Republic Act No. 10606

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[**REPUBLIC ACT NO. 10606**]

AN ACT AMENDING REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995″, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. Section 1 of Republic Act No. 7875, as amended, is hereby amended to read as follows:

"SECTION 1. *Short Title.* – This Act shall be known as the 'National Health Insurance Act of 2013′."

SEC. 2. Section 2 of the same Act is hereby amended to read as follows:

"SEC. 2. *Declaration of Principles and Policies.* – It is hereby declared the policy of the State to 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 to provide free medical care to paupers. Towards this end, the State shall provide comprehensive health care services to all Filipinos through a socialized health insurance program that will prioritize the health care needs of the underprivileged, sick, elderly, persons with disabilities (PWDs), women and children and provide free health care services to indigents.

"Pursuant to this policy, the State shall adopt the following principles:

"x x x."

SEC. 3. Section 4 of the same Act is hereby further amended to read as follows:

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

"x x x

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

"x x x

"(4) the parents who are sixty (60) years old or above whose monthly income is below an amount to be determined by the Corporation in accordance with the guiding principles set forth in Article I of this Act; and

"(5) parents with permanent disability that render them totally dependent on the member for subsistence.

"x x x

"(l) *Fee-for-service* – A fee pre-determined by the Corporation for each service delivered by a health care provider based on the bill. The payment system shall be based on a pre-negotiated schedule promulgated by the Corporation.

"x x x

"(q) *Indigent* – A person who has no visible means of income, or whose income is insufficient for the subsistence of his family, as identified by the Department of Social Welfare and Development (DSWD) based on specific criteria set for this purpose in accordance with the guiding principles set forth in Article I of this Act.

"x x x

"(s) *Member* – Any person whose premiums have been regularly paid to the National Health Insurance Program who may be a paying member, a sponsored member, or a lifetime member.

"x x x

"(ff) *Retiree* – A member of the Program who has reached the age of retirement as provided for by law or who was retired on account of permanent disability as certified by the employer and the Corporation.

"x x x

"(mm) *Abandoned Children* – Children who have no known family willing and capable to take care of them and are under the care of the DSWD, orphanages, churches and other institutions.

"(nn) *Case-based Payment* – Hospital payment method that reimburses to hospitals a predetermined fixed rate for each treated case or disease; also called per case payment.

"(oo) *Health Technology Assessment* – A field of science that investigates the value of a health technology such as procedure, process, products, or devices, specifically on their quality, relative cost-effectiveness and safety. It usually involves the science of epidemiology and economics. It has implications on policy, decision to adopt and invest in these technologies, or in health benefit coverage.

"(pp) *Informal Sector* – Units engaged in the production of goods and services with the primary objective of generating employment and income for the persons concerned. It consists of households, unincorporated enterprises that are market and nonmarket producers of goods, as well as market producers of services.

"These enterprises are operated by own-account workers, which may employ unpaid family workers as well as occasional, seasonally hired workers.

"To this sector belong, among others, street hawkers, market vendors, pedicab and tricycle drivers, small construction workers and home-based industries and services.

"(qq) *Other Self-earning Individuals* – Individuals who render services or sell goods as a means of livelihood outside of an employer-employee relationship, or as a career, but do not belong to the informal sector. These include businessmen, entrepreneurs, actors, actresses and other performers, news correspondents, professional athletes, coaches, trainers, and other individuals as recognized by the Department of Labor and Employment (DOLE) and/or the Bureau of Internal Revenue (BIR).

"(rr) *Out-patient Services* – Health services such as diagnostic consultation, examination, treatment, surgery and rehabilitation on an out-patient basis.

"(ss) *Professional Practitioners* – Include doctors, lawyers, certified public accountants, and other practitioners required to pass government licensure examinations in order to practice their professions.

"(tt) *Traditional and Alternative Health Care* – The application of traditional knowledge, skills and practice of alternative health care or healing methods which include reflexology, acupuncture, massage, accupressure, chiropractics, nutritional therapy and other similar methods in accordance with the accreditation guidelines set forth by the Corporation and the Food and Drug Administration (FDA).

"(uu) *Lifetime Member* – A former member who has reached the age of retirement under the law and has paid at least one hundred twenty (120) monthly premium contributions.

"(vv) *Members in the Formal Economy* – Workers with formal contracts and fixed terms of employment including workers in the government and private sector, whose premium contribution payments are equally shared by the employee and the employer.

