



## HOUSE OF REPRESENTATIVES

H. No. 6048

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BY REPRESENTATIVES TEODORO, ANGARA, GARIN (J.), EVARDONE, GONZALES (N.), CAJAYON, YAP (S.), SYJUCO, HERRERA-DY, RODRIGUEZ (R.), MAGSAYSAY (M.), ERIGUEL, VILLAR, TAÑADA, AVANCE-FUENTES, ARROYO (I.), EJERCITO, CALIXTO-RUBIANO, ENVERGA, ZAMORA-APSAY, ARNAIZ, BONOAN-DAVID, VELARDE, TIENG, OCAMPOS, MARAÑON, GOLEZ (A.), BELMONTE (F.), FERRIOL, ESPINA, PICHAY, ARROYO (D.), ACOPI, FORTUNO, COJUANGCO (K.), DEL ROSARIO (A.G.), CASTELO, LAZATIN, AUMENTADO, CALIMBAS-VILLAROSA, DEL MAR, VERGARA, SARMIENTO (C.), LACSON-NOEL, ANTONIO, GO (A.F.), CERAFICA, BULUT-BEGTANG, CO, BATOCABE, RODRIGUEZ (M.), MARCOLETA, OCAMPO, ALCALA, ALMARIO, AGGABAO, GARBIN, APACIBLE, CARI, MONTEJO, MACAPAGAL-ARROYO (G.), BAGASINA, LAGDAMEO (M.), BINAY, DE VENECIA, CLIMACO, ESCUDERO, DUAVIT, SARMIENTO (M.), TING, RAMOS, PALMONES, SALIMBANGON, ROMAN, VILLARICA, MERCADO-REVILLA, SINGSON (R.), CABALUNA, CRUZ-GONZALES, QUIMBO, KHO (D.), DE JESUS, PANGANDAMAN (M.), GOMEZ, OBILLO, CELESTE, ARAGO, YAP (A.), MACAPAGAL ARROYO (J.), SEMA, BAGATSING, OLIVAREZ, BENITEZ, ABAYON, UNABIA, QUIBRANZA-DIMAPORO AND GARCIA (A.), PER COMMITTEE REPORT NO. 2060

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AN ACT PROVIDING FOR UNIVERSAL HEALTH CARE SERVICES TO ALL FILIPINOS, FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995", AS AMENDED

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

1 SECTION 1. Sections 1 and 2 of Republic Act No. 7875, as amended,  
2 are hereby amended to read as follows:

3 "SECTION 1. *Short Title.* – This Act shall be known as the  
4 ["National] 'PINOY Health Insurance Act' [of 1995"].

5 "ARTICLE I

6 "GUIDING PRINCIPLES

7 "SEC. 2. *Declaration of Principles and Policies.* –  
8 [Section II, Article XIII of the 1987 Constitution of the Republic of  
9 the Philippines declares that] **IT IS HEREBY DECLARED THE**  
10 **POLICY OF the State [shall] TO adopt an integrated and**  
11 **comprehensive approach to health development which shall**  
12 **endeavor to make essential goods, health and other social services**  
13 **available to all the people at affordable cost AND TO PROVIDE**  
14 **FREE MEDICAL CARE TO PAUPERS. [Priority for the needs of the**  
15 **underprivileged, sick, elderly, disabled, women, and children shall**  
16 **be recognized. Likewise, it shall be the policy of the State to**  
17 **provide free medical care to paupers.] TOWARDS THIS END, THE**  
18 **STATE SHALL PROVIDE COMPREHENSIVE HEALTH CARE**  
19 **SERVICES TO ALL FILIPINOS THROUGH A SOCIALIZED HEALTH**  
20 **INSURANCE PROGRAM THAT WILL PRIORITIZE THE HEALTH**  
21 **CARE NEEDS OF THE UNDERPRIVILEGED, SICK, ELDERLY,**  
22 **DISABLED, WOMEN AND CHILDREN AND PROVIDE FREE HEALTH**  
23 **CARE SERVICES TO INDIGENTS.**

24 "[In the pursuit of a National Health Insurance Program, this  
25 Act] **PURSUANT TO THIS POLICY, THE STATE shall adopt the**  
26 **following [guiding] principles:**

1                   “(a) *Allocation of Natural Resources for Health* – The  
2 Program shall underscore the importance for government to give  
3 priority to health as a strategy for bringing about faster economic  
4 development and improving quality of life.

5                   “x x x.”

6                   SEC. 2. Section 4 of the same Act, as amended, is hereby further  
7 amended to read as follows:

8   “ARTICLE II

9   “DEFINITION OF TERMS

10                   “SEC. 4. *Definition of Terms.* – For the purpose of this Act,  
11 the following terms shall be defined as follows:

12                   “(a) *Beneficiary* – Any person entitled to health care  
13 benefits under this Act.

14                   “x x x.

15                   “(f) *Dependent* – The legal dependents of a member are:

16                   “(1) the legitimate spouse who is not a member;

17                   “x x x;

18                   “(4) the parents who are sixty (60) years old or above  
19 whose monthly income is below an amount to be determined by the  
20 Corporation in accordance with the guiding principles set forth in  
21 Article I of this Act[.]; AND

22                   “(5) PARENTS WITH PERMANENT DISABILITY THAT  
23 RENDER THEM TOTALLY DEPENDENT ON THE MEMBER FOR  
24 SUBSISTENCE.

25                   “x x x.

26                   “(o) *Health Care Provider* – Refers to:

27                   “(1) a health care institution, which is duly licensed and  
28 accredited devoted primarily to the maintenance and operation of

1 facilities for health promotion, prevention, diagnosis, treatment,  
 2 and care of individuals suffering from illness, disease, injury,  
 3 disability or deformity, drug addiction or in need of obstetrical or  
 4 other medical and nursing care. It shall also be construed as any  
 5 institution, building, or place where there are installed beds, cribs,  
 6 or bassinets for twenty-four hour use or longer by patients in the  
 7 treatment of diseases, injuries, deformities, or abnormal physical  
 8 and mental states, maternity cases or sanitarial care; or infirmaries,  
 9 nurseries, dispensaries, rehabilitation centers and such other similar  
 10 names by which they may be designated; or

11 "x x x;

12 "(4) a community-based health care organization, which is  
 13 an association of indigenous members of the community organized  
 14 for the purpose of improving the health status of that community  
 15 through preventive, promotive and curative health services[.]; OR

16 **"(5) A PRACTITIONER ENGAGED IN THE PRACTICE OF**  
 17 **ALTERNATIVE HEALTH CARE SERVICE OR TREATMENT WHICH**  
 18 **INCLUDES HEALING BY TRADITIONAL OR HERBAL MEDICINES AS**  
 19 **APPROVED BY THE CORPORATION.**

20 "x x x;

21 "(q) *Indigent* – A person who has no visible means of  
 22 income, or whose income is insufficient for the subsistence of his  
 23 family, as identified by the [Local Health Insurance Office and  
 24 based on specific criteria set by the Corporation] **NATIONAL**  
 25 **GOVERNMENT BASED ON SPECIFIC CRITERIA SET FOR THIS**  
 26 **PURPOSE** in accordance with the [guiding] principles set forth in  
 27 Article I of this Act.

28 "x x x.

1           “(s) *Member* – Any person whose premiums have been  
2 regularly paid to the National Health Insurance Program[. He]  
3 WHO may be a paying member, an indigent member, [or a  
4 pensioner/retiree member] **A SPONSORED MEMBER, OR A**  
5 **LIFETIME MEMBER.**

6           “x x x.

7           “(ff) *Retiree* – A member of the Program who has reached  
8 the age of retirement **AS PROVIDED FOR BY LAW** or who was  
9 retired on account of **PERMANENT** disability **AS CERTIFIED BY THE**  
10 **EMPLOYER AND THE CORPORATION.**

11          “x x x.

