



Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION

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PHILHEALTH CIRCULAR

No. 120212-0012

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

SUBJECT : Contracting of a Health Facility as a Z Benefit Provider (Revision 1)

I. RATIONALE

Section 16 (j) of Republic Act No.7875, as amended by Republic Act No. 9241 and Republic Act No. 10606 (National Health Insurance Act of 2013), states that the PhilHealth shall have the power to negotiate and enter into contracts with health care institutions, professionals, and other persons, juridical or natural, regarding the pricing, payment mechanisms, design and implementation of administrative and operating systems and procedures, financing, and delivery of health services in behalf of its members. *PhilHealth entered into contracts with both tertiary government and capable private Health Facilities (HFs) in 2012 and 2015, respectively, to provide the services under the Z Benefits.*

Contracting HFs aims to ensure that the mandatory services required of each of the Z benefit packages is delivered in an appropriate and timely manner, through multidisciplinary-interdisciplinary team approach. It also warrants that the payment arrangement mechanism for prescribed services are acceptable to both parties.

These guidelines incorporate the notable inputs from our members, healthcare providers and other internal and external stakeholders to ensure delivery of quality health services and increase efficiency in its implementation. This is also to align with the provisions of Republic Act No.11032: The Ease of Doing Business (EODB) Act of 2018 and Republic Act No.11223 also known as the Universal Health Care Act (UHC).

II. OBJECTIVES

To update and streamline the process of contracting health facilities (HFs) as providers of the Z Benefit packages.

III. SCOPE

This PhilHealth Circular shall apply to all HFs capable of providing the services for the Z Benefit packages.

IV. DEFINITION OF TERMS

A. Case Type Z Benefit Packages – benefit packages that focus on providing relevant financial risk protection against illnesses perceived as medically and economically “catastrophic”.

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- B. **Contracted Health Facility (HF)** – any health facility that enters into a contract with the Corporation for provision of specialized care.
- C. **Contracting** – a purchasing mechanism used to acquire specified service/s of a defined quantity and quality, at an agreed-on-price, from a specific provider, for a specified period. It is an ongoing relationship supported by a contractual agreement.
- D. **Co-payment** – refers to a flat fee or predetermined rate paid at point of service, as may be determined by the Corporation.
- E. **Health Care Provider Performance Assessment System (HCP PAS)** – monitoring framework of the Corporation to assess the performance of the health care providers.
- F. **Mandatory Services** – essential services that contracted health facility are obliged to provide based on clinical evidence and /or expert consensus as approved by the Corporation.
- G. **Multi-Disciplinary Team (MDT)** – a team of health care professionals of different disciplines and non-health professionals with specific duties and responsibilities who coordinate their contributions in order to improve patient care and health outcomes. An approach to patient care involving team members from different professional backgrounds or work disciplines, with each member providing specific services while working collaboratively together towards the goal of providing the best care to the patient.
- H. **Outsourced Services** – mandatory or conditional health care services or functions necessary to provide quality care, based on clinical evidence/ guidelines or protocol, or expert consensus, which are contracted out to a third party or external facility for a specific period of time, performed either onsite or offsite of the contracted health facility. Outsourcing of services must be executed with a memorandum of agreement that includes provisions on payment such that availing of outsourced services shall follow existing rules on co-payment for the Z Benefits.
- I. **Pre-Contracting Survey (PCS)** – a process of assessing and evaluating the compliance of health facility with the standards for contracting.
- J. **Z Benefit Coordinator** – a designated person by the contracted HF whose functions include guiding and navigating Z patients to facilitate timely access to services, coordinating with PhilHealth on matters pertinent to the availment of Z Benefits, encoding pertinent clinical information of Z patients, and performing other duties that may be assigned to them.

POLICY STATEMENTS

- A. *An HF compliant with the standards of care as prescribed for each Z Benefit package it intends to provide may be contracted as Z Benefit provider.*
- B. *An HF that intends to be contracted as a Z benefit provider shall have the following human resource complement:*
 1. A multi-disciplinary team (MDT) consisting of PhilHealth-accredited physicians who are credentialed and privileged by the HF, and other health and non-health workers with specific duties and responsibilities as required by the Z Benefit; and
 2. A Z benefit coordinator who may handle a maximum of three (3) Z Benefit Packages.

