

# Implementation of Health Insurance for Workers in the Informal Economy (Philippine Experience)

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# Outline of Presentation

- I. Situationer
  - A. National Health Insurance Program (NHIP)
  - B. Philippine Informal Economy Workers
  - C. Status of Coverage of the Informal Economy Workers Under the NHIP
- II. Challenges in the Coverage of the Informal Economy Workers
- III. Addressing the Challenges Through the Universal Health Care (UHC) Act
- IV. Strategies for Covering the Informal Economy Workers Under the UHC Act



# National Health Insurance Program



- Republic Act No. 7875 established **National Health Insurance Program** and created the Philippine Health Insurance Corporation (**PhilHealth**) in 1995 to provide health insurance coverage to all Filipinos (National Health Insurance Act of 1995)
- Amendments
  - Republic Act No. 9241 (2004)
  - National Health Insurance Act of 2013, Republic Act No. 10606 (2013)
  - Universal Health Care Act, Republic Act No. 11223 (2019)

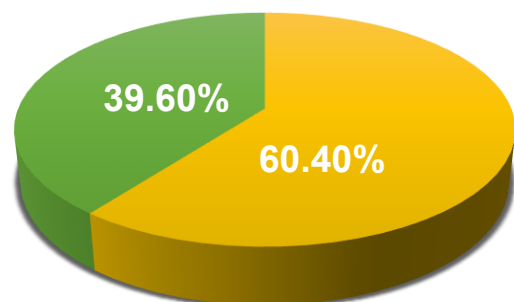


# Informal Economy Workers in the Philippines

## Informal Economy

All economic activities by workers or economic units that are - in law or in practice - not covered or sufficiently covered by formal arrangements (ILC 2002)

**Labor Force Survey**



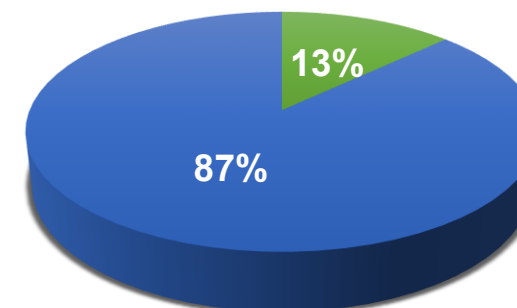
■ Formal Economy ■ Informal Economy

<b>Labor Force Survey (July 2020)</b>	<b>41,306,000</b>
Formal Economy	24,948,824
Informal Economy	16,357,176

## Workers in the Informal Economy

Independent, self-employed, small scale producers and distributor of goods and services (ILO)