12          “(mm) *LIFETIME MEMBER* – **A FORMER MEMBER WHO**  
13 **HAS REACHED THE AGE OF RETIREMENT UNDER THE LAW AND**  
14 **HAS PAID AT LEAST ONE HUNDRED TWENTY (120) MONTHLY**  
15 **PREMIUM CONTRIBUTIONS.**

16          “(nn) *MEMBERS IN THE FORMAL ECONOMY* – **WORKERS**  
17 **WITH FORMAL CONTRACTS AND FIXED TERMS OF EMPLOYMENT**  
18 **INCLUDING WORKERS IN THE GOVERNMENT AND PRIVATE**  
19 **SECTORS, WHOSE PREMIUM CONTRIBUTION PAYMENTS ARE**  
20 **EQUALLY SHARED BY THE EMPLOYEE AND THE EMPLOYER.**

21          “(oo) *MEMBERS IN THE INFORMAL ECONOMY* –  
22 **WORKERS WHO ARE NOT COVERED BY FORMAL CONTRACTS OR**  
23 **AGREEMENTS AND WHOSE PREMIUM CONTRIBUTIONS ARE**  
24 **SELF-PAID OR SUBSIDIZED BY ANOTHER INDIVIDUAL THROUGH A**  
25 **DEFINED CRITERIA SET BY THE CORPORATION.**

26          “(pp) *MIGRANT WORKERS* – **DOCUMENTED OR**  
27 **UNDOCUMENTED FILIPINOS WHO ARE ENGAGED IN A**  
28 **REMUNERATED ACTIVITY IN ANOTHER COUNTRY OF WHICH**  
29 **THEY ARE NOT CITIZENS.**



1 universal health insurance program for the entire population. The  
2 Program shall include a sustainable system of funds constitution,  
3 collection, management and disbursement for financing the  
4 availment of a basic minimum package and other supplementary  
5 packages of health insurance benefits by a progressively expanding  
6 proportion of the population. The Program shall be limited to  
7 paying for the utilization of health services by covered  
8 beneficiaries or to purchasing health services in behalf of such  
9 beneficiaries. It shall be prohibited from providing health care  
10 directly, from buying and dispensing drugs and pharmaceuticals,  
11 from employing physicians and other professionals for the purpose  
12 of directly rendering care, and from owning [or investing in] health  
13 care facilities.

14 **“THE NHIP SHALL BE COMPULSORY IN ALL PROVINCES,**  
15 **CITIES AND MUNICIPALITIES, NATIONWIDE, NOTWITHSTANDING**  
16 **THE EXISTENCE OF LGU-BASED HEALTH INSURANCE**  
17 **PROGRAMS.”**

18 *“SEC. 6. Coverage.* – All citizens of the Philippines shall  
19 be covered by the National Health Insurance Program. In  
20 accordance with the principles of universality and compulsory  
21 coverage enunciated in Section 2(b) and 2(1) hereof,  
22 implementation of the Program shall[, furthermore, be gradual and  
23 phased in over a period of not more than fifteen (15) years:  
24 *Provided, That the Program shall not be made compulsory in*  
25 *certain provinces and cities until the Corporation shall be able to*  
26 *ensure that members in such localities shall have reasonable access*  
27 *to adequate and acceptable health care services]* **ENSURE**

1           **SUSTAINABILITY OF THE COVERAGE AND CONTINUOUS**  
2           **ENHANCEMENT OF THE QUALITY OF SERVICE.**

3           **“THE CORPORATION, IN COORDINATION WITH THE**  
4           **DEPARTMENT OF HEALTH (DOH), LOCAL GOVERNMENT UNITS**  
5           **(LGUs), OTHER NATIONAL GOVERNMENT AGENCIES INCLUDING**  
6           **NONGOVERNMENTAL ORGANIZATIONS (NGOs) SHALL ENSURE**  
7           **THAT ALL MEMBERS SHALL HAVE ACCESS TO QUALITY HEALTH**  
8           **CARE SERVICES THROUGH THE PROGRAM.”**

9           **“SEC. 7. Enrollment. – The [Program] CORPORATION**  
10          **shall enroll beneficiaries in order for them [to be placed under**  
11          **coverage that entitles them] to avail of benefits UNDER THIS ACT**  
12          **with the assistance of the financial arrangements provided by the**  
13          **[Program] CORPORATION UNDER THE FOLLOWING**  
14          **CATEGORIES[.]:**

15               **“(A) MEMBERS IN THE FORMAL ECONOMY;**

16               **“(B) MEMBERS IN THE INFORMAL ECONOMY;**

17               **“(C) ENROLLED INDIGENTS; AND**

18               **“(D) LIFETIME MEMBERS.**

19          **“The process of enrollment shall include the identification of**  
20          **beneficiaries, issuance of appropriate documentation specifying**  
21          **eligibility to benefits, and indicating how membership was**  
22          **obtained or is being maintained. [The enrollment shall proceed in**  
23          **accordance with these specific policies:]**

24               **“[(a) all persons currently eligible for benefits under**  
25          **Medicare Program I, including SSS and GSIS members, retirees,**  
26          **pensioners and their dependents,] ALL PERSONS CURRENTLY**  
27          **ENROLLED AS MEMBERS shall [immediately and] BE automatically**



1 ELIGIBLE [be made members of] FOR BENEFITS UNDER the  
2 National Health Insurance Program UNDER THIS ACT. IT SHALL  
3 ENROLL QUALIFIED FOREIGNERS ON A VOLUNTARY BASIS.

4 “(b) all persons eligible for benefits through health  
5 insurance plans established by local governments as part of  
6 Program II of Medicare or in accordance with the provisions of this  
7 Act, including indigent members, shall also be enrolled in the  
8 Program;

9 “(c) all persons eligible for benefits as members of local  
10 health insurance plans established by the Corporation in  
11 accordance with the implementing rules and regulations of this Act  
12 shall also be deemed to have enrolled in the Program. Enrollment  
13 of persons who have no current health insurance coverage shall be  
14 given priority by the Corporation; and

15 “(d) all persons eligible for benefits as members of other  
16 government initiated health insurance programs, community-based  
17 health care organizations, cooperatives, or private non-profit health  
18 insurance plans shall be enrolled in the Program upon accreditation  
19 by the Corporation which shall devise and provide incentives to  
20 ensure that such accredited organizations will benefit from their  
21 participation in the Program.

22 “All indigents not enrolled in the Program shall have priority  
23 in the use and availment of the services and facilities of  
24 government hospitals, health care personnel, and other health  
25 organizations: *Provided, however,* That such government health  
26 care providers shall ensure that said indigents shall subsequently be  
27 enrolled in the Program.]”

1           “SEC. 8. *Health Insurance [ID] IDENTIFICATION Card.* –

2           In conjunction with the enrollment provided above, the  
3           Corporation through its local office shall issue a health insurance  
4           **[ID] IDENTIFICATION CARD TO ALL ITS MEMBERS** which shall be  
5           used for purposes of identification, eligibility verification, and  
6           utilization recording. The issuance of this **[ID] IDENTIFICATION**  
7           card shall be accompanied by a clear explanation to the enrollee of  
8           **[his] THE** rights, privileges and obligations as a member. A list of  
9           health care providers accredited by the Local Health Insurance  
10          Office shall likewise be **[attached thereto] PROVIDED TO THE**  
11          **MEMBER TOGETHER WITH THE IDENTIFICATION CARD.**

12                   “**THE ABSENCE OF THE IDENTIFICATION CARD SHALL NOT**  
13                   **PREJUDICE THE RIGHT OF ANY MEMBER TO AVAIL OF BENEFITS**  
14                   **OR MEDICAL SERVICES UNDER THE NHIP.**”

15          SEC. 4. Section 12 of the same Act, as amended, is hereby amended to  
16          read as follows:

17                   “SEC. 12. *Entitlement to Benefits.* – A member whose  
18                   premium contributions for at least three (3) months have been paid  
19                   within the six (6) months prior to the first day of **[his or his**  
20                   dependents’] availment, **INCLUDING THOSE OF THE DEPENDENTS,**  
21                   shall be entitled to the benefits of the Program: *Provided,* That  
22                   such member can show that **[he contributes thereto]**  
23                   **CONTRIBUTIONS HAVE BEEN MADE** with sufficient regularity[, as  
24                   evidenced in their health insurance ID card: and]: *Provided,*  
25                   *further,* That **[he] THE MEMBER** is not currently subject to legal  
26                   penalties as provided for in Section 44 of this Act.