"(ww) *Members in the Informal Economy* – Workers who are not covered by formal contracts or agreements and whose premium contributions are self-paid or subsidized by another individual through a defined criteria set by the Corporation.

"(xx) *Migrant Workers* – Documented or undocumented Filipinos who are engaged in a remunerated activity in another country of which they are not citizens.

"(yy) *Sponsored Member* – A member whose contribution is being paid by another individual, government agency, or private entity according to the rules as may be prescribed by the Corporation."

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

"SEC. 6. *Mandatory Coverage.* – All citizens of the Philippines shall be covered by the National Health Insurance Program. In accordance with the principles of universality and compulsory coverage enunciated in Section 2(b) and 2(l) hereof, implementation of the Program shall ensure sustainability of coverage and continuous enhancement of the quality of service: *Provided,* That the Program shall be compulsory in all provinces, cities and municipalities nationwide, notwithstanding the existence of LGU-based health insurance programs: *Provided, further,* That the Corporation, Department of Health (DOH), local government units (LGUs), and other agencies including nongovernmental organizations (NGOs) and other national government agencies (NGAs) shall ensure that members in such localities shall have access to quality and cost-effective health care services."

SEC. 5. Section 7 of the same Act is hereby amended to read as follows:

"SEC. 7. *Enrollment.* – The Corporation shall enroll beneficiaries in order for them to avail of benefits under this Act with the assistance of the financial arrangements provided by the Corporation under the following categories:

"(a) Members in the formal economy;

"(b) Members in the informal economy;

"(c) Indigents;

"(d) Sponsored members; and

"(e) Lifetime members.

"The process of enrollment shall include the identification of beneficiaries, issuance of appropriate documentation specifying eligibility to benefits, and indicating how membership was obtained or is being maintained."

SEC. 6. Section 8 of the same Act is hereby amended to read as follows:

"SEC. 8. *Health Insurance Identification (ID) Card and ID Number.* – In conjunction with the enrollment provided above, the Corporation through its local office shall issue a health insurance ID with a corresponding ID number which shall be used for purposes of identification, eligibility verification, and utilization recording. The issuance of this ID card shall be accompanied by a clear explanation to the enrollee of his rights, privileges and obligations as a member. A list of health care providers accredited by the Local Health Insurance Office shall likewise be provided to the member together with the ID card.

"The absence of the ID card shall not prejudice the right of any member to avail of benefits or medical services under the National Health Insurance Program (NHIP).

"This health insurance ID card with a corresponding ID number shall be recognized as a valid government identification and shall be presented and honored in transactions requiring the verification of a person's identity."

SEC. 7. Section 10 of the same Act is hereby amended to read as follows:

"SEC. 10. *Benefit Package.* –

"Members and their dependents are entitled to the following minimum services, subject to the limitations specified in this Act and as may be determined by the Corporation:

"(a) Inpatient hospital care:

"(1) room and board;

"(2) services of health care professionals;

"(3) diagnostic, laboratory, and other medical examination services;

"(4) use of surgical or medical equipment and facilities;

"(5) prescription drugs and biologicals, subject to the limitations stated in Section 37 of this Act; and

"(6) inpatient education packages;

"(b) Outpatient care:

"(1) services of health care professionals;

"(2) diagnostic, laboratory, and other medical examination services;

"(3) personal preventive services; and

"(4) prescription drugs and biologicals, subject to the limitations described in Section 37 of this Act;

"(c) Emergency and transfer services; and

"(d) Such other health care services that the Corporation and the DOH shall determine to be appropriate and cost-effective.

"These services and packages shall be reviewed annually to determine their financial sustainability and relevance to health innovations, with the end in view of quality assurance, increased benefits and reduced out-of-pocket expenditure."

SEC. 8. Section 11 of the same Act is hereby further amended to read as follows:

"SEC. 11. *Excluded Personal Health Services.* – The Corporation shall not cover expenses for health services which the Corporation and the DOH consider cost-ineffective through health technology assessment.

"The Corporation may institute additional exclusions and limitations as it may deem reasonable in keeping with its protection objectives and financial sustainability."

