department of PhilHealth resolved only 1 case out of the 730 total cases it received for 2018 within the required 60 day period or 0.14%. Given these data, there is clear inefficiency, if not outright nonfeasance.

The alleged fraudulent transactions being employed by the PhilHealth employees, its members, and health care providers are: (i) creation of ghost membership, irregularities in the conduct of the proceedings, fast-tracking of claims, and procurement of IT projects; (ii) fake receipts, and fake membership; and (iii) up-casing, non-admitted patients, recruitment, over bed capacity, and multiple claims.¹

These fraudulent acts have no place in our society. These acts not just cause damage to the government but also to the millions of Filipinos who rely on our insurance

¹ Intelligence Report on Philhealth Insurance Corporation by Presidential Anti-Corruption Commission (PACC) Commissioner Greco B. Belgica, as submitted to the Committee on the Whole Hearing on August 11, 2020.

government agencies for their health care, retirement, and an overall better quality of living.

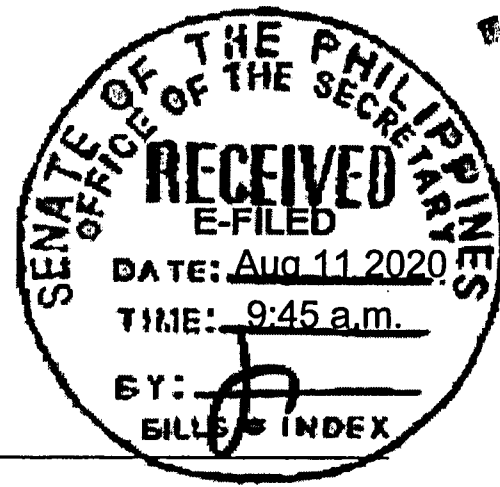
This bill proposes to create an Insurance Fraud Detection Division which shall be organized under the National Bureau of Investigation (NBI). The Insurance Fraud Detection Division shall be the primary division under the NBI which shall investigate and prosecute government insurance fraud to ensure that similar schemes and other government insurance fraud would be detected, investigated, and prosecuted speedily.

Thus, the passage of this bill is earnestly sought.



RICHARD J. GORDON
Senator

EIGHTEENTH CONGRESS OF THE)
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S.B. No. 1765

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**AN ACT
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NATIONAL BUREAU OF INVESTIGATION, AND FOR OTHER PURPOSES**

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

1 **SECTION 1. Short Title.** This Act shall be known as the "Insurance Fraud
2 Detection Act of 2020."
3

4 **SEC. 2. Declaration of Policy.** – The State recognizes that the country's insurance
5 systems, by its nature, are susceptible to fraud and the need to proactively fight the
6 same. Thus, it is the policy of the state to ensure that our insurance government agencies
7 are viable and sustainable. Fraudulent schemes and transactions have no place in our
8 insurance systems as millions of Filipinos depend on this for their health, retirement, and
9 an overall better quality of living. Therefore, it is also the policy of the state to detect,
10 investigate, and prosecute government insurance fraud speedily and actively.
11

12 **SEC. 3. The Insurance Fraud Detection Division.** – It is hereby created and
13 established an Insurance Fraud Detection Division which shall be organized under the
14 NBI within sixty (60) days after the effectivity of this Act.
15

16 **SEC. 4. Composition.** – The Insurance Fraud Detection Division shall be composed
17 of one (1) Head Agent and thirty (30) agents. Being a highly specialized office, agents in
18 this division shall consist only of individuals with high level of competence, as proven by
19 their educational background and/or work experience, in any of the following areas:
20 information technology, data science/data analytics, accountancy with required
21 specialization on forensic accounting, and engineering management/management
22 engineering.
23

24 The NBI Director shall ensure that all areas of specialization as specified in this
25 section are adequately represented in the staffing requirements of the proposed
26 Insurance Fraud Detection Division.
27

1 **SEC. 5. *Mandate and Scope.*** – The Insurance Fraud Detection Division shall be
2 the primary division under the NBI which shall investigate and prosecute government
3 insurance fraud involving government owned and controlled corporation, such as but not
4 limited to, the Philippine Health Insurance Corporation (PhilHealth), Social Security
5 System (SSS), Government Service Insurance System (GSIS), and other government
6 agencies engaged in insurance.
7

8 **SEC. 6. *Powers and Duties of the Division.*** – The Insurance Fraud Detection
9 Division shall have the following powers, functions, and duties, among others:

- 10 (a) Shall conduct an inventory of all cases of government insurance fraud from
11 all government sources;
12 (b) Shall undertake investigation and detection of all crimes and offenses of
13 government insurance fraud;
14 (c) Issue subpoena for the appearance of any person for investigation or
15 production or production of documents, through the NBI officers from the
16 ranks of Regional Director to Director;
17 (d) Create a national clearing house of criminal records and other related
18 information regarding government insurance fraud, for the benefit of the
19 government;
20 (e) Render technical assistance to government agencies and instrumentalities,
21 when so requested;
22 (f) Set-up field offices in the various insurance government agencies;
23 (g) Shall have access to all data of the various insurance government agencies;
24 (h) Conduct intelligence operations in furtherance of the foregoing powers and
25 functions; and
26 (i) Perform such other functions as the NBI Director may assign.
27

28 **SEC. 7. *Inter-governmental Cooperation.***– The Insurance Commission,
29 Department of Health, Securities and Exchange Commission, Governance Commission for
30 GOCC, Commission on Audit, shall provide its technical skills and knowledge, cooperation
31 and share information and intelligence for investigation with the Insurance Fraud
32 Detection Division of the NBI.
33

34 **SEC. 8. *Philippine National Police Assistance.*** – The Philippine National Police shall
35 provide investigative teams and field agents to directly coordinate and assist in the
36 various government insurance fraud.
37

38 **SEC. 9. *Appropriations.*** – The amount necessary to carry out the implementation
39 of this Act shall be sourced from the budget of the NBI.
40

41 **SEC. 10. *Separability Clause.*** – If any provision of this Act is declared
42 unconstitutional, such sections or parts not affected thereby shall remain in full force and
43 effect.
44

45 **SEC. 11. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
46 publication in the Official Gazette or in a newspaper of general circulation.
47

48 *Approved,*