

# Republic of the Philippines PHILIPPINE HEALTH INSURANCE CORPORATION

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# PHILHEALTH CIRCULAR No. 2021 - 0010

TO

ALL MEMBERS OF THE NATIONAL HEALTH INSURANCE PROGRAM (NHIP), EMPLOYERS IN THE PRIVATE AND

GOVERNMENT SECTORS, AND ALL OTHERS CONCERNED

SUBJECT

Handling of Employer Requests to Compromise, Waive or Release, in

Whole or in Part, Interests and/or Surcharges and Payment of Premium

Arrears through Installment Arrangements

#### I. RATIONALE

Pursuant to Section 10.5 of the Implementing Rules and Regulations of the Universal Health Care Act (RA 11233), PhilHealth shall issue specific and necessary guidelines for direct and indirect contributors with regard to membership registration and premium payment. In accordance with this mandate, the PhilHealth Board of Directors through its Resolution No. 2757, s. 2020, and pursuant to Section 16 (v) of RA 7875, as amended by RA 10606, provided the authority for Management to approve employer requests on the compromise, waiver or release, in whole or in part, of such interests or surcharges imposed upon the employer's premium arrears and allowed the payment of premium arrears and their applicable interests/surcharges through installment arrangements.

# II. OBJECTIVES

This PhilHealth Circular aims to provide guidelines in handling employer requests for waiver of interests on missed/late contribution payments and/or the settlement of past due premiums or arrearages and their applicable interests/surcharges through installment arrangements.

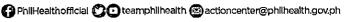


This PhilHealth Circular shall apply to all employers in the private and government sectors with pending and/or unsettled or unpaid premium arrears and employer requests for waiver of interest or settlement of premium arrearages and their applicable interests/surcharges through installment arrangements from 2017 onwards. This PhilHealth Circular shall exclude receivables from unwarranted claims.

### IV. DEFINITION OF TERMS

A. Analogous – similar or comparable to something else either in general or in some specific detail.





- B. Compromise an agreement or a settlement of dispute that is reached by each side making concessions.
- C. Financial loss a decrease in net income that is outside the normal operations of the business. Losses can result from a number of activities such as sale of an asset for less than its carrying amount, the write-down of assets, or a loss from lawsuit.
- D. Force majeure shall mean fire, inundation, earthquake, lightning and other acts of God, strikes, lockouts, embargoes, quarantine restrictions, legislation or intervention of the government, its instrumentalities and agencies, interference caused by war or the unanticipated imminence thereof between any nations.

### V. POLICY STATEMENTS

- A. The applicable/imposable interest on missed/late remittance of contributions shall not be waived and shall be charged solely against the employer if the delay or deficiency is due to the negligence of the employer or its agents.
- B. There shall be no compromise of premium arrearages. Before any waiver of interests and/or surcharges on arrearages can be made, all premium contributions due from the employer, both employer's and employees' share, must have been paid in full or in installment arrangement as approved based on the total amount of premium due per applicable period.
- C. The defaulting employer can only apply once for the waiver of interests and/or surcharges on the entire premium arrears for the same circumstance.
- D. Payment of arrears through installment arrangements and/or compromise/waiver of applicable interests and/or surcharges for late or non-remittance of contributions may be considered only for the following circumstances and should be supported by relevant documents as may be applicable:
  - 1. For government sector employers
    - a. Deficiencies in premium contributions resulting from the difference between the PhilHealth premium schedule and the premium rates provided by the Department of Budget and Management (DBM) Circular/s;
    - b. Delay on the release of appropriation or allocation by the DBM: Provided, that prompt remittance of premium contribution has been made, i.e., payment of contributions was made immediately after the allocation was received;
    - c. Delay on the release of the allocated budget from the agency's central office to its regional/branch/local office in cases of promotions and newly-hired employees;
    - d. Delay on the release of employee's first salary due to processing of submitted requirements;
    - e. Previous non-inclusion in the general payroll of an employee who went on an extended vacation, maternity or sick leave;
    - f. Salary adjustments due to promotion and/or demotion of an employee who was previously on preventive suspension or similar circumstances without pay but eventually cleared of charges or reinstated for employment, and received back wages;
    - g. Delay on the release of an employee's last salary due to processing of clearances and other documents; and
    - h. Force majeure, for premium remittances due for the period within which the location of the agency remitting such contributions has been placed under a state of calamity.



