



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



Management  
 System  
 ISO 9001:2015  
 www.tuv.com  
 ID: 9105580109

20 September 2019

**DR. FRANCISCO T. DUQUE III**  
*DOH Secretary and Chairperson*  
**BGen. RICARDO C. MORALES, AFP (Ret.) FICD**  
*President and CEO (PCEO)*  
**PHILIPPINE HEALTH INSURANCE**  
**CORPORATION (PHILHEALTH)**  
 709 Citystate Centre Building, Shaw Blvd.  
 Pasig City

**RE : VALIDATION RESULT OF THE 2018  
PERFORMANCE SCORECARD OF PHILHEALTH**

Dear Secretary Duque and PCEO Morales,

This is to formally transmit the validation result of PhilHealth's 2018 Performance Scorecard. Based on the Governance Commission's validation of documentary submissions, the PhilHealth gained an over-all score of **78.17%** (see **Annex A**). The same is to be posted in PhilHealth's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.<sup>1</sup>

In line with Item 2 of GCG M.C. No. 2017-01<sup>2</sup> particularly the achievement of a weighted-average score of at least 90% in its 2018 Performance Scorecard, PhilHealth is ineligible to grant the Performance Based Bonus (PBB) to its officers and employees. 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. 10149<sup>3</sup>.

Consequently, pursuant to GCG M.C. No. 2016-01<sup>4</sup>, 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

<sup>1</sup> Code of Corporate Governance for GOCCs dated 28 November 2012.

<sup>2</sup> Interim Performance-Based Bonus, dated 09 June 2017.

<sup>3</sup> GOCC Governance Act of 2011.

<sup>4</sup> Compensation Framework for Members of the GOCC Governing Boards, dated 10 May 2016.

**PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH)**  
**Validation Result of 2018 Performance Scorecard**

Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
SO 1	Improved Health Financial Risk Protection										
SM 1	Increased Support Value	Milestone target	5%	All or Nothing	Validation of the costing tool  Standardization of forms for collection of cost data  Pilot testing of the forms for collection of cost data  Pilot training of providers in PhilHealth Regional Office (PRO) III on the costing methodology tools.	Four initiatives completed with supporting documents as follows:  1. PhilHealth Costing Guide for Hospital; 2. Costing Validation Guide; 3. Costing Data Collection Manual; 4. Costing data Collection Tracker; 5. Corporate Personnel Order Nos. 2018-1086; 2018-1211 (pilot trainings)	5%	1. Pre-test / Pilot tested the draft forms conducted at San Fernandino Hospital and Antipolo Health Systems – Cabading; 2. Standardized forms for collection of cost data; 3. Pilot tested the forms for collection of cost data; and 4. Conducted training for 23 hospitals and demonstrated the data collection for PhilHealth inpatient Benefits Team and Regional	5%	PhilHealth Costing Guide for Hospital  Costing Validation Guide  Costing Data Collection Manual  Costing Data Collection Tracker  PhilHealth Costing Tool and Framework Report  Corporate Personnel Order Nos. 2018-0645 and 2018-0709 (pre-	Acceptable.

Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
							Office Staff in Region III. Provided workshop on cost estimation and data analysis to PhilHealth personnel.		test/validation of costing tool)  Corporate Personnel Order Nos. 2018-1086 and 2018-1211 (pilot trainings and testing)  Report on the Capacity Building of Selected Health Care Providers in Region III on the PhilHealth Costing Framework and Tool  Attendance Sheets and Photos	
	<b>Sub-total</b>	<b>5%</b>				<b>5%</b>		<b>5%</b>		

11

Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
SO 2	Effectively Manage the Fund										
SM 2	Percentage of Satisfied Customers	Number of respondents who rated PhilHealth service with at least Satisfactory / Total number of respondents	10%	(Actual / Target) x Weight  Below 80% = 0	85%	93.1%	10%	93.1%	10%	Final report from Third-party  Sample accomplished questionnaires  Back-checking report	Acceptable.
SM 3	Increase Availment Rate	Number of beneficiaries who availed PhilHealth/ Total number of beneficiaries admitted	5%	N/A	100%	Still waiting for the result of the Third-Party survey; FACE requested for an extension until June 2019	N/A	No accomplishment reported	N/A	No supporting documents submitted	While this measure was given no weight, PhilHealth is reminded to submit its report on the accomplishment or status of this measure.
		Sub-total	10%				10%		10%		



Component			PhilHealth Submission				GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
SO 3	Revenue Generated									
SM 4	Improve Collection Efficiency Rate	Actual collection/ Potential collection	20%	(Actual / Target) x Weight	≥95% (formal and informal economies, and overseas Filipinos)	79.49% (P74.405 Billion / P93.597 Billion)	16.73%	79.49%	16.73%	Request for the modification of the target to ≥80% and the inclusion of the subsidized sector is <b>DENIED</b> . the target CER was already set at 95% in 2017 and the 2018 target was just a retention and reiteration of the need for PhilHealth to step up its collection efforts. Lastly, while the target is higher than the corporation's historical performance, the same communicates a strong message to PhilHealth, that the issue of its sustainability is a priority and key performance metric monitored by the Governance Commission. The request for inclusion of the

Component			PhilHealth Submission				GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
										<p>subsidized sector is not acceptable as the contribution for these sectors is already allotted/budgeted in the GAA and no direct collection effort will be needed for this sector from PhilHealth.</p> <p>Moreover, it should be noted, that COA issued a Disclaimer of Opinion for the 2018 financial statements of PhilHealth as COA failed to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.</p>

Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
SO 4	Optimized Asset										
SM 5	Increase in Benefit Expense to Premium Income Ratio	Benefit Expense / Premium Income	15%	[100%-(Actual-Target)/ Target]	1:1	0.91: 1.00  (₱121.04 Billion / ₱132.463 Billion)	15%	0.91:1.00  (₱121.04 Billion / ₱132.463 Billion)	15%	Summary report from the Fund Management Sector  Unaudited Financial Statements	Acceptable. GCG notes the COA Disclaimer of Opinion as stated in the previous SM.
		Sub-total	35%				31.73%		31.73%		
SO 5	Boost innovation in Research, Policy and Process										
SM 6	Implement Quality Management System	Actual Accomplishment	10%	All or Nothing	ISO 9001: 2015 Certificate covering all sites all processes	ISO Certified (All offices of PhilHealth including all PhilHealth Regional Offices and Local Health Insurance Offices with date of registration on 17 July 2018 by AJA Registrars, Inc.)	10%	Public Administration covering the following processes: Member Coverage Management, Benefit Delivery, Provider Management, Management and Support Processes with ISO 9001:2015 certification for the Central Office, 17 Regional Offices.	10%	Registration Schedules issued by AJA Registrars  Audit report	Acceptable.

Component				PhilHealth Submission			GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
							5 Branches, and 110 LHIOs			
SO 6 Ensure Operational Effectiveness and Efficiency										
SM 7	Percentage of Good Claims Processed within the Applicable Time	Number of good claims processed within 60 calendar days / Total number of claims	15%	(Actual / Target) x Weight	100%	76% (8,170,600 claims / 10,714,108 claims) *started full implementation of eClaims in all regions in 2018	0%	76.26%	11.44%	Summary of claims processed within and beyond 60 calendar days broken down per month and PROs  Percentage of claims processed within 60 days from 2015 to 2017  Considering that PhilHealth's own enabling law and its IRR requires them to process all complete claims within 60 calendar days the request for the revision of the target to >70% is <b>DENIED</b> . However, the request for removal of the 90% minimum accomplishment in the rating scale is <b>APPROVED</b> given the monthly percentage accomplishment for 2018 of PhilHealth, as well as its historical performance for the last 3 years.



Component			PhilHealth Submission				GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
SM 8	Increase in Percentage of Cases filed and Resolved within Applicable Time	Number of cases filed within 90 days and resolved within 60 days / Total number of cases	15%	(Actual / Target) x Weight	90%	Fact finding, investigation, and enforcement department (FFIED) 75% (4,357 cases processed within 45 days / 5,797 total cases received for 2018)  Prosecution Department 0% (0 case processed within 45 days / 4,147 total cases received for 2018)  Arbitration Department 0.14% (1 case resolved within 60 days / 730 total cases received for 2018)	0%	Accomplishment cannot be verified	0%	Summary Reports from the FFIED, Prosecution, and Arbitration Departments for their accomplishment in 2018  Soft copy of list of cases	Request for the modification of target to "Establish Baseline" is <b>DENIED</b> as similar measures were already established in the 2017 scorecard (e.g. TAT for filing of cases against erring providers; TAT for the resolution of cases against erring providers). The 90% target is reasonable considering that PhilHealth remains highly susceptible to fraudulent claims. An effective complaint-handling is fundamental to the provision of efficient and quality service of any organization. However, the request for removal of the 80% minimum accomplishment in the rating scale is <b>APPROVED</b> given the volume of cases received by PHIC's legal sector.

Component				PhilHealth Submission			GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
										Unfortunately, the reported accomplishment cannot be objectively verified due to failure to present consistent and accurate supporting data and documents. Upon evaluation of the submitted reports and list of cases, the following were noted and observed:  a. The number of cases referred by FFIED to the Prosecution Department is not consistent with the reported number of cases received by the Prosecution Department from FFIED in its write-up. It was noted in the report that 3,606 cases filed in 2018 were received by Prosecution Department from FFIED, while the

Component			PhilHealth Submission				GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
										<p>submitted soft copy of list of cases processed by FFIED has a total of 3,598 cases filed in 2018 that were forwarded to the Prosecution Department;</p> <p>b. The 6 cases forwarded by the Prosecution Department to the Arbitration Department cannot be matched/identified in the submitted list of cases from the FFIED; and</p> <p>c. The lone case resolved by the Arbitration Office cannot be matched/identified in the submitted list of cases from the Prosecution Department.</p>
	<b>Sub-total</b>	<b>40%</b>				<b>10%</b>		<b>21.44%</b>		

Component					PhilHealth Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
SO 7	Ensure Organizational Alignment and Workforce Engagement										
SM 9	Percentage of Employees Meeting Required Competencies	Number of employees scored at least intermediate proficiency for all cross and cross-BPA competencies / Total number of employees	10%	(Actual / Target) x Weight	80% of employees scored at least intermediate proficiency for all core and cross BPA competencies	96.35% (5,909 personnel)	10%	5,903 out of 6,133 or 96.25% of employees scored at least intermediate proficiency for all core and cross BPA competencies	10%	AKAPP survey report  Soft copy of the database on the 2017 competency assessment	Result of the survey is summarized in the table below: At least Optimal – 308 (5.02%); At least Proficient – 2,681 (43.71%); At least Intermediate – 2,914 (47.51%); With Novice – 6 (0.10%); No Assessment – 224 (3.65%).
		Sub-total	10%				10%		10%		
		TOTAL	100%				66.73		78.17%		