

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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**SENATE**

RECEIVED BY: 

**P. S. RES. No. 1092**

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Introduced by Senators **PIA S. CAYETANO** and  
**ALAN PETER "COMPAÑERO" S. CAYETANO**

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**RESOLUTION**

**URGING THE APPROPRIATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE TRANSFER OF THE EXCESS FUNDS OF THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) TO THE BUREAU OF TREASURY**

**WHEREAS**, Article XIII, Section 11 of the Constitution provides that "[t]he 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. There shall be priority for the needs of the underprivileged, sick, elderly, disabled, women, and children. The State shall endeavor to provide free medical care to paupers;"<sup>1</sup>

**WHEREAS**, Section 5 of Republic Act (R.A.) No. 7875, or the *National Health Insurance Act of 1995*, as amended by R.A. No. 9241 and R.A. No. 10606, established the National Health Insurance Program (NHIP), which shall provide health insurance coverage and ensure affordable, acceptable, available, and accessible health care services for all citizens of the Philippines;

**WHEREAS**, in 1995, the Philippine Health Insurance Corporation (PhilHealth) was created to administer the NHIP, formulate policies, and negotiate contracts for pricing, payment mechanisms, and delivery of health service;<sup>2</sup>

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<sup>1</sup> 1987 Constitution, Article XIII, Sec. 11.

<sup>2</sup> Republic Act No. 7875, National Health Insurance Act, Sec. 16.

**WHEREAS,** Section 8 of R.A. No. 11223, also known as the *Universal Health Care (UHC) Act*, provides two (2) types of membership in the NHIP, the direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums,<sup>3</sup> while indirect contributors refer to those whose premium shall be subsidized by the national government;<sup>4</sup>

**WHEREAS,** Section 10 of the UHC Act states that for indirect contributors, premium subsidy shall be gradually adjusted and included annually in the General Appropriations Act (GAA) and the funds shall be released to PhilHealth;

**WHEREAS,** Section 11 of the UHC Act defined reserve funds as a portion of accumulated revenues not needed to meet the cost of the current year's expenditures;<sup>5</sup>

**WHEREAS,** Section 11 of the UHC Act also expressly provides that any surplus in the PhilHealth reserve fund at the end of the fiscal year, beyond the required ceiling, should be utilized to enhance the Program's benefits and reduce members' contributions, and that no part of the reserve fund or its income shall be transferred to the general fund of the National Government or any of its agencies or instrumentalities, including government-owned or -controlled corporations;<sup>6</sup>

**WHEREAS,** the Department of Finance (DOF) issued DOF Circular 003-2024 on 27 February 2024, providing guidelines for the DOF to implement the collection of Unprogrammed Appropriations from the "[f]und balance of the Government-Owned or -Controlled Corporations from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement from prior years," as stated in 1(d) Special Provisions of the Unprogrammed Appropriations of R.A. No. 11975, also known as the *GAA for FY 2024*;

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<sup>3</sup> Republic Act No. 11223, Universal Health Care Act, Section 4(f).

<sup>4</sup> Republic Act No. 11223, Universal Health Care Act, Section 4(o).

<sup>5</sup> Republic Act No. 11223, Universal Health Care Act, Section 11.

<sup>6</sup> *Ibid.*

**WHEREAS,** PhilHealth disclosed that its reserved funds as of 31 December 2023 is at Php 463.68 billion<sup>7</sup> and its accumulated unused subsidies for three (3) years amount to Php 89.9 billion;<sup>8</sup>

**WHEREAS,** PhilHealth reported that, as of 10 May 2024, Php 20 billion has been transferred to the Bureau of Treasury in compliance with the special provisions of the Unprogrammed Appropriations of the GAA for FY 2024 and DOF Circular 003-2024;<sup>9</sup>

**WHEREAS,** the DOF, justifying the legality of the fund transfer, released a statement saying that the “unused government subsidies are not part of PhilHealth’s reserve funds, nor income that is being restricted by the Universal Health Care Act” and that the return of unused and excess funds was approved by the PhilHealth board;<sup>10</sup>

**WHEREAS,** public health advocates and other stakeholders are calling for an investigation of the transfer of the unused funds,<sup>11</sup> alleging that it constitutes a violation of the UHC Act and undermines the financial integrity dedicated to health care services;<sup>12</sup>

**WHEREAS,** more than 35 medical groups urged President Ferdinand Marcos Jr. to order the return of the Php 89.9 billion in unused funds to the PhilHealth,

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<sup>7</sup> Philippine Health Insurance Corporation. (2023, December 31). *Financial Statement as of March 31, 2023*.

