



Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION

Citystate Centre, 709 Shaw Boulevard, Pasig City
 Call Call Center: (02) 8441-7442 | Trunkline: (02) 8441-7444
www.philhealth.gov.ph



UNIVERSAL HEALTH CARE
 KALUSUGAN AT KAINANG TATA SA LUMAT

PHILHEALTH CIRCULAR

No. 2021 - 0011

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

SUBJECT : PhilHealth Payment Recovery (PPR) Policy

I. RATIONALE

The Philippine Health Insurance Corporation is vested with the power to craft policies to perform its mandate as a steward of the National Health Insurance Fund and to ensure quality health care services to members from the Health Care Providers (HCP), sound administration of the program, overall accomplishment of the program objectives and cost containment and quality assurance in accordance with the standards set forth in Republic Act (RA) 7875, section 16 (b) (c) (d) as amended by RA9241, 10606 and 11223.

In relation thereto, Rule XII Section 140 and Rule XIII Section 145 of the Revised Implementing Rules and Regulations of the National Health Insurance Act of 2013 (RA 7875 as amended by RAs 9241 and 10606), specifically provides the authority of the Corporation to deduct the impossible fine from the pending benefit claims of health care providers (HCPs), to quote:

“Rule XII Writ of Execution on Health Care Institutions Section 140 on Deduction of Fines from Benefits Claims.

Where the respondent health care institution refuses or fails to timely satisfy or pay the penalty of Fine despite having been duly served with a writ of execution, the said fine shall be deducted by the Corporation from the proceeds of the pending or future benefit claims with the Corporation of the respondent health care institution.”

“Rule XIII Writ of Execution on Health Care Professionals Section 145 on Deduction of Fines from Benefits Claims.

Where the respondent health care professional refuses or fails to timely satisfy or pay the penalty of fine despite having been duly served with a writ of execution, the said fine shall be deducted by the Corporation from the proceeds of the pending or future benefits claims with the Corporation of the respondent health care professional.”

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Further, Section 18 (b) of the Republic Act 11223, otherwise known as the Universal Health Care law, provides that:

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Section 18 (B) PhilHealth shall endeavor to shift to paying providers using performance-driven, close-end, prospective payments based on disease or diagnosis related groupings and validated costing methodologies and without differentiating facility and professional fees; develop differential payment schemes that give due consideration to service quality, efficiency and equity; and institute strong surveillance and audit mechanisms to ensure network's compliance to contractual obligations.

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Likewise, Article 1279 of New Civil Code on Compensation, provides that;

Compensation is a mode of extinguishing obligations whereby two persons in their capacity as principals are mutual debtors and creditors of each other with respect to equally liquidated and demandable obligations to which no retention or controversy has been timely commenced and communicated by third parties.

Thus, PhilHealth, through PhilHealth Board Resolutions 2583 and 2604 s. 2021, shall implement a payment recovery mechanism under the given situations to ensure funds due to PhilHealth shall be accounted accordingly.

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II. OBJECTIVES

This PhilHealth Circular shall serve as guidelines for the implementation of the payment recovery mechanism for the settlement of account/s of HCPs relative to fines/penalties or overpayment of claims that would synchronize to the current procedures on the processing of PhilHealth benefit claims.

III. SCOPE

This PPR policy shall cover the following cases:

- A. Legal impositions of payment of fines and/or other pecuniary penalties through deduction of fines from benefit claims.
- B. Situations or instances that may warrant payment recovery under the following circumstances:



1. Medical post-audit finding such as, but not limited to, upcoding or creeping of claims;
 2. Payment of claims credited to the wrong health facility;
 3. Payment of claims during lapse or gap in accreditation validity or DOH license validity;
 4. Payment of claims during suspension of a particular service, or after removal of a particular service;
 5. Payment of claims during withdrawal, non-renewal, suspension of accreditation or closure of HCP; and
 6. Administrative Discrepancies- overpayment made to HCP in excess of amount due, as a result of:
 - a. wrong encoding of benefit package claimed resulting to a higher case rate payment, or;
 - b. downgrade in health facility classification with consequent decrease in the allowable rate amounts (e.g. Level 1 hospital downgraded to a Primary Care Facility);
 - c. miscalculation of withholding tax, or;
 - d. overpayment of benefit claims made under the Debit Credit Payment Method after reconciliation with HCP, or;
 - e. overpayment of benefit claims made under the Primary Care Benefits/Konsulta after reconciliation with HCP.
- C. Other cases as may be identified and as approved by the Corporation.

