



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
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10 November 2020

MR. FRANCISCO T. DUQUE III, M.D., MSc.

*Secretary, Department of Health
and PhilHealth Chairperson*

ATTY. DANTE A. GIERRAN, CPA

President and CEO (PCEO)

**PHILIPPINE HEALTH INSURANCE
CORPORATION (PHILHEALTH)**

*Citystate Centre, 709 Shaw Boulevard
Pasig City*

**RE : VALIDATION RESULT OF 2019 PERFORMANCE
SCORECARD OF PHILHEALTH**

Dear Secretary Duque and PCEO Gierran,

This is to formally transmit the validation result of PhilHealth's 2019 Performance Scorecard. Based on the validation of documentary submissions, PhilHealth gained an overall score of **43.01%** (See **Annex A**). The same is to be posted in PhilHealth's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07¹.

In relation to the grant of 2019 PBB to eligible officers and employees, PhilHealth fails to satisfy the requirements of GCG M.C. No. 2019-02², particularly the achievement of a weighted-average score of at least 90% in its 2019 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149³.

Consequently, pursuant to GCG M.C. No. 2018-04⁴, failure to qualify for the PBB means that the Appointive Members of the Governing Board of PhilHealth shall not be qualified to receive the Performance-Based Incentive (PBI)

FOR PHILHEALTH'S INFORMATION AND GUIDANCE.

Very truly yours,

Digitally signed by:
CHAIRMAN SAMUEL G. DAGPIN, JR.

Digitally signed by:
COMMISSIONER MICHAEL P. CLORIBEL

Digitally signed by:
COMMISSIONER MARITES C. DORAL

cc: COA Resident Auditor – PhilHealth

¹ Code of Corporate Governance for GOCCs, dated 28 November 2012.

² Interim Performance-Based Bonus (PBB).

³ GOCC Governance Act of 2011.

⁴ Interim Performance-Based Incentive (PBI) System for Appointive Directors of GOCCs covered by GCG for 2016 and for the Years Thereafter.

PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH)
Validation Result of 2019 Performance Scorecard

	Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks
	Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
SATISFIED CLIENTS	SO 1	Total Client Experience									
	SM 1	Percentage of Satisfied Customers	Number of respondents who rated PhilHealth service with at least Satisfactory / Total number of respondents	10%	(Actual/ Target) x Weight Below 80% = 0%	≥ 90%	90.90% Satisfaction Rating	10%	The Customer Satisfaction Survey (CSS) conducted by PhilHealth is non-compliant with the 2018 GCG Guidelines for the Conduct of the CSS	0%	<p>-2019 Customer Satisfaction Survey in PhilHealth LHIO Initial Report</p> <p>-Final Narrative Report on the Customer Satisfaction Survey conducted by a Third-Party Consultant</p> <p>-Database of the respondents' answers</p> <p>-10 Sample Questionnaires (5 samples per Respondent)</p> <p>The Customer Satisfaction Survey conducted by PhilHealth is not acceptable. GCG notes the following observations: a. Only 6 out of the 18 PhilHealth Regional Offices were able to conduct its intercept interview in 2019. Majority were conducted in 2020. b. Inconsistent information on all the submitted accomplished questionnaires. c. Part 9h. of the 2018 Standard Guideline and Methodology requires a back-checking and spot-</p>

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Objective/ Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
										Type) from the database	checking of at least 30% of the interviews. PhilHealth was not able to submit a comprehensive backchecking and spot-checking report as well as the database or call sheet for the questionnaires backchecked or spot-checked.
SO 2 Responsive Benefits											
SM 2	Percent of Eligible Members Availed of the No Balance Billing	Total Number of Surveyed NBB Claims / Total number of respondents	10%	(Actual/ Target) x Weight	≥ 90%	83.13% (377,127 / 453,660)	9.23%	Accomplishment cannot be validated	0%	<ul style="list-style-type: none"> -Quick Stats on NBB Compliance based on OCOO Memorandum No. 2016-061 -Summary of Statistics on the NBB Compliance -NBB Compliance Rate of Government HCIs per PRO 	The reported accomplishments were backed by internal reports from PhilHealth. However, PhilHealth did not submit a final written report on the conduct of the survey. Further, the PhilHealth failed to provide a clear documentation on how it conducted the survey or if back-checking on the survey results were applied.

