



PhilHealth At A Glance



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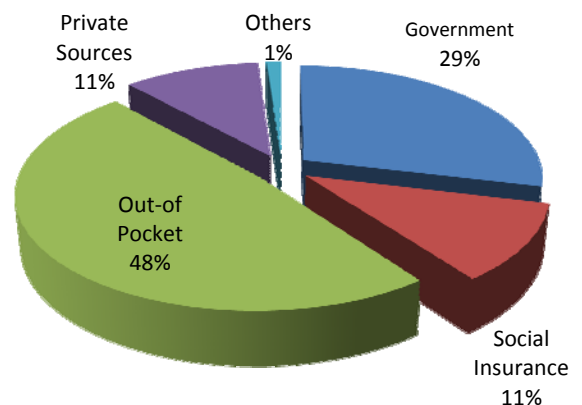
The National Health Insurance Program

The National Health Insurance Act of 1995 (RA No. 7875) institutionalized social health insurance in the country through the National Health Insurance Program (NHIP) or PhilHealth. The NHIP aims to reduce out-of-pocket spending as well as the inequities in health financing. This is done by pooling funds from members who are healthy, and can afford health payments, and subsidizing those who are sickly and cannot afford medical care.

For employed members, the amount of premium shall not exceed 3 percent of the members' respective monthly salaries to be shared equally by the employer and employee. For those without visible means of income, the national government (NG) and the local government unit (LGU) share the payment of premium. The Philippine Health Insurance Corporation (PHIC) manages Philhealth.

In 2005, Philhealth contributed 11.0 percent or PhP 19.2 billion to the country's total health expenditure (THE) which amounted to PhP 180.8 billion. The burden of financing health care was still heaviest on individual families with 48.4 percent or PhP 87.5 coming from households' out-of-pocket spending. The NG contributed 16 percent or PhP 26.0 billion while local governments gave 13 percent or PhP 24.7 billion. One of the targets of the National Objectives for Health is to have 15 percent of THE financed by PhilHealth by 2010.

Figure 1. Total health expenditures by source of funds, 2005 (in %)



Source: Philippine National Health Accounts. 2005.

Table 1. NHIP Membership by Sector (in millions)

Sector	Members	Beneficiaries
Government-employed <i>(an employee whether regular, casual or contractual, who renders services in any of the government branches)</i>	1.88	8.85
Private-employed <i>(an employee who renders services in local or foreign corporations/organizations, foreign embassies, and household employers)</i>	6.58	27.95
Sponsored/Indigent program <i>(a person who has no visible means of income or whose income is insufficient for the subsistence of the family)</i>	3.39	17.08
Individually-paying <i>(a member who is self employed or who is not employed/ indigent/retired member but pays the required contribution or whose contribution is being paid by another individual or private entity)</i>	3.09	14.61
Lifetime members <i>(Old-age retirees and pensioners of GSIS and SSS)</i>	0.41	0.69
Overseas workers <i>(members employed abroad, maybe land or sea based)</i>	1.90	8.35
TOTAL	17.24	77.38

Source: PhilHealth Statistics and Charts. 2009

Membership. According to PHIC estimates, 77 million (or 82 percent) of the 92 million Filipinos are covered by PhilHealth as of March 2009.

The Sponsored Program. The Sponsored Program of the PHIC caters specifically to indigents. Beneficiaries are given health insurance coverage for one year and are identified using the Community-Based Information System- Minimum Basic Needs (CBIS-MBN) framework administered by the City/ Municipal Social Welfare and Development Office (C/MSWDO) and/or the barangay.