SEC. 9. Section 12 of the same Act is hereby amended to read as follows:

"SEC. 12. *Entitlement to Benefits.* – A member whose premium contributions for at least three (3) months have been paid within six (6) months prior to the first day of availment, including those of the dependents, shall be entitled to the benefits of the Program: *Provided,* That such member can show that contributions have been made with sufficient regularity: *Provided, further,* That the member is not currently subject to legal penalties as provided for in Section 44 of this Act.

"The following need not pay the monthly contributions to be entitled to the Program's benefits:

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

"(b) Lifetime members."

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

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

"x x x

"(c) To supervise the provision of health benefits and to set standards, rules, and regulations necessary to ensure quality of care, appropriate utilization of services, fund viability, member satisfaction, and overall accomplishment of Program objectives;

"x x x

"(j) To negotiate and enter into contracts with health care institutions, professionals, and other persons, juridical or natural, regarding the pricing, payment mechanisms, design and implementation of administrative and operating systems and procedures, financing, and delivery of health services in behalf of its members;

"x x x

"(m) To visit, enter and inspect facilities of health care providers and employers during office hours, unless there is reason to believe that inspection has to be done beyond office hours, and where applicable, secure copies of their medical, financial, and other records and data pertinent to the claims, accreditation, premium contribution, and that of their patients or employees, who are members of the Program;

"x x x

"(p) To keep records of the operations of the Corporation and investments of the National Health Insurance Fund;

"(q) To establish and maintain an electronic database of all its members and ensure its security to facilitate efficient and effective services;

"(r) To invest in the acceleration of the Corporation's information technology systems;

"(s) To conduct an information campaign on the principles of the NHIP to the public and to accredited health care providers. This campaign must include the current benefit packages provided by the Corporation, the mechanisms to avail of the current benefit packages, the list of accredited and disaccredited health care providers, arid the list of offices/branches where members can pay or check the status of paid health premiums;

"(t) To conduct post-audit on the quality of services rendered by health care providers;

"(u) To establish an office, or where it is not feasible, designate a focal person in every Philippine Consular Office in all countries where there are Filipino citizens. The office or

the focal person shall, among others, process, review and pay the claims of the overseas Filipino workers (OFWs);

"(v) Notwithstanding the provisions of any law to the contrary, to impose interest and/or surcharges of not exceeding three percent (3%) per month, as may be fixed by the Corporation, in case of any delay in the remittance of contributions which are due within the prescribed period by an employer, whether public or private. Notwithstanding the provisions of any law to the contrary, the Corporation may also compromise, waive or release, in whole or in part, such interest or surcharges imposed upon employers regardless of the amount involved under such valid terms and conditions it may prescribe;

"(w) To endeavor to support the use of technology in the delivery of health care services especially in farflung areas such as, but not limited to, telemedicine, electronic health record, and the establishment of a comprehensive health database;

"(x) To monitor compliance by the regulatory agencies with the requirements of this Act and to carry out necessary actions to enforce compliance;

"(y) To mandate the national agencies and LGUs to require proof of PhilHealth membership before doing business with a private individual or group;

"(z) To accredit independent pharmacies and retail drug outlets; and

"(aa) To perform such other acts as it may deem appropriate for the attainment of the objectives of the Corporation and for the proper enforcement of the provisions of this Act."

SEC. 11. Section 17 of the same Act, is hereby amended to read as follows:

"SEC. 17. *Quasi-Judicial Powers.* – The Corporation, to carry out its tasks more effectively, shall be vested with the following powers:

"(a) Subject to the respondent's right to due process, to conduct investigations for the determination of a question, controversy, complaint, or unresolved grievance brought to its attention, and render decisions, orders, or resolutions thereon. It shall proceed to hear and determine the case even in the absence of any party who has been properly served with notice to appear. It shall conduct its proceedings or any part thereof in public or in executive session; adjourn its hearings to any time and place; refer technical matters or accounts to an expert and to accept his reports as evidence; direct parties to be joined in or excluded from the proceedings; and give all such directions as it may deem necessary or expedient in the determination of the dispute before it;

"x x x

"(c) Subject to the respondent's right to due process, to suspend temporarily, revoke permanently, or restore the accreditation of a health care provider or the right to benefits of a member and/or impose fines. The decision shall immediately be executory, even pending appeal, when the public interest so requires and as may be provided for in the implementing rules and regulations. Suspension of accreditation shall not exceed six (6) months. Suspension of the rights of members shall not exceed six (6) months.

"The revocation of a health care provider's accreditation shall operate to disqualify him from obtaining another accreditation in his own name, under a different name, or through another person, whether natural or juridical.