[https://www.philhealth.gov.ph/about\\_us/transparency/accomplishment\\_report/FS\\_1stQtr2023.pdf](https://www.philhealth.gov.ph/about_us/transparency/accomplishment_report/FS_1stQtr2023.pdf)

<sup>8</sup> *Ibid.*

<sup>9</sup> Cabalza, D. (2024, July 15). Watchdogs question PhilHealth fund transfer. *Philippine Daily Inquirer*. <https://newsinfo.inquirer.net/1961026/watchdogs-question-philhealth-fund-transfer>

<sup>10</sup> Gonzales, A. L. (2024, July 15). DOF: Mobilizing unused GOCC funds better than imposing new taxes. *Philippine News Agency*. <https://www.pna.gov.ph/articles/1229001>

<sup>11</sup> Cabalza, D. (2024, July 15). Watchdogs question PhilHealth fund transfer. *Philippine Daily Inquirer*. <https://newsinfo.inquirer.net/1961026/watchdogs-question-philhealth-fund-transfer>

<sup>12</sup> *Ibid.*



emphasizing that the fund should be used to meet the health care needs of the underprivileged;<sup>13</sup>

**WHEREAS**, the objectives of the UHC Act to “ensure that all Filipinos are guaranteed equitable access to quality and affordable health care goods and services, and protected against financial risk”<sup>14</sup> have not been fully realized;<sup>15</sup>

**WHEREAS**, a study by the Philippine Institute for Development Studies (PIDS) published in 2023, entitled “Spatiotemporal Analysis of Health Service Coverage in the Philippines,” found that PhilHealth barely covers half of the population in five (5) provinces, namely Maguindanao, Lanao del Sur, Basilan, Sulu, and Tawi-Tawi, and that the coverage in Mindanao is the lowest at 87.82%, significantly below the target of 100% coverage mandated by the UHC Act, highlighting the challenge for PhilHealth to improve member registration and achieve universal population coverage;<sup>16</sup>

**WHEREAS**, Section 6 (b) of the UHC Act mandates PhilHealth to implement a comprehensive outpatient benefit, within two (2) years from its effectivity,<sup>17</sup> however, since the enactment of the UHC Act in 2019, the Konsultang Sulit at Tama (Konsulta) package has not yet transitioned to a Comprehensive Outpatient Benefit Package (COPB), indicating delays in program implementation;

**WHEREAS**, during the Senate Sub-Committee on Finance budget hearing last 11 October 2023, it was found that inefficiencies within PhilHealth have resulted

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<sup>13</sup> Villanueva, R. (2024, July 20). Medical groups: Return unused Philhealth funds. *The Philippine Star*. <https://www.philstar.com/headlines/2024/07/19/2371336/medical-groups-return-unused-philhealth-funds>

<sup>14</sup> Republic Act No. 11223, Universal Health Care Act, Section 3 (b).

<sup>15</sup> Gaea Cabico. (2024, March 14). Capitation rate for PhilHealth's Konsulta package raised; new screening services added. *Philippine Star*. [https://www.philstar.com/headlines/2024/03/14/2340507/capitation-rate-philhealths-konsulta-package-raised-new-screening-services-added#:~:text=The%20Department%20of%20Health%20\(DOH,per%20patient%2C%20paid%20in%20advance](https://www.philstar.com/headlines/2024/03/14/2340507/capitation-rate-philhealths-konsulta-package-raised-new-screening-services-added#:~:text=The%20Department%20of%20Health%20(DOH,per%20patient%2C%20paid%20in%20advance).

<sup>16</sup> Sarao, Z. (2023, January 31). Some provinces have only 52% PhilHealth coverage – study, *Philippine Institute for Development Studies*. <https://www.pids.gov.ph/details/news/in-the-news/some-provinces-have-only-52-philhealth-coverage-study>

<sup>17</sup> Republic Act No. 11223, Universal Health Care Act, Section 6 (b).

in delayed payments and unconfirmed reimbursements to public and private hospitals amounting to a total of Php 27.2 billion, causing significant disruptions in hospital operations and affecting healthcare delivery;<sup>18</sup>

**WHEREAS**, there are numerous reports on insufficient health packages highlighting the ongoing challenges in providing adequate health care services to patients, for instance, the concern of the Dialysis Coalition of the Philippines (DCPI) on the insufficiency of the Php 4,000 reimbursement rate, alleging it does not cover additional expenses, such as essential tests and medications like Erythropoietin, Iron Sucrose, and Enoxaparin;<sup>19</sup>

