



**DEPARTMENT OF BUDGET AND MANAGEMENT
DEPARTMENT OF HEALTH
PHILIPPINE HEALTH INSURANCE CORPORATION**

December 21, 2012

**JOINT CIRCULAR
No. 2012-0424**

FOR : Officials of the Department of Health, the Department of Budget and Management and the Philippine Health Insurance Corporation and All Others Concerned

SUBJECT : Guidelines on the Implementation of Special Provision (SP) No. 15 on the National Health Insurance Program (NHIP) for Indigents, Department of Health (DOH) under Republic Act (R.A.) No. 10155, the FY 2012 General Appropriations Act (GAA)

1.0 Background

- 1.1 The implementation of Special Provision No. 15 under R.A. No. 10155, quoted below, is subject to guidelines to be issued jointly by the Department of Budget and Management (DBM), Department of Health (DOH) and Philippine Health Insurance Corporation (PhilHealth):
"15. National Health Insurance Program for the Indigents. Of the amounts appropriated under A.II.f.1, Three Billion Seven Hundred Thirty Three Million Pesos (P3,733,000,000) shall cover the National Government subsidy for health insurance premium of indigents under the National Household Targeting System for Poverty Reduction of the DSWD: PROVIDED, That such subsidy shall be released to PHILHEALTH, through the BTr, upon certification by the PHILHEALTH Chief Accountant that the LGU share in the premium subsidy has already been paid together with the corresponding number of indigent enrollees and period of coverage, and subject to the submission of a Special Budget pursuant to Section 15, Chapter 5, Book VI of E.O. No. 292, and such other reports and financial statements that may be required by the DBM: PROVIDED, FURTHER, That the amount of Eight Billion Two Hundred Ninety-Five Million Pesos (P8,295,000,000) shall cover the funding requirements for the full premium contribution of indigents and the corresponding increase in the amount of said premium. The corresponding amount shall be released to the PHILHEALTH, through the BTr upon the issuance by the PHILHEALTH increasing the amount of premium of indigents: PROVIDED, FINALLY, That in view of the substantial increase in premium contribution to PHILHEALTH due to the full coverage of indigents which will be paid by the National Government, the Administrative Cost which is computed based on the premium contribution collected shall not exceed ten percent (10%)."
- 1.2 Section III.B Conditional Implementation on the National Government Subsidy to Insurance Premium of Indigents of the Veto Message of His Excellency, President Benigno S. Aquino III, to the 15th Congress on the FY 2012 GAA provides as quoted hereunder:

"B. National Government Subsidy to Insurance Premium of Indigents

x x x

Accordingly, I am constrained to subject the full release of national government subsidy to the issuance of a DOJ Opinion stating said amendatory law is not necessary. Pending issuance of said DOJ Opinion, release of funds under this special provision shall be limited to the national government share provided under Section 29 of R.A. No. 7875, amended."

- 1.3 The Secretary of Health received a letter dated 21 March 2012 from the Secretary of Justice (DOJ) on the former's request for a review and reconsideration of the Opinion of the Department of Justice (DOJ) dated 08 November 2011 (Opinion No. 49, series of 2011) wherein it was opined that the provision of full National Government (NG) subsidy for premium contributions of indigents is not authorized under Section 29 of Republic Act (R.A.) No. 7875, otherwise known as the "National Health Insurance Act of 1995", as amended by R.A. No. 9241, thus, this requires the passage of a law for the release of the P8,295,000,000 funding requirements;
- 1.4 In the Conclusion of the aforementioned letter of the DOJ provides that *"Having concluded that Special Provision No. 15 is constitutional and, furthermore, that the conflict with Section 29 of R.A. 7875 is more apparent than real, we accordingly reverse our earlier Opinion insofar as it concluded that 'the passage of a law expressly stating that full premium contributions of the indigents shall be subsidized by the NG' is necessary for the release of the P8.295 Billion funding requirement.*
In any case, we would like to point out that, even if there were a conflict between the two, such conflict would, in any case, be likely resolved by maintaining the validity of the Special Provision (in the absence of anything that makes the same unconstitutional), and with Section 29 yielding to the same, either on the basis of the 'last in time rule' in statutory construction, or the rule that 'between a general and a special law or provision, the latter will control the former'."
- 1.5 In line with Special Provision No. 15 under R.A. No. 10155 that *"The corresponding amount shall be released to the PHILHEALTH, through the BTr upon the issuance by the PHILHEALTH increasing the amount of premium of indigents"*, PhilHealth has issued PhilHealth Circular No. 22, s. 2011 on *"New Premium Contributions to the National Health Insurance Program (NHIP) in Support for the Attainment of Universal Health Care and Millenium Development Goals (MDGs)"* increasing the premium contribution of all National Household Targeting System for Poverty Reduction (NHTS-PR) identified poor families of the Department of Social Welfare and Development (DSWD) under the Sponsored Program to Two Thousand Four Hundred Pesos (P2,400) per year effective 01 January 2012.

2.0 Purpose

This Joint Circular provides implementation guidelines for Special Provision No. 15 of the FY 2012 GAA on the amounts appropriated under A.II.f.1 Health Care Assistance under the Department of Health (DOH), Office of the Secretary representing the National Government subsidy for the health insurance premium of indigents under the National Household Targeting System for Poverty Reduction (NHTS-PR) of the Department of Social Welfare and Development (DSWD) enrolled in the National Health Insurance Program (NHIP).

3.0 Coverage

This Joint Circular applies to all offices of the Department of Budget and Management (DBM) and the Department of Health (DOH), including attached agencies. It also applies to all offices and units of the Philippine Health Insurance Corporation (PhilHealth), being an attached agency of the DOH.