**Informal Economy**



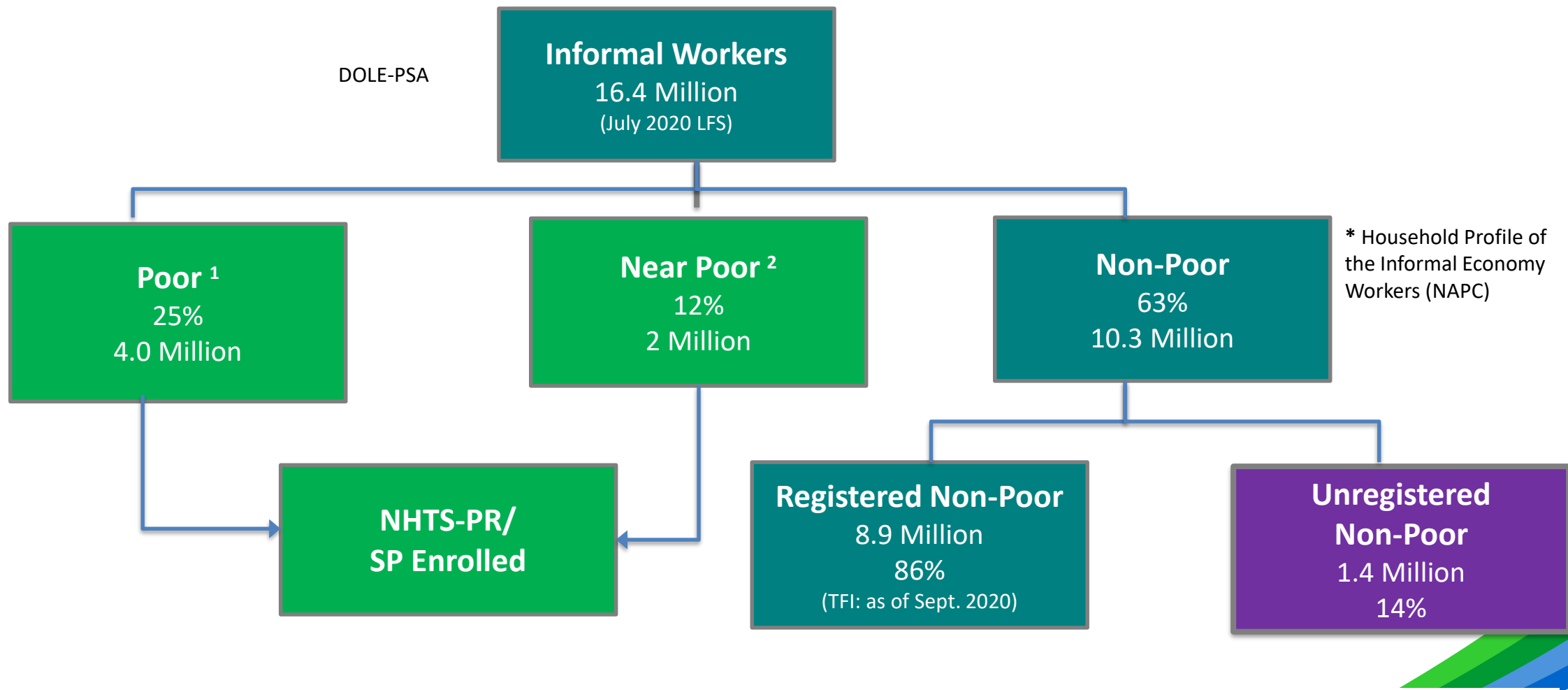
■ Professionals ■ Self-Earnings

<b>Informal Economy</b>	<b>16,357,176</b>
Professionals	2,106,606
Self-Earnings	14,250,570

### Notes:

1. Projections based on Philippine Statistics Authority (PSA) – Labor Force Survey (LFS)
2. The No. of Professionals is based on PSA data.
3. The No. of Self-Earnings is the difference in the No. of Informal Economy and Professionals

# Status of Coverage of the Informal Economy Workers under the NHIP



## Notes:

\* National Anti Poverty Commission (NAPC) generated profile based on the combined 2012 Family Income and Expenditure Survey and Labor Force (LFS)

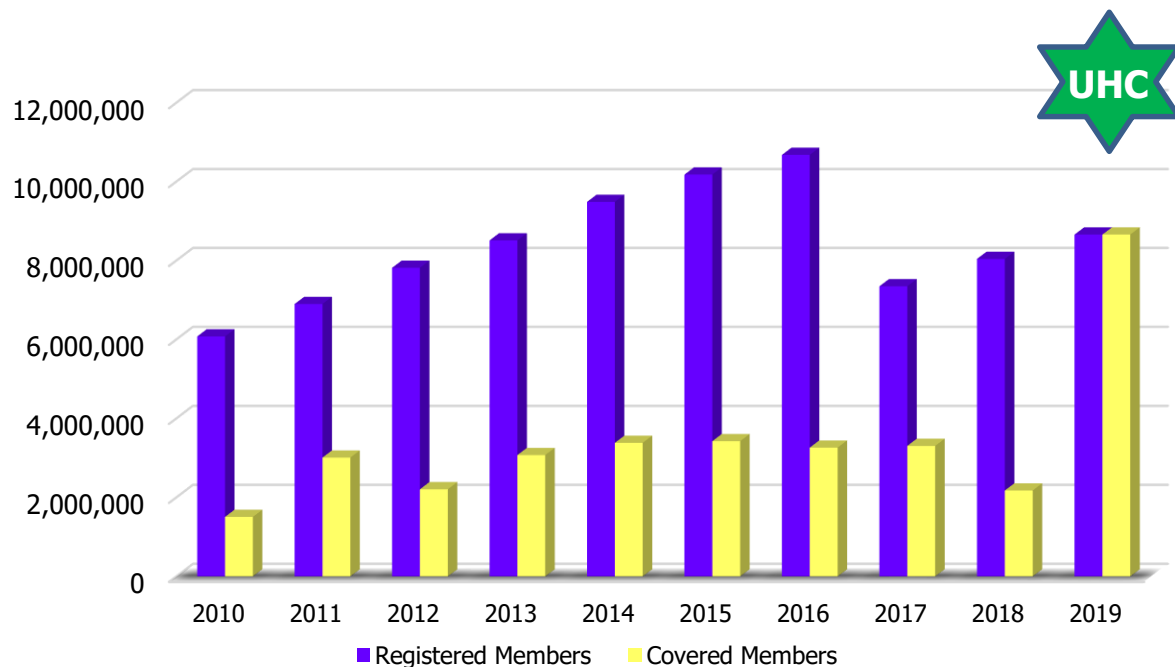
<sup>1</sup> Households are tagged as “poor” when their per capita income is less than or equal to the poverty threshold of Php 18,934

<sup>2</sup> Households are tagged as “non poor” when their per capita income exceeds the poverty threshold but not more than 28% of poverty threshold.