**WHEREAS**, based on the 2022 Philippine Council for Health Research and Development Study entitled "*All Case Rates Policy: Assessment and Evaluation of Policy Goals*," it was recommended to "adjust the reimbursement rates of All Case Rates to improve financial coverage to the average households. Revising case rates or the fixed amount of reimbursements for specific illnesses, as well as diagnosis selection rules, will also increase benefits for members;"<sup>20</sup>

**WHEREAS**, in a press briefing on 19 July 2024 by the Asia Pacific Center for Evidence-Based Healthcare, its President, Dr. Antonio Dans, emphasized the importance of PhilHealth benefit development and highlighted the undue burden that would be placed on the private sector if the subsidies dedicated to the economically disadvantaged are transferred, as it would shift the responsibility of paying for their subsidy to the private sector, which already hardly benefits from their monthly contributions;<sup>21</sup>

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<sup>18</sup> Bordey, H. (2023, October 11). Hospitals yet to confirm payment of P19-b PhilHealth claims due to cyberattack —Pia Cayetano. *GMA News*.  
<https://www.gmanetwork.com/news/topstories/nation/884893/hospitals-yet-to-confirm-payment-of-p19-b-philhealth-claims-due-to-cyberattack-pia-cayetano/story/>

<sup>19</sup> Ayeng, R. (2024, July 12). Dialysis centers oppose no-balance billing system. *Daily Tribune*.  
<https://tribune.net.ph/2024/07/11/dialysis-centers-opposeno-balance-billing-system>

<sup>20</sup> Philippine Council for Health Research and Development. (n.d.). *Assessing the implementation of the all case rates policy in the recommendations for health financing reforms to benefit Filipinos*.  
[https://www.pchrd.dost.gov.ph/news\\_and\\_updates/assessing-the-implementation-of-the-all-case-rates-policy-in-the-recommendations-for-health-financing-reforms-to-benefit-filipinos/](https://www.pchrd.dost.gov.ph/news_and_updates/assessing-the-implementation-of-the-all-case-rates-policy-in-the-recommendations-for-health-financing-reforms-to-benefit-filipinos/)


<sup>21</sup> Healthcare Professionals Alliance Against Covid-19. (2024, July 18). *Medical Community Presscon: A call to reform PhilHealth and protect benefits mandated* [Video attached]. Facebook.  
[https://www.facebook.com/watch/live/?ref=watch\\_permalink&v=3634013083581270](https://www.facebook.com/watch/live/?ref=watch_permalink&v=3634013083581270)

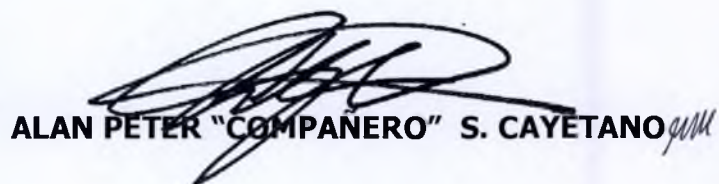
**WHEREAS,** another study conducted by PIDS highlighted that the Philippines lags behind its ASEAN counterparts in critical health outcomes and access indicators, reflecting long standing challenges in health financing, service delivery, governance, and human resources, with limited hospital beds, insufficient timely access to primary healthcare, low public health spending, a shortage of health professionals, and poor preparedness for public health emergencies;<sup>22</sup>

**WHEREAS,** in light of the various deficiencies and challenges in PhilHealth's programs, it is critical to ensure that the transfer of funds does not further compromise PhilHealth's ability to deliver on its mandate of providing comprehensive and affordable health care to its members, particularly the marginalized and vulnerable members of society, and does not violate existing laws;

**NOW, THEREFORE, BE IT RESOLVED,** by the Senate of the Philippines, to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the transfer of the excess funds of the Philippine Health Insurance corporation (PhilHealth) to the Bureau of Treasury.

*Adopted,*

  
PIA S. CAYETANO

  
ALAN PETER "COMPANERO" S. CAYETANO

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<sup>22</sup> Philippine Institute for Development Studies. (30 July 2021). PH lags behind ASEAN neighbors in terms of critical health outcome, access indicators—PIDS study. *Philippine Institute for Development Studies*.

<https://www.pids.gov.ph/details/ph-lags-behind-asean-neighbors-in-terms-of-critical-health-outcome-access-indicators-pids-study>