

SENATE

S. No. 257

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

Explanatory Note

Health research is vital in the improvement of the blueprint and strategies for health interventions, policies and service delivery. It encompasses all different types of research including basic, fundamental, laboratory, biomedical, clinical, applied, epidemiology, psychosocial, population health, health promotion, policy development, health economics, health systems and health delivery systems. Many of the components of a successful research environment include among others, the need for training, skilled researchers, protection of time, a supportive environment, peer review, dissemination and implementation of research results, effective alliances and partnerships, and, of course, the financial resources to support the activity.

The health research landscape is composed mainly of national agencies such as the Department of Health (DOH) and Department of Science and Technology (DOST), the academe, people's organizations, medical societies and policy-makers. The implementation of researches is accomplished through a health research network composed of public and private research institutions working in unison or independently to respond to the national health needs.

In Republic Act No. 8503, also known as the "Health Research and Development Act of 1998" the National Institutes of Health, ... a unit of the University of the Philippines-Manila (UPM), was established as a center for excellence for health research and development, mandated to (1) promote science and technology research and development in the field of health; (2) promote the development of study groups and research programs; (3) establish mechanisms for the dissemination and utilization of research outputs; and (4) ensure that the results of health research and development activities are utilized to improve the health of the people.

Executive Order No. 102 mandates the Department of Health to provide assistance to local government units, peoples' organizations, and other members of the civic society in effectively implementing programs, projects and services that will promote the health and well-being of every Filipino, prevent and control diseases among populations at risk, protect individuals, families and communities exposed to hazards and risks that could affect their health, and treat, manage and rehabilitate individuals affected by disease and disability.

By virtue of Executive Order No. 128, the Department of Science and Technology through the Philippine Council for Health Research and Development, is mandated to (1) provide central direction, leadership and coordination of scientific and technological efforts; (2) formulate and implement policies, plans, programs and projects for the development of scientific and technological activities in the public and private sectors; and (3) ensure that the results of scientific and technological activities are properly applied and utilized to accelerate economic and social development.

In the 1999 Center for Economic Policy Research study on the flow of funds for health research and development, it was reported that the government's budget in 1996 allocated less than 1%

for research and development resources, only 17% of which was allotted for health research. Respondents to the survey claimed that a large chunk of health R & D funds came from the private sector (45%) led by private hospitals. However, despite increasing support from the private sector, the total health R & D expenditures are still far below the World Health Organization-recommended level of 5% of total health expenditures.

Our country's ability to ensure optimum health for every Filipino hinges on the degree of priority we grant to health research and development (R & D) activities. This bill, therefore, seeks to oblige a number of government institutions to allocate a particular portion of their gross annual revenue or charge additional fees for health research and development activities.



ANTONIO F. TRILLANES IV
Senator

SENATE

S. No. 257

REGISTRATION

Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT

INSTITUTIONALIZING THE PHILIPPINE NATIONAL HEALTH RESEARCH SYSTEM, ESTABLISHING THE PHILIPPINE NATIONAL HEALTH RESEARCH FUND PROVIDING FOR ITS ADMINISTRATION 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 "Philippine National Health
2 Research System Act of 2010."

3
4 **SEC. 2. Declaration of Policy.**- It is hereby declared the policy of the State to:

- 5 a) protect and promote the right of health of the people and instill health consciousness
6 among them; and
7 b) improve the quality of life of every Filipino through health research and development
8 initiatives.

9
10 **SEC. 3. Definition of Terms.**- For purposes of this Act, the term:

- 11 a) "Health" is defined as a state of optimal physical, mental and social well-being and
12 ability to function at the individual level, and not merely the absence of disease or
13 infirmity.
14 b) "Research and development (R & D) for health" is a global term to describe research and
15 development activities undertaken to identify, resolve and prevent health problems and
16 improve well-being. This encompasses all different types of research including basic,
17 fundamental, laboratory, biomedical, clinical, applied, epidemiology, psychosocial,
18 population health, health promotion, policy development, health economics, health
19 systems and health delivery systems.