"The Corporation shall not be bound by the technical rules of evidence."

SEC. 12. Section 18 of the same Act is hereby further amended to read as follows:

"SEC. 18. *The Board of Directors.* –

"(a) *Composition.* – The Corporation shall be governed by a Board of Directors hereinafter referred to as the Board, composed of the following members:

"The Secretary of Health;

"The Secretary of Labor and Employment or a permanent representative;

"The Secretary of the Interior and Local Government or a permanent representative;

"The Secretary of Social Welfare and Development or a permanent representative;

"The Secretary of the Department of Finance (DOF) or a permanent representative;

"The President and Chief Executive Officer (CEO) of the Corporation;

"The SSS Administrator or a permanent representative;

"The GSIS General Manager or a permanent representative;

"The Vice Chairperson for the basic sector of the National Anti-Poverty Commission or a permanent representative;

"The Chairperson of the Civil Service Commission (CSC) or a permanent representative;

"A permanent representative of Filipino migrant workers;

"A permanent representative of the members in the informal economy;

"A permanent representative of the members in the formal economy;

"A representative of employers;

"A representative of health care providers to be endorsed by their national associations of health care institutions and medical health professionals;

"A permanent representative of the elected local chief executives to be endorsed by the League of Provinces, League of Cities and League of Municipalities; and

"An independent director to be appointed by the Monetary Board.

"The Secretary of Health shall be the *ex officio* Chairperson while the President and CEO of the Corporation shall be the Vice Chairperson of the Board.

"(b) *Appointment and Tenure.* – Except for *ex officio* members, the other members of the Board shall be appointed by the President of the Philippines in accordance with the provisions of Republic Act No. 10149, otherwise known as the 'GOCC Governance Act of 2011′: *Provided,* That sectoral board members shall be appointed by the President of the Philippines upon the recommendation of the Chairperson and after due consultations with the sectors concerned.

"The term of office of the appointive members of the Board shall be in accordance with Republic Act No. 10149.

"x x x."

SEC. 13. Section 19 of the same Act is hereby amended to read as follows:

"SEC. 19. *The President of the Corporation.* –

"(a) *Appointment and Tenure.* – The President of the Philippines shall appoint the President and CEO of the Corporation, hereinafter referred to as the President, upon the recommendation of the Board. The President shall have a tenure of one (1) year in accordance with the provisions of Republic Act No. 10149.

"x x x."

SEC. 14. Section 20 of the same Act is hereby amended to read as follows:

"SEC. 20. *Health Finance Policy Research.* – Among the staff departments that will be established by the Corporation shall be the Health Finance Policy Research Department, which shall have the following duties and functions:

"x x x

"(f) submission for consideration of program of quality assurance, utilization review, and technology assessment;

"(g) submission of recommendations on policy and operational issues that will help the Corporation meet the objectives of this Act; and

"(h) conduct of client-satisfaction surveys and research in order to assess outcomes of service rendered by health care providers."

SEC. 15. Section 24 of the same Act is hereby amended to read as follows:

"SEC. 24. *Creation of the National Health Insurance Fund.* – There is hereby created a National Health Insurance Fund, hereinafter referred to as the Fund, that shall consist of:

"(a) Contribution from Program members;

"(b) Other appropriations earmarked by the national and local governments purposely for the implementation of the Program;

"(c) Subsequent appropriations provided for under Sections 46 and 47 of this Act;

"(d) Donations and grants-in-aid; and

"(e) All accruals thereof."

SEC. 16. Section 26 of the same Act is hereby amended to read as follows:

"SEC. 26. *Financial Management.* – The use, disposition, investment, disbursement, administration and management of the National Health Insurance Fund, including any subsidy, grant or donation received for program operations shall be governed by applicable laws and in the absence thereof, existing resolutions of the Board of Directors of the Corporation, subject to the following limitations:

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

"(b) The Corporation is authorized to charge to the various funds under its control the costs of administering the Program. Such costs may include administration, monitoring, marketing and promotion, research and development, audit and evaluation, information services, and other necessary activities for the effective management of the Program. The total annual costs for these shall not exceed the sum total of the following:

"(1) Four percent (4%) of the total premium contributions collected during the immediately preceding year;

"(2) Four percent (4%) of the total reimbursements or total cost of health services paid by the Corporation in the immediately preceding year; and

"(3) Five percent (5%) of the investment earnings generated during the immediately preceding year.