IV. DEFINITION OF TERMS

- A. Health Care Provider (HCP) –refers to any of the following:
1. A health facility, which may be 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;
 2. A health care professional, who may be a doctor of medicine, nurse, midwife, dentist, or other allied professional or practitioner duly licensed to practice in the Philippines;
 3. Community-based health care organization - refers to an association of members of the community organized for the purpose of improving the health status of the that community.
 4. Pharmacies or drug outlets - refer to establishments licensed under RA 9711 (Food and Drug Administration Act of 2009) which sell or offer to sell any health product directly to the general public or entities licensed by appropriate government agencies, and which are involved in compounding and/or dispensing and selling of pharmaceutical products directly to patients or end users as defined under RA 10918 (Philippine Pharmacy Act).
 5. Laboratories and diagnostic clinics - refer to licensed facilities where tests are done on the human body or on specimens thereof to obtain information about the health status of a patient for the prevention, diagnosis and treatment of disease.
- B. In-process claims – claims received for processing without final decision as to denied, return-to-hospital (RTH), or paid.

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- C. Medical Post Audit - review of patient's clinical data to determine compliance of accredited HCP to standards of care and PhilHealth policies.
- D. PhilHealth Payment Recovery (PPR) - a mechanism towards deduction from the proceeds of the in-process or future benefit claims of the respondent HCP in the fulfillment of payment of fines, resulting from the reconciliation of administrative discrepancies, medical post-audit findings and other pecuniary penalties/situations as approved by the Corporation.

V. POLICY STATEMENTS

- A. Under PPR, PhilHealth shall facilitate the legal impositions of payment of fines and/or other pecuniary penalties through deduction of fines from benefit claims of the following:

1. The amount of penalty of fine and/or other pecuniary penalties served in the writ of execution.
2. The PPR will apply as a way to fulfill the payment through deduction of fines from benefit claims if the amount in consideration under the writ of execution cannot be settled by the HCP.
3. Copy of the writ of execution must be given to the PhilHealth Regional Office (PRO) /Branches- Benefit Administration Section (BAS) to implement the PPR.

- B. For circumstances considered in section III, item B, the PRO/Branches shall facilitate payment recovery through the following:

1. Validate prior to the actual recovery of erroneous payment from accredited HCP to ensure that the payment, the Corporation is trying to recover, involves clean claims.
2. A letter Notice of Payment Recovery Demand Letter shall be provided to the HCP as presented in Annex A. /
3. HCP is given fifteen (15) days to indicate the options of settlement whether to pay in:
 - a. one-time full payment of the appropriate amount via over the counter through the concerned PhilHealth Regional Office (PRO)/Branch or Local Health Insurance Office (LHIO); or
 - b. chargeable to PPR payment subject to the approval of Regional Vice President/Branch Manager.

Failure to do so, PhilHealth shall be constrained to apply outright the PPR to HCP.

- C. The PPR shall be effected on prospective benefit payments to be made to HCP.
- D. The PRO - Benefits Administration Section shall process the recovery of the payment chargeable to the PhilHealth payments due for release and/or in-process or future claims of the concerned HCP.
- E. The full amount of the benefit claim shall be deducted from the recoverable amount until fully settled. In no instance shall the amount be partially obligated under PPR...

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- F. For private HCP, the amount that shall be deducted from the PhilHealth reimbursement is “net of tax” of the case rate/benefit package being claimed.
- G. There shall be no generation of check and/or crediting of amount to the HCP bank account for those on Auto Credit Payment System (ACPS) until such time that the amount for recovery has been fully deducted from the HCP reimbursements.
- H. Any unpaid fine shall be required for full payment from the HCP or HCP’s responsible officer/owner applying for renewal of accreditation under a new or different name. No accreditation shall be approved until respondent HCP pays the full unpaid fine.
- I. PhilHealth may employ other means, such as but not limited to, sending demand letters and/or exhaust all legal avenues, including the filing of criminal charges, if warranted to recover the due amount in cases where the HCP ceased to operate such that there are not enough claims due for payment or no more pending PhilHealth payments.
- J. Should the HCPs have any contention on the application of the policy or on the payment being recovered from them, the processing of benefit claims shall continue and the PPR policy will not apply pending resolution of the issue by the PRO Legal Services Unit.
- K. The HCP shall be duly informed through a Notice of Payment Recovery Report (NPRR) (as presented in Annex B) reflecting the amount that has been deducted due to PPR. The NPRR shall indicate the following:
 1. Details of the claim where the application of payment recovery was made;
 2. Amount deducted;
 3. Remaining amount for charging to the HCP’s future reimbursements; and
 4. Reference document number specific only to item III-A.
- L. Upon publication, the PPR policy shall be communicated and distributed to each accredited health facility through the Local Health Insurance Office, to be duly received and acknowledged by the health facility.

