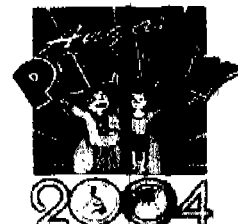


Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION
CITY STATE CENTRE BUILDING
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21 June 2001

PHILHEALTH CIRCULAR

No. 21, s-2001

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TO

: ALL LOCAL GOVERNMENT UNITS/DSWD PERSONNEL
AND OTHERS CONCERNED IN IMPLEMENTING THE
"Medicare para sa Masa" PROGRAM

SUBJECT : Uniform Computation of Poverty Threshold

I. RATIONALE

The Philippine Health Insurance Corporation (PhilHealth) recognizes the need to have a uniform interpretation of poverty as measured by poverty threshold and per capita income. These are the main variables used in the identification of target members to the "Medicare para sa Masa" Program.

II. DEFINITION OF TERMS

- A. **Household** refers to a unit composed of an enrolled member and his legal dependents.
- B. **Poverty threshold** is the annual per capita income required or the amount to be spent to satisfy nutritional requirements (2Kcal) and other basic needs such as clothing and footwear; fuel, light and water; rental or occupied dwelling units; medical care; education; transportation and communications; non-durable furnishings; household operations and personal care and effects.
- C. **Urban Areas** refer to all cities regardless of their population density and to municipalities with a population density of at least five hundred (500) persons per square kilometer.^{1/} This include all barangay(s) or portion(s) of which comprising the poblacion and/or the Central Business District (CBD) and the built-up area including the urbanizable land in and adjacent to the CBD; and where at least more than fifty percent (50%) of the population are engaged in non-agricultural activities.^{2/}
- D. **Rural Areas** are defined as "areas outside of the poblacion and/or CBD and where more than fifty percent (50%) of the population are engaged in agricultural activities."^{3/}

1/ As defined in Republic Act 7279.

2/ Housing and Land Use Regulatory Board's Model Zoning Ordinance

3/ Task Force National Land Use Code, National Land Use Committee - Draft National Land Use Code, April 1994.

- E. **Poor families/individuals** are those whose income fall below the poverty threshold.
- F. **Poverty incidence** is the proportion of families/population whose annual per capita income falls below the annual per capita poverty threshold to the total number of families/population in a given area.
- G. **Indigent** refers to a person who has no visible means of income, or whose income is insufficient for the subsistence of his family, as identified by the Local Health Insurance Office and based on specific criteria set by the Corporation in accordance with the guiding principles set forth in Article 1 of the National Health Insurance Act of 1995(RA 7875).

III. COMPUTATION

A. Sample Case:

Given: Family A from Luna, La Union has seven (7) members, three (3) members are working with the following income:

Father = ₱5,000/cropping; 3 croppings/year
 Daughter A = ₱1,500 per month
 Son A = ₱3,000 per month

<u>Family Members</u>	<u>Occupation</u>	<u>Annual Income</u>
Father	Farmer (₱5,000 x 3)	₱ 15,000.00
Mother	Housewife	-
Daughter A	Maid (₱1,500 x 12)	18,000.00
Son A	Laborer (₱3,000 x 12)	36,000.00
Son B	Unemployed	-
Daughter B	Student	-
Grandmother	Unemployed	-
TOTAL ANNUAL FAMILY INCOME		₱ 69,000.00

B. Computation of Annual Per Capita Income:

$$\begin{aligned}
 \text{Annual Per Capita} & & & \text{Total Annual Family Income} \\
 \text{Income of Family A} & = & & \text{No. of Family Members} \\
 & & & \\
 & = & & \frac{\text{₱69,000.00}}{7} \\
 & = & & \text{₱9,857.14}
 \end{aligned}$$

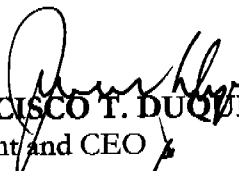
C. Based on Table 1 and Annex A , Luna, La Union is a 4th class urban municipality in Region I with a Poverty Threshold Income of ₱12,755

D. Interpretation:

If the Annual Per Capita Income of a family is **less than or equal** to the Annual Per Capita Poverty Threshold Income of the region where the household is located, then the family is considered poor or indigent.

In the above case, the Annual Per Capita Income (₱9,857.14) of Family A is evidently lower than the Region I Per Capita Poverty Threshold for urban areas (₱12,755.00). Therefore, Family A is considered indigent and qualified to become a beneficiary of "*Medicare para sa Masa*" Program.

For your information and guidance.


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President and CEO