## 2. For private sector employers

- a. The employer has been suffering from financial loss for the past three (3) consecutive years as supported by the submission of relevant documents such as, but not limited to, duly audited financial statements, Bureau of Internal Revenue (BIR) Form 1601-C or 1604-F, Social Security System (SSS) R-3 or R-8, among others;
- b. Force majeure, for premium remittances due for the period within which the location of the employer remitting such contributions has been placed under a state of calamity; and.
- c. Financial loss due to personal experiences valid for humanitarian consideration that may have affected the financial standing of the employer.
- 3. Other analogous and/or valid reasons as may be determined by the approving authority.
- E. Requesting employers shall submit a letter to the nearest PhilHealth Regional or Local Health Insurance Office where the latter is located and/or other documentary requirements as may be required.
- F. A Committee on Compromise, Waiver, or Release, in whole or in part, of Interests/Surcharges and Premium Arrears of Employers shall be created in each PhilHealth Regional Office (PRO) with the following functions:
  - 1. To assess and evaluate employer requests to compromise, waive or release, in whole or in part, interest or surcharges;
  - 2. To come up with a recommendation on the settlement plans offered by the employer on the payment of its premium arrears and interests/surcharges through installment arrangements;
  - 3. To submit to the appropriate approving/recommending authority the Committee's favorable recommendation on the request of employers on the waiver or compromise of interest and/or surcharges and settlement of premium arrears and its applicable interests/surcharges within five (5) working days from its resolution of the Committee;
  - 4. To submit to the Regional Vice-President, for its consideration and approval, the Committee's recommendation and corresponding notification letter to the employers where the latter's request on the waiver or compromise of interest and/or surcharges and the settlement of premium arrears and its applicable interests/surcharges has been denied by the Committee within five (5) working days from its resolution; and
  - 5. To perform other functions as may be necessary to resolve the request of the employer for the settlement of its premium arrears and its applicable interests/surcharges.
- G. Requests for installment arrangement on the payment of premium arrears and their applicable interests may be granted up to a maximum of sixty (60) months, subject to the following additional monthly surcharge for installment arrangements beyond twelve (12) months:

Table 1: Payment Terms and Corresponding Monthly Surcharge

Term	Monthly Surcharge
13 to 24 monthly installments	0.5% (C. C.
25 to 36 monthly installments	1.0%
37 to 48 monthly installments	1.5%
49 to 60 monthly installments	2.0%





#### VI. PENALTY CLAUSE

Any violation of this PhilHealth Circular and all existing related PhilHealth Circulars or other issuances shall be penalized under RA No. 11223, its Implementing Rules and Regulations and other applicable laws, rules and regulations.

#### VII. SEPARABILITY CLAUSE

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

## VIII. REPEALING CLAUSE

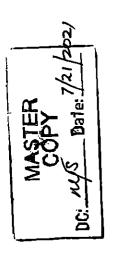
PhilHealth Circular No. 2016-0034 and all related issuances inconsistent with this PhilHealth Circular are hereby repealed or modified accordingly.

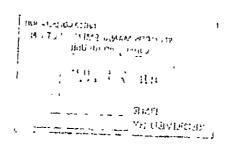
### IX. DATE OF EFFECTIVITY

This PhilHealth Circular shall take effect fifteen (15) days following its publication in a newspaper of general circulation. A copy shall be deposited thereafter with the Office of National Administrative Register (ONAR) of the University of the Philippines Law Center.

ATTY. DANTE A. GJERRAN, CPAN President and Chief Executive Officer (PCEO)

Date signed:





Handling of Employer Requests to Compromise, Waive or Release, in Whole or in Part, Interests and/or Surcharges and Payment of Premium Arrears through Installment Arrangements