- 1 c) "Philippine National Health Research System (PNHRS)" is a framework anchored on the
2 principles of Essential National Health Research on inclusiveness, participation, quality,
3 equity, efficiency and effectiveness, which connect to, and converge with, the wider
4 health, economic, political, educational and science and technology (S & T) systems of
5 the country.
- 6 d) "National Unified Health Research Agenda" describes the overall directions and the
7 important general principles, issues and priorities which should be addressed in the
8 national plan for health R and D under the National Health Research System. The
9 research will be based on a unified national health research agenda for the local and
10 national levels.
- 11 e) "Core agencies" refer to the main national health and health related agencies namely: the
12 Department of Health (DOH), the Department of Science and Technology-Philippine
13 Council for Health Research and Development (DOST-PCHRD), University of the
14 Philippines Manila - National Institutes of Health ((UPM-NIH), and the Commission on
15 Higher Education (CHED).
- 16 f) "Philippine National Health Research Fund (PNHRF)" means a special fund which by
17 legislative action, segregates specified revenues for health research purposes..
- 18 g) "Health research stakeholders" include the national and the local private and public
19 health agencies, policy makers, the academe, medical societies, people's organizations,
20 and others which may have the roles of health researchers, program administrators and
21 beneficiaries.
- 22 h) "Management of Fund" - involves the generation, allocation and utilization, of the
23 PNHRF, including government and non-government sources both domestic and
24 international sources.

25 **Title I**
26 **Philippine National Health Research System**
27

28 **SEC. 4. *Creation of the Philippine National Health Research System.***- The Philippine
29 National Health Research System (PNHRS) is hereby constituted to improve the health status,
30 productivity, and the quality of life of Filipinos by:

- 31 a) producing new knowledge through research;

- b) developing a national and global network of researchers, research organizations, and other members of the health research community;
- c) deepening the involvement of stakeholders;
- d) securing sustainable financing for health research and development;
- e) building capacities for health research and development activities;
- f) encouraging individuals to pursue research as a career;
- g) inculcating internationally and culturally accepted ethical standards and principles especially in researches involving human subjects and participants;
- h) ensuring public access to the information and other outputs generated by the health research systems; and
- i) encouraging the utilization of research results in the form of products, technologies, programs and services.

SEC. 5. Composition of the PNHRS.- The PNHRS shall be composed of the Governing Council (GC), the Secretariat and the various committees and the whole health research community. The interrelationships among these various components shall be described in the IRR of this Act.

SEC. 6. Creation of the PNHRS Governing Council.- The PNHRS GC, whose functions are enumerated in Section 6 shall be composed of the following:

- 1) The Secretary of the Department of Science and Technology (DOST) or in his/her behalf, the Executive Director of PCHRD;
- 2) The Secretary of the Department of Health (DOH) or his/her designated permanent representative occupying the position of not lower than Assistant Secretary;
- 3) The Chair of the Commission on Higher Education (CHED) or in his/her behalf, the Commissioner in charge for research;
- 4) The Chancellor of the University of the Philippines Manila (UPM) or in his/her behalf, the Executive Director of National Institutes of Health (NIH);
- 5) The President of the Philippine Health Insurance Corporation (PHIC);

- 1 6) The Director General of the National Economic Development Agency (NEDA) or in
2 his/her behalf, the Director of Social Development Services;
- 3 7) Representative from the Philippine Pharmaceutical Industry (PPI);
- 4 8) Representative from a non-government organization (NGO) working primarily on health
5 research;
- 6 9) Representative from Academe;
- 7 10) Representative from League of Governors; and
- 8 11) Representative from Regional Health Research System.

