



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



6P-2019-05-28-666
Management
System
ISO 9001:2015
www.tuv.com
ID 9105080105

21 May 2019

DR. FRANCISCO T. DUQUE III
DOH Secretary and Chairperson
DR. ROY B. FERRER
Acting President and CEO (PCEO)
**PHILIPPINE HEALTH INSURANCE
CORPORATION (PHILHEALTH)**
709 Citystate Centre Building, Shaw Blvd.
Pasig City

**RE : VALIDATION RESULT OF 2017 PERFORMANCE
SCORECARD OF PHILHEALTH**

Dear Secretary Duque and Acting PCEO Ferrer,

This is to formally transmit the validation result of PhilHealth's 2017 Performance Scorecard. Based on the validation of documentary submissions, PhilHealth gained an over-all score of **47.82%** (See **Annex A**). The same is to be posted in the PhilHealth's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07¹.

In relation to its application for the grant of 2017 PBB to eligible officers and employees, PhilHealth fails to satisfy the requirements of **GCG M.C. No. 2017-01** and the *Checklist of Documents to be submitted by GOCCs to Qualify for the 2017 Performance-Based Bonus (PBB)*, particularly the achievement of a weighted-average score of at least 90% in its 2017 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. 10149².

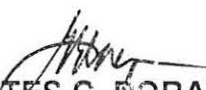
Consequently, pursuant to item 11.1 of GCG M.C. No. 2016-01³, failure to qualify for the PBB means that the Appointive Members of the Governing Board of PhilHealth shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

SAMUEL G. DAGPIN, JR.
Chairman


MICHAEL P. CLORIBEL
Commissioner


MARITES C. DORAL
Commissioner

cc: COA Resident Auditor - PhilHealth

¹ Code of Corporate Governance, dated 28 November 2012.

HILIPPINE HEALTH INSURANCE CORPORATION (PhilHealth)
Validation Result of 2017 Performance Scorecard

| Component | | | | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks |
|--|---------------|--|--------------|---|------------|--|----------------|--------------------------------|----------------------|--|
| Objective / Measure | Formula | Wt. | Rating Scale | 2017 | Actual | Rating | Score | Rating | | |
| SO 1 Improved Health Financial Risk Protection | | | | | | | | | | |
| SM 1 | Support Value | Average PhilHealth benefit payment / Average actual hospitalization expenses | 5% | Above 33.75% = Actual / Target x Weight Below 33.75%=0 % | 35% | Awaiting results Proposed proxy measure: 55% using Average Value Paid per Claim for claims paid from January 1 to December 31, 2017 | 5% | Proxy computation not accepted | 0% | <ul style="list-style-type: none">2013 National Demographic and Health SurveyNews article on the full year inflation rate for 2017 <p>Target not met. PhilHealth was not able to conduct a survey for 2017. Request to use proxy computation is <u>DENIED</u>.</p> <p>It should be noted that the measure and target were adopted from the proposal of PhilHealth based on its submissions dated 11 April 2017 and 31 July 2017. Considering that the proposal was adopted by the GCG, it is assumed that initiatives on the part of PhilHealth were executed to ensure realization of the target.</p> <p>It should be noted further that the measure is not new, as this was already included in the prior years' performance scorecards of PhilHealth. Thus, the use of the same methodology in the annual conduct of the survey is necessary to ensure consistency and comparability of results.</p> |
| Sub-total | | | 5% | | | | 5% | | 0% | |

