

**PHILHEALTH CIRCULAR**

No. 2024 - 0019

**FOR : ALL PHILHEALTH ACCREDITED HEALTH FACILITIES, ALL PHILHEALTH OFFICES, PHILHEALTH RECOGNIZED THIRD PARTY ACCREDITORS AND ALL OTHERS CONCERNED**

**SUBJECT : Providing Incentives to Health Facilities Demonstrating Better Service Quality, Efficiency and Equity**

**I. RATIONALE**

Section 27 of the Universal Health Care (UHC) Act or Republic Act (RA) No. 11223 mandates PhilHealth to establish a rating system under an incentive scheme to acknowledge and reward health facilities (HFs) that provide better service quality, efficiency and equity.

Following the principle of continuous quality improvement (CQI) framework, the initial accreditation of health care providers supports the UHC by stimulating the continuous performance improvement of health services through good governance, strategic resource development, administrative discipline and the practice of evidence-based patient care processes. The Benchbook 1 for hospitals was developed in 2005 with the aim of instilling a culture of quality of care in HFs, thus, increasing the likelihood that care is patient-centered, timely, safe and effective. The Benchbook 2 for hospitals represents a shift from standards that focus on inputs to health care to standards that also evaluate processes and outcomes of care. It includes standards and criteria that measure the extent to which hospitals can produce better health outcomes at lower costs, i.e., provide better value, raises the protective value of insurance against financially catastrophic illnesses. Hence, enhancement of facilities must be accompanied by the achievement of demonstrable improvement of patient outcomes. These same standards and criteria were adopted for the Benchbook for Non-hospital Facilities.

Providing incentives for HFs promotes service quality, efficiency and equity, assuring that services are responsive to PhilHealth beneficiaries' needs and enhancing health outcomes for all Filipinos.

**II. OBJECTIVES**

This PhilHealth Circular aims to provide rules in the provision of incentives to health facilities that demonstrate better service quality, efficiency and equity.

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### III. SCOPE

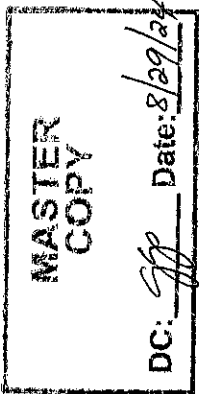
This PhilHealth Circular covers the following:

- A. The PhilHealth rating system for measuring the quality of services of accredited HFs that voluntarily participate in the Corporation's incentive program;
- B. The mechanism to grant incentives for HFs that provide better service quality, efficiency and equity;
- C. The rules of engagement between the Corporation, the third party accreditor and eligible HFs as stipulated under this PhilHealth Circular.

This issuance shall apply to all accredited HFs with intent to participate in the incentive program under this PhilHealth Circular as well as to PhilHealth recognized third party accreditors.

### IV. DEFINITION OF TERMS:

- A. **Benchbook** – a document that serves as a yardstick for measuring and assessing the quality health care rendered by PhilHealth and the accredited HFs and health care professionals and which lays out basic concepts on the value of quality assurance in health care and how accreditation process supports continuous quality improvement<sup>1</sup>.
- B. **Center of Excellence (COE)** – an award given to a health facility that comply with the PhilHealth Benchbook standards **AND** obtain minimum Chapter level and overall average scores. The HF shall be able to provide care that is timely, safe, patient-centered and effective and ensures that such care provides value for money, conserves healthcare resources and promotes health equity<sup>2</sup>.
- C. **Financial Risk Protection** – This is a key component of universal health coverage (UHC), which is defined as access to all needed quality health services without financial hardship.<sup>3</sup> It is the Protection of the population from high and unexpected cost of illness.<sup>4</sup>
- D. **Health Facility (HF)** - a facility which may be public or private, devoted primarily to the provision of health 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;
- E. **Quality Incentive (QI)** –an incentive granted to an HF that provides quality health service to all patients based on the recommendations from PhilHealth-



<sup>1</sup> Benchbook on Performance Improvement for Health Services, 2004.

<sup>2</sup> Benchbook for Hospital 2<sup>nd</sup> edition.

<sup>3</sup> Saksena, P, Hsu, J., & Evans D.B. (2014, September). Financial Risk Protection and Universal Health Coverage: Evidence and Measurement Challenges. PLOS Medicine, 11(9), e1001701.pdf

<sup>4</sup> PhilHealth Circular No. 031-2014

recognized Third Party Accreditors that utilize the Benchbook as the rating scheme.

