

## Call for Participation in Shadow Billing (Submission of Claim Form 5 and Electronic Statement of Account)

As the Philippines aims to shift the inpatient provider payment mechanism to diagnosis-related groups (DRG), PhilHealth calls on **private hospitals (level 1, 2, and 3) and infirmaries to participate in Shadow Billing by submitting the Claim Form 5 (CF5) and electronic statement of account (eSOA) as soon as possible.**

To provide clarification, **Shadow Billing entails the submission of an additional electronic claim form, CF5, and eSOA**, along with the rest of the claim forms. The CF5 contains valuable inpatient data necessary to capture the complete clinical picture of each case (i.e., primary diagnosis, up to 12 secondary diagnoses, and up to 20 procedures done, and newborn weight, if applicable). The eSOA will be analyzed alongside the CF5 to determine the resources used for each particular case. The CF5 and eSOA are necessary to compute the DRG rates.

This Advisory reiterates the importance of Shadow Billing and the requirements needed for the identification and tagging of private hospitals and infirmaries as Shadow Billing sites by their respective PhilHealth Regional Offices (PRO), as stated in earlier Advisories (PhilHealth Advisory No. 2024-0016 and PhilHealth Advisory No. 2025-0028).

Private hospitals and infirmaries are directed to submit a copy of the following documents to their respective PRO, addressed to the Regional Vice President, for **tagging as a Shadow Billing site**:

1. Certification of their IT service provider for use of eClaims 3.0
2. Certificate of participation in PhilHealth's capacity building activity on DRG data encoding
3. Cover letter (Please see Annex B: Letter Template for the Submission of Shadow Billing Requirements)

Once the requirements have been submitted, hospitals and infirmaries are expected to start submitting the CF5 and eSOA as part of their claims. Furthermore, PhilHealth would like to remind hospitals and infirmaries that have already been tagged in the past as Shadow Billing sites to submit CF5 and eSOA if they have not started doing so.

Refer to Annexes A and B for more information. For further inquiries, please contact your PhilHealth Regional Office for guidance or the PhilHealth Corporate Action Center Hotline at (02) 8662-2588 or email [actioncenter@philhealth.gov.ph](mailto:actioncenter@philhealth.gov.ph).

**(Sgd.) EDWIN M. MERCADO, MD, MHA, MMSc**

President and Chief Executive Officer

Date signed: November 6, 2025

### Annex A: Frequently Asked Questions (FAQs)

#### What is the PHL-DRG system?

It is a patient classification system wherein inpatient cases that have similar clinical management and resource use are grouped together. Each group has a specific relative weight assigned which directly correlates to its cost.

#### What is Shadow Billing?

Shadow Billing is the submission of the Claim Form 5 (CF5) and electronic statement of account (eSOA). It is the process of simulating or running a parallel claims submission/billing system alongside the current system. It involves generating hypothetical DRG claims alongside the All Case Rates (ACR) claims.

#### Why is Shadow Billing needed?

Shadow Billing is needed so PhilHealth can develop a casemix profile and initial PHL-DRG rates in preparation for implementation. The exercise will also allow PhilHealth to test and clean up the IT system that will be used for the implementation of PHL-DRG. This includes the claims submission, claims processing, and grouping, among others. Additionally, since Shadow Billing is a separate but parallel system, it provides a means to collect PHL-DRG data while preventing disruption of inpatient benefit payment through the ACR.

#### What are the benefits of participating in Shadow Billing?

Participating in Shadow Billing would provide an early opportunity for inpatient health facilities to prepare their systems for PHL-DRG implementation. Gathered inpatient costing and clinical data will be utilized for developing the rates and refining the clinical groupings of the DRG system.

#### Will participating inpatient health facilities be paid using PHL-DRG rates during the Shadow Billing period?

No. Participating inpatient health facilities will continue to be paid using the ACR system during the period of Shadow Billing exercises.

#### What do inpatient health facilities need to do for Shadow Billing?

1. The health facility must ensure that their IT service provider (in-house or external) is certified by PhilHealth to submit the Claim Form 5 (CF5). The XML template and other system requirements are provided by PhilHealth's Information Technology Management Department (ITMD) following the existing procedures for software certification.
2. The health facility must have participated in capacity building activities organized by PhilHealth. Certificates of participation issued by health facilities' respective PhilHealth Regional Offices (PROs) during capacity buildings held in 2024 are considered valid.

3. The health facility must submit a copy of the following documents to their respective PRO, addressed to the Regional Vice President:

- a. Certification of their IT service provider for eClaims 3.0 (CF5)
  - b. Certificate of participation in PhilHealth's capacity building activity on DRG data encoding
  - c. Cover letter (Please see Annex B: Letter Template for the Submission of Shadow Billing Requirements)
4. The health facility must start submitting the CF5, as well as the eSOA, as part of the claims submission, as soon as possible.

### Annex B: Letter Template for the Submission of Shadow Billing Requirements

<OFFICIAL LETTERHEAD OF HEALTH FACILITY>

<DATE>

<NAME>

Regional Vice President  
PhilHealth Regional Office \_\_\_\_

Greetings!

We are writing to submit the requirements of <NAME OF HEALTH FACILITY> for the Shadow Billing of Diagnosis-Related Groups in compliance with PhilHealth Circular No. 2024-0006 entitled, "Implementation of the Shadow Billing for the Transition to Diagnosis-Related Groups (Revision 1)." Please see attached the following documents:

1. Updated certification of our service provider, <NAME OF SP>, **Certificate No.** \_\_\_\_\_
2. Certificate of participation in PhilHealth's capacity building activity on DRG data encoding dated <DATE OF CAPACITY BUILDING ACTIVITY>

Should there be any concerns, please reach out to <NAME OF HEALTH FACILITY REPRESENTATIVE FOR SHADOW BILLING> through <CONTACT DETAILS>.

Thank you very much.

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<NAME OF HEALTH FACILITY CHIEF>

<Position>

<Name of Health Facility>