| Component | | | | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks | |
|------------------------------|----------------------------|--|--------------|--------------------------|--------------------|--|----------------|-----------------------------|----------------------|---|--|
| Objective / Measure | Formula | Wt. | Rating Scale | 2017 | Actual | Rating | Score | Rating | | | |
| SO 2 Total Client Experience | | | | | | | | | | | |
| SM 2 | Client Satisfaction Rating | Net Satisfaction Rating | 7% | All or Nothing | 80% | Awaiting results Proposed proxy measure: 93.71% Contact Center ng Bayan (CCB) resolution rate | 7% | Proxy measure not accepted | 0% | <ul style="list-style-type: none">Published news articles from the CSC on the compliance with ARTA entitled "Public service exemplars recognized" | PhilHealth's request to replace the target with the Civil Service Commission's (CSC) Contact Center ng Bayan (CCB) reported resolution rate, is <u>DENIED</u> . Measuring the resolution rate is different from customer satisfaction rating. Resolution rate refers to response rate and not satisfaction rating. |
| SM 3 | Coverage Rate | Total number of PhilHealth Eligible Beneficiaries / Total Population | 10% | Actual / Target x Weight | 100% | 100% (POS) | 10% | Excluded from the scorecard | - | <ul style="list-style-type: none">PhilHealth circulars on the implementation of POS program | The Point-of-Service (POS) program refers to the program under the 2017 General Appropriations Act (GAA) to register non-PhilHealth members into the NHIP thereby providing them immediate entitlement to PhilHealth benefits. In line with this new directive, the measure shall be excluded from the scorecard. |
| SM 4 | Availment Rate | Actual accomplishment based on the result of the Third-Party Survey | 0% | N/A | Establish Baseline | No reported accomplishment | - | No reported accomplishment | - | <ul style="list-style-type: none">No supporting documents submitted | PhilHealth did not report any accomplishment. <i>Note: The measure was included in the 2017 scorecard for tracking and future target setting, with a zero weight and a target of baseline establishment.</i> |

| Component | | | | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks | |
|---------------------|--|---|-----|--|--------------------|--|----------------|--|----------------------|--|--------|
| Objective / Measure | | Formula | Wt. | Rating Scale | 2017 | Actual | Rating | Score | | | Rating |
| SO 3 | Responsive Benefits | | | | | | | | | | |
| SM 5 | Percentage of NHTS-PR Beneficiaries Profiled by a PCB provider | Number of NHTS-PR beneficiaries profiled / 2,291,709 | 5% | Above 40%: 5% 30% to 40%: 3% Below 30%: 0% | Above 40% | 32% (725,385 / 2,291,709) | 3% | 31.65% (725,385 / 2,291,709) | 3% | <ul style="list-style-type: none">Summary report on the percentage of enlisted NHTS-PR beneficiaries profiled to a primary care provider <p>Request for the modification of denominator from "total number of beneficiaries of NHTS-PR" to a fixed number of "2,291,709" is <u>APPROVED</u>. Reported accomplishment is acceptable.</p> <p>Difference between the reported and validated actual accomplishment due to rounding.</p> | |
| SM 6 | Percentage of Indigent with ZERO Out-of-Pocket (OOP) expense | Number of indigent members with zero OOP / Total number of indigent members who availed PhilHealth benefits | 5% | All or nothing | Establish baseline | Proposed proxy measure: 72.03% of indigent with zero OOP (NBB Exit Survey) | 5% | Proposed proxy measure: 72.03% of indigent with zero OOP (NBB Exit Survey) | 5% | <ul style="list-style-type: none">Summary results of the NBB Exit Survey <p>PhilHealth's requested proxy measure, in which indigents with zero OOP will be determined using the No Balanced Billing (NBB) exit survey, is <u>ACCEPTED</u>.</p> <p>Reported accomplishment is acceptable. However, it is recommended that PhilHealth should develop and implement sampling, data collection, and data quality control procedures to ensure implementation of a systematic and scientific data gathering method, thus guarantee the quality of data collected.</p> | |
| Sub-total | | | 27% | | | | 25% | | 8% | | |

| Objective / Measure | | Component | Formula | Wt. | Rating Scale | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks |
|-------------------------------|---|--|---------|------------|---|---------------------------------------|------------|---------------|------------------|---------------|---|--|
| | | | | | | 2017 | Actual | Rating | Score | Rating | | |
| SO 4 Revenue Generated | | | | | | | | | | | | |
| SM 7 | Benefit Expense to Premium Income Ratio | Benefit Expense / Premium Income | | 5% | [100%-(Actual-Target)/Target] x Weight | 1.04:1.00 (104%) | 1.037:1.00 | 5% | 1.037:1 (103.7%) | 5% | <ul style="list-style-type: none"> Financial Statements 2017 COA Annual Audit Report | Validated accomplishment based on the 2017 COA Annual Audit Report. |
| SM 8 | Collection Efficiency Rate | Actual collection / Potential collection | | 5% | Actual /Target x Weight | ≥ 95% | 77% | 4.04% | 77% | 4.04% | <ul style="list-style-type: none"> 2017 COA Annual Audit Report Summary of Potential Collection per Sector | Acceptable. PhilHealth reported a collection of P55.39 Billion out of the computed potential collection of P73.42 Billion. |
| SO 5 Assets Optimized | | | | | | | | | | | | |
| SM 9 | Investment Yield | Average Philippine Dealing System Treasury Reference Rate for all maturities (PDST R2) | | 5% | Equal to PDST R2 rate or higher: 5% Below PDST R2 rate: 0% | Equal to the 1-year PDST R2 or higher | 4.540% | 5% | 4.559% | 5% | <ul style="list-style-type: none"> Report on investment and distribution from the Treasury Department-Fund Management Sector 2017 COA Annual Audit Report PDST-R2 Daily Reference Rates from PDS Group | Validated accomplishment based on investment income reflected in the 2017 COA Annual Audit Report. Based on the applicable PDST R2 data, the 2017 12-month daily average of securities with maturity period ranging from 1 year to 20 years is 4.297%. PhilHealth exceeded the target. |
| | | Sub-total | | 15% | | | | 14.04% | | 14.04% | | |