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- C. An HF that can not provide a mandatory service (e.g. linear accelerator, CT Scan, and other specialized diagnostic and laboratory services) identified in the Self-Assessment Tool (SAT) of each Z Benefit package may enter into a Memorandum of Agreement (MOA) with an accessible service provider with appropriate license to operate (LTO), that will render the needed services for patients. The cost of the outsourced service shall be shouldered by the contracted HF and said cost shall not be included in the authorized co-payment.
- D. All contracted HFs shall abide by all the provisions stipulated in the PhilHealth Circular No. 2017-0017 titled "Strengthening the Implementation of the No Balance Billing (Revision 2)". Further, contracted HFs are encouraged to extend the above-mentioned policy to other membership categories of PhilHealth.
- E. Co-payment shall be allowed for non-NBB patients only. The amount for co-payment shall be agreed upon by the HF and PhilHealth and shall not exceed the corresponding rate of the Z Benefit package being availed of.
- F. Each Z Benefit package shall require a separate contract to be signed by the HF and PhilHealth.
- G. The initial contract shall be effective for not more than three (3) calendar years. It shall commence on the date it is signed by the concerned Vice President or Regional Vice President up to December 31st of the 3rd year. The table below provides an example of the validity of the contract:

Type of application	Date of application	Validity of contract
Initial	September 1, 2021	October 1, 2021 – December 31, 2021 (1 st calendar year)
	N/A	January 1, 2022 – December 31, 2022 (2 nd calendar year)
	N/A	January 1, 2023 – December 31, 2023 (3 rd calendar year)

Table 1: Validity of Initial Contract

- H. The contract (initial or renewal) shall be suspended due to the following grounds:
 1. The DOH license or certification of the health facility is suspended or cease and desist order was issued;
 2. Suspension imposed by the Corporation; and/or
 3. Other grounds that may be determined by the Corporation
- I. Reinstatement of the contract shall be automatically effected once the ground for suspension is resolved or served.
- J. The contract (initial or renewal) shall be terminated due to the following grounds.
 1. The HF has not provided the contracted services (Z Benefit Package) on the first 12 months of the 3-year contract;
 2. DOH license is revoked or not renewed. Termination shall commence on the date of revocation or non-renewal of license;
 3. PhilHealth accreditation is revoked or not renewed. Termination shall commence on the date upon revocation or non-renewal of accreditation;
 4. When the health facility stops operation. Termination shall commence on the date the HF stops operation;
 5. Non-fulfillment by any of the parties of any of its obligations as stipulated in the Contract; and/or
 6. Other grounds that may be determined by the Corporation
- K. An HF contracted for Kidney Transplantation shall submit an updated DOH certificate as a KT facility within thirty (30) days prior to the expiration of its DOH certificate.

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Otherwise, the contract shall be terminated at the end of the validity of the DOH certificate.

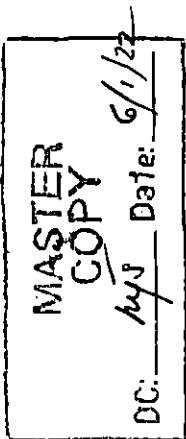
L. Contracting Process

1. Initial contract as a Z Benefit provider:

- a. *The HF shall conduct a self – assessment to measure compliance to the standards set by the Corporation. The SAT on the applicable Z Benefit package applied for, is listed under the “Z Benefit Documents” and can be downloaded from PhilHealth’s website through <https://www.philhealth.gov.ph/downloads>. A copy of the SAT may also be secured from any PRO.*
- b. *If found compliant to all standards, the HF shall submit the following to the nearest Local Health Insurance Office (LHIO)/Branch/PhilHealth Regional Office (PRO) for each Z Benefit Package the HF intends to provide:*
 - b.1 Letter of Intent (LOI) (Annex A);
 - b.2 Fully accomplished Self-Assessment Tool (SAT); and
 - b.3 Detailed co-payment proposal
- c. *The PRO shall conduct a pre-contracting survey (PCS) - same tool accomplished and submitted by the HF for self-assessment shall be used during the PCS to be conducted within **ten (10) calendar days** from receipt of complete documentary requirement to validate the compliance of the HF. **Any deficiency noted during the pre-contracting survey (PCS) shall result in denial of the application to become a provider for the Z Benefit Package.***
- d. *The PRO shall deliberate on all applications of Z Benefit providers. The result of the deliberation shall be recommendatory to the Vice President or Regional Vice President.*
- e. *An HF approved as a provider of Z Benefit shall receive an approval letter and a copy of the contract within **ten (10) calendar days** from conduct of PCS.*
- f. *An HF that failed to comply with the requirements for contracting shall receive a letter of denial within **ten (10) calendar days** from conduct of PCS, indicating the deficiencies noted. The HF may submit a new application after compliance with all requirements / standards.*