4.0 Guidelines

- 4.1 The NHTS-PR list of indigents shall be used in identifying the classification of municipalities/cities and which shall be the basis to determine the share of the National Government in the health insurance premium of these indigents, with reference to PhilHealth Charter and the FY 2012 General Appropriations Act.
- 4.2 The amount appropriated under R.A. No. 10155, the FY 2012 GAA, as subsidy for Health Insurance Premium of indigent families enrolled in the NHIP is P12,028,000,000.
- 4.3 Per DOJ opinion, "the national government is authorized to use the P8.295 Billion appropriated under R.A. No. 10155 to pay for the full premium contribution of indigents (and any increase thereof), subject to the fulfillment of the LGUs of their obligation to pay their share."
- 4.4 To ensure that the concerned LGUs shall fulfill such obligation as required under R.A. No. 7875, as amended, any amount that may be collected by PhilHealth from the LGUs, relative to the latter's enrolment of NHTS-PR indigents, shall be deposited to the Bureau of the Treasury (BTr) to form part of the General Fund. PhilHealth shall submit a report to DBM showing the LGUs remittance.
- 4.5 The full subsidy appropriated for indigent families shall be released to PhilHealth through the BTr, upon submission of appropriate billing statements, certified by the PhilHealth Chief Accountant, reflecting the amount of full NG share for the health insurance premium of indigent families, the corresponding number of indigent enrollees and the period of coverage, and subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book IV of Executive Order (E.O.) No. 292, and such other reports and financial statements that may be required by the DBM.

5.0 Responsibilities

- 5.1 The Philippine Health Insurance Corporation shall:
- 5.1.1 Secure from the DSWD the NHTS-PR list of qualified indigent households;
- 5.1.2 Ensure that all eligible indigents are enrolled to the NHIP;
- 5.1.3 Coordinate with DOH, DSWD, and LGUs to ensure that eligible families of NHTS-PR are enrolled in the NHIP, and that the PhilHealth Identification Cards as much as possible will be released directly to the intended NHTS-PR poor beneficiaries in coordination with their concerned LGUs;
- 5.1.4 Provide automatic eligibility to avail of benefits among Sponsored Program members by disseminating/making accessible the list of Sponsored Program members to providers, especially public hospitals where Sponsored Program members will have zero copayment for covered services, i.e. No Balance Billing Policy, and to their designated primary care benefit providers;
- 5.1.5 Certify, through its Chief Accountant, the amount of applicable premium which will serve as the basis for the NG share in the premium subsidy, which includes the corresponding number of qualified enrollees and period of coverage.
- 5.1.6 The following requirements signed by the Agency Head shall be complied with before any certification by the Chief Accountant and subsequent release of funds by the DBM shall be made:
- 5.1.6.1 Certification that the amount of premium for the full NG share in the premium subsidy in line with DOJ opinion dated March 21, 2012 was prepared in accordance with existing rules and regulations provided under the Implementing Rules and Regulations of R.A. No. 7875, as amended and in line with DOJ Opinion dated March 21, 2012;
- 5.1.6.2 Certification that PhilHealth shall assume the full responsibility for the veracity and accuracy of the collections incorporated in the PhilHealth financial statements including the list of NHTS indigents;
- 5.1.7 In coordination with DOH, request to DBM the release of Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA), through the BTr, the NG share in the premium subsidy of enrolled indigents;
- 5.1.8 Adhere and comply with the provisions mentioned under item 4.4 hereof;
- 5.1.9 Submit to DBM pertinent reports and financial statements as required to facilitate the release of funds;
- 5.1.10 Ensure compliance to the aforementioned requirements by issuing specific Office Orders and/or other guidelines deemed necessary to operationalize this joint circular; and
- 5.1.11 Comply with the Transparency Seal provision pursuant to Section 93 of R.A. No. 10155, the FY 2012 General Appropriations Act and as implemented by National Budget Circular No. 542 dated August 24, 2012.
- 5.2 The Department of Health shall:
- 5.2.1 Ensure, in coordination with PhilHealth, DSWD, and LGUs, that eligible indigent families under the NHTS-PR list of the DSWD are enrolled to the NHIP;
- 5.2.2 Ensure availability and provision of health care services (i.e., hospitalization and primary care) by government providers to eligible NHTS-PR beneficiaries;
- 5.2.3 Adhere and comply with the provisions mentioned under item 4.4 hereof;
- 5.2.4 Assure that PhilHealth complies with the transparency seal as required by law; and
- 5.2.5 Through its Secretary, be responsible for ensuring compliance of the aforementioned requirements by issuing specific guidelines deemed necessary to operationalize this joint circular.
- 5.3 The Department of Budget and Management shall:
- 5.3.1 Based on the actual billings, as certified by the PhilHealth Chief Accountant, and as indorsed by the DOH, release the SARO/NCA through the BTr, the NG share in the premium subsidy based on the DSWD NHTS-PR certified list of enrolled indigents;
- 5.3.2 Release the NG share in the premium subsidy subject to cash programming, budgeting, accounting and auditing and other applicable laws, rules and regulations; and
- 5.3.3 Require PhilHealth to submit reports and financial statements necessary for the release of funds.

6.0 Governing Clause

Issues arising from the implementation of this Joint Circular shall be resolved jointly by DBM, DOH, and PhilHealth.

7.0 Separability Clause

In the event that any provision or part of this Joint 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.

8.0 Effectivity

This Joint Circular shall take effect immediately.

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