

Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION

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PHILHEALTH CIRCULAR

No. 0004 s. 2013
July

TO : ALL EMPLOYERS IN THE GOVERNMENT AND PRIVATE SECTORS, AS WELL AS ALL OTHERS CONCERNED

SUBJECT : Re-imposition of Interest on Employers' Non- and/or Late Remittances of PhilHealth Premium Contributions

I. RATIONALE

The clear intention in the initial version of the Implementing Rules & Regulations (IRR) of the National Health Insurance Act of 1995 (Republic Act 7875) as contained Section 32(d) thereof provides that, “[a] member who failed to pay the required contributions during the membership year may be allowed to reactivate his membership. Provided, that he pays all arrears in contribution with the corresponding interest thereon reckoned from the last month of payment to the month of reactivation.” Pursuant to this IRR, PhilHealth Board Resolution No. 279, s.1999 was issued to strictly implement the imposition of interest and surcharges on late payments of premium contributions. Correspondingly, PhilHealth Circular No. 70, s.1999 was issued providing for the imposition of two percent (2%) interest on delinquent payments, which was further reiterated and clarified by PhilHealth Circular No. 023, s.2000. In 2002, PhilHealth Circular No. 15 was then issued providing for the procedure on the settlement of premium arrears relaxing the strict imposition of the aforementioned 2% monthly interest.

Title III Rule 1, Section 6(e) of the Revised Implementing Rules & Regulations of the National Health Insurance Act of 1995 (R.A. 7875 as amended by R.A. 9241) mandates PhilHealth to “establish an efficient premium collection mechanism.” Along this line, PhilHealth Board Resolution No. 1669, s. 2012, was issued reiterating the Corporation’s authority to impose interest on delayed and/or non-remittance of premium contributions. The re-imposition of interest aims to further enhance collection of premium contributions geared on the actuarial sustainability of the National Health Insurance Program (NHIP).



II. COVERAGE

This Circular covers *all Employers* as defined under Section 15 of the Revised Implementing Rules and Regulations of the National Health Insurance Act (R.A. 7875, as amended by R.A. 9241).

III. GENERAL GUIDELINES

The following shall be observed in the imposition of interests on employers' non- and/or late remittances:

1. Section 20(b) of Title III Rule III of the Revised Implementing Rules & Regulations of the National Health Insurance Act (R.A. 7875, as amended by R.A. 9241) states that "the monthly premium contribution of employed members shall be remitted by the employer on or before the tenth (10th) calendar day of the month following the applicable month for which the payment is due and applicable".
2. PhilHealth Circular No. 27, series of 2010, mentions that in case the deadline for the payment of premium contribution falls on a Saturday or Sunday, or has been declared a regular/special or a non-working holiday, payment shall be made on the next working day.
3. All premium contribution payments beyond the aforementioned shall automatically be charged **two percent (2%)** monthly interest to be computed as follows:

$$\text{Interest} = \text{Remittable Amount} \times 2\% \times \frac{\text{Number of Days Delayed}}{\text{30 days}}$$

4. In the computation of interest, the number of days delayed is arrived at through counting from the day immediately after the deadline to the actual date of remittance, inclusive of Saturdays, Sundays and non-working holidays;
5. In case of remittances made prior to the deadline but were later found to be insufficient, the balance or deficit amount shall be charged with interest;
6. Premium remittance made after the due date shall be made at the nearest PhilHealth Office/Local Health Insurance Office (LHIO) subject to the imposition of the applicable interests. Settlement for interests shall be made separately and directly to the PRO/LHIO that manages the accounts of the employers. A separate Official Receipt shall be issued to acknowledge payment of interest.



7. In cases where the premium arrearages exceeds one million (PhP1,000,000) pesos, the defaulting employer may request in writing before the Corporation for the payment of such arrearages including the imposable interests thereto in the following installment options subject to the following additional monthly surcharges to be imposed on the total arrearages inclusive of the imposable interest due:

- a. 13 to 24 monthly installments – 1%
- b. 25 to 36 monthly installments – 2%
- c. 37 to 48 monthly installments – 3%
- d. 49 to 60 monthly installments – 4%

Request for novation of payment of premium arrearages into installment arrangements shall be subject to the approval by PhilHealth's Office of the President & CEO.

IV. REPEALING & SEPARABILITY CLAUSE

All other issuances or parts thereof inconsistent with the provisions of this Circular are hereby repealed or modified accordingly.

If any part, section or provision of this Circular is declared void or invalid by competent Court, the other parts, sections or provisions hereof not affected thereby shall remain in force and in effect.

V. EFFECTIVITY

This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation and three (3) certified true copies furnished the National Administrative Register (ONAR) of the UP Law Center.



ENRIQUE T. ONA, M.D.

Secretary of Health / Chairman of the Board and
OIC-President and CEO

Date signed: 3/17/2013