9
10 Representatives of the Core and the other government agencies shall serve as Ex-Officio
11 Members while those mentioned in paragraphs 7 to 11 shall be nominated by the core agencies,
12 and appointed by the President of the Philippines for a term of three (3) years; provided however,
13 that for those first appointed representatives from PPI, NGO network and academe shall serve
14 for three (3) years and those first appointed representatives from the League of Governors and
15 the Regional Health Research Development Committees shall serve for two (2) years. The
16 qualifications of the representatives mentioned in subparagraphs 7-11 shall be provided for in the
17 Implementing Rules and Regulations of this Act.

18 Majority of the members of the GC shall constitute a quorum in all meetings and ex-officio
19 members are entitled to vote on all matters brought before the Council for approval. Provided
20 that the presence of at least three ex-officio members is required to have a valid action.

21
22 The Core Agencies shall determine the Chair and Vice-Chair of the GC from among themselves
23 for a term of three (3) years.

24
25 **SEC. 7. Functions of the Governing Council.-** The GC shall:

- 26 1) set policies and directions for the PNHRS;
- 27 2) review periodically and approve the long-term plans and programs of the PNHRS;
- 28 3) evaluate and approve the National Health Research Agenda developed and integrated by the
29 Core Agencies and identify areas that will serve as the foci of the National Health Research
30 Agenda;

- 1 4) establish the criteria for stakeholders that can apply for grants for the approval of projects
2 and programs. These criteria shall be reflected in the implementing rules and regulation of
3 this Act;
- 4 5) approve investments of the PNHRF created under Section 9 of this Act;
- 5 6) review grants and/or donations to any government agency relative to health research from
6 domestic and international funding agencies. It shall assess the terms and benefits from the
7 grants/donations and evaluate the relevance of the research in relation to the national unified
8 health research agenda; and
- 9 7) review and approve research projects or programs that have an estimated cost of two (2)
10 million pesos and above.

11
12 **SEC. 8. *The Executive Director and Secretariat.***- The GC shall appoint the Executive
13 Director who shall come from the Core Agencies and who shall be responsible for, among
14 others, the coordination and oversight functions of the System. The ED shall be assisted by a
15 secretariat from the DOST-PCHRD staff.

16
17 Upon the effectivity of this Act, the incumbent Executive Director of DOST-PCHRD shall
18 continue to serve as the ED for three (3) years without prejudice to reappointment.

19
20 **SEC. 9. *Creation of the Philippine National Health Research System Committees.***- The GC
21 shall create the following committees composed of representatives from the Core Agencies and
22 various stakeholders:

- 23 1) Committee on Research Management - provide technical and policy advice in setting health
24 research agenda, formulating policies and addressing matters related to priority setting,
25 proposal review and funding/fund management, and project monitoring and evaluation;
- 26 2) Committee on Ethics - ensure adherence to universal ethical principles and values on the
27 dignity of health research participants;
- 28 3) Committee on Capacity Building - provide technical and policy advice in the development
29 and continuous supply of quality human and institutional resources for health research;

- 1 4) Committee on Structure, Organization, Monitoring and Evaluation - provide technical and
2 policy advice to ensure the stewardship and leadership of the PNHRS espoused health
3 research that connects to health needs and outcomes, policy and action;
- 4 5) Committee on Research Utilization - provide technical and policy advice to develop and
5 sustain knowledge management systems, communication and advocacy strategies to connect
6 research to health needs and outcomes, policy and action;
- 7 6) Committee on Resource Mobilization - provide technical and policy advice/support to secure
8 sustainable financing, and ensure equity, effective and efficient use of resources for health
9 research and development.

10

11 The Governing Council may create other committees as the need arises.

12

13

Title II
Philippine National Health Research Fund

14
15

16 **SEC. 10. *Creation and Nature of the Philippine National Health Research Fund.***- A
17 Special Research Fund hereinafter called the Philippine National Health Research Fund
18 (PNHRF) is hereby created under the management of the GC through the secretariat.

