



PHILHEALTH CIRCULAR

No. 2023-0016

TO : ACCREDITED HEALTH CARE INSTITUTIONS/
PROVIDERS, PHILHEALTH REGIONAL OFFICES,
BRANCHES, LOCAL HEALTH INSURANCE OFFICES,
LOCAL GOVERNMENT UNITS, PRIVATE SECTOR
PARTNERS, AND ALL OTHERS CONCERNED

SUBJECT : Guiding Principles for Integrated UHC Benefits and
Provider Payment Reforms Sandbox Sites

I. RATIONALE

Republic Act (RA) No. 11223 or the Universal Health Care (UHC) Act introduces systems-level reforms that aim to transform the way healthcare is delivered in the Philippines. These reforms touch on different aspects of the healthcare system, and work to reinforce each other and create an ecosystem that guarantees comprehensive, quality, efficient, and affordable health services.

Part of the reforms would be foregoing old routines, and innovating new processes. For these reforms to take place, two interconnected steps are necessary. The first would be to pilot select key reforms in order to better understand its implementation, particularly those that the system has no prior experience of executing. The second step would be to conduct these reform pilots hand-in-hand, in order to grasp how the interventions interface with each other, to further maximize their complementation.

Simply put, there is a need for a tangible and concrete showcase of the interplay of health financing reforms as envisioned by the UHC Act. This can be done through a sandbox approach - a mechanism of live-testing environments for innovative products, services, and/or models, implemented under controlled and supervised conditions. In the particular context of the UHC Act, this means to test new policy approaches and interventions of the law to identify the best form to implement them.

II. OBJECTIVES

This PhilHealth Circular aims to define the purpose, parameters, and general principles of implementing sandboxes for PhilHealth health financing policies in relation to the provisions of the UHC Act.

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III. SCOPE

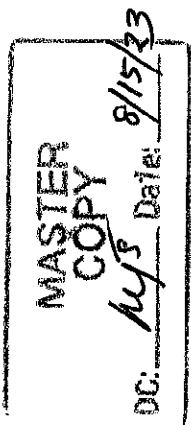
This PhilHealth Circular provides the guiding principles for the conduct of sandboxes on PhilHealth health financing policies in relation to the UHC Act in select innovation sites.

IV. DEFINITION OF TERMS

- A. **Community of Practice** - the regular dialogues with sandbox sites, expert groups, and development partners on progress of implementation and identified best practices.
- B. **Interventions** - the concrete policies, actions, or activities being tested in the integrated sandbox sites.
- C. **Monitoring and Evaluation (M&E)** - the continuous management function to assess if progress is made in achieving expected results, to spot bottlenecks in implementation, and to highlight whether there are unintended effects from the program and its activities.
- D. **Policy Summit** - the strategic consultations with sandbox sites where relevant policy interventions shall be discussed collectively to illustrate their complementary features.
- E. **Sandbox** - a strategy for small-scale, live testing of innovations in a controlled environment under PhilHealth's supervision of UHC reforms intended to acquire lessons and experience on its implementation, generate additional evidence, and flag policy or regulatory gaps from existing policies.
- F. **Sandbox Site** – province or highly urbanized city or independent component city that has been selected to partake as sandbox.
- G. **Theory of Change** - the comprehensive description and illustration of how and why a desired change is expected to happen in a particular context.

V. POLICY STATEMENTS

- A. The UHC Innovation Sandbox Sites, hereon referred to as “sandbox”, shall function as a mechanism to live-test key UHC health financing reforms of PhilHealth, particularly in relation to:
 - 1. Primary care-oriented continuum of care
 - 2. Innovative payment and incentive mechanisms
 - 3. Integrated governance, data, and service delivery platforms
 - 4. Digitally-enabled service provision and reporting
- B. The sandboxes shall be conducted in whole provinces or cities, in line with the integration towards province- or city-wide health systems. Details on the criteria shall be set to select provinces or cities, including requirements to

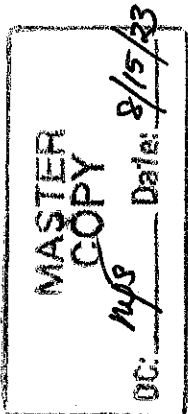


attain to be an integrated sandbox site shall be determined in a separate issuance, following finalization of the integrated approach