1           “The following need not pay the monthly contributions to be  
2 entitled to the Program’s benefits:

3           “(a) Retirees and pensioners of the SSS and GSIS prior to  
4 the effectivity of this Act;

5           “(b) [Members who reach the age of retirement as provided  
6 for by law and have paid at least one hundred twenty (120) monthly  
7 contributions;] **LIFETIME MEMBERS**; and

8           “(c) Enrolled indigents.”

9           SEC. 5. Section 16 of the same Act, as amended, is hereby amended to  
10 read as follows:

11           “SEC. 16. *Powers and Functions.* – The Corporation  
12 shall have the following powers and functions:

13           “(a) to administer the National Health Insurance Program;

14           “x x x;

15           “(c) **TO SUPERVISE THE PROVISION OF HEALTH BENEFITS**  
16 **AND** to set standards, rules, and regulations necessary to ensure  
17 quality of care, appropriate utilization of services, fund viability,  
18 member satisfaction, and overall accomplishment of Program  
19 objectives;

20           “x x x;

21           “(j) to negotiate and enter into contracts with health care  
22 institutions, professionals and other persons, juridical or natural,  
23 regarding the pricing, payment mechanisms, design and  
24 implementation of administrative and operating systems and  
25 procedures, financing, and delivery of health services **ON BEHALF**  
26 **OF ITS MEMBERS**;

27           “x x x;

1           “(m) [to supervise the provision of health benefits with the  
2 power] to VISIT, ENTER AND inspect THE FACILITIES OF HEALTH  
3 CARE PROVIDERS AND SECURE COPIES OF medical and financial  
4 records PERTINENT TO THE APPLICATION FOR ACCREDITATION  
5 OF HEALTH CARE PROVIDERS, OR TO THE PROCESSING OF THEIR  
6 CLAIMS OR THAT OF THEIR PATIENTS OR TO VISIT THE  
7 FACILITIES OF EMPLOYERS TO SECURE COPIES OF THEIR  
8 FINANCIAL RECORDS OR DOCUMENTS PERTINENT TO THE  
9 PREMIUM PAYMENTS OF THEIR EMPLOYEES, [of health care  
10 providers and patients] who are [participants in or] members of the  
11 Program[.]; [and the power to enter and inspect accredited health  
12 care institutions, subject to the rules and regulations to be  
13 promulgated by the Corporation;]

14           “x x x;

15           “(p) to keep records of the operations of the Corporation  
16 and investments of the National Health Insurance Fund; [and]

17           “(Q) TO MONITOR COMPLIANCE BY THE REGULATORY  
18 AGENCIES WITH THE REQUIREMENTS OF SECTION 28(B) OF THIS  
19 ACT AND TO CARRY OUT NECESSARY ACTIONS TO ENFORCE  
20 COMPLIANCE;

21           “(R) TO MANDATE THE NATIONAL AGENCIES AND LGUS  
22 TO REQUIRE PROOF OF PHILHEALTH MEMBERSHIP BEFORE  
23 DOING BUSINESS WITH A PRIVATE INDIVIDUAL OR GROUP;

24           “(s) TO ESTABLISH AND MAINTAIN AN ELECTRONIC DATA  
25 BASE OF ALL ITS MEMBERS AND ENSURE ITS SECURITY TO  
26 FACILITATE EFFICIENT AND EFFECTIVE SERVICES;

27           “(T) TO IMPOSE INTEREST OR SURCHARGE OF THREE  
28 PERCENT (3%) PER MONTH IN CASE OF DELAY IN THE

1           **REMITTANCE OF PREMIUM CONTRIBUTIONS EXCEPT UNDER**  
2           **SECTION 7 OF THIS ACT;**

3           **“(U) TO ACCREDIT INDEPENDENT PHARMACIES AND**  
4           **RETAIL DRUG OUTLETS;**

5           **“(V) TO CONDUCT A POST-AUDIT ON THE QUALITY OF**  
6           **SERVICES RENDERED BY HEALTH CARE PROVIDERS; AND**

7           **“[q](W) to perform such other acts as it may deem**  
8           **appropriate for the attainment of the objectives of the Corporation**  
9           **and for the proper enforcement of the provisions of this Act.”**

10          SEC. 6. Sections 18 and 19 of the same Act, as amended, are hereby  
11 further amended to read as follows:

12           **“SEC. 18. *The Board of Directors.* -**

13           **“(a) Composition - The Corporation shall be governed by**  
14           **a Board of Directors, hereinafter referred to as the Board,**  
15           **composed of the following [members]:**

16           **“The Secretary of Health;**

17           **“The Secretary of Labor and Employment or [his] A**  
18           **PERMANENT representative;**

19           **“The Secretary of the Interior and Local Government or**  
20           **[his] A PERMANENT representative;**

21           **“The Secretary of Social Welfare and Development or [his]**  
22           **A PERMANENT representative;**

23           **“THE SECRETARY OF THE DEPARTMENT OF FINANCE OR**  
24           **A PERMANENT REPRESENTATIVE;**

25           **“THE CHAIRPERSON OF THE CIVIL SERVICE COMMISSION**  
26           **OR A PERMANENT REPRESENTATIVE;**

27           **“The President AND CHIEF EXECUTIVE OFFICER (CEO) of**  
28           **the Corporation;**

1                   “A PERMANENT representative of the [labor sector]  
2                   **MEMBERS IN THE FORMAL ECONOMY;**

3                   “A PERMANENT representative of the [self-employed sector]  
4                   **MEMBERS IN THE INFORMAL ECONOMY; [and]**

5                   “A representative of employers;

6                   [The SSS Administrator or his representative;

7                   The GSIS General Manager or his representative;]

8                   “The Vice Chairperson for the basic sector of the National  
9                   Anti-Poverty Commission or [his] A PERMANENT representative;

10                  “A PERMANENT representative of Filipino [overseas]  
11                  **MIGRANT workers; AND**

12                  [A representative of health care providers to be endorsed by  
13                  the national associations of health care institutions and medical  
14                  health professionals.]

15                  **“A PERMANENT REPRESENTATIVE OF THE ELECTED**  
16                  **LOCAL CHIEF EXECUTIVES TO BE ENDORSED BY THE LEAGUE OF**  
17                  **PROVINCES, LEAGUE OF CITIES AND LEAGUE OF MUNICIPALITIES.**

18                  “The Secretary of Health shall be the *ex officio* Chairperson  
19                  while the President AND CEO of the Corporation shall be the Vice  
20                  Chairperson of the Board.

