

## **EXECUTIVE SUMMARY WITH POLICY IMPLICATION**

Point of Service or POS is a program that has been PhilHealth's endeavor to promote universal health coverage to all Filipinos and provide immediate access to avail of PhilHealth benefits at the point of service in a government facility. The annual premium and cost of availment of patients classified as financially incapable are shouldered by the National Government. However, effective by 2018, the support for the program only cover the payment of insurance premium and may not be used for the reimbursement of the actual cost of availing of health insurance<sup>1</sup>.

Based on the Actuarial Valuation Report for FY 2018, majority of the increase in membership or an estimated 15.29 million members was due to the inclusion of Informal Economy members who are entitled to POS program except foreign nationals. Unlike the financially incapable patients, they were assessed as POS Financially Capable (POS-FC) and enrolled in the program based on their financial capability at the Point of Service or at the minimum contribution of Php 2,400 per annum. Every member, including one or more dependents, are covered to avail of All Case Rates benefits upon payment of annual premium as prescribed by the Corporation and eligible for Z benefits based on the existing rules of availment within the calendar year. The launched of the POS program completely describes the concept of immediate eligibility for both financially incapable and financially capable.

As mandated by the Universal Health Care (UHC) law, all Filipinos will automatically have access to health care of the National Health Insurance Program- making PhilHealth's coverage rate at 100%. POS program is just one of the efforts the Corporation has been doing to attain universal coverage, however, the recommendations on resource generation and sustainability are minimal and vague, and benefits payout has always been greater than premium collection for Informal Sector.

This study aims to analyze the impact of implementing immediate eligibility in the National Health Insurance Fund among Informal Sector through Point of Service (POS) program for 2017 to 2019. Specifically, it intends to: a. analyze the impact of inverse relationship of premium collection and benefit utilization of the Point of Service program for the Financially Capable in the National Capital Region, Region III, and Region IV-A; and, b. formulate projections of the premium contributions needed to sustain the PhilHealth fund.

The sample population was classified based on area and region with the highest claims utilization among Informal Economy as of December 31, 2020. Delimitation is to PROs III (A and B), NCR (North, Central and South) and PRO-IV-A. Data Collection was made by the Task Force Informatics through a request for data extraction form. Data extraction was based on the data requirements/criteria required by this study while other raw data were extracted through Power BI for processing and validation.

A quantitative method was used in this study. For the analysis, descriptive statistics was used and simple linear regression to forecast the data on number of member and claims utilization. Two (2) assumptions were set for the monthly contribution to come up with the

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<sup>1</sup> President's Veto Message, Official Gazette, RA 10964, December 29, 2017

potential collection. Then, we used the principle of forecasting method generated through mathematical modeling which was believed to be more accurate for the shorter periods using the historical data of POS-FC. A time series model was generated to forecast the 5-year utilization from 2020 to 2024 and to assume that the future utilizations follow the same patterns as the past claims experience. Data were studied and evaluated and from there, researchers came up with the results and findings, conclusions, and recommendations.

The researchers processed the data of the POS-FC registrants in the National Capital Region, Region III, and Region IV-A to determine the utilization rate versus actual collection. We found out that the number of POS-FC beneficiaries rapidly improved which the premium collection also increased. However, the actual premium collection in the selected areas was lower than the potential amount. Utilization rates were 166%, 211%, and 217% of the premium for CY 2017, 2018, and 2019, respectively. These resulted in a deficit.

It was observed that the provision for financially capable patient to pay the annual premium before availing the benefits was not fully monitored and implemented. Thus, in 2017, the selected regions contributed 42% from the 88% underpayment nationwide, 46% from 41% underpayment in 2018 and 78% from 34% underpayment in 2019.

We concluded that the POS program had a negative impact on the PhilHealth fund. Utilization expense was way beyond the actual and expected amount of contributions. Since the program on collection was not fully monitored and implemented, the underpayment or non-payment of premium was evident. This is also notwithstanding the provision in PhilHealth Circular 25, s. 2017 that POS-FC registrants shall be billed annually.

Therefore, the researchers recommend the following:

1. Effective monitoring in the implementation of immediate eligibility under the UHC law;
2. Evaluate and revise systems for monitoring of accounts which includes billing and computation of interests for missed payments; and,
3. Outsourcing the collection of premium contributions;

The second objective of this study was to formulate projections of the premium contributions needed to sustain the PhilHealth fund. Data processing was done to come up with the projections for the number of covered beneficiaries, premium collections, and benefit claims utilization using two scenarios. Thus, same result was interpreted as the amount of premium collection increases the utilization was still way beyond the projected contribution.

As a conclusion, the projected collection did not support benefit utilization from FY 2020 to FY 2024. The premium contribution of one member in the family applies also to each dependent. There is a significant cause why the utilization amount has always been larger than the contributions.

We, therefore, stretched out the following recommendations with regards to the discrepancy that was observed between premium contribution and benefit utilization, and its effect on the PhilHealth fund:

1. Future studies to determine other factors that could affect the PhilHealth funds in the implementation of Immediate Eligibility. Claim types, for example. Would it be more sustainable if only illnesses, and not the procedures, were covered under Immediate Eligibility?
2. How about member type? What if we increase the premium members with a prescribed number of dependent/s. Say, those who have more dependents should pay more premiums.
3. Further study on family-based versus single-based benefits to address the discrepancy between premium and utilization. It is well defined that the implementation of the program is sustainable if it is self-liquidating and independent.
4. While we shift to a member-centric health insurance program for all Filipinos and promote full coverage to all Filipinos despite the absence or lack of qualifying premium contributions, it is also recommended a more in-depth study on the payment behavior of the Filipino informal sector. While premium collection at the time of pandemic remains a challenge for the Corporation especially for this sector, it is highly recommended to create incentives for direct contributors as provided in the UHC Law.
5. A study on the incentives that would best suit this sector is another topic that future researchers may consider.
6. A shift from the employed sector, which is Direct contributors, to indirect contributors before and after the pandemic, may also be studied in the future by other researchers, offices, and agencies.
7. It is recommended to design more ways on how to augment an anticipated decrease in premium collection brought about by the legally mandated annual premium increase that coincided with the pandemic.
8. Some Asian countries provide government subsidies to the Informal sector as the countries transitioned to Universal Health Care. Therefore, the corporation should call on lawmakers for amendments to the UHC Law.

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