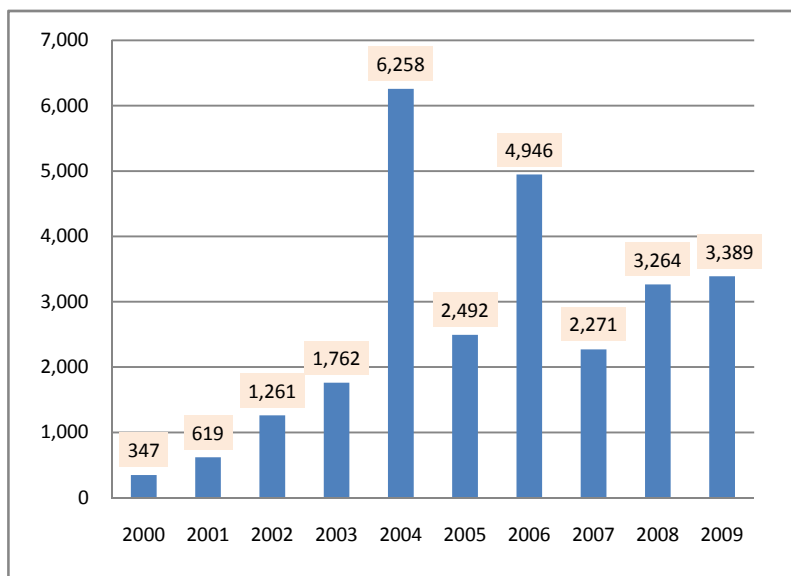
Cities and 1st to 3rd class municipalities shoulder half of the PhP 1,200 annual premium while the other half is paid by the NG. A different sharing schedule is followed for 4th to 6th class municipalities. In some cases, private individuals and corporations, and members of Congress also sponsor some indigent families.

Benefits for indigents. PhilHealth provides in-patient coverage, namely subsidy for room and board, drugs and medicines, laboratories, operating room and professional fees for confinements, as well as out-patient coverage such as day surgeries, dialysis and cancer treatment procedures, subject to rate ceilings and maximum allowances. For confinements in Department of Health (DoH) hospitals, indigent members will no longer have to pay anything.

Universal coverage of indigents. As of March 2009, 72 percent (3.4 families or about 17 million beneficiaries) of the 4.7 million indigent families are enrolled in the Sponsored Program. RA No. 7875 targets 100 percent coverage of the indigent population by 2010.

Membership of families in the program is evaluated yearly by the PHIC and the LGUs. According to the PHIC, non-compliance to their rules or an increase in family income above the poverty threshold revokes or cancels membership in the program. However, critics have alleged that the determination of who will be included to and who will be dropped from the indigents' list by the PHIC and LGU subjects the program to the biases of incumbent politicians. During the May 2004 polls, for instance, PhilHealth cards are said to have been distributed for campaign purposes. Figure 2 shows the noticeable increase of 255 percent in indigent members during that year. Senate Bill No. 3328 by Senator Loren Legarda proposes that the national government fully subsidize the annual required premium contributions of indigent members. The bill also mandates the Department of Social Welfare Development to lead the identification of indigent families to be included in the program.

Figure 2. Number of families actively enrolled in the Sponsored Program from 2000-2009 (in '000)



Source: PhilHealth Statistics and Charts. 2009.

Table 2. Percentage of members who used Philhealth benefits in the past 12 months

Region	No. of PHIC members among NDHS respondents	Percentage of Members who used PHIC benefits in the past 12 months
PHILIPPINES	4,642	27.76
Wealth Index Quintile		
Quintile 1 (poorest)	296	17.60
Quintile 2	508	23.17
Quintile 3	806	24.50
Quintile 4	1,200	28.16
Quintile 5 (richest)	1,832	32.68

Source: NDHS. 2003.

Claims and benefit utilization. For the 1st quarter of 2009, 58 percent of total claims was paid to the employed members; 18 percent to the individually paying members; 14 percent to the Sponsored Program members and the rest went to lifetime members and overseas workers.

While PhilHealth and Congress strive for universal coverage of indigent families, the recent National Demographic and Health Survey (NDHS) showed that there is very low utilization of NHIP benefits among the very poor members. Thirty-two percent of PhilHealth members from the richest income quintile used PhilHealth in the past 12 months, while of the poorest 20 percent, only 17 percent availed of the benefits.

The survey explained that the higher utilization rates of PhilHealth by the upper income group is possibly due to: (i) having more resources to pay for the remainder of the hospital bill after deducting the PhilHealth benefit, (ii) a greater capacity to fulfill requirements for claims, (iii) having better access to PhilHealth accredited facilities, and (iv) having more information on the procedures for filing claims.

Still according to survey, the lack of information on the benefits and how to avail them, lack of accredited nearby health facility and lack of money for excess billing prevented the indigent beneficiaries from utilizing PhilHealth benefits.