21                  “(b) *Appointment and Tenure* - [The President of the  
22                  Philippines shall appoint the Members of the Board upon the  
23                  recommendation of the Chairman of the Board and in consultation  
24                  with the sectors concerned. Members of the Board shall have a  
25                  term of four (4) years each, renewable for a maximum of two (2)  
26                  years, except for members whose terms shall be co-terminous with  
27                  their respective positions in government. Any vacancy in the Board

1 shall be filled in the manner in which the original appointment was  
2 made and the appointee shall serve only the unexpired term of his  
3 predecessor.] EXCEPT FOR *EX OFFICIO* MEMBERS, THE OTHER  
4 MEMBERS OF THE BOARD SHALL BE APPOINTED BY THE  
5 PRESIDENT OF THE PHILIPPINES IN ACCORDANCE WITH THE  
6 PROVISIONS OF REPUBLIC ACT NO. 10149, OTHERWISE KNOWN  
7 AS THE 'GOCC GOVERNANCE ACT OF 2011'; *PROVIDED*, THAT  
8 SECTORAL BOARD MEMBERS SHALL BE APPOINTED BY THE  
9 PRESIDENT OF THE PHILIPPINES UPON THE RECOMMENDATION  
10 OF THE CHAIRPERSON AND AFTER DUE CONSULTATIONS WITH  
11 THE SECTORS CONCERNED.

12 "THE TERM OF OFFICE OF THE APPOINTIVE MEMBERS OF  
13 THE BOARD SHALL BE IN ACCORDANCE WITH REPUBLIC ACT  
14 NO. 10149.

15 "x x x."

16 "SEC. 19. *The President of the Corporation.* -

17 "(a) *Appointment and Tenure.* - The President of the  
18 Philippines shall appoint [for a non-renewable term of six (6)  
19 years] the President AND CEO of the Corporation, hereinafter  
20 referred to as the President, upon the recommendation of the  
21 Board. The President shall [not be removed from office except in  
22 accordance with existing laws.] HAVE A TENURE OF ONE (1) YEAR  
23 IN ACCORDANCE WITH THE PROVISIONS OF REPUBLIC ACT NO.  
24 10149.

25 "x x x."

26 SEC. 7. Sections 26, 27, 28 and 29 of the same Act, as amended, are  
27 hereby further amended to read as follows:

1           “SEC. 26. *Financial Management.* – The use, disposition,  
2 investment, disbursement, administration and management of the  
3 National Health Insurance Fund, including any subsidy, grant or  
4 donation received for program operations shall be governed by  
5 resolution of the Board of Directors of the Corporation, subject to  
6 the following limitations:

7           “(a) All funds under the management and control of the  
8 Corporation shall be subject to all rules and regulations applicable  
9 to public funds.

10           “(b) The Corporation is authorized to charge TO the various  
11 funds under its control [for] the costs of administering the  
12 Program. Such costs may include administration, monitoring,  
13 marketing and promotion, research and development, audit and  
14 evaluation, information services, and other necessary activities for  
15 the effective management of the Program. The total annual costs  
16 for these shall not exceed [twelve percent (12%) of the total  
17 contributions, including government contributions to the Program  
18 and not more than three percent (3%) of the investment earnings  
19 collected during the immediately preceding year.] **THE SUM TOTAL**  
20 **OF THE FOLLOWING:**

21           **“(1) FOUR PERCENT (4%) OF THE TOTAL PREMIUM**  
22 **CONTRIBUTIONS COLLECTED DURING THE IMMEDIATELY**  
23 **PRECEDING YEAR;**

24           **“(2) FOUR PERCENT (4%) OF THE TOTAL**  
25 **REIMBURSEMENTS OR TOTAL COST OF HEALTH SERVICES PAID**  
26 **BY THE CORPORATION IN THE IMMEDIATELY PRECEDING YEAR;**  
27 **AND**



1                   **“(3) FIVE PERCENT (5%) OF THE INVESTMENT EARNINGS**  
 2                   **GENERATED DURING THE IMMEDIATELY PRECEDING YEAR.**

3                   **“THE PERIOD FOR IMPLEMENTATION OF THE COST**  
 4                   **CEILING PROVIDED UNDER THIS SECTION SHALL NOT BE LATER**  
 5                   **THAN FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS ACT**  
 6                   **DURING WHICH PERIOD, THE TOTAL ANNUAL COST SHALL NOT**  
 7                   **EXCEED THE SUM TOTAL OF THE FOLLOWING:**

8                   **“(I) FIVE PERCENT (5%) OF THE TOTAL**  
 9                   **CONTRIBUTIONS;**

10                   **“(II) FIVE PERCENT (5%) OF THE TOTAL**  
 11                   **REIMBURSEMENTS; AND**

12                   **“(III) FIVE PERCENT (5%) OF THE INVESTMENT**  
 13                   **EARNINGS GENERATED DURING THE IMMEDIATELY PRECEDING**  
 14                   **YEAR.”**

15                   **“SEC. 27. Reserve Funds. –** The Corporation shall set  
 16                   aside a portion of its accumulated revenues not needed to meet the  
 17                   cost of the current year’s expenditures as reserved funds:  
 18                   *Provided,* That the total amount of reserves shall not exceed a  
 19                   ceiling equivalent [to the amount actuarially estimated for two  
 20                   years’ projected Program] **TO THE TOTAL OF THE ACTUAL**  
 21                   **expenditures FOR THE LAST TWO (2) YEARS: *Provided, further,***  
 22                   That whenever actual reserves exceed the required ceiling at the  
 23                   end of the Corporation’s fiscal year[, the Program’s benefits shall  
 24                   be increased or member contributions decreased prospectively in  
 25                   order to adjust expenditures or revenues to meet the required  
 26                   ceiling for reserve funds]. [Such] **THE EXCESS [portions] of the**  
 27                   **CORPORATION’S reserve fund SHALL BE USED TO INCREASE**  
 28                   **THE PROGRAM’S BENEFITS, DECREASE THE MEMBER’S**

1 CONTRIBUTIONS, AUGMENT THE HEALTH FACILITIES  
2 ENHANCEMENT PROGRAM OF THE DOH AND ENHANCE THE  
3 ELECTRONIC DATA BANK OF MEMBERS.

4 "THE REMAINING PORTION OF THE RESERVE FUND [as]  
5 THAT are not needed to meet the current expenditure obligations  
6 OR USED FOR THE ABOVEMENTIONED PROGRAMS shall be  
7 [invested] PLACED in [short-term] investments to earn an average  
8 annual income at prevailing rates of interest and shall be known as  
9 the 'Investment Reserve Fund' which shall be invested in any or all  
10 of the following:

11 "(a) In interest-bearing bonds, securities or other evidences  
12 of indebtedness of the Government of the Philippines or in bonds,  
13 securities, promissory notes and other evidences of indebtedness to  
14 which full faith and credit and unconditional guarantee of the  
15 Republic of the Philippines is pledged;

16 "(B) IN DEBT SECURITIES AND CORPORATE BONDS:  
17 *PROVIDED*, THAT SUCH SECURITIES AND BONDS ARE RATED  
18 TRIPLE "A" BY AUTHORIZED ACCREDITED DOMESTIC RATING  
19 AGENCIES, AND THE ISSUING OR ASSUMING ENTITY OR ITS  
20 PREDECESSOR SHALL NOT HAVE DEFAULTED IN THE PAYMENT  
21 OF INTEREST ON ANY OF ITS SECURITIES. DURING THE LAST  
22 THREE (3) FISCAL YEARS PRECEDING THE DATE OF ACQUISITION  
23 BY THE CORPORATION OF SUCH DEBT SECURITIES AND  
24 CORPORATE BONDS: *PROVIDED, FURTHER*, THAT THE NET  
25 EARNINGS OF THE ISSUING OR ASSUMING INSTITUTION  
26 AVAILABLE FOR ITS RECURRING EXPENSES, SUCH AS  
27 AMORTIZATION OF DEBT DISCOUNT AND RENTALS FOR LEASED  
28 PROPERTIES, INCLUDING INTEREST ON FUNDED AND UNFUNDED