19

20 The PNHRF shall not be used for purposes other than what are provided in Section 11 of this
21 Act. Moreover, no portion of the funds of the PNHRS or income thereof shall accrue to the
22 General Fund of the national government and its political subdivisions, instrumentalities and
23 other agencies including government-owned and controlled corporations except as may be
24 allowed under this Act.

25

26 **SEC. 11. *Uses of PNHRF.***- The main objective of this fund is to provide sustained
27 financial support for knowledge management and its translation into efficient and effective
28 health policies and service delivery; a strengthened health care system; and improved health for
29 all Filipinos. It shall ensure that the Government invests in health research as part of its
30 commitment to secure the well-being of its citizens. Specifically, it shall be utilized for any or all
31 of, but not limited to, the following:

- 1 a) support quality ethical research and the application of ethical principles to health research
2 and development activities;
- 3 b) create a robust health research environment in the Philippines that will attract, develop
4 and keep excellent researchers and provide them with the opportunity to contribute to the
5 improvement of people's health in the country and the world;
- 6 c) fulfill an integrated health research agenda across disciplines, sectors and regions that
7 reflect the emerging health needs of Filipinos and the evolution of the health system, and
8 supports health policy decision-making;
- 9 d) ensure the promotion research undertakings that meet the highest international scientific
10 standards of excellence and ethics and that pertain to all aspects of health, including bio-
11 medical research, clinical research and research on health systems, health services, the
12 health of populations, societal and cultural dimensions of health and environmental
13 influences on health;
- 14 e) address emerging health opportunities, threats and challenges (e.g. avian flu, SARS) and
15 accelerate the discovery of cures and treatments and improvements to health care,
16 prevention and wellness strategies;
- 17 f) promote the dissemination of research-based knowledge, technologies, and innovations
18 and the application of health research to improve the health of Filipinos and, provide
19 support for the participation of Filipino health scientists in international collaboration and
20 partnerships in health research.

21

22 **SEC. 12. *Sources of PNHRF and Method of Collection.-***

- 23 1) The PNHRF shall be sourced out from the following agencies, but not limited to:
 - 24 a) Not less than one percent (1%) of the annual revenue collected by the Land
25 Transportation Office (LTO) from drivers license issuances;
 - 26 b) Five percent (5%) of the annual revenue collected by the National Statistics Office (NSO)
27 from birth certificate issuances;
 - 28 c) Fifteen percent (15%) of the total fees collected by the Professional Regulation
29 Commission (PRC) from the issuance and renewal of licenses to the health professionals

1 such as but not limited to physicians, nurses, dentists, pharmacists, medical technologists,
2 midwives, dieticians, and veterinarians;

3 d) One percent (1%) of the total revenues collected by the Department of Environment and
4 Natural Resources (DENR) from charges, fines and penalties imposed under the Clean
5 Air Act and the Clear Water Act;

6 e) Any other appropriations from the General Appropriations Act; and

7 f) Donations and grants from domestic and international sources duly accepted/approved by
8 the GC which do not constitute a breach of the Philippine laws and recognized
9 international treaties.

10 2) All agencies mentioned in the preceding paragraph are hereby directed to automatically remit
11 semi-annually the amount prescribed by this Act to the specified account established by the
12 GC on or before the 31st day of January and July of each year. This does not preclude the
13 agencies from making advance contributions provided they fall within the specifications of
14 this act.

15 3) The rates indicated in Paragraph 1 hereof shall be reviewed and updated every five (5) years.
16

17 **SEC. 13. Management and Allocation of Fund.-**

18 1) The GC through the secretariat shall manage the funds in accordance with generally
19 accepted auditing standards;

20 2) The GC shall allocate two percent (2%) from the fund for research operational expenses and
21 of such amount not more than twenty percent (20%) shall be allocated for administrative
22 expenditures.

23 3) The GC is authorized to invest the PNHRF that was not allocated/obligated during the
24 current year in any of the following:

25 a) Interest-bearing bonds, securities, and other evidence of indebtedness of the Republic of
26 the Philippines and other evidences to which full faith and credit and unconditional
27 guarantee of the Republic of the Philippines are pledged.