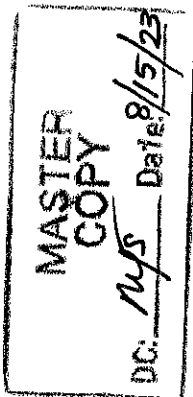
- C. The interventions to be tested in the sandboxes shall primarily be policies and/or operational guidelines on benefits and provider payment mechanisms.
1. These shall be in accordance with the expected guarantees of the UHC Act and its Implementing Rules and Regulations (IRR), or any prospective transitory or interim versions of the same.
 2. Health financing reforms for both primary/outpatient and inpatient care, as well as provider engagement shall be implemented across all sandbox sites. Payment support features and complementary reforms may be implemented within sandbox sites, depending on specific objectives set (Annex A: Health Financing Reforms for Testing in Sandbox Sites).
 3. The implementation of these health reforms in the integrated sandbox sites shall be guided by separate policy issuance.
- D. A combination of multiple interventions shall be implemented in each sandbox site.
1. All combinations should have a corresponding intervention at the primary care/outpatient level, and inpatient level.
 2. Different sandbox sites may have different configurations, format, or versions of the reforms in order to assess various implementation set-ups and effects.
- E. The sandbox sites shall be implemented with the following key activities:
1. Policy Summits - strategic consultations with sandbox sites where relevant policy interventions shall be discussed collectively to illustrate their complementary features.
 2. Community of Practice - regular dialogues with sandbox sites, expert groups, and development partners on progress of implementation and identified best practices.
 3. Dashboard Transparency - a platform for regular reporting of progress of implementation across sandbox sites
 4. Monograph Documentation - a mechanism of prospectively documenting all activities in sandbox sites.

Other more specific activities shall be identified and implemented following the different configurations of the sites.

- F. Partner provinces and cities, as well as private sector entities within their jurisdiction, shall have clear accountabilities and commitments to support the implementation of sandboxes in their areas, such as but not limited to the following:
1. Development of relevant policies (i.e., local ordinances, corporate orders, etc.) that may help facilitate implementation of the different interventions;
 2. Compliance to prescribed standards and service delivery requirements;



3. Compliance to system capacity requirements (ex. information systems);
 4. Active participation in monitoring and evaluation schemes, including consultative processes and feedback mechanism; and
 5. Submission of required data for necessary baselining and measurement of target output and outcome indicators.
- G. All sandboxes shall be designed and implemented with a clear and explicit monitoring and evaluation (M&E) system. The main components of the said system are as follows:
1. Well-defined theory of change describing the expected results of the combination of the interventions;
 2. Complete data collection process, including the data sources and data points to be collected;
 3. Specific output and/or outcome indicators that will measure success; and
 4. Analytical approach to derive the output and outcome indicators of interest.
- H. Development partners and other external entities shall be engaged in support of the interventions for implementation in the sandbox sites. A formal program that convenes and organizes support from development partners shall be developed to ensure cohesive and harmonious technical assistance.
1. A partner experts' consortium shall be organized with development partners and/or other external entities to provide expertise on research and analytics, evidence generation, strategy and management, policy development, project management, and any others deemed relevant to the implementation of the sandboxes.
 2. The appropriate legal instrumentalities (ex. memorandum of understanding/agreement, PhilHealth Board Resolution) shall be provided to facilitate such agreement.
 3. Strategic partner agencies, such as the Department of Health (DOH), will be identified and engaged in order to mobilize the necessary financial and other resources that may be needed to engage development partners and other external entities.
- I. Roles and Responsibilities
1. PhilHealth Head Office
 - a. Spearhead the development of UHC-related policies and guidelines, with the PhilHealth UHC Surge Team as technical unit-in-charge, in accordance with mandates set forth by PhilHealth Board Resolution No. 2731, s.2022, and provisions indicated in Corporate Order No. 2022-0087.
 - a.1. Facilitate coordination and collaboration with key PhilHealth units and offices for implementation of the sandboxes
 - a.2. Bridge relevant activities and programs with the Department of Health as necessary
 - b. Strategize and monitor engagements with development partners for technical assistance on UHC health financing reforms and their consequent implementation in sandbox sites; and