1 DEBT, SHALL NOT BE LESS THAN 1.25 TIMES OF THE TOTAL  
2 RECURRING EXPENSES FOR THE INVESTMENT YEAR: *PROVIDED*,  
3 *FINALLY*, THAT THE INVESTMENT ON THESE BONDS AND  
4 *SECURITIES SHALL NOT EXCEED FIFTEEN PERCENT (15%) OF*  
5 *THE INVESTMENT RESERVE FUND;*

6 “[b](c)

7 “[c](d)

8 “(E) IN BONDS, SECURITIES, PROMISSORY NOTES OR  
9 OTHER EVIDENCES OF INDEBTEDNESS OF ACCREDITED AND  
10 FINANCIALLY SOUND MEDICAL INSTITUTIONS EXCLUSIVELY  
11 TO FINANCE THE CONSTRUCTION, IMPROVEMENT AND  
12 MAINTENANCE OF HOSPITALS AND OTHER MEDICAL FACILITIES:  
13 *PROVIDED*, THAT SUCH SECURITIES AND INSTRUMENTS ARE  
14 BACKED UP BY THE GUARANTEE OF THE REPUBLIC OF THE  
15 PHILIPPINES OR THE ISSUING MEDICAL INSTITUTION AND THE  
16 ISSUED SECURITIES AND BONDS ARE BOTH RATED TRIPLE “A” BY  
17 AUTHORIZED ACCREDITED DOMESTIC RATING AGENCIES:  
18 *PROVIDED, FURTHER*, THAT SAID INVESTMENTS SHALL NOT  
19 EXCEED TEN PERCENT (10%) OF THE TOTAL INVESTMENT  
20 RESERVE FUND.

21 “THE CORPORATION MAY, THROUGH A PUBLIC BIDDING,  
22 HIRE LOCAL FUND OR INVESTMENT MANAGERS TO MANAGE THE  
23 INVESTMENT RESERVE FUND.”

24 “SEC. 28. *Contributions.* – All members [of the Program]  
25 WHO CAN AFFORD TO PAY shall contribute to the Fund, in  
26 accordance with a reasonable, equitable and progressive  
27 contribution schedule to be determined by the Corporation on the

1 basis of applicable actuarial studies and in accordance with the  
2 following guidelines:

3 “(a) MEMBERS IN THE [F]ormal [sector employees]  
4 ECONOMY [and current medicare members] and their employers  
5 shall continue paying the same monthly contributions as provided  
6 for by law until such time that the Corporation shall have  
7 determined [the] A NEW contribution schedule [mentioned herein]:  
8 *Provided*, That their monthly contribution shall not exceed [three  
9 percent (3%)] FIVE PERCENT (5%) of their respective monthly  
10 salaries.

11 “(b) Contributions from [self-employed] members IN THE  
12 INFORMAL ECONOMY shall be based primarily on household  
13 earnings and assets[.]. [their total contributions for one year shall  
14 not, however, exceed three percent (3%) of their estimated actual  
15 net income for the preceding year.] THOSE FROM THE LOWEST  
16 INCOME SEGMENT WHO DO NOT QUALIFY FOR FULL SUBSIDY  
17 UNDER THE MEANS TEST RULE OF THE NATIONAL GOVERNMENT  
18 SHALL BE ENTIRELY SUBSIDIZED BY THE LGUs OR THROUGH  
19 COST SHARING MECHANISMS BETWEEN/AMONG LGUs AND/OR  
20 LEGISLATIVE SPONSORS AND/OR OTHER SPONSORS AND/OR THE  
21 ENROLLEE INCLUDING THOSE FOR BARANGAY VOLUNTEERS  
22 WHO FALL UNDER THIS CATEGORY: *PROVIDED*, THAT THE  
23 IDENTIFICATION OF BENEFICIARIES WHO SHALL RECEIVE  
24 SUBSIDY FROM LGUs SHALL BE BASED ON A LIST TO BE  
25 PROVIDED BY THE NATIONAL GOVERNMENT THROUGH THE SAME  
26 MEANS TEST RULE OF THE NATIONAL GOVERNMENT OR ANY  
27 OTHER APPROPRIATE STATISTICAL METHOD THAT MAY BE  
28 ADOPTED FOR SAID PURPOSE.

1           “THE FULL ANNUAL PREMIUM CONTRIBUTIONS OF  
2           HOUSEHELPERS SHALL BE PAID BY THEIR EMPLOYERS.

3           “THE REQUIRED NUMBER OF MONTHLY PREMIUM  
4           CONTRIBUTIONS TO QUALIFY AS A LIFETIME MEMBER MAY BE  
5           INCREASED BY THE CORPORATION TO SUSTAIN THE FINANCIAL  
6           VIABILITY OF THE PROGRAM: *PROVIDED, FURTHER*, THAT THE  
7           INCREASE SHALL BE BASED ON ACTUARIAL ESTIMATE AND  
8           STUDY.

9           “IT SHALL BE MANDATORY FOR ALL GOVERNMENT  
10          AGENCIES TO INCLUDE THE PAYMENT OF PREMIUM  
11          CONTRIBUTIONS IN THEIR RESPECTIVE ANNUAL  
12          APPROPRIATIONS: *PROVIDED, FINALLY*, THAT ANY INCREASE IN  
13          THE PREMIUM CONTRIBUTION OF THE NATIONAL GOVERNMENT  
14          AS EMPLOYER SHALL ONLY BECOME EFFECTIVE UPON  
15          INCLUSION OF SAID AMOUNT IN THE ANNUAL GENERAL  
16          APPROPRIATIONS ACT.”

17          “SEC. 29. *Payment of Indigent Contributions.* – PREMIUM  
18          [C]Contributions for indigent members AS IDENTIFIED BY THE  
19          NATIONAL GOVERNMENT THROUGH A MEANS TEST RULE OR ANY  
20          OTHER APPROPRIATE STATISTICAL METHOD shall be FULLY  
21          subsidized [partially] by the [local government unit] NATIONAL  
22          GOVERNMENT [where the member resides]. THE AMOUNT  
23          NECESSARY SHALL BE INCLUDED IN THE APPROPRIATIONS FOR  
24          THE DOH UNDER THE ANNUAL GENERAL APPROPRIATIONS ACT.  
25          [The Corporation shall provide counterpart financing equal to the  
26          LGU’s subsidy for indigents: *Provided*, That in the case of fourth,  
27          fifth and sixth class municipalities, the National Government shall  
28          provide up to ninety percent (90%) of the subsidy for indigents

1           until such time that they shall have been upgraded to first, second  
2           or third class municipalities. The share of the LGUs shall be  
3           progressively increased until such time that its share becomes equal  
4           to that of the National Government.]

5           **“THE PREMIUM CONTRIBUTIONS OF ORPHANS,  
6           ABANDONED AND ABUSED MINORS, OUT-OF-SCHOOL YOUTHS,  
7           STREET CHILDREN, PERSONS WITH DISABILITIES, SENIOR  
8           CITIZENS AND BATTERED WOMEN UNDER THE CARE OF THE  
9           DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT  
10          (DSWD), OR ANY OF ITS ACCREDITED INSTITUTIONS RUN BY  
11          NGOs OR ANY NONPROFIT PRIVATE ORGANIZATIONS, SHALL BE  
12          PAID BY THE DSWD AND THE FUNDS NECESSARY FOR THEIR  
13          INCLUSION IN THE PROGRAM SHALL BE INCLUDED IN THE  
14          ANNUAL BUDGET OF THE DSWD.”**

15          SEC. 8. Section 32 of the same Act, as amended, is hereby further  
16          amended to read as follows:

17          **“SEC. 32. *Accreditation Eligibility.* – All health care  
18          providers, as enumerated in Section 4(o) hereof and operating for  
19          at least three (3) years may apply for accreditation: *Provided,* That  
20          a health care provider which has not operated for at least three (3)  
21          years may likewise apply and qualify for accreditation if it  
22          complies with all the other accreditation requirements of and  
23          further meets any of the following conditions:**

24                 **“(a) Its managing health care professional has had a  
25                 working experience in another accredited health care institution for  
26                 at least three (3) years;**

27                 **“(b) It operates as a tertiary facility or its equivalent;**

1           “(c) It operates in a local government unit where the  
2           accredited health care provider cannot adequately or fully service  
3           its population; and

4           “(d) Other conditions as may be determined by the  
5           Corporation.

