

Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION
8/F Philippine Heart Center Medical Arts Building
East Avenue, Diliman, Quezon City

EXECUTIVE SUMMARY

FOR : HONORABLE MEMBERS OF THE CABINET CLUSTER C

FROM : PHILIPPINE HEALTH INSURANCE CORPORATION

**RE : IMPLEMENTING RULES AND REGULATIONS
OF THE NATIONAL HEALTH INSURANCE
ACT OF 1995**

DATE : 30 APRIL 1996

ACTION

**REQUESTED: ENDORSEMENT TO PRESIDENT FIDEL V. RAMOS
FOR EXECUTIVE AND LEGISLATIVE ACTION**

I. Backgrounder on the National Health Insurance Law

On February 14, 1995, President Fidel V. Ramos signed into law RA 7875, otherwise known as the National Health Insurance Act (NHI) of 1995. A major piece of social legislation, the NHI Law promises to provide financial access to quality health care services through a social health insurance program.

The NHI law was enacted as an answer to the growing imperative to make more available and accessible quality, appropriate and adequate health care services at affordable and reasonable cost. Prior to the enactment of the NHI law, health care financing schemes in the country has proved wanting. The government's sole health care financing scheme, the Medicare Program catered only to the working population and has covered only 25M of the 69M Filipino population. In short, 44M Filipinos are not covered by social health insurance. Moreover, the indigent population, the most needy, financially and healthwise, were left to their own devices and lay most vulnerable.

The current health care financing profile of the country paints a picture of misallocation and misallocation of public and private funds: over the years, health expenditures has not substantially increased. Current health care financing schemes both in the public and the private sector likewise reveal a Filipino population growing

more vulnerable to health contingencies.

As mandated by law, the PHIC has completed the drafting of the IRR of RA 7875 within the prescribed time frame. The PHIC now presents the attached IRR for endorsement to His Excellency Fidel V. Ramos for executive and legislative action.

II. Process of IRR Consultation

The IRR of the NHIP was drafted in constant consultation with the different sectors, stakeholders, government and private agencies and experts to ensure that it is faithful to the mandate of the law and reflects the concerns and interests of all involved sectors.

The TWGs

The 10 Technical Working Groups (TWGs) that drafted the IRR were composed of experts/resource persons from the DOH, the academe, professional associations, non-government organizations, the social security organizations and experts, and personnel from the Philippine Medical Care Commission. The draft IRR were subjected to a Nationwide Public Consultations. The consultations were held in Metro Manila, Dagupan City, Baguio City, Cebu City, Iloilo City, Davao City and Cagayan de Oro City. A total of 2,100 representative from the different sectors participated in the activity.

III. Highlights of the IRR of the NHIP

- **No increase in Premium Contribution**
The IRR adopts the existing premium contribution levels and contribution sharing schemes for all member groups.

For the indigency program, the National Government through the PHIC and the local government unit where the qualified indigent resides shall shoulder the premium contribution. The LGU share shall be determined by their capability to pay as determined by their classification.

- **Improved Basic Benefit Package and Provisions for a Supplementary Benefit Package**
 - a.) **Basic Benefit Package** – The Basic Benefit Package (BBP) for all member groups shall be equivalent to the current SSS Benefit Package levels. This means a 20% qualitative improvement in benefits for GSIS members.
 - b.) **Supplemental Benefit Package** – In addition to the BBP, the SSS and OWWA members shall enjoy a Supplemental Benefit Package equivalent to 50% of the BBP levels. The GSIS's availment of the SBP shall be subject to the availability of the Equalization Fund.

- Provisions for ensuring Universality

Membership and contribution to the program is mandatory and compulsory.

- a.) Indigency Program and LGU partnership

The program shall target the poorest 25% of the population, or an equivalent to 3.6 M indigent families over a period of five years. To this end, Local Health Insurance Offices shall be established in the areas where the indigency program shall be implemented.

- b.) Expansion of coverage of Employed Sector

The NHIP shall expand the coverage of the employed sector, with special focus on the Overseas Contract Workers and the self-employed. The NHIP shall expand OCW enrollment from the current 200,000 to 2M members.

- Ensuring Quality of Health Care Delivery

As a condition for accreditation under the program, health care providers are required to abide by the Quality Assurance Program and standards set by the PHIC. Accreditation may be denied or revoked and payment for claims may be denied payment upon violation of or failure to conform with the Quality Assurance program.