2. Renewal of Contract

- a. *To be renewed as a Z Benefit package provider, the HF shall submit the following **one hundred and twenty (120) to sixty (60) calendar days** prior to expiration of the current contract/s:*
 - a.1 *Updated SAT (www.philhealth.gov.ph/download under the “Z Benefit Documents”);*
 - a.2 *Detailed co-payment proposal (if with changes from the previous co-payment arrangement); and*
 - a.3 *Required reports as specified in each Z Benefit Package.*
- b. *Once found compliant with all the requirements, the HF shall execute a renewal of contract (Annex B).*
- c. *The validity of the renewed contract shall be for three (3) years, if HF is compliant with the conditions for renewal of contract. The table below provides an example of the validity of renewal of contract:*



Type of application	Date of application	Validity of contract
Renewal	October 1, 2023 (Must be at least 120 to 60 days prior to expiration of the existing contract)	January 1, 2024 – December 31, 2024 (1 st calendar year)
	N/A	January 1, 2025 – December 31, 2025 (2 nd calendar year)
	N/A	January 1, 2026 – December 31, 2026 (3 rd calendar year)

Table 2: Validity of Contract (Renewal)

M. Contract Changes and Adjustment of the Co-Payment

1. Request for any amendment of the contract such as, but not limited to, changes in co-payment or authorized signatories, etc., shall require a letter of request and written justification subject to approval of the Corporation.
2. For any adjustment of co-payment, the HF shall submit the following not later than ninety (90) days prior to expiration of the current contract:
 - a. Letter of request and justification for adjustment of the co-payment; and
 - b. Detailed co-payment computation.
3. Only approved adjusted rates as co-payment shall be reflected in the revised contract.

N. Monitoring and Evaluation

1. All contracted HF shall be subject to the monitoring rules of PhilHealth as stipulated in their Performance Commitment and in their Z Benefit Contract for Provision of Specialized Care. PhilHealth shall employ the process and monitoring and quality assessment tools provided in the Health Care Provider Performance Assessment System (HCP PAS) as applicable.
2. The PRO shall ensure that contracted HFs observe full compliance to all the policies and procedures of the Z Benefits such as but not limited to the following:
 - a. Provision of all mandatory services or the minimum standards of care based on the package requirements;
 - b. Co-payment arrangement;
 - c. Patient outcomes based on specific package requirements;
 - d. Practice of multidisciplinary-interdisciplinary approach to patient care;
 - e. Patient satisfaction results;
 - f. Participation in all activities pertinent to the Z Benefits such as, but not limited to, conduct of policy reviews, field validation, enhancement of systems and yearly audits; and
 - g. Submission of required reports as specified in applicable SAT, such as, but not limited to, mortality rates, morbidity rates, rejection rates, survival rates and others.
3. PhilHealth shall conduct periodic revision of these policy and specific provisions shall be revised, as needed.

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VI. PENALTY CLAUSE

Any violation of this PhilHealth Circular, terms and conditions of the Performance Commitment and all existing related PhilHealth Circulars shall be dealt with accordingly.



VII. SEPARABILITY CLAUSE

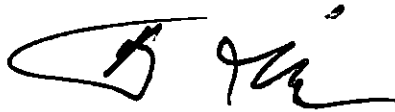
In the event that any part or provision of this PhilHealth Circular is declared unauthorized or rendered invalid by any court of law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

VIII. REPEALING CLAUSE

This policy repeals PhilHealth Circular No. 14 s. 2015 titled "Guidelines for Contracting Healthcare Institution as Z Benefit Packages Provider".

