



Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION

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PHILHEALTH CIRCULAR
 No. 2021 - 0006

TO : ACCREDITED HEALTH CARE PROVIDERS, PHILHEALTH REGIONAL OFFICES, BRANCHES, LOCAL HEALTH INSURANCE OFFICES, AND ALL OTHERS CONCERNED

SUBJECT : Application of Debit-Credit Payment Method (DCPM) to facilitate the Settlement of Accounts Payable to Healthcare Facility (HCFs) During the State of Public Health Emergency due to the COVID-19 pandemic (Revision 1)

I. RATIONALE

Pursuant to its mandate under Section 16.d and 34 of Republic Act (RA) 7875, as amended by RA 9241 and 10606, also known as the National Health Insurance Act of 2013, PhilHealth as the administrator of the National Health Insurance Program is provided the power and function to “formulate and implement guidelines on...payment, methods, and referral systems” and that PhilHealth can design provider payment mechanisms including “case-based payment...” and “other provider payment mechanisms that may be determined and adopted by the Corporation...Subject to the approval of the Board, the Corporation may adopt other payment mechanism that are most beneficial to the members and the Corporation.” Likewise, Section 18.10 of Implementing Rules and Regulations (IRR) of RA 11223 provides that “PhilHealth shall adopt any or a combination of closed-end, prospective provider payment mechanisms, such as...case-based payment...and other appropriate mechanisms”.

With the exceeding number of COVID-19 cases significantly burdening the Philippine Health System and with HCFs requiring sufficient cash flow to continue operating during the pandemic, there is a renewed recognition on the value of consistent and efficient reimbursements for providers treating COVID-19 patients and facilities providing the PhilHealth COVID-19 testing package. This, however, does not diminish the value of protecting public interests and safeguarding public funds from misuse. In balancing these interests, the Corporation, upon securing board approval on April 8, 2021, shall adopt the application of Debit-Credit Payment Method (DCPM) to facilitate the settlement of accounts payable to HCFs during the State of Public Health Emergency due to the COVID-19 pandemic.

II. OBJECTIVES

This PhilHealth Circular aims to establish the guidelines in facilitating the settlement of accounts payable to HCFs in order to ensure continuous delivery of health care services during the COVID-19 pandemic.

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III. SCOPE

This PhilHealth Circular shall apply to in-process claims from accredited HCFs treating COVID-19 patients and facilities providing the PhilHealth COVID-19 testing package, with no un-liquidated IRM Fund balances on record, and whose accreditation is not suspended *during the applicable period*. This Circular will not apply to in-process claims already approved for payment as of April 7, 2021.

IV. DEFINITION OF TERMS

- A. Denied claim - a claim that has been determined to be invalid and unworthy of payment reimbursement due to an absolute deficiency that cannot be remedied through return to sender or due to a finding of an unmet requirement.
- B. Good claim – filed claims with complete documentary requirements that has been determined to be valid and worthy of payment.
- C. Health Care Facility (HCF) - health facilities public or private, devoted primarily to the provision of services for health promotion, prevention, diagnosis, treatment, rehabilitation and palliation of individuals suffering from illness, disease, injury, disability, or deformity, or in need of obstetrical or other medical and nursing care
- D. In process claims - claims received for processing without final decision as to denied, return-to-hospital (RTH), or paid.
- E. Received Claims –all claims manually and electronically received by the Corporation. These include refiled claims.
- F. Re-filed claim - a claim that has been previously submitted by a HCF or member but to which it is returned due to deficiency and compliance of documentary requirements.
- G. Return-to-Hospital (RTH) claim - a deficient claim after due adjudication and validation, redirected back to HCF with instructions to comply with a certain requirement, but from which the action of returning the complied claim to PhilHealth may result in the reversal of the deficiency into a good claim for payment or non-compliance that may result into the denial of the claim.

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V. POLICY STATEMENTS

- A. DCPM shall be applicable only to in-process claims received from March 8, 2020 to April 7, 2021, excluding Return-to-Hospital (RTH) and denied claims, claims referred to legal for further investigation, and claims approved for payment as of April 7, 2021.
- B. HCFs should meet the following criteria to be eligible for DCPM:
 - 1. Must be located in Inter-Agency Task Force/National Task Force Against COVID-19 (IATF/NTF)-identified regions and provinces, particularly HCFs in the National Capital Region (NCR), Batangas, Bulacan, Cavite, Laguna, Pampanga, and Rizal. *Expansion shall be allowed to other areas identified by IATF and/or NTF;*
 - 2. Must have no IRM Fund balance on record;
 - 3. With claims for PhilHealth COVID-19 packages; and,
 - 4. *Was not serving the penalty of suspension during the applicable period.*