6           **“A HEALTH CARE PROVIDER FOUND GUILTY OF ANY  
7           VIOLATION OF THIS ACT SHALL NOT BE ELIGIBLE TO APPLY FOR  
8           THE RENEWAL OF ACCREDITATION.”**

9           SEC. 9. Section 34 of the same Act, as amended, is hereby amended to  
10          read as follows:

11           **“SEC. 34. *Provider Payment Mechanisms.* – The following**  
12           **mechanisms for public and private providers shall be allowed in the**  
13           **Program:**

14           **“(a) Fee-for-service OR PAYMENT based on THE COST OF**  
15           **SERVICES RENDERED UNDER THE mechanisms established by the**  
16           **Corporation;**

17           **“(B) CASE-BASED PAYMENT OR PAYMENT BASED ON A**  
18           **PREDETERMINED FIXED RATE FOR EACH TREATED CASE OR**  
19           **DISEASES DETERMINED BY THE CORPORATION;**

20           **“[(b)](C) Capitation of health care professionals and**  
21           **facilities, or networks of the same including HMOs, medical**  
22           **cooperatives, and other legally formed health service groups; AND**

23           **“[(c) A combination of both; and]**

24           **“(d) Any or all of the above[, subject to]: PROVIDED,**  
25           **THAT IT SHALL BE CONSIDERED AS a global budget.**

26           **“NO OTHER FEE OR EXPENSE SHALL BE CHARGED TO THE**  
27           **INDIGENT PATIENT.**

1           “THE HEALTH CARE PROVIDER SHALL BE ALLOWED TO  
2 CHARGE THE MEMBER ONLY FOR AMENITIES AND SERVICES NOT  
3 INCLUDED IN THE BENEFIT PACKAGE BUT VOLUNTARILY  
4 CHOSEN BY THE MEMBER: *PROVIDED*, THAT THE MEMBER HAS  
5 PREVIOUSLY AGREED TO PAY THE COST OF SUCH SERVICES.

6           “SUBJECT TO THE APPROVAL OF THE BOARD, THE  
7 CORPORATION MAY ADOPT OTHER PAYMENT MECHANISMS  
8 THAT ARE MOST BENEFICIAL TO THE MEMBERS AND TO THE  
9 CORPORATION.

10           “Each [Office] PHILHEALTH LOCAL OFFICE shall  
11 recommend the appropriate payment mechanism within its  
12 jurisdiction for approval by the Corporation. Special consideration  
13 shall be given to payment for services rendered by public and  
14 private health care providers serving remote or medically  
15 underserved areas.”

16           SEC. 10. Section 35 of the same Act, as amended, is hereby amended  
17 to read as follows:

18           “SEC. 35. [*Fee-for-service Payments and Payments in*  
19 *General.* - *Fee-for-service* payments may be made separately  
20 for professional fees and hospital charges, or both, based on  
21 arrangements with health care providers. This fee shall be based  
22 on a schedule to be established by the Board which shall be  
23 reviewed every three (3) years. Fees paid for professional services  
24 rendered by salaried public providers shall be allowed to be  
25 retained by the health facility in which services are rendered and be  
26 pooled and distributed among health personnel. Charges paid to  
27 public facilities shall be allowed to be retained by the individual  
28 facility in which services were rendered and for which payment



1 was made. Such revenues shall be used to defray operating costs  
2 other than salaries, to maintain or upgrade equipment, plant or  
3 facility, and to maintain or improve the quality of service in the  
4 public sector.] **PERIOD TO FILE CLAIMS. – ALL CLAIMS FOR**  
5 **REIMBURSEMENT OR PAYMENT FOR SERVICES RENDERED SHALL**  
6 **BE FILED WITHIN A PERIOD OF SIXTY (60) CALENDAR DAYS FROM**  
7 **THE DATE OF DISCHARGE OF THE PATIENT FROM THE HEALTH**  
8 **CARE PROVIDER.**

9 “THE PERIOD TO FILE THE CLAIM MAY BE EXTENDED FOR  
10 SUCH REASONABLE CAUSES DETERMINED BY THE  
11 CORPORATION.”

12 SEC. 11. Sections 41 and 42 of the same Act, as amended, are hereby  
13 amended to read as follows:

14 “SEC. 41. *Grievance and Appeal Procedures.* – A member,  
15 [his] A dependent, or a health care provider may file a complaint  
16 for grievance based on any of the above grounds, in accordance  
17 with the following procedures:

18 “(a) A complaint for grievance must be filed with the  
19 [Office] CORPORATION which shall REFER SUCH COMPLAINT TO  
20 THE GRIEVANCE AND APPEAL REVIEW COMMITTEE. THE  
21 GRIEVANCE AND APPEAL REVIEW COMMITTEE SHALL rule on  
22 the complaint THROUGH A NOTICE OF RESOLUTION within [ninety  
23 (90)] SIXTY (60) calendar days from receipt thereof.

24 “(b) Appeals from [Office decisions] THE DECISION OF THE  
25 GRIEVANCE AND APPEAL REVIEW COMMITTEE must be filed  
26 with the Board within thirty (30) CALENDAR days from receipt of

1 THE notice of RESOLUTION [dismissal or disallowance by the  
2 Office].

3 "x x x."

4 "SEC. 42. *Grievance and Appeal Review Committee.* – The  
5 Board shall create a Grievance and Appeal Review Committee,  
6 composed of [three (3) to] five (5) members, hereinafter referred to  
7 as the Committee, which, subject to the procedures enumerated  
8 above, shall receive and recommend appropriate action on  
9 complaints from members and health care providers relative to this  
10 Act and its implementing rules and regulations.

11 "THE COMMITTEE SHALL HAVE AS ONE OF ITS MEMBERS  
12 A REPRESENTATIVE OF ANY OF THE ACCREDITED HEALTH CARE  
13 PROVIDERS AS ENDORSED BY THE DOH."

14 SEC. 12. Section 44 of the same Act, as amended, is hereby further  
15 amended to read as follows:

16 "ARTICLE X

17 "PENALTIES

18 "SEC. 44. *Penal Provisions.* – Any violation of the  
19 provisions of this Act, after due notice and hearing, shall suffer the  
20 following penalties[.]:

21 "(A) VIOLATION BY AN ACCREDITED HEALTH CARE  
22 PROVIDER – ANY ACCREDITED HEALTH CARE PROVIDER WHO  
23 COMMITS A VIOLATION, ABUSE, UNETHICAL PRACTICE OR  
24 FRAUDULENT ACT WHICH TENDS TO UNDERMINE OR DEFEAT THE  
25 OBJECTIVES OF THE PROGRAM SHALL BE PUNISHED WITH [A]A  
26 fine of not less than [Ten]FIFTY thousand pesos [(P10,000)]  
27 (P50,000) [nor] BUT NOT more than [Fifty]ONE HUNDRED

1 thousand pesos [(P50,000)] (P100,000) [in case the violation is  
2 committed by the hospital management or provider. In addition, its  
3 accreditation shall be suspended or revoked] OR SUSPENSION OF  
4 ACCREDITATION from three (3) months to the whole term  
5 of accreditation, OR BOTH, AT THE DISCRETION OF THE  
6 CORPORATION: *Provided, [however,] That recidivists may [not*  
7 *anymore] NO LONGER* be accredited as a participant of the  
8 Program[.];

9 “(B) VIOLATIONS OF A MEMBER – [A fine of not less  
10 than Five hundred pesos (P500) nor more than Five thousand pesos  
11 (P5,000) and imprisonment of not less than six (6) months nor  
12 more than one (1) year in case the violation is committed by the  
13 member.] ANY MEMBER WHO COMMITS ANY VIOLATION OF THIS  
14 ACT INDEPENDENTLY OR IN CONNIVANCE WITH THE HEALTH  
15 CARE PROVIDER FOR PURPOSES OF WRONGFULLY CLAIMING  
16 NHIP BENEFITS OR ENTITLEMENT, SHALL BE PUNISHED WITH A  
17 FINE OF NOT LESS THAN FIVE THOUSAND PESOS (P5,000) OR  
18 SUSPENSION FROM AVAILMENT OF NHIP BENEFITS FOR NOT  
19 LESS THAN THREE (3) MONTHS BUT NOT MORE THAN SIX (6)  
20 MONTHS, OR BOTH, AT THE DISCRETION OF THE CORPORATION.