- Containing Cost of Health Services and Goods

The IRR grants the PHIC Board the authority to institute Cost Containment Measures that will rationalize health care delivery and their cost, deter fraud against the Health Insurance Fund as well as drive down the incidence and recurrence of diseases through preventive and promotive measures. Initially, the IRR provides for the

- a.) Institution of In-patient Education Program, and
- b.) Price limits on medicines as a condition for reimbursement

- Improved Fraud Control and Quasi-Judicial Powers of the PHIC

The IRR enhances the Quasi-Judicial powers of the PHIC to allow it to curb fraud against the system/program. The Rules of Procedure abbreviates the administrative procedures to allow expeditious disposition of cases. The IRR likewise provides for eventual centralization of administration of the current Medicare program now under the SSS, GSIS and the OWWA — under one administrative agency: PHIC. This shall make efficient the handling of the Health Insurance Fund due to economies of scale as well as do away the problems attendant to fragmented administration.

IV. STATUS OF PREPARATIONS FOR EARLY IMPLEMENTATION

To immediately implement the NHIP, the PHIC has undertaken the following:

- Finalized the Organizational Design and Staffing Pattern Plan that will allow the PHiC to undertake the early and effective implementation

- Finalized the Program Manual of Operations
- Finalized the Information System Plan to allow efficient and effective management of data and information between the Corporation and the LHIOs as well as with the SSS and the GSIS
- Analyzed and identified priority areas for implementation of the Indigent Program. 7 SRA areas will be prioritized for 1996. In 1997, there will be an additional 25 Areas.

V. CHALLENGES AND ACTION REQUESTED

- DBM
 - a.) Immediate release of Employers Counterpart Contribution for the Medicare Program to the GSIS to allow the latter to build up the GSIS Health Insurance Fund
 - b.) Immediate Action on the PHIC Corporate Budget and the PHIC Organizational Design and Staffing Pattern
 - c.) Immediate Release of Funds specifically allocated by the RA 7875 for Indigent premium subsidy.
 - d.) Yearly Programming/Allocation of Funds for the Program
- Oversight Committee on Devolution
 - For the Oversight Committee on Devolution to address the issue of Devolution Funding difficulties and the LGU counterpart contribution to Indigent premium subsidy
- Congress
 - a.) Enactment of a law establishing an Equalization Fund to allow the GSJS to increase Benefit Package levels for GSIS members as provided for in Sec. 25., GENERAL PROVISIONS, GAA 1996 (RA 8174)
 - b.) Amendment of Sec. 32 of RA 7875 re 3 year in operation requirement (for Health Care Institutions as a condition for Accreditation under the NHIP. Certification of Amendment requested from His Excellency
- PIA
 - a.) Assistance in the Information Dissemination/Campaign on the NHIP
- DECS/CHED
 - a.) Inclusion of the NHIP in the curriculum
- National Computer Center

a.) Approval of the PHIC Information System Plan

- Malacanang

- a.) Amendment of Executive Order 195 s. 1994 to effect the transfer of administration of the OWWA Medicare Program to the PHIC

We are looking forward for a closer partnership with your office for the successful implementation of the NHIP. Thank you very much and more power.

(Sgd.) ATTY. JOSE A. FABIA
President, PHIC

MEMORANDUM

TO: The Chairman and Honorable Members of the Cabinet Cluster C

**FROM: Atty. Jose A. Fabia
President and CEO
Philippine Health Insurance Corporation**

RE: Implementing Rules and Regulations of RA 7875

DATE: 30 April 1996

**ACTION
REQUESTED: Endorsement of IRR to President Fidel V. Ramos**

The *R.A. 7875: National Health Insurance Act of 1995* provides for the institution of a National Health Insurance Program and establishes the Philippine Health Insurance Corporation. It aims to provide health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all citizens of the Philippines.

After a series of nationwide consultations with the affected sectors and round table discussions with health care providers, beneficiaries and local government units, the PHIC Board approved the Implementing Rules and Regulations (IRR) of RA 7875 last 19 April 1996, as per PHIC Board Resolution No. 34, Series of 1996.

The LRR was presented to and provisionally approved by NEDA's Social Development Committee last 25 April 1996 for endorsement to Cabinet Cluster C. In view of this, may we respectfully request the honorable chairman and members of the Cabinet Cluster C to endorse the IRR of RA 7875 to President Fidel V. Ramos for implementation

Thank you.

SOCIAL DEVELOPMENT COMMITTEE
RESOLUTION NO. _____
SERIES OF 1996

**Approving the Implementing Rules and Regulations of
RA 7875: National Health Insurance Act of 1995**

WHEREAS, the *Philippine Constitution* declares that the State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost; and that priority for the needs of the underprivileged, sick, elderly, disabled, women, and children shall be recognized; and that it shall be the policy of the State to provide free medical care to paupers;

WHEREAS, *RA 7875* has been enacted in line with the declared policy of the state to provide adequate social services and improved quality of life for all, and for this purpose, the state shall adopt an integrated and comprehensive approach towards health development;

WHEREAS, the *Ten-year Public Investment Plan for the Health Sector (1994-2004)* identifies national health insurance as one of its public investment packages towards a national framework for universal insurance coverage; and

WHEREAS, the draft IRR on *RA 7875* was formulated through the efforts of an inter-agency Technical Working Group, Task Force IRR, National Organizing Committee, national consultations of the affected sectors, and round-table discussions with health care providers, beneficiaries, and local government units;

WHEREAS, the IRR has been approved by the Philippine Health Insurance Board last 19 April 1996, as per PHIC Board Resolution No. 34, Series of 1996;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, by the Chairman and members of the NEDA Board's Social Development Committee (SDC) Cabinet Cluster C, to endorse the Implementing Rules and Regulations of RA 7875 to President Fidel V. Ramos for implementation.