- C. Eligible HCFs who are interested to participate, must submit a Letter of Intent (LOI) or application for DCPM.
- D. The DCPM application shall only be processed once the HCFs has already forwarded the undertaking (see Annex A, "Undertaking") to the concerned PRO, duly signed by the HCF owner or Medical/Hospital Director subject to the concurrence of PhilHealth.
- E. Under the DCPM, PhilHealth shall facilitate the settlement of accounts payable from appropriate in-process claims in compliance with the following rules:
1. Pay sixty percent (60%) of the total amount of applicable HCF receivables subject to two percent (2%) expanded withholding tax for private eligible HCFs, as applicable; and,
 2. Pay the remaining forty percent (40%) of the total amount of good, subject to two percent (2%) expanded withholding tax for private eligible HCFs, as applicable, following full compliance to existing claims processing requirements and full reconciliation of the sixty percent (60%) of the total amount of applicable HCF receivables initially paid to the HCF.
- F. Reconciliation shall be indicated in the *Debit-Credit Reconciliation Notice (DCRN)* and the HCF must be reflected in the subsidiary ledger.
- G. The Corporation can, subject to the approval of the Board, adjust the cut-off dates for claims included in the DCPM. Any changes to the cut-off dates shall be announced through a separate issuance.
- H. The HCF shall issue an electronic copy of the Official Receipt (OR) within five (5) days of receipt of payment. Concurrently, the HCF shall transmit the original OR within 15 days of receipt of payment. Failure to submit the OR shall result in the withholding of all succeeding payments from PhilHealth.
- I. In cases where there is a need to recover unreconciled amounts under the DCPM, including but not limited to cases where the HCP ceased to operate and there are insufficient unpaid claims to reconcile paid amounts, PhilHealth shall employ other means such as but not limited to sending demand letters and/or exhaust all legal avenues including the filing of criminal charges as warranted.
- J. PhilHealth reserves the right to suspend payments under the DCPM for recurrent non-compliance to standards of care, presence of indication of fraud, or for any other reason deemed relevant by PhilHealth.
- K. PhilHealth shall regularly monitor the implementation of the DCPM.

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VI. PENALTY CLAUSE

Violations of any provision of this Circular shall be penalized under R.A. No. 11223, its Implementing Rules and Regulations and other applicable laws, rules, and regulations.

VII. SEPARABILITY CLAUSE

Should any provision of this Circular be declared invalid, unconstitutional or unenforceable in whole or part by any competent authority, it shall not affect or invalidate the remaining provisions hereof.

VIII. DATE OF EFFECTIVITY

This PhilHealth Circular shall be effective immediately upon publication *in a newspaper of general circulation or Official Gazette* and shall apply to payments to HCFs starting April 8, 2021. A copy of the Circular shall be also deposited with the Office of the National Administrative Register at the University of the Philippine Law Center.


ATTY. DANTE A. GERRAN, CPA
President and Chief Executive Officer (PCEO)

Date signed: 5/25/21



Application of Debit-Credit Payment Method (DCPM) to facilitate the Settlement of Accounts Payable to Healthcare Facility (HCFs) During the State of Public Health Emergency due to the COVID-19 pandemic (Revision 1)



UNDERTAKING

(Revision 1)

KNOW ALL MEN BY THESE PRESENTS:

a health care facility duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at _____, duly represented herein by _____, its President/Manager/Chief of Hospital, hereinafter referred to as "HCF,"

- IN FAVOR OF -

The PHILIPPINE HEALTH INSURANCE CORPORATION, a government-owned and controlled corporation duly organized and existing by virtue of Republic Act No. 7865, as amended by Republic Act No. 10606, otherwise known as the National Health Insurance Act of 2013, with PhilHealth Regional Office (PRO) address at _____, duly represented herein by Vice-President/Regional Vice-President _____, hereinafter referred to as "the PHILHEALTH".

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Date: 5/26/2021
Dr. NYS

WITNESSETH THAT -

WHEREAS, the HCF is located in high and critical areas as identified by the Inter-Agency Task Force (IATF) on Emerging Infectious Diseases and / or National Task Force Against COVID-19 where the government imposed tighter restrictions to regulate the mobility of individuals within said area due to the rise in Covid-19 cases.