"The period for implementation of the cost ceiling provided under this section shall not be later than five (5) years from the effectivity of this Act during which period, the total annual cost shall not exceed the sum total of the following:

"(i) Five percent (5%) of the total contributions;

"(ii) Five percent (5%) of the total reimbursements; and

"(iii) Five percent (5%) of the investment earnings generated during the immediately preceding year."

SEC. 17. Section 27 of the same Act is hereby amended to read as follows:

"SEC. 27. *Reserve Fund.* – The Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: *Provided,* That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: *Provided, further,* That whenever actual reserves exceed the required ceiling at the end of the Corporation's fiscal year, the excess of the Corporation's reserve fund shall be used to increase the Program's benefits, decrease the member's contributions, and augment the health facilities enhancement program of the DOH.

"The remaining portion of the reserve fund that are not needed to meet the current expenditure obligations or used for the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be known as the 'Investment Reserve Fund' which shall be invested in any or all of the following:

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

"(b) In debt securities and corporate bonds issuances: *Provided,* That such securities and bonds are rated triple 'A' by authorized accredited domestic rating agencies: *Provided, further,* That the issuing or assuming entity or its predecessor shall not have defaulted in the payment of interest on any of its securities and that during each of any three (3) including last two (2) of the five (5) fiscal years next preceding the date of acquisition by the Corporation of such bonds, securities or other evidences of indebtedness, the net earnings of the issuing or assuming institution available for its recurring expenses, such

as amortization of debt discount and rentals for leased properties, including interest on funded and unfunded debt, shall have been not less than one and one quarter (1 ¼) times the total of the recurring expenses for such year: *Provided, further,* That such investment shall not exceed fifteen percent (15%) of the investment reserve fund;

"(c) In interest-bearing deposits and loans to or securities in any domestic bank doing business in the Philippines: *Provided,* That in the case of such deposits, this shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller: *Provided, further,* That said bank shall first have been designated as a depository for this purpose by the Monetary Board of the *Bangko Sentral ng Pilipinas;*

"(d) In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: *Provided,* That the issuing, assuming, or guaranteeing entity or its predecessor has paid regular dividends upon its preferred or guaranteed stocks for a period of at least three (3) years immediately preceding the date of investment in such preferred or guaranteed stocks: *Provided, further,* That if the stocks are guaranteed the amount of stocks so guaranteed is not in excess of fifty percent (50%) of the amount of the preferred common stocks as the case may be of the issuing corporation: *Provided, furthermore,* That if the corporation or institution has not paid dividends upon its preferred stocks, the corporation or institution has sufficient retained earnings to declare dividends for at least two (2) years on such preferred stocks and in common stocks of any solvent corporation or institution created or existing under the laws of the Philippines in the stock exchange with proven track record of profitability and payment of dividends over the last three (3) years; and

"(e) In bonds, securities, promissory notes or other evidences of indebtedness of accredited and financially sound medical institutions exclusively to finance the construction, improvement and maintenance of hospitals and other medical facilities: *Provided,* That such securities and instruments are backed up by the guarantee of the Republic of the Philippines or the issuing medical institution and the issued securities and bonds are both rated triple 'A' by authorized accredited domestic rating agencies: *Provided, further,* That said investments shall not exceed ten percent (10%) of the total investment reserve fund.

"As part of its investments operations, the Corporation may hire institutions with valid trust licenses as its external local fund managers to manage the investment reserve fund, as it may deem appropriate, through public bidding. The fund managers shall submit annual reports on investment performance to the Corporation.

"The Corporation shall set up the following funds:

"(1) A fund to secure benefit payouts to members prior to their becoming lifetime members;

"(2) A fund to secure payouts to lifetime members; and

"(3) A fund for any optional supplemental benefits that are subject to additional contributions.

"A portion of each of the above funds shall be identified as current and kept in liquid instruments. In no case shall said portion be considered part of invested assets.

"Another portion of the said funds shall be allocated for lifetime members within six (6) months after the effectivity of this Act. Said amount shall be determined by an actuary or pre-calculated based on the most recent valuation of liabilities.

"The Corporation shall allocate a portion of all contributions to the fund for lifetime members based on an allocation to be determined by the PHIC actuary based on a pre-determined percentage using the current average age of members and the current life expectancy and morbidity curve of Filipinos.

