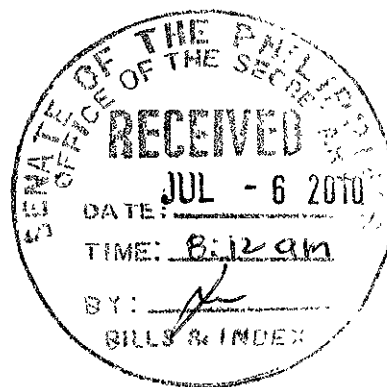


FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE

S. B. No. 152



Introduced by Senator Ralph G. Recto

Explanatory Note

The Philippines' health profile is typical of a middle developing country. Aside from increasing population, deteriorating environment and poor nutrition, one of the biggest factors responsible for the weak performance of the health sector is the inadequate and ineffective public spending for health.

To achieve an integrated and comprehensive approach to health development that shall endeavor to make essential goods, health and other social services available to all the people at affordable cost, the prudent use of financial resources to programs that can help prevent, control, and cure diseases should be prioritized.

This bill proposes to allocate ten percent (10%) of annual VAT collections to expand the immunization program, augment the health insurance for the poor, improve and modernize rural health units in the fourth to sixth-class municipalities, district and provincial hospitals, and establish regional specialty hospitals.

Additional funding support to expand the immunization program will help address the risk of infant mortality, and support our Millennium Development Goal (MDG) commitment to reduce under-five mortality rate by 67% between 1990 and 2015.

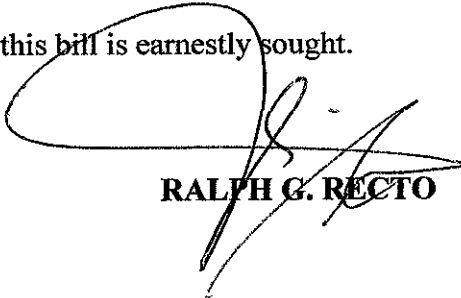
In May 2009, 86% of the 92 million population have been enrolled in Philhealth. Of those enrolled, 18.3 million are indigents. Earmarking VAT proceeds to the National Health Insurance Fund will help sustain the coverage in the long run, ensure better benefits for members at affordable premiums and eventually achieve universal coverage.

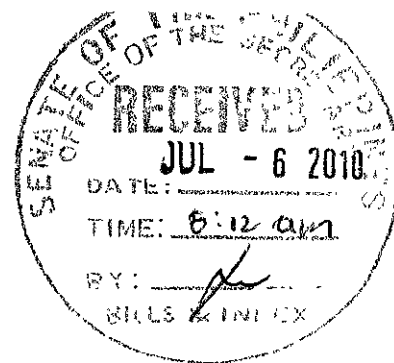
Rural health units and district hospitals exercise the first line of defense against sickness. Thus, this bill allocates VAT dividends to modernize medical facilities/health centers in areas that need most of the funding support - the fourth to sixth-class municipalities.

It also seeks to establish regional specialty hospitals without the use of loans, but instead earmark tax collections of government. Creation of these additional hospitals would unburden the specialty hospitals located in the National Capital Region. It would also allow patients who come from the provinces, and those who do not have the resources to combat orthopedic, heart, lung, and kidney diseases, immediate and more affordable hospital services without the need to travel long distance.

All earmarked funds provided in this bill shall be spent in accordance with the built-in limitation intended to ensure the judicious use of such funds: that aside from the items of expenses specified in the bill, the earmarked funds cannot be used to augment Personal Services and Maintenance and Other Operating Expenses except medicines and medical supplies.

In light of the foregoing, immediate passage of this bill is earnestly sought.


RALPH G. RECTO



FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE

S. B. No. 152

Introduced by Senator Ralph G. Recto

AN ACT
ALLOCATING TEN PERCENT (10%) OF ANNUAL VALUE-ADDED TAX COLLECTIONS
TO FINANCE THE IMPROVEMENT AND MODERNIZATION OF HEALTHCARE AND
HEALTH INFRASTRUCTURE AMENDING FOR THE PURPOSE THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 SECTION 1. A new section, to be numbered two hundred eighty-seven, shall be added to
2 Chapter II, Title XI of the National Internal Revenue Code, as amended to read as follows:

3
4 "SEC. 287. **DISPOSITION OF PROCEEDS OF VALUE-ADDED TAX.** - TEN
5 PERCENT (10%) OF THE VALUE-ADDED TAX COLLECTED UNDER TITLE IV OF THIS ACT,
6 AS AMENDED, SHALL BE ALLOCATED TO THE FOLLOWING HEALTH EXPENDITURES IN
7 THE FOLLOWING PROPORTIONS:

8
9 1.) TEN PERCENT (10%) SHALL BE ALLOCATED FOR THE EXPANSION OF THE
10 IMMUNIZATION PROGRAM, TO BE ADMINISTERED BY THE DEPARTMENT OF
11 HEALTH (DOH);

12
13 2.) FIFTY PERCENT (50%) SHALL BE ALLOCATED FOR THE NATIONAL
14 HEALTH INSURANCE FUND, AS PROVIDED FOR IN SECTIONS 24 AND 46
15 OF REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS THE NATIONAL
16 HEALTH INSURANCE ACT OF 1995, FOR THE PURPOSE OF MEETING AND
17 SUSTAINING THE GOAL OF UNIVERSAL COVERAGE OF THE NATIONAL
18 HEALTH INSURANCE PROGRAM, TO BE ADMINISTERED BY THE
19 PHILIPPINE HEALTH INSURANCE CORPORATION;

20
21 3.) TEN PERCENT (10%) SHALL BE ALLOCATED FOR THE IMPROVEMENT
22 AND MODERNIZATION OF HEALTH INFRASTRUCTURE AND MEDICAL
23 EQUIPMENT OF RURAL HEALTH UNITS: *PROVIDED*, THAT PRIORITY SHALL
24 BE GIVEN TO THOSE LOCATED IN THE FOURTH TO SIXTH-CLASS

1 MUNICIPALITIES: *PROVIDED, FURTHER*, THAT THE ALLOCATION SHALL
2 BE ADMINISTERED BY THE DOH IN CONSULTATION WITH THE PHILIPPINE
3 HEALTH INSURANCE CORPORATION AND THE LOCAL GOVERNMENT
4 UNITS CONCERNED.

5
6 4.) TEN PERCENT (10%) SHALL BE ALLOCATED FOR THE
7 IMPROVEMENT AND MODERNIZATION OF HEALTH
8 INFRASTRUCTURE AND MEDICAL EQUIPMENT OF DISTRICT AND
9 PROVINCIAL HOSPITALS, TO BE ADMINISTERED BY THE DOH IN
10 CONSULTATION WITH THE PHILIPPINE HEALTH INSURANCE
11 CORPORATION AND THE LOCAL GOVERNMENT UNITS
12 CONCERNED.

13
14 5.) TWENTY PERCENT (20%) SHALL BE ALLOCATED FOR THE
15 ESTABLISHMENT OF REGIONAL SPECIALTY HOSPITALS, TO BE
16 ADMINISTERED BY THE DOH IN CONSULTATION WITH THE LOCAL
17 GOVERNMENT UNITS CONCERNED. FOR PURPOSES OF THIS ACT, A
18 "SPECIALTY HOSPITAL" IS DEFINED AS A HOSPITAL THAT IS PRIMARILY OR
19 EXCLUSIVELY ENGAGED IN THE CARE AND TREATMENT OF ONE OF THE
20 FOLLOWING:

- 21
22 A.) PATIENTS WITH A CARDIAC CONDITION;
23 B.) PATIENTS WITH A LUNG CONDITION;
24 C.) PATIENTS WITH A KIDNEY CONDITION;
25 D.) PATIENTS WITH AN ORTHOPEDIC CONDITION;
26

27 ASIDE FROM THE ABOVE ITEMS OF EXPENSES, AT NO TIME SHALL ANY PORTION
28 OF THE EARMARKED FUNDS BE USED TO AUGMENT PERSONAL SERVICES AND OTHER
29 MAINTENANCE AND OTHER OPERATING EXPENSES, EXCEPT MEDICINES AND MEDICAL
30 SUPPLIES.

31
32 SEC. 2. The succeeding Sections of the National Internal Revenue Code are hereby renumbered
33 accordingly.

34
35 *SEC. 3. Coverage of this Act.* - The allocation of value-added tax revenues shall commence in
36 the fiscal year within which this Act shall take effect.

1 SEC. 4. *Separability Clause.* - If, for any reason, any part or provision of this Code shall be held
2 to be unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall
3 continue to be in full force and effect.

4
5 SEC. 5. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations, or parts
6 thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

7
8 SEC. 6. *Effectivity.* - This Act shall take effect fifteen days (15) days following its publication in
9 at least two (2) newspapers of general circulation or the Official Gazette.

Approved,