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Objective/ Measure			Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
											-Five (5) sample exit surveys per category (Household Help, Lifetime, Senior Citizen, Indigent, 4Ps, and Sponsored Program)	
SM 3	Improvement of Provider-Payment Mechanism	Actual Accomplishment	10%	All or Nothing	1. Conduct capacity building of accredited health care providers per area; 2. Conduct capacity building of PhilHealth technical staff on data analysis of the cost data; and 3. Management ExeComm-	Conducted an orientation to selected PRO NCR Officers and technical staff and institutional health care providers (IHCPs) in NCR on the PhilHealth costing framework and data collection tools last 7-9 November 2018 per	10%	Accomplishment cannot be validated	0%	-Board Resolution No. 2437 s. 2019 dated 19 March 2019 – Resolution Approving the PhilHealth Costing Framework and Data Collection Tools as Integral Part of Institutional Strengthening in Strategic Purchasing and Costing of	Evaluation of the submitted documents are as follows: a. Board Resolution No. 2437 s. 2019 reflects the intention of PhilHealth to adapt a costing framework and data collection tools. b. Management approval on the draft on the policy in Institutionalization of the PhilHealth Costing Framework and Data Collection Tools was not	

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Objective/ Measure	Formula	Wt.	Rating Scale	Target		Actual	Rating	Actual	Rating		
				approved policy on the institutionalization of the regular submission of cost data, as part of the Performance Commitment, by all accredited health care providers.		CPO No. 2018-2665. Conducted an orientation to selected technical staff of PhilHealth Regional Offices in Areas II, III, IV on the PhilHealth costing framework and data collection tools per CPO 2019-0866. Board-Approved Institutionalization of PhilHealth Costing Framework and Data Collection Tools, including regular				Healthcare Services -Draft of the PhilHealth Circular in Institutionalization of the PhilHealth Costing Framework and Data Collection Tools as an Integral Part of Institutional Strengthening in Strategic Purchasing and Costing of Healthcare Services -List of Attendees on the "Orientation on PhilHealth Costing Framework and Data Collection Tools"	reflected or presented by PhilHealth. c. The authenticity of the attendance sheets provided cannot be validated since the submitted documents were in excel format. The names of the attendees were only listed in an excel sheet without signature signifying their attendance or presence in the event. d. The orientation conducted to accredited health care providers in NCR happened in 2018. Further, orientations conducted in Area I, II, III, and IV only involved participants from PhilHealth and Local Health Insurance Office (LHIO) with no participants

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Objective/ Measure			Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
							costing of health services and development of IT solutions in support to the institutionalization of costing.				-Corporate Personnel Order No. 2019-0688 dated 14 March 2019	representing PhilHealth's accredited health care providers in the area.
							Ongoing drafting of implementing guidelines on the Institutionalization of the PhilHealth Costing Framework and Data Collection Tools as an Integral Part of Institutional Strengthening in Strategic Purchasing and Costing of Healthcare Services.				-Corporate Personnel Order No. 2018-2665 dated 13 November 2018	e. PhilHealth failed to provide copies of the actual purchase orders and invoices in relation to the trainings conducted regarding the Institutionalization of the PhilHealth Costing Framework and Data Collection Tools.

Component						PhilHealth Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target		Actual	Rating	Actual	Rating		
	Sub-Total	30%					29.23%		0%		
SUSTAINABLE FUND	SO 3	Revenue Generated									
	SM 4	Improve Collection Efficiency rate	Actual collection / Potential collection	10%	(Actual/ Target) x Weight	≥ 95% (formal and informal economies, and overseas Filipinos)	78.77% (P77.779 Billion / P98.741 Billion)	10%	77.86% (P76.881 Billion / P98.741 Billion)	8.20%	<ul style="list-style-type: none"> -Summary of Collection Efficiency as of December 2019 -ASRMS Memo Dated July 09 2019 re: CY 2019-2023 Projected Potential Collection and Target Collection -OCOO Memo Dated October 8, 2019 re: Potential and Target Collection for 2019 -Breakdown of Potential and Target Collection <p>Validation of accomplishment using the 2019 COA Annual Audit Report shows that PhilHealth was able to collect a total of P76.881 Billion or 77.86% of its calculated potential collections.</p>

Component						PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/ Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
											-Actual vs Potential Collection as of December 2019 -2019 COA Annual Audit Report	
	SO 4	Optimized Asset										
	SM 5	Increase in Benefit Expense to Premium Income Ratio	Benefit Expense / Premium Income	10%	[100%-(Actual-Target)/Target]	1:1	0.94:1 (P136.96 Billion: 146.44 Billion)	10%	0.94:1 (P136.96 Billion: P146.44 Billion)	10%	-Summary of Benefit Expense over Premium Income Ratio -2019 COA Annual Audit Report	Reported accomplishment accepted.
			Sub-Total	20%				20%		18.20%		
EXCELLENT PROCESS	SO 5	Boost Innovation in Research, Policy, and Process										
	SM 6	Implement Quality Management System	Actual Accomplishment	10%	All or Nothing	Maintain ISO 9001:2015 certification covering all sites all processes	Maintained ISO 9001:2015 Certification covering all PhilHealth Regional Offices and Local Health Insurance	10%	ISO 9001:2015 Public Administration covering the following Processes: Member Coverage	10%	Attestation and recommended for continued Certification on Public Administration covering the following Processes:	Reported accomplishment accepted.