IX. DATE OF EFFECTIVITY

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



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

Date signed: 5/31/2022

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DC: Ag's Date: 5/1/22



Annex A: Draft Letter of Intent

HOSPITAL LOGO

Hospital Name

Hospital Address

Letter of Intent

(Date)

(Name of RVP

(Address of PRO)

We, the _____ (Name of HCI) _____, with address at _____, is applying to become a contracted healthcare provider for the following Z Benefit Packages:

- End Stage Renal Disease requiring Kidney Transplantation (low risk);
- Early Stage Breast Cancer (Stage 0 to IIIa);
- Surgery for Closure of Ventricular Septal Defect (VSD);
- Surgery for Total Correction of Tetralogy of Fallot (TOF);
- Z benefits rate for the Mobility, Orthosis, Rehabilitation, Prosthesis Help (Z MORPH) package for the fitting of external lower limb prosthesis below the knee and Expanded Z MORPH;
- Elective Surgery for Standard Risk Coronary Artery By Pass Graft (CABG);
- Standard Risk Acute Lymphocytic (Lymphoblastic) Leukemia for Children (ALL);
- Low to Intermediate Risk Prostate Cancer Requiring Prostatectomy;
- Cervical Cancer Stage IA to IIIB;
- End Stage Renal Disease requiring Peritoneal Dialysis (PD FIRST);
- Selected Orthopedic Implants;
- Colon and Rectum Cancers Stage I to III;
- Premature and Small Newborns;
- Children with Mobility Impairment;
- Children with Developmental Disabilities
- Others _____

We read and understand the governing policies and guidelines on the Z Benefits stated in the PhilHealth Circulars and other applicable Philhealth issuances. We fully agree with the conditions set to qualify as a contracted healthcare institution for Z Benefits Packages.

Name of Medical Director/Medical Center Chief

Name of Hospital

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**“BAWAT PILIPINO, MIYEMBRO
BAWAT MIYEMBRO, PROTEKTADO
KALUSUGAN NATIN, SEGURADO”**

**CONTRACT FOR HEALTHCARE SERVICES ON
SPECIALIZED PATIENT CARE**

{Case Type Z Benefit for _____}

KNOW ALL MEN BY THESE PRESENTS:

This Contract for Healthcare Services on Specialized Patient Care for Case Type Z Benefit for _____ is made and entered into this _____ day of _____ 2022, in the City of _____, _____, by and between:

PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH), a government-owned and controlled corporation duly created by virtue of Republic Act No. 7875 as amended by RA No 9241, RA No. 10606 and RA No. 11223 or the Universal Health Care Act with principal office address at the _____, represented herein by its Vice President / Regional Vice President, _____ and hereinafter referred to as “PHILHEALTH”;

and - _____, a LEVEL _____ healthcare facility, with principal address at _____, represented herein by its Medical Director, _____, MD, hereinafter referred to as the contracted health facility (HF).

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WITNESSETH, That:

WHEREAS, all applicable provisions and annexes of the contract (Annex 1) entered into and dated _____ between PhilHealth and _____ shall form of this contract renewal:

WHEREAS, the subject renewal shall take effect from _____ until _____:

WHEREAS, the respective Co-payment tables/Schedules for the Sponsored and Non-Sponsored members based on the (cite the new/revised Circular on No Balance Billing (NBB) found under the **CONTRACT RATES AND PAYMENT CONDITIONS** of the initial contract is hereby revised/amended to as follows:

TABLE I:

Membership classification (PhilHealth Circular 2017-0017)	Z Benefit Package Coverage As per PC _____ and Z Codes	For other services /Professional Fee
Indigent Members		No Balance Billing {NBB}
Sponsored Members		
Domestic Worker or Kasambahay		
Senior Citizen		
Lifetime Members		

TABLE II

Membership Classification	Package Z Code	Mode of payment	Package Rate as per PhilHealth Circular	Total Package Rate	Co payment
Non NBB Members		Tranche 1	P _____	P _____	P _____
		Tranche 2	P _____		
		Tranche 3	P _____		

IN WITNESS WHEREOF, the parties have set their hands this _____ day of _____ 2022.

PHILIPPINE HEALTH INSURANCE CORPORATION

(NAME OF HEALTH FACILITY)

By:

By:

VP/RVP

Medical Director

Signed in the presence of:

Name and Signature

Name and Signature

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 DC: MS Date: 6/1/22

RENEWAL