- c. Design and ensure proper documentation, reporting, and feedback on progress and results of sandboxes.
2. PhilHealth Regional Offices
 - a. Supervise the implementation and monitoring of sandboxes within their respective regions;
 - b. Provide timely documentation, reporting, and feedback on the progress and results of sandboxes to the Central Office;
 - c. Facilitate engagements with development partners, private sector partners, and/or other project management teams that may provide assistance to selected sandbox sites; and
 - d. Facilitate and manage partnerships with local government units and DOH Center for Health Development.
 3. Local Government Units
 - a. Comply with standards and requirements based on the specific design of the sandbox, as stipulated in the legal instrument i.e., memorandum of agreement, for implementation in their area;
 - b. Submit documentation, reports, and feedback to the PhilHealth Regional Offices in a timely manner;
 - c. Organize and implement relevant local policies and ordinances in support of the implementation of the sandboxes;
 - d. Provide support in facilitating partnerships with private sector entities within their jurisdiction;
 - e. Engage with development partners and/or other project management teams that may provide assistance; and
 - f. Participate in policy summits, feedback sessions, and other consultative activities that may be organized for purposes of the sandboxes.
 4. Private Sector Partners
 - a. Comply with standards and requirements based on the specific design of the sandbox, as stipulated in the legal instrument i.e., memorandum of agreement, for implementation in their area;
 - b. Submit documentation, reports, and feedback to the PhilHealth Regional Offices in a timely manner;
 - c. Organize and implement relevant corporate policies and orders in support of the implementation of the sandboxes;
 - d. Engage with the local government unit, as well as development partners and/or other project management teams that may provide assistance; and
 - e. Participate in policy summits, feedback sessions, and other consultative activities that may be organized for purposes of the sandboxes.

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J. Monitoring and Evaluation

The policy shall be regularly monitored, reviewed and enhanced as necessary.

VI. PENALTY CLAUSE

Any violation this PhilHealth Circular shall be dealt with and penalized in accordance with pertinent provisions of the National Health Insurance Act of 2013 (RA No. 7875, as amended by RA Nos. 9241 and 10606) and the Universal Health Care Act (RA No. 11223), and their respective Implementing Rules and Regulations and other relevant laws.

VII. TRANSITORY CLAUSE

Sites that have been engaged and/or already operational as part of other sandbox initiatives, including but not limited to PC No. 2023-008 (Subject: Implementation of a Primary Care Provider Network [PCPN] Contracting Arrangement through the Konsulta Package in Sandbox Sites/Networks [*Revision 1*]), may continue. Following the engagement, the site shall have the discretion to continue implementing the existing sandbox or transitioning to an integrated sandbox site.

VIII. SEPARABILITY CLAUSE

If, for any reason, any part of this PhilHealth Circular is declared invalid or unconstitutional, any part or provision not affected thereby shall remain in full force and effect.

IX. DATE OF EFFECTIVITY

This PhilHealth Circular shall be published in any newspaper of general circulation and shall take effect after fifteen (15) days from date of publication. Further, this PhilHealth Circular shall also be deposited thereafter with the Office of the National Administrative Register at the University of the Philippines Law Center.

EMMANUEL R. LEDESMA, JR.
Acting President and Chief Executive Officer (APCEO)

Date signed: 7/12/23

Guiding Principles for Integrated UHC Benefits and Provider Payment Reforms Sandbox

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**Annex A: Health Financing
Reforms for Testing
in Sandbox Sites**

Health Financing Reforms for Testing in Sandbox Sites

Primary/ Outpatient Care	<ul style="list-style-type: none"> ● Integrated Konsulta and SDG benefits ● Standalone outpatient benefits such as, but not limited to: <ul style="list-style-type: none"> ○ Outpatient drug benefit ○ Emergency care benefit ○ New or enhanced Z-benefit packages for outpatient
Inpatient Care	<ul style="list-style-type: none"> ● Philippine diagnosis-related groups (PHL-DRGs) shadow billing ● New or enhanced Z-Benefit packages for inpatient
Provider Engagement	<ul style="list-style-type: none"> ● Prospective payments <ul style="list-style-type: none"> ○ Global budget ○ Capitation ○ Case-based or per diem ● Pay-for-performance schemes ● Contracting of health care facilities ● Contracting of health care provider networks
Payment Support Features	<ul style="list-style-type: none"> ● Payment through the Special Health Fund (SHF) ● Cost sharing, fixed co-payments, zero co-payment

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