EXCELLENT PROCESS

Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure			Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating
							Offices		Management, Benefit Delivery, Provider	
							Certificate No. SCP000242 Q		Management, Management and Support Processes	
							Assessed by SOCOTEC Certification Philippines			
									Member Coverage Management, Benefit Delivery, Provider Management, Management and Support Processes issued by SOCOTEC Certification Philippines, Inc. on 11 December 2019;	
									ISO 9001: 2015 Certification on Public Administration covering the following Processes: Member Coverage Management, Benefit Delivery, Provider Management, Management	

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Objective/ Measure	Formula	Wt.	Rating Scale	Target		Actual	Rating	Actual	Rating		
										and Support Processes	
SO 6	Ensure Operational Effectiveness and Efficiency										
SM 7	Potential Fraud Incidence Rate	Third-party rating	5%	All or nothing	Implementa- tion and establish- ment of baseline	7.90% (Moderate to High Risk Fraud Risk Index for CY 2018)	5%	7.90%	5%	Final Third- party Report dated 19 December 2019 on Measuring the Effects of Fraudulent Benefit Claims in PhilHealth; Fraud Incident Framework; Memo on the Implementa- tion of the Fraud Incident Framework; Baseline of Potential Fraud Incidence Rate;	Reported accomplishment accepted.

Component						PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure			Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
SM 8	Increase in the Percentage of Cases Disposed	Number of Cases disposed (resolved or filed with charges) / Total number of cases	15%	All or Nothing	Establish Baseline	FFIED - 55% (3,166 / 5,746)	32.51% (793 / 2,298)	15%	Failed to present consistent and accurate data and to implement efficient document handling and monitoring systems	0%	-Summary Report from the FFIED, Prosecution, and Arbitration Departments	PhilHealth failed to present consistent and accurate data, and to implement efficient document handling and monitoring systems. The following inconsistencies that were observed are as follows:
						Arbitration 46.60% (151 /324)					-Scorecards on the disposition of cases	a. The data provided for the cases received by Prosecution Department showed that it has received a total of 3,166 cases. However, the data cannot be properly validated due to some incomplete information;
											-Arbitration Office QuickStats on Resolved cases	b. Random checking on the cases received by the Prosecution Department and the cases forwarded by the FFIED shows inconsistencies. Some of the cases that were reported to
											-Memo on the Basis in the Determination of the Percentage of cases Resolved	
											-FFIED, Prosecution, and Arbitration Database	

Component						PhilHealth Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure			Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating	
											<p>have been forwarded by FFIED to the Prosecution Department were not present in the latter's database. Moreover, cases received in 2018 but were forwarded to the Prosecution Department in 2019 did not indicate docket numbers, making it difficult to track the progress of cases received prior to 2019;</p> <p>c. The Database of the Prosecution Department showed that it has forwarded a total of 2,563 cases to the Arbitration Office in 2019. However, the Arbitration Office reported to have received 3,404 cases in 2019.</p>

Component						PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
STRONG	SO 7 Strengthen Customer and Partner Relations											
	SM 9	Percentage of Good Claims Processed Within Applicable Time	Number of good claims processed within Applicable Processing Time / Total number of good claims received	10%	(Actual / Target) x Weight 0% = If less than 90%	100%	98.07% (8,466,073 / 8,632,645)	9.81%	98.15% (8,603,574/ 8,765,932)	9.81%	-Summary of Claims processed within and beyond applicable TAT -Explanation on the data gathering for the PhilHealth Corporate Dashboard (PCD) -Report extracted from PCD on the total claims received in 2019 and status of claims.	Recalculation of the percentage of paid claims within the prescribed period using the data gathered during the onsite validation and the report extracted from the PCD on 23 October 2020 show that PhilHealth paid a total of 8,765,932 claims. Of which, 8,603,574 claims were paid within 60 days.
			Sub-Total	40%				39.81%		24.81%		
STRONG	SO 8 Ensure Organizational Alignment and Workforce Engagement											
	SM 10	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	10%	All or Nothing	Development of Position Profile and Competency-Based Job Description	Development of Position Profile and Competency-Based Job	10%	No Baseline Established	0%	-Position Profile	While PhilHealth was able to conduct the employee assessment, evaluation of the submitted

Component						PhilHealth Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure			Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating	
						Establishment of Baseline	Description Baseline established				-Competency-Based Job Description -AKaPP Survey Result Database -Job Level Competency Assessment Report Database -Sample Individual Competency Report documents showed that PhilHealth was not able to report a specific figure or percentage that corresponds as the baseline competency level of the organization, which was the main purpose of the exercise/ assessment.
			Sub-Total	10%				10%		0%	
			TOTAL	100%				89.04%		43.01%	