| Component | | | | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks | |
|---|---|-----------------------|--------------|---|---|--|----------------|---|----------------------|---|---|
| Objective / Measure | Formula | Wt. | Rating Scale | 2017 | Actual | Rating | Score | Rating | | | |
| SO 6 Boost innovation in Research, Policy and Process | | | | | | | | | | | |
| SM 10 | Costing Framework developed and policy for case rates for priority conditions implemented | Actual Accomplishment | 10% | 5% - Development of Case Rates Policy and Costing Framework 10% - Board-approved Case Rates Policy and Costing Framework | Board-approved revised case rates policy and costing framework for the 48 priority conditions | Case rates policy and costing framework approved at the level of the Benefits Committee of the Board | 7% | Costing Tool and Costing Framework approved by the Benefits Committee | 5% | <ul style="list-style-type: none">Executive summary for the <i>Strategic Purchasing and Costing</i> from the Benefits Development and Research Department2018 Strategic Purchasing: Philhealth Costing Tool and Framework and Costing Data Collection ManualPhilHealth Circulars for Leukemia, Pneumonia, Acute Gastroenteritis, and Urinary Tract Infection, children with developmental disabilities and mobility impairment. Secretary Certificate for the approval of the Benefits Committee executed on 22 February 2019 | Request for the revision of rating scale is <u>APPROVED WITH MODIFICATIONS</u> . PhilHealth was able to develop a Case Rate policy and Costing Framework, however, the same were not approved by the Board |

1-

Validation Result of 2017 Performance Scorecard (Annex A)

| Component | | | | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks | |
|--|---------------------------------------|---|-----|----------------------------|---|---|----------------|--|----------------------|---|---|
| Objective / Measure | | Formula | Wt. | Rating Scale | 2017 | Actual | Rating | Score | | | Rating |
| SM 11 | ISO Certification | Actual Accomplishment | 6% | All or Nothing | Certificate of readiness for transition to ISO 9001:2015 from Third Party | Certificate of Readiness for transition to ISO 9001:2015 | 6% | Certificate of Readiness for transition to ISO 9001:2015 | 6% | <ul style="list-style-type: none">Readiness Assessment Report issued by DAP | Acceptable. |
| SO 7 Ensure Operational Effectiveness and Efficiency | | | | | | | | | | | |
| SM 12 | Turn-Around Time of Claims Processing | Total number of days to process claims paid / Total number of claims paid | 5% | 1-[(Actual-Target)/Target] | 60 working days | 58 days | 5% | Average TAT of 58 days | 5% | <ul style="list-style-type: none">Summary table on processed claims from PowerBI | Reported accomplishment is Acceptable. PhilHealth's request to revise the rating scale from "All or Nothing" is also approved. |
| SM 13 | Potential Fraud Incidence Rate | Actual Accomplishment | 10% | All or nothing | Establish Baseline | Awaiting results Proposed proxy measure: 0.20% based on total number of claims subjected to investigation over total number of claims paid | 10% | Proxy measure not accepted | 0% | <ul style="list-style-type: none">Summary table indicating the number of claims subjected for investigation per PRO | The request for the adoption of a proxy measure, which is "Percentage of Claims subjected to investigation", is <u>DENIED</u> as the development of a fraud investigation framework and implementation of such is vital to PhilHealth's operation. It is also noted that the original proposed measure was only adopted by the Governance Commission as proposed by PhilHealth. |