21 “(C) VIOLATIONS OF AN EMPLOYER –

22 “(1) FAILURE, REFUSAL TO REGISTER, DEDUCT AND  
23 REMIT THE CONTRIBUTIONS – [Where the violations consist of  
24 failure or refusal to deduct contributions from the employee’s  
25 compensation or to remit the same to the Corporation, the penalty  
26 shall be a fine of not less than Five hundred pesos (P500) but not  
27 more than One thousand pesos (P1,000) multiplied by the total

1 number of employees employed by the firm and imprisonment of  
2 not less than six (6) months but not more than one (1) year.] **ANY**  
3 **EMPLOYER WHO FAILS OR REFUSES TO REGISTER EMPLOYEES,**  
4 **REGARDLESS OF THEIR EMPLOYMENT STATUS, OR TO DEDUCT**  
5 **CONTRIBUTIONS FROM THE EMPLOYEES COMPENSATION OR**  
6 **REMIT THE SAME TO THE CORPORATION SHALL BE PUNISHED**  
7 **WITH A FINE OF NOT LESS THAN FIVE THOUSAND PESOS (P5,000)**  
8 **MULTIPLIED BY THE TOTAL NUMBER OF EMPLOYEES OF THE**  
9 **FIRM.**

10 "Any employer or any officer authorized to collect  
11 contributions under this Act who, after collecting or deducting the  
12 monthly contributions from his employees' compensation, fails to  
13 remit the said contributions to the Corporation within thirty (30)  
14 days from the date they become due shall be presumed to have  
15 misappropriated such contributions [and shall suffer the penalties  
16 provided for in Article 315 of the Revised Penal Code].

17 "(2) **UNLAWFUL DEDUCTIONS** - Any employer **OR**  
18 **OFFICER** who shall deduct directly or indirectly from the  
19 compensation of the covered employees or otherwise recover from  
20 them his own contribution on behalf of such employees shall be  
21 punished [by] **WITH** a fine [not exceeding One] **OF FIVE** thousand  
22 pesos [(P1,000)] **(P5,000)** multiplied by the total number of  
23 **AFFECTED** employees [employed by the firm, or imprisonment not  
24 exceeding one (1) year, or both fine and imprisonment, at the  
25 discretion of the Court].

26 "If the act or omission penalized by this Act be committed  
27 by an association, partnership, corporation or any other institution,  
28 its managing directors or partners or president or general manager,

1 or other persons responsible for the commission of the said act  
2 shall be liable for the penalties provided for in this Act [and other  
3 laws for the offense].

4 **“(3) MISAPPROPRIATION OF FUNDS BY EMPLOYEES OF**  
5 **THE CORPORATION** – Any employee of the Corporation who  
6 receives or keeps funds or property belonging, payable, or  
7 deliverable to the Corporation, and who shall appropriate the same,  
8 or shall take or misappropriate or shall consent, or through  
9 abandonment or negligence shall permit any other person to take  
10 such property or funds wholly or partially, shall likewise be liable  
11 for misappropriation of funds or property and shall **BE PUNISHED**  
12 **WITH** [suffer imprisonment of not less than six (6) years and not  
13 more than twelve (12) years and] a fine of not less than Ten  
14 thousand pesos (P10,000) nor more than Twenty thousand pesos  
15 (P20,000). Any shortage of the funds or loss of the property upon  
16 audit shall be deemed *prima facie* evidence of the offense.

17 **“(4) OTHER VIOLATIONS – OTHER VIOLATIONS OF THE**  
18 **PROVISIONS OF THIS ACT OR OF THE RULES AND REGULATIONS**  
19 **PROMULGATED BY THE CORPORATION SHALL BE PUNISHED**  
20 **WITH A FINE OF NOT LESS THAN FIVE THOUSAND PESOS (P5,000)**  
21 **BUT NOT MORE THAN TWENTY THOUSAND PESOS (P20,000).**

22 “All other violations involving funds of the Corporation  
23 shall be governed by the applicable provisions of the Revised Penal  
24 Code or other laws, taking into consideration the rules on  
25 collection, remittances and investment of funds as may be  
26 promulgated by the Corporation.

27 **“THE CORPORATION MAY ENUMERATE CIRCUMSTANCES**  
28 **THAT WILL MITIGATE OR AGGRAVATE THE LIABILITY OF THE**

1 OFFENDER OR ERRING HEALTH CARE PROVIDER, MEMBER OR  
2 EMPLOYER.

3 “DESPITE THE CESSATION OF OPERATION BY A HEALTH  
4 CARE PROVIDER OR TERMINATION OF PRACTICE OF AN  
5 INDEPENDENT HEALTH CARE PROFESSIONAL WHILE THE  
6 COMPLAINT IS BEING HEARD, THE PROCEEDING AGAINST THEM  
7 SHALL CONTINUE UNTIL THE RESOLUTION OF THE CASE.

8 “THE DISPOSITIVE PART OF THE DECISION REQUIRING  
9 PAYMENT OF FINES, REIMBURSEMENT OF PAID CLAIM OR DENIAL  
10 OF PAYMENT SHALL BE IMMEDIATELY EXECUTORY.”

11 SEC. 13. Section 46 of the same Act, as amended, is hereby amended  
12 to read as follows:

13 “SEC. 46. [*Subsequent Appropriations.* – Starting 1995  
14 and thereafter, twenty-five percent (25%) of the increment in total  
15 revenue collected under Republic Act No. 7654 shall be  
16 appropriated in the General Appropriations Act solely for the  
17 National Health Insurance Fund.] *FUNDING SOURCE.* – THE  
18 AMOUNT NECESSARY FOR THE IMPLEMENTATION OF THIS ACT  
19 SHALL BE SOURCED FROM THE FOLLOWING:

20 “(A) [In addition, s]Starting [1996 and thereafter] 2012,  
21 twenty-five percent (25%) of the incremental revenue from the  
22 increase in the documentary stamp taxes under Republic Act No.  
23 7660, AS AMENDED BY REPUBLIC ACT NO. 7875 shall [likewise]  
24 be appropriated solely for the [said] NATIONAL HEALTH  
25 INSURANCE [f]Fund[.];

26 “(B) THREE PERCENT (3%) FROM THE SALE PROCEEDS  
27 OF MILITARY CAMPS UNDER REPUBLIC ACT NO. 7227, AS  
28 AMENDED BY REPUBLIC ACT NO. 7917; AND

1           “(C) AS COUNTERPART CONTRIBUTION OF THE LOCAL  
2 GOVERNMENT, TEN PERCENT (10%) OF THE FIFTY PERCENT  
3 (50%) LOCAL GOVERNMENT SHARE FROM THE INCREMENTAL  
4 REVENUE FROM VALUE-ADDED TAX UNDER REPUBLIC ACT NO.  
5 9337.

