

PHILHEALTH SHARE RATIO STUDY: A National Survey of PhilHealth's Share on Revenues of Government Hospitals from 2011 to 2017

Implementing Agency: Alliance for Improving Health Outcomes (AIHO)

Cooperating Agency: Philippine Council for Health Research and Development & Philippine Health Insurance Corporation

TECHNICAL ABSTRACT

Background: Anecdotal evidence points out that despite the fragmented financing of health care and the large out-of-pocket expenses limiting PhilHealth's potential as a better strategic purchaser, PhilHealth reimbursements constitute already a large chunk of the funding of government hospitals.

Objectives: To assess the leveraging power of PhilHealth as a purchaser of healthcare services by estimating how much of government hospitals' revenues are paid by PhilHealth.

Research Design: Sequential explanatory research design

Quantitative phase: Financial statement review, review of secondary data from PhilHealth and DOH; Descriptive analysis

Sampling Method and Size: Stratified cluster sampling; 136 government hospitals

Qualitative phase: Fund utilization review, in-depth interviews, focus group discussions with hospital staff and management; Thematic analysis of KII and FGDs

Sampling: Government officers involved in government hospitals (e.g selected chiefs of hospital, provincial/city/municipal health officers, hospital administrators or local chief executives, and health care professionals)

Results of Quantitative Results

Summary of PhilHealth share ratio trends: The general trend across all hospitals is an increasing ratio of PhilHealth-derived revenues over total revenues when the case rates payment scheme was implemented starting in 2014. However, the increase in the median of ratios in Level 1 hospitals from 2011 to 2013 (prior to case rates payment scheme) is generally higher compared to Level 2 and Level 3 hospitals, except in NCR where Level 2 demonstrated the highest increase in range and median values.

Results of Qualitative Results

Reporting of Financial Statements: Responses revealed a lack of uniformity in how financial statements are prepared, sources of revenues, and how revenue is defined between the hospitals; lack of standardization in format of financial statements, especially in relation to hospital revenue and; differences in what hospitals consider as revenue.

Management of PhilHealth Funds: Hospitals have separate trust fund accounts for PhilHealth reimbursements, professional and facility fees. The hospitals also vary in how they utilize their PhilHealth funds. For the facility fee, there is inconsistency with regards to the presence of a trust fund specifically for it. The hospitals also follow different guidelines in the management and utilization of PhilHealth funds.

Effect of PhilHealth Revenues: Majority of the respondents said that PhilHealth revenues is beneficial to the hospital. Some hospitals rely on their PhilHealth revenues for most of the hospital expenses, to improve capacity in purchasing medicines and equipment, incentivize doctors and hire additional staff and, for the constructions and renovation of buildings.

Effect of Case Rate System: Majority of the participants said that their revenues generally increased after the implementation of case rate system due to higher total PhilHealth revenues, particularly in Level 1 hospitals. In most Level 2 and 3 hospitals, the case rate system had increased the amount of reimbursement claims and hence their revenue.

Implementation of E-claims: This resulted in a decrease of revenues in three hospitals during 2017, mainly due to increase in “returned” claims.

Online Hospital Statistical Reporting System (OSHRs): Majority of those interviewed refuted the data in the OSHRS. Majority of the participants have no trained staff on the OSHRS.

Conclusion: Calculating a statistical ratio that may be used as a benchmark is not possible due to data limitations and quality. However, some trends are worth noting. An increasing trend in PhilHealth’s share on government hospital revenues may signal that PhilHealth is becoming a more valuable revenue source for hospitals compared to the previous years. Observation of trends reveal a difference of rates of increase in ratio per hospital level which may suggest that the shift from fee-for-service to case rates payment have incentivized lower-level hospitals over higher level hospitals to provide healthcare.

Recommendations: To this end, a regular periodic monitoring and evaluation of health information to better inform policy decisions should be implemented. There is a need to revisit the implementation of PhilHealth Enterprise Architecture (EA), adopted after DOH EA, to guide the development of health information systems. On an action perspective, we recommend that PhilHealth establishment of a consistent and regular reporting of financial data, collected by the LHIOs regularly at the end of accounting period.