| Objective / Measure | Component | | | Rating Scale | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks |
|---------------------|---|--|----|------------------------|------------------|------------|--------|------------------------------------|--------|---|--|
| | Formula | Wt. | | | 2017 | Actual | Rating | Score | Rating | | |
| SM 14 | Turn-around time on the filing of cases against erring providers | Total number of days to file all cases / Total number of cases filed | 5% | Actual/Target x Weight | 120 working days | 75 days | 5% | Accomplishment cannot be validated | 0% | <ul style="list-style-type: none"> Summary report prepared by the Legal Sector | Despite the conduct of two onsite validations last 21 February 2019 and 10 April 2019, the accuracy of the reported accomplishment cannot be validated objectively due to the absence of acceptable evidence. |
| SM 15 | Turn-around time for the resolution of cases against erring providers | Total number of days to resolve all cases / Total number of cases received | 5% | Actual/Target x Weight | 90 working days | 50 days | 5% | Accomplishment cannot be validated | 0% | <ul style="list-style-type: none"> Memorandum from the arbitration office stating the accomplishment | In the onsite visit last 10 April 2019, fifteen (15) reported cases were randomly selected to be validated using the case files. Using the case files, it was found out that the reported start and end dates were inconsistent with the reports submitted to the GCG. PhilHealth was not able to present supporting documents to which the dates initially reported could be matched and validated. |

| Component | | | | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks | |
|---------------------------------------|--|-----------------------|--------------|----------------|--|---|----------------|----------------------------|----------------------|---|---|
| Objective / Measure | Formula | Wt. | Rating Scale | 2017 | Actual | Rating | Score | Rating | | | |
| SO 8 Strengthen Stakeholder Relations | | | | | | | | | | | |
| SM 16 | Awareness Level Rating (Classes D and E) | Actual Accomplishment | 7% | All or Nothing | Greater than or Equal 90% in Class D and E | Awaiting results Proposed proxy measure: 95% Trust Rating conducted by EON Group | 7% | Proxy measure not accepted | 0% | <ul style="list-style-type: none">Article from the Manila Bulletin stating that PhilHealth received 95% trust rating and is the “most trusted social protection agency” under the Philippine Trust Index (PTI) conducted by the EON group | The request for the adoption of a proxy measure, which is the use of the trust rating conducted by EON Group, is <u>DENIED</u> since trust rating is not equivalent to awareness level. The intention of determining the awareness level is to ensure that population belonging to Classes D and E are informed of the benefits gained from membership. |
| Sub-total | | | 48% | | | | 45% | | 16% | | |

Validation Result of 2017 Performance Scorecard (Annex A)

| Objective / Measure | | Component | Wt. | Rating Scale | Target | Submission | | GCG Validation | | Supporting Documents | GCG Remarks |
|--|--|---|-------------|--------------------------|---|---|---------------|---|---------------------------|---|--|
| | | Formula | | | 2017 | Actual | Rating | Score | Rating | | |
| SU 9 Ensure Organizational Alignment and Workforce Engagement | | | | | | | | | | | |
| SM 17 | Improve Competency Level of the Organization | Number of employees with at least intermediate proficiency for all core and cross business process competencies / Total number of employees with novice proficiency for at least 1 core and cross business process competencies | 5% | Actual / Target x Weight | 60% of employees should score at least intermediate | 99.98% scored at least intermediate in the AKAPP Survey | 5% | 99.84% scored at least intermediate in the AKAPP Survey | 5% | <ul style="list-style-type: none"> AKAPP survey results PhilHealth Leadership Index Employee Engagement Survey results Database on the competency assessment conducted for 2017 | Validated accomplishment based on the review of the submitted database on the competency assessment conducted for 2017. Moreover, the GCG accepts PhilHealth's request to modify the target to <u>"60% of employees should score at least intermediate"</u> from the previous target of "60% of employees with novice proficiency for at least 1 core and cross business process competencies should improve to at least intermediate proficiency" |
| Sub-total | | | 5% | | | | 5% | | 5% | | |
| TOTAL | | | 100% | | | | 94.04% | | 43.04% out of 90% | | |
| Validated rating | | | 100% | | | | | | 47.82% out of 100% | | |