

# DEVELOPMENT OF PHILHEALTH SHARE RATIO STUDY

Despite increasing coverage rates and shift from fee-for-service to all-case-rates, PhilHealth's low contribution to the country's health expenditure as well as the high out-of-pocket (OOP) expenditures demonstrate lapses in PhilHealth's ability to fulfill its mandate. This is on top of PhilHealth's important role in Universal Health Care (UHC). Thus to fulfill its mandate and realize UHC, PhilHealth must utilize relevant health information, assess its status as a purchaser of health services, and become an effective strategic purchaser. The study analyzed PhilHealth's impact on health facilities by measuring and analyzing the **PhilHealth Share Ratio**— the ratio of PhilHealth reimbursements to the total revenues of health facilities. Additionally, the study identified alternative revenue sources for government health facilities and assessed the feasibility of PhilHealth absorbing the funding as the strategic purchaser of health services.

## SHARE RATIO

This measures and analyzes the financial influence of PhilHealth on government health facilities mainly by determining the ratio of PhilHealth claims payment to government hospitals revenue

$$\text{Share Ratio} = \frac{\text{Total Reimbursements}}{\text{Total Revenue}} \times 100\%$$

## OBJECTIVES

- 1 Measure the ratio of PhilHealth reimbursements to total revenue/fees of government health facilities
- 2 Identify additional revenue sources for government health facilities and assess the feasibility of integrating them with PhilHealth as the strategic purchaser of health services.
- 3 Analyze the impact of PhilHealth reimbursements on the operationalization of government health facilities.
- 4 Examine the variations in the distribution of pooled professional fees from PhilHealth reimbursements among health facility personnel.
- 5 Develop a methodology for PhilHealth to determine the ratio of PhilHealth reimbursements to total revenue/fees of hospitals.
- 6 Provide policy recommendations based on the study's findings.

## METHODOLOGY

The study used a **mixed-method approach**, analyzing records, conducting interviews and group discussions in 26 randomly sampled study sites in La Union, Sorsogon, Leyte, Bukidnon, and Quezon City.

**Quantitative analysis** involved calculating the PhilHealth reimbursement ratio (Share Ratio) to total revenues of government health facilities, comparing it at facility and cluster levels.

**Qualitative analysis** involved identifying and analyzing themes from interviews and group discussions with health facility management staff.

## KEY RESULTS

The study reveals that the Share Ratio is declining in all study sites due to various factors such as changes in PhilHealth leadership, stagnant case rates despite rising costs, increased government funding, policy changes, and the impact of the COVID-19 pandemic.

**PhilHealth Funds** are a **major source of operating expenses** for health facilities, despite the inefficiencies caused by inadequate case rates and inconsistent reimbursements

PhilHealth is considering putting in place a system where facilities enter their data for the PhilHealth portal to **automatically calculate the Share Ratio** because financial data reporting differs between sites.

## RECOMMENDATIONS

By switching to **global budgeting**, which respondents believed to be more beneficial than case rates because funding is already front-loaded and pricing is per facility, the issues with the current case rates system may be resolved. There are benefits and drawbacks to foreign experience that must be contextualized to the Philippines through additional study.