**F. Third Party Accreditation** – the accreditation of HFs by a third party duly recognized and authorized by PhilHealth, exclusive of the decision-making function, to grant or deny accreditation to the Program. This is above the regular accreditation required to participate in the National Health Insurance Program.

**G. Third Party Accreditor (TPA)** – a PhilHealth-recognized organization that reviews a process, product, system, organizational unit, person, etc., to determine if a prescribed standard of performance is achieved.

## V. POLICY STATEMENTS

A. All currently PhilHealth-accredited HFs exhibiting exemplary quality services may apply in the incentive program subject to compliance with other conditions as provided for in this PhilHealth Circular.

B. PhilHealth shall acknowledge and incentivize good performing HFs based on achievement of quality health care standards according to Benchbook 2 and Benchbook for Non-hospital facilities with expected impact on patient experience and services and their respective amendments. The Benchbook Standards may be accessed from the PhilHealth website through <https://www.philhealth.gov.ph/partners/providers/benchbook/BenchbookSurveyManual.pdf>. such incentive shall be called Quality Incentive (QI)

C. Compliance to standards for the incentive program shall be based on the Benchbook standards and their respective amendments.

D. HFs intending to access the QI shall first undergo a self-assessment using the Benchbook standards through the prescribed self-assessment tool (SAT) that can be accessed from the PhilHealth website through <https://www.philhealth.gov.ph/partners/providers/benchbook/BenchbookSurveyManual.pdf>. They shall properly accomplish the score sheet which can also be accessed from the PhilHealth website through [https://www.philhealth.gov.ph/partners/providers/benchbook/selfassessment\\_score\\_sheet.xlsx](https://www.philhealth.gov.ph/partners/providers/benchbook/selfassessment_score_sheet.xlsx).

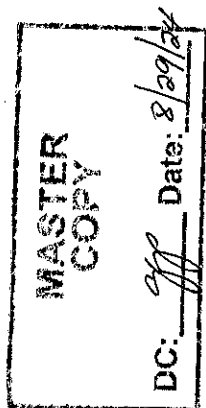
E. HFs intending to avail of the QI shall comply with the following:

1. Accredited for at least three consecutive years prior to application;
2. Regular accreditation at the time of application; and
3. No pending case/ appeal/ motion for reconsideration (MR) for cases involving fraud with the Arbitration Office or PhilHealth Board and/or any courts.

F. The assessment of the HF's compliance to the Benchbook standards shall be through the recognized TPAs.

G. The assessment shall include, but not limited to the following:

1. Measures on provision of complete and appropriate care;
2. Health outcomes;



3. Patient satisfaction;
4. Fund utilization and allocation of resources across health care providers and different levels of care;
5. Compliance to standards of clinical practice as approved by Department of Health (DOH);
6. Submission of price information of health goods and services;
7. Compliance to guidelines and standards as prescribed by DOH and PhilHealth and other applicable laws; and,
8. Other indicators as deemed necessary.

H. PhilHealth may conduct additional assessment for aspects not included in the current indicators of the TPA such as financial risk protection standards.

I. In summary, interested and qualified HFs shall undergo the process (Annex A) below:

1. Conduct self-assessment using the SAT<sup>5</sup>;
2. Fill out the Benchbook score sheet properly<sup>6</sup>;
3. Contact a PhilHealth-recognized TPA for the assessment of HF's compliance to the Benchbook standards and send a letter of intent (LOI) to a recognized TPA for the assessment of HF's compliance to the Benchbook standards, copy furnished the Senior Vice President of the Health Finance Policy Sector of PhilHealth; and
4. The TPA shall submit to PhilHealth the HF's score and its corresponding recommendation.

J. PhilHealth shall review the performance of the HF based on the TPA's report and the HF's compliance to other conditions as provided in this issuance and shall decide on whether the HF may be awarded as a Center of Excellence.

K. Any agreement made between the TPA and the HF shall be solely between the two parties.

L. To be eligible for the Center of Excellence award, HFs shall fulfill the following criteria:

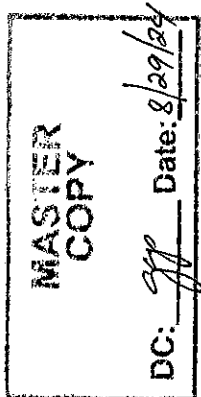
1. Benchbook Score of 22-26.
2. Meet all provisions in Section V, Item E of this PhilHealth Circular; and,
3. PhilHealth's approval of the TPA organization's recommendation for granting a COE award.