HON. CIELITO F. HABITO, Jr.
Secretary for Socio-Economic Planning
Chairman, Social Development Committee
Cabinet Cluster C

HON. LINA B. LAIGO
Secretary
Department of Social
Welfare and Development

HON. ROBERT BARBERS
Secretary
Department of Interior and
Local Government

HON. JOSE BRILLANTES
Secretary
Department of Labor
and Employment

HON. CARMENCITA REODICA
Secretary
Department of Health

HON. RICARDO T. GLORIA
Secretary
Department of Education,
Culture and Sports

HON. SALVADOR ESCUDERO
Secretary
Department of Agriculture

HON. WILLIAM PADOLINA
Secretary
Department of Science
and Technology

HON. ERNESTO GARILAO
Secretary
Department of Agrarian Reform

HON. RUBEN TORRES
Secretary

Office of the Executive Secretary

MALACAÑANG

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. _____

DIRECTING PARTICIPATING NATIONAL GOVERNMENT AGENCIES AND LOCAL GOVERNMENT UNITS TO ENSURE THE SPEEDY IMPLEMENTATION OF THE NATIONAL HEALTH INSURANCE PROGRAM AND FOR OTHER PURPOSES

WHEREAS, the *Philippine Constitution* declares that the State Shall adopt an integrated and comprehensive approach to health development which shall endeavor to make sure essential goods, health and other social services available to all the people at affordable cost; and that priority for the needs of the underprivileged, sick, elderly, disabled, women, and children shall recognized; and that it shall be the policy of the State to provide free medical care to paupers;

WHEREAS, *RA 7875: The National Health Insurance Act of 1995* has been enacted in line with the declared policy of the State to provide adequate social services and improved quality of life for all, and for this purpose, the State shall adopt an integrated and comprehensive approach towards health development;

WHEREAS, the *Ten -Year Public Investment Plan for the Health Sector (1994-2004)* identifies national health insurance as one of its priority public investment packages toward a national framework for universal insurance coverage;

WHEREAS, the *Implementing Rules and Regulations of RA 7875* was formulated through the efforts of the inter-agency Technical Working Groups, National Organizing Committee, Task Force IRR, national consultations of the affected sectors, and round table discussions with care providers, beneficiaries, and local government units;

WHEREAS, the IRR has been approved by the Board of Directors of the Philippine Health Insurance Corporation last 19 April 1996, as per PHIC Board Resolution No.34, series of 1996, and has been endorsed by Cabinet Cluster C to the president last 30 April 1996;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue in me by law, do hereby order:

SECTION 1. Five-Year Phased-In Implementation of the Indigent Component of the National Health Insurance Program. The Philippine Health Insurance Corporation is hereby directed to ensure that the NHIP shall have covered at least the poorest twenty five percent of the population within a period of five years.

SEC. 2. Directive to Department of Finance. The DOF is hereby directed to ensure the automatic programming of all funds identified by law for premium subsidy of the Indigent Component of the NHIP.

SEC. 3. Directive to Department of Budget and Management. The DBM is hereby directed to automatically allocate the programmed funds for premium subsidy in the annual Budget of the National Government; and to ensure the immediate and regular release of the Employer's Counterpart Contribution for the Medicare Program.

SEC. 4. Directive to the Oversight Committee on Devolution. The Oversight Committee on Devolution is hereby directed to work with the PHIC in addressing the issue of devolution funding difficulties vis-à-vis the local government units' counterpart contribution to the Indigent premium subsidy.

SEC. 5. Directive to the Philippine Informational Agency. The PIA is hereby directed to assist and support the PHIC in the information dissemination/campaign on the NHIP.

SEC. 6. Directive to Local Government Units. The LGUs are hereby directed to ensure the immediate and effective implementation of the Indigent component of the NHIP in their respective jurisdiction. To this end, the LGUs are directed to prioritize the NHIP in their annual social development plans.

SEC. 7. Effectivity. This Administrative Order shall take effect immediately.

DONE, in the City of Manila, this day of in the year of Our Lord, Nineteen Hundred and Ninety-Six.

By the President:

RUBEN D. TORRES
Executive Secretary