28 b) In interest-bearing deposits and loans to or securities in any domestic bank doing
29 business in the Philippines: Provided, that in the case of such deposits, this shall not
30 exceed at any time the unimpaired capital and surplus or total private deposits of the

1 depository bank, whichever is smaller. Provided, further, that said bank shall first have
2 been designated as depository for this purpose by the Monetary Board of the Bangko
3 Sentral ng Pilipinas (BSP); and

- 4 c) In preferred stocks of any solvent corporation or institution created or existing under the
5 laws of the Philippines: Provided, that the issuing, assuming, or guaranteeing entity or its
6 predecessor has paid regular dividends upon its preferred or guaranteed stocks for a
7 period of at least three (3) years immediately preceding the date of investment in such
8 preferred or guaranteed stocks. Provided further, that if the stocks are guaranteed the
9 amount of stocks so guaranteed is not the excess of fifty percent (50%) of the amount of
10 the preferred common stocks as the case may be of the issuing corporation. Provided
11 furthermore, that if the corporation or institution has not paid dividends upon its preferred
12 stocks, the corporation or institution has sufficient retained earnings to declare dividends
13 for at least two years on such preferred stocks and in common stocks options.

14
15 The Board can also invest in common stocks of any solvent corporation or institution created or
16 existing, under Philippine laws, in the stock exchange with proven track record of profitability
17 and payment of dividends over the last three (3) years or in the common stocks of a newly
18 organized corporation about to be listed in the Philippine stock exchange. Provided, finally, that
19 such duly organized corporation shall have been rated "A", double "A's" or triple "A's" by
20 authorized accredited domestic rating agencies or in mutual funds including allied investments.

- 21
22 4) The GC shall allocate not less than sixty percent (60%) but not more than seventy five percent
23 (75%) to priority research programs and agenda as defined by the National Unified Health
24 Research Agenda and to UPM-NIH, as lead implementing agency for health research, not
25 less than twenty five percent (25%) but not more than forty percent (40%) of the funds.
- 26 5) The GC, through the Secretariat shall submit periodic reports to agencies mentioned in
27 Section 11 paragraph 1 on the use of the PNHRF.

28
29 **SEC. 14. *Creation of the Investment Advisory Group.-***

- 1) An Investment Advisory Group is hereby established to make recommendations to the GC on matters of investments from the PNHRF. The group shall recommend the method of investment that will yield the highest return for the PNHRF.
- 2) The advisory group shall be composed of the Representatives of the Core Agencies to be appointed by their respective heads and any three of the following, for a term of three (3) years:
- a) An economist or market analyst with extensive knowledge of the financial and stock markets;
 - b) A representative from the BSP;
 - c) A member from the Philippine Bar;
 - d) A representative from the research community.

Provided that the representative from the BSP shall always be a member of the Advisory Group.

Title III Final Provisions

SEC. 15. *Monitoring, Evaluation, Accountabilities, and Annual Report.*- Regular monitoring and evaluation mechanism shall be done by the GC through the secretariat to determine the accountabilities of the System to the Contributing Agencies. The specifics/details of monitoring, evaluation, accountabilities and annual reporting shall be provided for in the Implementing Rules and Regulations of this Act.

SEC. 16. *Implementing Rules and Regulation.*- The Core Agencies shall promulgate the implementing rules and regulations of this Act within a year after the effectivity hereof.

SEC. 17. *Separability Clause.*- If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

1 **SEC. 18. Repealing Clause.-** Any law, presidential decree or issuance, executive order,
2 letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the
3 provisions of this Act is hereby repealed, modified or amended accordingly.

4

5 **SEC. 19. Effectivity Clause.-** This Act shall take effect fifteen (15) days after its
6 publication in at least two (2) newspapers of general circulation.

Approved