"The Corporation shall manage the supplemental benefits and the lifetime members' fund in an actuarially sound manner.

"The Corporation shall manage the supplemental benefits fund to the minimum required to ensure that the supplemental benefit payments are secure."

SEC. 18. Section 28 of the same Act is hereby amended to read as follows:

"SEC. 28. *Contributions.* – All members who can afford to pay shall contribute to the Fund, in accordance with a reasonable, equitable and progressive contribution schedule to be determined by the Corporation on the basis of applicable actuarial studies and in accordance with the following guidelines:

"(a) Members in the formal economy and their employers shall continue paying the same monthly contributions as provided for by law until such time that the Corporation shall have determined a new contribution schedule: *Provided,* That their monthly contributions shall not exceed five percent (5%) of their respective monthly salaries.

"It shall be mandatory for all government agencies to include the payment of premium contribution in their respective annual appropriations: *Provided, further,* That any increase in the premium contribution of the national government as employer shall only become effective upon inclusion of said amount in the annual General Appropriations Act.

"(b) Contributions from members in the informal economy shall be based primarily on household earnings and assets. Those from the lowest income segment who do not qualify for full subsidy under the means test rule of the DSWD shall be entirely subsidized by the LGUs or through cost sharing mechanisms between/among LGUs and/or legislative sponsors and/or other sponsors and/or the member, including the national government: *Provided,* That the identification of beneficiaries who shall receive subsidy from LGUs shall be based on a list to be provided by the DSWD through the

same means test rule or any other appropriate statistical method that may be adopted for said purpose.

"(c) Contributions made in behalf of indigent members shall not exceed the minimum contributions for employed members.

"(d) The required number of monthly premium contributions to qualify as a lifetime member may be increased by the Corporation to sustain the financial viability of the Program: *Provided,* That the increase shall be based on actuarial estimate and study."

SEC. 19. Section 29 of the same Act is hereby further amended to read as follows:

"SEC. 29. *Payment for Indigent Contributions.* – Premium contributions for indigent members as identified by the DSWD through a means test or any other appropriate statistical method shall be fully subsidized by the national government. The amount necessary shall be included in the appropriations for the DOH under the annual General Appropriations Act."

SEC. 20. A new Section 29-A shall be added to read as follows:

"SEC. 29-A. *Payment for Sponsored Members' Contributions.* –

"(a) The premium contributions of orphans, abandoned and abused minors, out-of-school youths, street children, PWDs, senior citizens and battered women under the care of the DSWD, or any of its accredited institutions run by NGOs or any nonprofit private organizations, shall be paid by the DSWD and the funds necessary for their inclusion in the Program shall be included in the annual budget of the DSWD.

"(b) The needed premium contributions of all barangay health workers, nutrition scholars and other barangay workers and volunteers shall be fully borne by the LGUs concerned.

"(c) The annual premium contributions of househelpers shall be fully paid by their employers, in accordance with the provisions of Republic Act No. 10361 or the 'Kasambahay Law'."

SEC. 21. A new Section 29-B shall be added to read as follows:

"SEC. 29-B. *Coverage of Women About to Give Birth.* – The annual required premium for the coverage of unenrolled women who are about to give birth shall be fully borne by the national government and/or LGUs and/or legislative sponsor which shall be determined through the means testing protocol recognized by the DSWD."

SEC. 22. Section 32 of the same Act is hereby further amended to read as follows:

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

"(a) Its managing health care professional has had a working experience in another accredited health care institution for at least three (3) years;

"(b) It operates as a tertiary facility or its equivalent;

"(c) It operates in a LGU where the accredited health care provider cannot adequately or fully service its population; and

"(d) Other conditions as may be determined by the Corporation.

"A health care provider found guilty of any violation of this Act shall not be eligible to apply for the renewal of accreditation."

SEC. 23. Section 34 of the same Act is hereby amended to read as follows:

"SEC. 34. *Provider Payment Mechanisms.* – The following mechanisms for public and private providers shall he allowed in the Program:

"(a) Fee-for-service payments – payments made by the Corporation for professional fees or hospital charges, or both, based on arrangements with health care providers. This fee shall be based on a schedule to be established by the Board which shall be reviewed periodically but hot less than every three (3) years;

"(b) Capitation of health care professionals and facilities, or networks of the same including HMOs, medical cooperatives, and other legally formed health service groups;

"(c) Case-based payment;

"(d) Global budget; and

"(e) Such other provider payment mechanisms that may be determined and adopted by the Corporation.