WHEREAS, the HCF has been licensed by the Department of Health as a hospital or health care facility that can provide appropriate care, supervision, and treatment of individuals who have been confirmed to be afflicted with the Covid-19 virus or conduct SARS-CoV-2 testing services;

WHEREAS, that the HCF has pending benefit claims with the PHILHEALTH covering packages for Covid-19 and other illnesses/procedures;

WHEREAS, the PHILHEALTH, in recognizing the urgent necessity to institute measures to ensure that the HCI remain financially viable to enable it to continuously serve the health care needs of affected PHILHEALTH members in this time of public health emergency, resolved to engage in a Debit Credit Payment *Method* to quickly settle its accounts or arrears to the HCF's In-process claims to partially pay for the healthcare services provided to PHILHEALTH beneficiaries in areas identified by the Inter-Agency Task Force (LTF) on Emerging Infections Diseases and / or National Task Force Against COVID-19;

WHEREAS, the HCF has submitted documents to support its claim for reimbursement from PHILHEALTH;

WHEREAS, the PHILHEALTH shall allow payment of sixty percent (60%) of the total In-process claims of the HCF currently on board with the PHILHEALTH, subject to reconciliation, verification and validation of documents submitted;

WHEREAS, as an additional condition to allow payment, it has been determined that the accreditation of the HCF is valid and that the HCF was not serving the penalty of suspension during the applicable period (March 8, 2020 – April 7, 2021);

NOW THEREFORE, for and in consideration of the above-premises, the HCF irrevocably and unconditionally undertakes, commits, and agrees to the following –

- (a) The HCF hereby acknowledges the receipt of partial payment of its benefit claims by the PHILHEALTH in the amount of (state amount in words



_____ (P_____), subject to application of the appropriate withholding taxes, as may be applicable.

- (b) The HCF undertakes to issue an official receipt for said partial payment to be sent to the PHILHEALTH within five (5) days for the electronic copy, and fifteen (15) days for original copy, from crediting of said amount in its identified account with its depository bank.
- (c) The HCF undertakes that despite receipt of said payment, it shall refund to the PHILHEALTH within five (5) days from receipt of demand letter, an amount in excess of what it is entitled to or corresponding to the claims eventually found to be erroneous, fraudulent, or invalid.
- (d) The HCF represents, warrants, and commits that upon failure to deliver the required documents on the date specified herein for any reason whatsoever, or that claims have been found to be false with the intent to defraud the PHILHEALTH, the same shall give the PHILHEALTH the right to avail of any and all remedies to which it is entitled under the law and contract, or any other collateral documents, including the right to recover damages from the HCF and the right to deny or withdraw its accreditation.
- (e) In case the HCF cannot, for whatever reason, refund the subject amount, its officers and directors shall be severally and jointly liable to the PHILHEALTH for its payment, which includes but not limited to the following:

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President/Chairperson /General Manager: _____
Chief of Hospital: _____
Directors: _____

- (f) That the HCF shall be liable for the payment of liquidated damages in the amount of one percent (1%) of the foregoing amount of partial payment for everyday of delay from receipt of demand.

- (g) In case of suits or actions arising out of or in connection with this Undertaking, actions shall be lodged with the proper courts where the PhilHealth Regional Office is situated, and the parties hereby waive other applicable venues.
- (h) The HCF undertakes to comply with all circulars, issuances, orders, and advisories issued by the PHILHEALTH, and to refrain from committing acts prejudicial to the interest of the PHILHEALTH and the National Health Insurance Program.
- (i) The duly-signed Performance Commitment of the HCF submitted to PhilHealth shall form an integral part of this *Undertaking*.
- (j) This *Undertaking* is executed in accordance with the laws of the Philippines and is not contrary to the same.
- (k) The signatories of both Parties are also empowered and authorized to enter into this *Undertaking* on behalf of their principals.

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- (l) If any provision of this *Undertaking* shall be held to be invalid or unenforceable for any reason by a court with jurisdiction over the parties to this Agreement, the remaining provisions shall continue to be valid and enforceable.
- (m) This *Undertaking* may be executed by electronic signature in two or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one (1) and the same instrument. Electronic signatures shall, for all purposes, be treated as originals.

IN WITNESS WHEREOF, the PHILHEALTH and the HCF through their duly authorized representatives, affixed their signatures this ____ day of _____ at _____, Philippines.

PHILIPPINE HEALTH INSURANCE CORPORATION

By:

Vice-President/Regional Vice-President

<HEALTH CARE FACILITY>

By

(Name)
(Authorized Representative)

Signed in the presence of:

MASTER
COPY
DC: 11/5 Date: 5/26/2021

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

BEFORE ME, this ____ day of _____, personally appeared the following persons who exhibited to me the following:

Identification Document Presented	Place of Issuance and Expiry Date

Known to me to be the same person/s who executed the foregoing Undertaking consisting of _____ (____) pages including this page on which the acknowledgement is written and they acknowledged that the same is their free act and deed and that of the corporations being represented.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2021

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