

TAMANG SAGOT

PhilHealth Circular No. 2018-0001

Clarificatory Guidelines on the Computation of Premium for the Members Under the Formal Economy

1. What is the legal basis for this Circular?

Section 16 (Rates of Premium Contributions) of the Revised IRR of the National Health Insurance Act of 2013 specifically states that “members in the formal economy shall continue paying the monthly contributions to be shared equally by the employer and employee at a prescribed rate set by the Corporation not exceeding five percent (5%) of their respective monthly basic salaries.” Salary is defined in Section 3(fff) of the same IRR as “the basic monthly compensation paid regularly for services rendered.”

2. What is the coverage of this Circular?

This Circular covers all employed members in the Formal Economy and all employers in the government and private sectors.

3. What is the Monthly Basic Salary?

The term monthly basic salary (MBS) shall be understood to mean as the fixed basic rate of an employee which shall not include sales commission, overtime pay, allowances, thirteenth month pay, bonuses or other gratuity payments. Further to this, those deductions to the employee’s pay occasioned by his/her undertime, tardiness, leave(s) without pay, absences, or other similar circumstances shall also be excluded in this computation.

4. What is the basis for the computation of the basic salaries for monthly-paid and daily-paid employees?

The monthly basic salary shall be computed based on the estimated Equivalent Monthly Rate (EMR) consistent with the 2010 Edition of the Department of Labor and Employment-Bureau of Working Condition’s Handbook on Worker’s Statutory Monetary Benefits wherein the MBS is clarified as follows:

- A. For daily-wage workers with a six-day work week schedule, who do not work and are not considered paid on Sundays or rest days shall be computed as follows:

$$\text{MBS} = \frac{\text{Applicable Daily Rate} \times 313}{12}$$

Where 313 days/year shall refer to: 299 ordinary working days
 11 regular holidays
 3 special holidays

- B. For daily-wage workers with a five-day work week schedule, who do not work and are not considered paid on Saturdays and Sundays or rest days shall be computed as:

$$\text{MBS} = \frac{\text{Applicable Daily Rate} \times 261}{12}$$

Where 261 days/year shall refer to: 247 ordinary working days
 11 regular holidays
 3 special holidays

C. Further, the daily rate for workers paid by results, including home workers and those who are paid on piece rate, *takay*, *pakyam*, or task basis, shall receive not less than the prescribed minimum wage rates under the Regional Wage Order for normal working hours which shall not exceed eight (8) hours a day, or a proportion thereof. The monthly rate for the same shall then be computed based on the five-day or six-day work schedule, depending on the schedule of operations of the business establishment.

5. Since PhilHealth requires the declaration of the MBS, are employers allowed not to declare “confidential salaries” beyond Php 40,000.00, which is the current salary cap imposed by PhilHealth for members in the Formal Economy?

All government and private employers are required to register their employees and their qualified dependents by submitting a list of their employees complete with their monthly basic salary and other documents as may be required. No exemptions will be granted as this is a mandatory disclosure demanded from all employers to ensure that they remit their employees’ premiums in accordance with the prescribed rates.

6. If an employee goes on leave without pay for more than six (6) months, what should the employer do?

As stated in PhilHealth Circular No. 32, s. 2003 on the Premium Remittances and Availment of Employed Members who are on Leave Without Pay and Seasonal Employees not Gainfully Employed for a Certain Period of Time, the employer shall report the employee-members “with no earnings” and shall advise him/her to pay within the immediate quarter as an Individually Paying Member during which he/she is not receiving any compensation or income.