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VI. PENALTY CLAUSE

Violations of any provision of this PhilHealth Circular 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 or provision of this PhilHealth Circular is declared unauthorized or rendered invalid by any Court of Law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

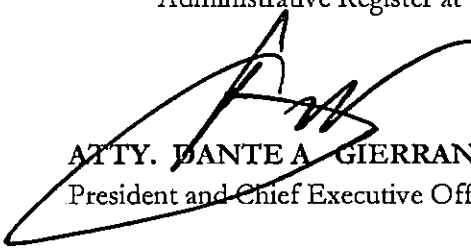


VIII. REPEALING CLAUSE

All provisions of previous issuances, circulars, and directives that are inconsistent with any of the provisions of this Circular for this particular circumstance wherein the same is exclusively applicable, are hereby amended, modified or repealed accordingly.

IX. DATE OF EFFECTIVITY

This shall take effect immediately upon publication in a newspaper of general circulation or Official Gazette. A copy of the Circular shall be also deposited with the Office of the National Administrative Register at the University of the Philippines Law Center.


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

Date signed: 7-21-2021

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Date: 7/28/2021



NOTICE OF PAYMENT RECOVERY DEMAND LETTER

Reference No. _____

DATE

NAME/TITLE OF HEALTH CARE PROVIDER (HCP) /AUTHORIZED SIGNATORY
NAME OF HCP
ADDRESS OF HCP

Dear Dr./Mr./Ms. _____,

This is to inform you that based on the review of our records, it was determined that there was an overpayment to your health care facility in the amount of PHP _____ due to:

- Medical post-audit findings
- Erroneous health facility payee – payment of claim credited to the wrong health facility gap in accreditation
- Period of lapse or gap in accreditation validity or DOH license validity
- Period of suspension of a particular service, or after removal of particular service
- Withdrawal, non-renewal, suspension of accreditation or closure of HCP
- Period of lapse or gap in accreditation validity or DOH license validity claims payment miscalculations
- Administrative Discrepancies- overpayment made to HCP in excess of amount due, as a result of:
 - ___erroneous encoding of benefit package claimed resulting to a higher case rate payment
 - ___downgrade in health facility classification with consequent decrease in the allowable rate amount
 - ___miscalculation of withholding tax
 - ___overpayment of benefit claims under the Debit Credit Payment Method
 - ___overpayment of benefit claims under the Primary Care Benefit/Konsulta
 - ___Others; _____

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In view thereof, please choose from any of the options listed below as to how you wish to return the overpayment inclusive of the tax withheld that has been credited to your account:

- Over the counter through the concerned PhilHealth Regional Office (PRO) or Local Health Insurance Offices (LHIOs)
- Payment Recovery through benefit claims deduction chargeable from the proceeds of in-process claims or future claims with the Corporation.

Should we fail to hear from you within fifteen (15) calendar days from receipt of this notice, we shall be constrained to deduct the appropriate amount from your in-process or future claim/s.

Thank you.

SIGNATORY



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ANNEX B

Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION

NOTICE OF PAYMENT RECOVERY REPORT

Period Covered : MM/DD/YYYY to MM/DD/YYYY

HCI NAME: Hospital Name

ADDRESS: Philippines

Accreditation No. H1234567890

Date Generated: MM/DD/YYYY

PABN No.	Series No.	Member PIN	Patient Name	Confinement Period	Caserate 1		Caserate 2		Total			
					Code	Gross	Code	Gross	Gross	Wtax	HCI	PF
PABN No.	2105111900001	PIN	Name	Dates	90935	2600	none	0	2600	0	2250	350

GRAND TOTAL 2600 0 2250 350

Total no. of Claims 1

Summary	
TOTAL AMOUNT FOR PAYMENT RECOVERY	Notice of Payment Recovery Reference No.
Amount of Claims Deducted for this Period	No. Claims Applied for Recovery for this Period _____
Ending Balance for Payment Recovery	
As of 08/07/2021 10: 00:00 AM	