6           “IN ADDITION, ANY AMOUNT CORRESPONDING TO A  
7 PERCENTAGE OF THE INCREMENTAL REVENUE FROM THE EXCISE  
8 TAX ON ALCOHOL AND TOBACCO PRODUCTS AS MAY BE  
9 PRESCRIBED UNDER APPLICABLE LAWS SHALL BE USED FOR  
10 THE IMPLEMENTATION OF THIS ACT. THE CORPORATION  
11 MAY LIKEWISE REQUEST CONGRESS TO APPROPRIATE  
12 SUPPLEMENTAL FUNDING TO ACHIEVE THE OBJECTIVES OF THE  
13 UNIVERSAL HEALTHCARE.

14           “ALL THESE FUNDS SHALL BE APPROPRIATED UNDER THE  
15 BUDGET OF THE DOH.”

16           SEC. 14. Section 49 of the same Act, as amended, is hereby amended  
17 to read as follows:

18           “SEC. 49. *Implementing Rules and Regulations.* – Within  
19 [thirty (30)] SIXTY (60) days [from the completion of such  
20 appointments, the Board shall convene to formulate the rules and  
21 regulations necessary for the implementation of this Act.] FROM  
22 THE EFFECTIVITY OF THIS ACT, THE CORPORATION, IN  
23 COORDINATION WITH THE DOH, SHALL ISSUE THE NECESSARY  
24 RULES AND REGULATIONS FOR ITS EFFECTIVE  
25 IMPLEMENTATION.”

26           SEC. 15. Section 54 of the same Act, as amended, is hereby further  
27 amended to read as follows:

1                   “SEC. 54. *CONGRESSIONAL Oversight*    *[Provision]*

2                   *COMMITTEE.* – [Congress shall conduct a regular review of the  
3                   National Health Insurance Program, which shall entail a  
4                   systematic evaluation of the Program’s performance, impact or  
5                   accomplishments with respect to its objectives or goals. Such  
6                   review shall be undertaken by the Committees of the Senate and  
7                   the House of Representatives, which have legislative jurisdiction  
8                   over the Program.] **A JOINT CONGRESSIONAL OVERSIGHT**  
9                   **COMMITTEE IS HEREBY CREATED WHICH SHALL BE COMPOSED**  
10                   **OF THE CHAIRPERSON OF THE SENATE COMMITTEE ON HEALTH**  
11                   **AND DEMOGRAPHY AND FIVE (5) OTHER SENATORS DESIGNATED**  
12                   **BY THE SENATE PRESIDENT, AND THE CHAIRPERSON OF THE**  
13                   **HOUSE COMMITTEE ON HEALTH AND FIVE (5) OTHER MEMBERS**  
14                   **OF THE HOUSE OF REPRESENTATIVES DESIGNATED BY THE**  
15                   **SPEAKER OF THE HOUSE OF REPRESENTATIVES: PROVIDED,**  
16                   **THAT, OF THE FIVE (5) MEMBERS TO BE DESIGNATED BY EACH**  
17                   **CHAMBER, THREE (3) MEMBERS SHALL BE FROM THE MAJORITY**  
18                   **AND THE REMAINING TWO (2) MEMBERS SHALL BE FROM THE**  
19                   **MINORITY.**

20                   **“THE JOINT CONGRESSIONAL OVERSIGHT COMMITTEE**  
21                   **SHALL HAVE THE POWER TO MONITOR AND EVALUATE THE**  
22                   **IMPLEMENTATION OF THIS ACT.**

23                   **“THE OVERSIGHT COMMITTEE CREATED UNDER THIS ACT**  
24                   **SHALL EXIST FOR A PERIOD NOT EXCEEDING FIVE (5) YEARS**  
25                   **FROM THE EFFECTIVITY OF THIS ACT, AFTER WHICH THE**  
26                   **OVERSIGHT FUNCTIONS SHALL BE PERFORMED BY THE**  
27                   **COMMITTEE ON HEALTH AND DEMOGRAPHY OF THE SENATE**



1           AND THE COMMITTEE ON HEALTH OF THE HOUSE OF  
2           REPRESENTATIVES.

3           “The National Economic and Development Authority, in  
4           coordination with the National Statistics Office and the National  
5           Institute[s] of Health of the University of the Philippines,  
6           INCLUDING THE PHILIPPINE INSTITUTE OF TRADITIONAL AND  
7           ALTERNATIVE HEALTH CARE IN THE CASE OF ALTERNATIVE  
8           CARE, TRADITIONAL MEDICINE AND HERBAL HEALTH SERVICES,  
9           shall undertake studies to validate the accomplishments of the  
10          Program. The budget required to undertake such study shall come  
11          from the income of the PhilHealth.”

12          SEC. 16. New sections to be denominated as Sections 55, 56, 57 and  
13          58 under Article XIII. Miscellaneous Provisions, are hereby added to read as  
14          follows:

15                 “SEC. 55. *FILING OF OTHER LEGAL ACTIONS BEFORE THE*  
16                 *PROPER COURTS.* – THE FILING OF AN ADMINISTRATIVE ACTION  
17                 AGAINST ANY HEALTH CARE PROVIDER, EMPLOYER OR MEMBER  
18                 UNDER THIS ACT SHALL BE WITHOUT PREJUDICE TO THE FILING  
19                 OF ANY OTHER LEGAL ACTIONS UNDER THE REVISED PENAL  
20                 CODE OR ANY OTHER LAWS IN THE PROPER COURTS.”

21                 “SEC. 56. *LEGAL ASSISTANCE AND BENEFITS.* – ANY  
22                 OFFICER, EMPLOYEE OR AUTHORIZED REPRESENTATIVE OF THE  
23                 CORPORATION WHO MAY BE SUED BY ANY HEALTH CARE  
24                 PROVIDER, MEMBER, STAKEHOLDER OR ANY OTHER PERSON OR  
25                 ENTITY IN CONNECTION WITH THE PERFORMANCE OF DUTIES  
26                 AND OBLIGATIONS UNDER THE NHIP MAY BE PROVIDED LEGAL  
27                 ASSISTANCE OR COUNSEL BY THE CORPORATION UPON  
28                 APPROVAL BY THE BOARD.”

1           “SEC. 57. *REQUISITES FOR ISSUANCE OR RENEWAL*  
2           *OF LICENSES OR PERMITS. – NOTWITHSTANDING ANY LAW*  
3           *TO THE CONTRARY, ALL GOVERNMENT AGENCIES ISSUING*  
4           *PROFESSIONAL OR BUSINESS LICENSE OR PERMIT, SHALL*  
5           *REQUIRE ALL APPLICANTS TO SUBMIT CERTIFICATE OR PROOF*  
6           *OF PAYMENT OF PHILHEALTH PREMIUM CONTRIBUTIONS, PRIOR*  
7           *TO THE ISSUANCE OR RENEWAL OF SUCH LICENSE OR PERMIT.”*

8           “SEC. 58. *APPLICABILITY OF PROVISIONS. –*  
9           *COMPLAINTS ALREADY FILED WITH, AND UNDER DELIBERATION*  
10          *BY APPROPRIATE BODIES OF THE CORPORATION PRIOR TO THE*  
11          *EFFECTIVITY OF THIS ACT SHALL BE GOVERNED IN*  
12          *ACCORDANCE WITH THE PREVIOUS LAWS AND THEIR*  
13          *IMPLEMENTING RULES AND REGULATIONS.”*

14          SEC. 17. Sections 55, 56, 57, 58 and 59 of Republic Act No. 7875, as  
15 amended, are hereby renumbered as Sections 60, 61, 62 and 63, respectively.

16          SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days  
17 after its publication in at least two (2) newspapers of general circulation.

Approved,

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