



Republic of the Philippines  
**PHILIPPINE HEALTH INSURANCE CORPORATION**

Citystate Centre, 709 Shaw Boulevard, Pasig City  
 Call Center (02) 441-7442 Trunkline (02) 441-7444  
[www.philhealth.gov.ph](http://www.philhealth.gov.ph)



**PHILHEALTH CIRCULAR**  
 No. 2019-0001

**TO :** ALL ACCREDITED HEALTH CARE INSTITUTIONS (HCIs),  
 PHILHEALTH REGIONAL OFFICES (PROs) AND ALL  
 OTHERS CONCERNED

**SUBJECT :** Proper Recording of Return to Hospital and Denied Benefit Claims  
 For Reconciliation of Accounting Records

**I. RATIONALE**

Republic Act No. 10606 an act amending Republic Act No. 7875, otherwise known as the “National Health Insurance Act of 1995”, as amended, states that one of the powers and functions of the Corporation is “to supervise the provision of health benefits and to set standards, rules and regulations necessary to ensure quality of care, appropriate utilization of services, fund viability, member satisfaction, and overall accomplishment of Program objectives”.

In order for the Health Care Institutions (HCIs) to provide quality management system, there should be proper recording and accounting of financial transactions in compliance with the Philippine Financial Reporting Standards (PFRS) as well as monitoring of resources through reconciliation of the Receivable and Payable Accounts with the Corporation.

**II. OBJECTIVES**

With the implementation of this Circular, the following objectives shall be achieved:

- A. Compliance with Philippine Financial Reporting Standards (PFRS) with regard to the preparation of financial statements using the accrual basis of accounting.
- B. Reconciliation of Accounts between PhilHealth and HCIs particularly the Benefit Claims Payable and Benefit Claims Receivable, respectively.

**III. SCOPE**

This Circular shall cover all PhilHealth accredited Health Care Institutions (HCIs) both private and government.

**IV. DEFINITION OF TERMS**

**A. Appealed Claims** – refers to a previously decided-upon claim that:

- 1. Has been denied payment but to which appellant is seeking Motion for Reconsideration (M/R)

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2. Has been paid but to which the appellant is seeking adjustment of the payment on the claim.
- B. Claims under Litigation** – claims which are brought before a court of law by either PhilHealth or HCI for resolution.
  - C. Denied Claims** – a claim that has been determined to be invalid and unworthy of payment/reimbursement due to an absolute deficiency that cannot be remedied through RTH or due to a finding of an unmet requirement.
  - D. Philippine Financial Reporting Standards (PFRS)** – a new set of Generally Accepted Accounting Principles (GAAP) issued by the Accounting Standards Council (ASC) to govern the preparation of financial statements.
  - E. Re-filed Claims** – a claim that has been previously submitted by the HCI or member but to which it is returned due to deficiency and compliance of documentary requirements.
  - F. Return to Hospital (RTH) Claims** – a deficient claim after due adjudication and validation, redirected back to HCI with instructions to comply with certain requirements, but from which the action of returning the complied claim to PhilHealth may result in the reversal of the deficiency into a good claim or non-compliance that may result into the denial of the claim.

## V. SPECIFIC GUIDELINES

- A. PhilHealth shall regularly attach a Notification Letter (RTH/Denied) together with the claim being returned to concerned HCIs.
- B. HCIs shall forward the Notification Letter to their Accounting Office for adjustment in their books of accounts.
- C. The HCI Accounting Office shall deduct the following claims in their Receivable to PhilHealth:
  1. Total amount of Denied claims
  2. Total amount of RTH claims
- D. If Appealed claims and Claims under Litigation were included in the total Receivable to PhilHealth pending the approval of its Motion for Reconsideration, it shall be re-classified to separate them from good claims.

If the Motion for Reconsideration was denied until the final appeal with the PhilHealth Head Office, the amount of claims shall be deducted from the total Receivable to PhilHealth.

- E. To avoid double recording of Receivable, re-filed claims shall be recorded as an additional to Receivable to PhilHealth, provided proper adjustments were made upon return of the said claims to the HCI.

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**IV. REPEALING CLAUSE**

All previous issuances, circulars and directives inconsistent herewith shall be deemed modified or repealed accordingly.

**V. SEPARABILITY CLAUSE**

In the event that a part or provision of this Circular is declared unconstitutional or rendered invalid by any Court of Law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

**VI. EFFECTIVITY**

This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation and shall thereafter be deposited with the National Administrative Register, University of the Philippines Law Center.

**ROY B. FERRER, M.D., M.Sc**

Acting President and CEO

Date Signed 1/12/2019

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