"Subject to the approval of the Board, the Corporation may adopt other payment mechanism that are most beneficial to the members and the Corporation.

"Each PhilHealth local office shall recommend the appropriate payment mechanism within its jurisdiction for approval by the Corporation. Special consideration shall be

given to payment for services rendered by public and private health care providers serving remote or medically underserved areas."

SEC. 24. A new Section 34-A shall be added to read as follows:

"SEC. 34-A. *Other Provider Payment Guidelines.* – No other fee or expense shall be charged to the indigent patient, subject to the guidelines issued by the Corporation.

"All payments for professional services rendered by salaried public providers shall be allowed to be retained by the health facility in which services are rendered and be pooled and distributed among health personnel. Charges paid to public facilities shall be retained by the individual facility in which services were rendered and for which payment was made. Such revenues shall be used to primarily defray operating costs other than salaries, to maintain or upgrade equipment, plant or facility, and to maintain or improve the quality of service in the public sector."

SEC. 25. Section 35 of the same Act is hereby deleted and replaced with a new section to read as follows:

"SEC. 35. *Reimbursement and Period to File Claims.* – All claims for reimbursement or payment for services rendered shall be filed within a period of sixty (60) calendar days from the date of discharge of the patient from the health care provider.

"The period to file the claim may be extended for such reasonable causes determined by the Corporation."

SEC. 26. Section 36 of the same Act is hereby deleted and replaced with a new section to read as follows:

"SEC. 36. *Role of Local Government Units (LGUs).* – Consistent with the mandates for each political subdivision under Republic Act No. 7160 or 'The Local Government Code of 1991′, LGUs shall provide basic health care services.

"To augment their funds, LGUs shall invest the capitation payments given to them by the Corporation on health infrastructures or equipment, professional fees, drugs and supplies, or information technology and database: *Provided,* That basic health care services, as defined by the DOH and the Corporation, shall be ensured especially with the end in view of improving maternal, infant and child health:

Provided, further, That the capitation payments shall be segregated and placed into a special trust fund created by LGUs and be accessed for the use of such mandated purpose."

SEC. 27. Section 41 of the same Act is hereby amended to read as follows:

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

"(a) A complaint for grievance must be filed with the Corporation which shall refer such complaint to the Grievance and Appeal Review Committee. The Grievance and Appeal Review Committee shall rule on the complaint through a notice of resolution within sixty (60) calendar days from receipt thereof.

"(b) Appeals from the decision of the Grievance and Appeal Review Committee must be filed with the Board within thirty (30) calendar days from receipt of the notice of resolution.

"x x x."

SEC. 28. Section 42 of the same Act is hereby amended to read as follows:

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

"The Committee shall have as one of its members a representative of any of the accredited health care providers as endorsed by the DOH."

SEC. 29. Section 44 of the same Act is hereby further amended to read as follows:

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

"(a) Violation by an Accredited Health Care Provider – Any accredited health care provider who commits a violation, abuse, unethical practice or fraudulent act which tends to undermine or defeat the objectives of the Program shall be punished with a fine of not less than Fifty thousand pesos (P50,000.00) but not more than One hundred thousand pesos (P100,000.00) or suspension of accreditation from three (3) months to the whole term of accreditation, or both, at the discretion of the Corporation: *Provided,* That recidivists may no longer be accredited as a participant of the Program;

"(b) Violations of a Member – Any member who commits any violation of this Act independently or in connivance with the health care provider for purposes of wrongfully claiming NHIP benefits or entitlement shall be punished with a fine of not less than Five thousand pesos (P5,000.00) or suspension from availment of NHIP benefits for not less than three (3) months but not more than six (6) months, or both, at the discretion of the Corporation.

"(c) Violations of an Employer –

"(1) Failure/Refusal to Register/Deduct/Remit the Contributions – Any employer who fails or refuses to register employees, regardless of their employment status, or to deduct contributions from the employee's compensation or remit the same to the Corporation shall be punished with a fine of not less than Five thousand pesos (P5,000.00) multiplied by the total number of employees of the firm.

"Any employer or any officer authorized to collect contributions under this Act who, after collecting or deducting the monthly contributions from his employee's compensation, fails to remit the said contributions to the Corporation within thirty (30) days from the date they become due shall be presumed to have misappropriated such contributions.