M. The COE award shall be valid for three (3) years subject to the renewal of accreditation of the HF within the 3-year validity period, as applicable. For the succeeding three years, a new assessment by the TPA shall be done at least six (6) months prior to the expiry of the COE award.

N. The HF shall submit a letter of intent to its preferred TPA at least six months prior to the end of the validity as a CoE to ensure a successful and timely renewal process.

<sup>5</sup> <https://www.philhealth.gov.ph/partners/providers/benchbook/BenchbookSurvey Manual.pdf>.

<sup>6</sup> [https://www.philhealth.gov.ph/partners/providers/benchbook/self-assessment\\_score\\_sheet.xlsx](https://www.philhealth.gov.ph/partners/providers/benchbook/self-assessment_score_sheet.xlsx).



O. The HF shall strictly adhere to the Benchbook standards at all times during the validity period of the award.

P. Withdrawal or Suspension of the Award

1. Any of the following conditions shall result in the withdrawal of the HF from the Incentive Program:
  - a. Conviction due to violations of fraudulent nature committed against the National Health Insurance Act or R.A. 7875, as amended by RA 9241, RA 10606 and RA 11223 and their respective Implementing Rules and Regulations;
  - b. Withdrawal of the accreditation of the HF by the PhilHealth-recognized TPA;
  - c. Voluntary withdrawal of the HF from the award; and,
  - d. Cessation of the recognition of the TPA organization. In such cases, the award of the HF shall be allowed to lapse until the end of its validity.
2. The incentive granted under this policy shall be suspended when the regular accreditation of the HF is temporarily withdrawn for reasons stipulated in Section V.W.3 of PhilHealth Circular No. 2023-0012 without prejudice to restoration of the same when the temporary withdrawal is lifted.
3. The withdrawal of the award is non-appealable.

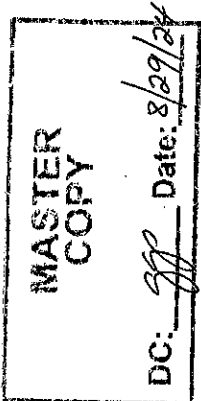
Q. Roles of the Third Party Accreditor (TPA)

1. The TPA that recommended the HF as a COE shall monitor the performance of the HF in compliance to the Benchbook Standards at least once during the period of the COE award;
2. The TPA shall submit to PhilHealth its monitoring reports pertaining to the HF;
3. The TPA shall also provide PhilHealth with a list of all the HFs that it assessed and the recommendation for each of the HF.

R. Transitory Provisions

For the initial phase of the implementation of the Program in 2024 and 2025:

1. The Program shall be initially implemented among qualified hospitals, both government and private;
2. The Corporation shall grant non-financial incentives to HFs awarded as Centers of Excellence;
3. Centers of Excellence shall receive at least the following:
  - a. Quality Incentive by recognition as a Center of Excellence;
  - b. A plaque of recognition as a Center of Excellence; and
  - c. Posting of name of HF on the PhilHealth Website as a Center of Excellence;
4. Other incentives that may be given in the future shall be covered through the issuance of another PhilHealth Circular and/or advisory.



T. Monitoring and Evaluation

PhilHealth shall conduct regular policy review in collaboration and consultation with key stakeholders.

U. Annexes

Annex A – Process Flow for HFs with Intention to Participate in the Incentive Program

**VI. PENALTY CLAUSE**

Any violation of this PhilHealth Circular, terms and conditions of the Performance Commitment for HFs<sup>7</sup>, and all existing PhilHealth Circulars and directives shall be dealt with in accordance with the pertinent provisions Republic Act (R.A.) No. 7875, as amended by R.A. Nos. 9241 and 10606 (National Health Insurance Act of 2013), R.A. No. 11223 (Universal Health Care Act), and their Implementing Rules and Regulations.

**VII. SEPARABILITY CLAUSE**

If any provision of this PhilHealth Circular shall be declared invalid or unconstitutional, the validity of the remaining provisions shall not in any way be affected and shall remain enforceable.

**VIII. REPEALING CLAUSE**

All provisions of previous issuances, PhilHealth Circulars, and directives that are inconsistent with any of the provisions of this PhilHealth Circular are hereby amended, modified or repealed accordingly.