"(2) Unlawful Deductions – Any employer or officer who shall deduct directly or indirectly from the compensation of the covered employees or otherwise recover from them his own contribution on behalf of such employees shall be punished with a fine of Five thousand pesos (P5,000.00) multiplied by the total number of affected employees.

"If the act or omission penalized by this Act be committed by an association, partnership, corporation or any other institution, its managing directors or partners or president or general manager, or other persons responsible for the commission of the said act shall be liable for the penalties provided for in this Act.

"(3) Misappropriation of Funds by Employees of the Corporation – Any employee of the Corporation who receives or keeps funds or property belonging, payable or deliverable to the Corporation, and who shall appropriate the same, or shall take or misappropriate or shall consent, or through abandonment or negligence shall permit any other person to take such property or funds wholly or partially, shall likewise be liable for misappropriation of funds or property and shall be punished with a fine not less than Ten thousand pesos (P10,000.00) nor more than Twenty thousand pesos (P20,000.00). Any shortage of the funds or loss of the property upon audit shall be deemed *prima facie* evidence of the offense.

"(d) Other Violations – Other violations of the provisions of this Act or of the rules and regulations promulgated by the Corporation shall be punished with a fine of not less than Five thousand pesos (P5,000.00) but not more than Twenty thousand pesos (P20,000.00).

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

"The Corporation may enumerate circumstances that will mitigate or aggravate the liability of the offender or erring health care provider, member or employer.

"Despite the cessation of operation by a health care provider or termination of practice of an independent health care professional while the complaint is being heard, the proceeding against them shall continue until the resolution of the case.

"The dispositive part of the decision requiring payment of fines, reimbursement of paid claim or denial of payment shall be immediately executory."

SEC. 30. A new Section 56 is hereby added to read as follows and the numbering of the succeeding sections are adjusted accordingly:

"SEC. 56. *Requisites for Issuance or Renewal of License or Permits.* – Notwithstanding any law to the contrary, all government agencies issuing professional or business license or permit, shall require all applicants to submit certificate or proof of payment of PhilHealth premium contributions, prior to the issuance or renewal of such license or permit."

SEC. 31. Section 54 of the same Act is hereby further amended to read as follows:

"SEC. 54. *Oversight Provision.* – There is hereby created a Joint Congressional Oversight Committee to conduct a regular review of the NHIP which shall entail a systematic evaluation of the Program's performance, impact or accomplishments with respect to its objectives or goals. The Oversight Committee shall be composed of five (5) members from the Senate and five (5) members from the House of Representatives to be appointed by the Senate President and the Speaker of the House of Representatives, respectively. The Oversight Committee shall be jointly chaired by the Chairpersons of the Senate Committee on Health and Demography and the House of Representatives Committee on Health.

"The National Economic and Development Authority, in coordination with the National Statistics Office and the National Institutes of Health of the University of the Philippines shall undertake studies to validate the accomplishments of the Program. Such validation studies shall include an assessment of the enrollees' satisfaction of the benefit package and services provided by the Corporation. These validation studies, as well as an annual report, on the performance of the Corporation shall be submitted to the Congressional Oversight Committee.

The Corporation shall annually transfer 0.001% of its income in the previous year for the purpose of conducting these studies.

SEC. 32. Section 49 of the same Act is hereby amended to read as follows:

"SEC. 49. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Corporation, in coordination with the DOH, shall issue the necessary rules and regulations for its effective implementation."

SEC. 33. *Separability Clause.* – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions which are not affected thereby shall continue to be in full force and effect.

SEC. 34. *Repealing Clause.* – All laws, issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 35. *Effectivity.* – This Act shall sake effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,

(Sgd.) **FELICIANO BELMONTE JR.**
Speaker of the House
of Representatives

(Sgd.) **JUAN PONCE ENRILE**
President of the Senate

This Act winch is a consolidation of Senate Bill No. 2849 and House Bill No. 6048 was finally passed by the Senate and the House of Representatives on February 4, 2013.

(Sgd.) **MARILYN B. BARUA-YAP**
Secretary General
House of Representatives

(Sgd.) **EDWIN B. BELLEN**
Acting Senate Secretary

Approved: JUN 19 2013

(Sgd.) **BENIGNO S. AQUINO III**
President of the Philippines

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