**IX. DATE OF EFFECTIVITY**

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

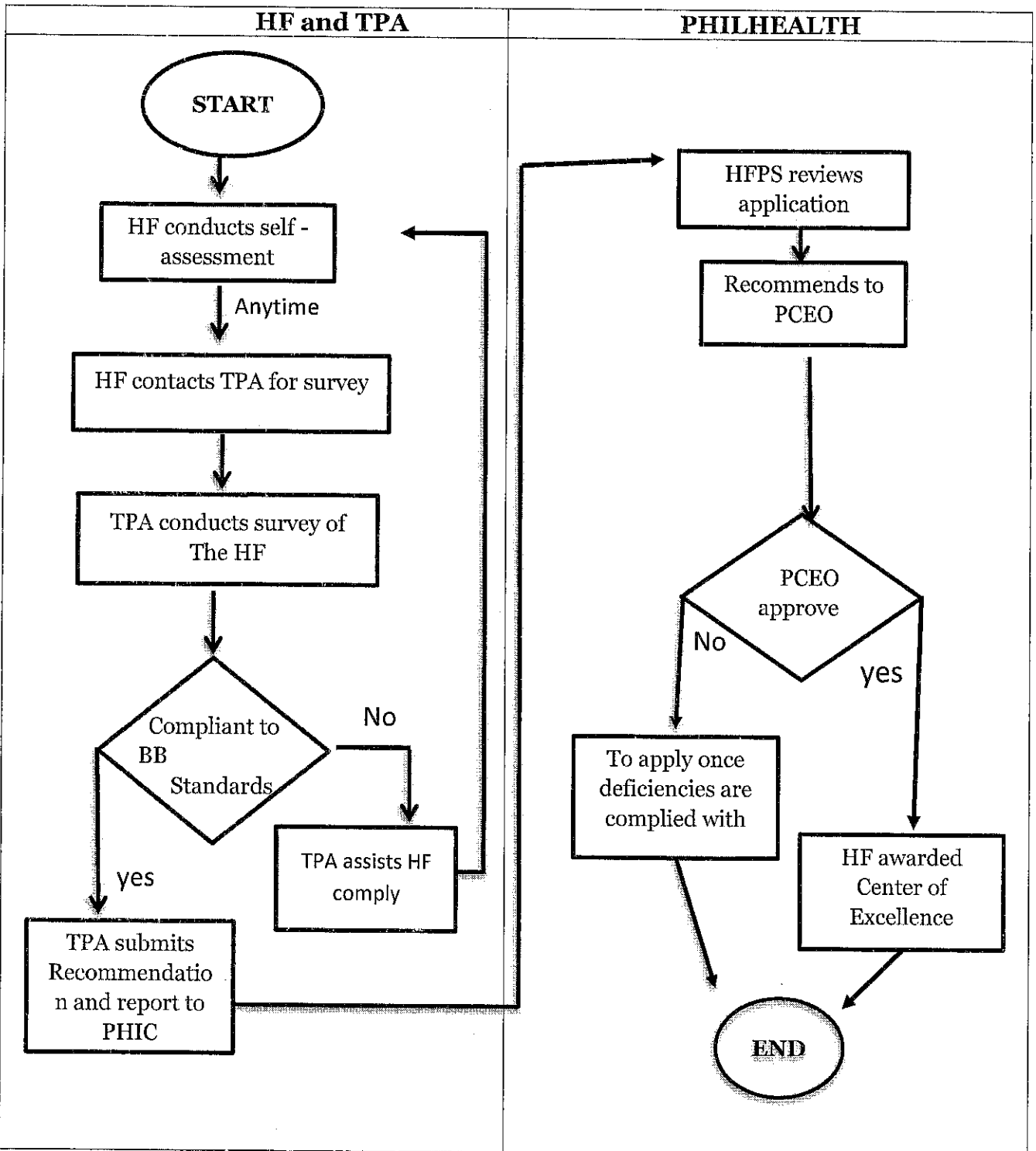
**EMMANUEL R. LEDESMA, JR.**  
President and Chief Executive Officer  
Date signed: 08/22/2024

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<sup>7</sup> PhilHealth Circular No. 2023-0012: "Omnibus Guidelines on the Accreditation of Health Facilities (HFs) to the National Health Insurance Program", Annex C: "Performance Commitment (Revised as of May 2023)".

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## Annex A: Process Flow for HFs with Intention to Participate in the Incentive Program



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