# Challenges

**Low coverage and low client retention** were primarily due to:

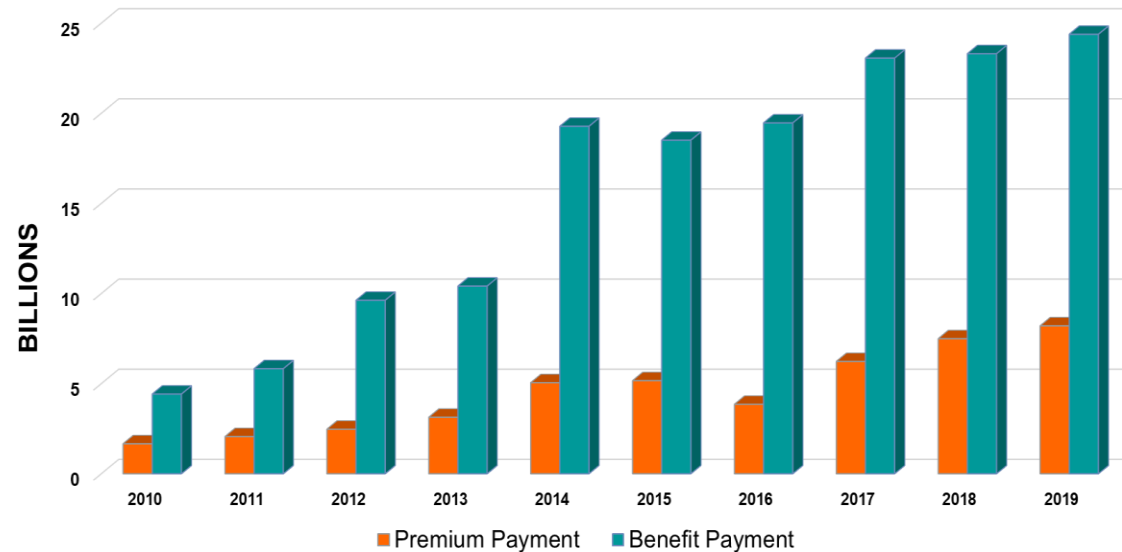
- Inability to pay contribution due to low and unsteady income
- Limited access to payment facilities
- Voluntary nature of the program



Source: PHIC.CorPlan

**Difficulty of collecting a steady and significant stream of revenue from the informal economy workers**

- Low-risk members opted not to pay
- Most members pay based on the lower premium rate regardless of income
- Members receive greater share of benefit payments than its population share possibly due to adverse selection.

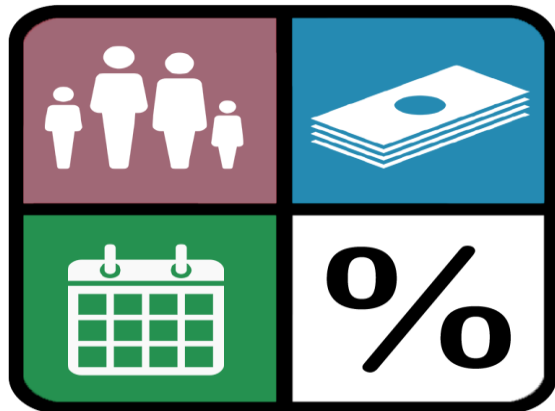


Source: PHIC.Financial Statements

# Challenges

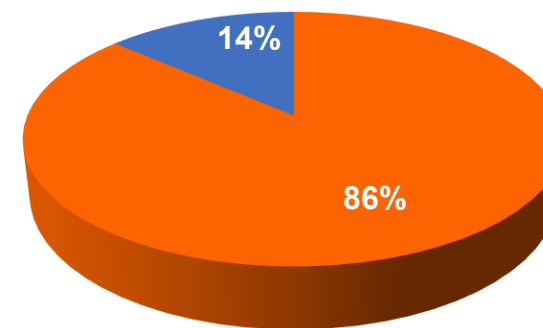
## Difficulty in determining the income and ability to pay

- No proof of income
- Underreporting of actual income
- Most members pay the lower rate regardless of income



## Reaching out for the remaining unregistered population

- Difficulty in locating members
- Lack of awareness and knowledge about the program



Registered Unregistered

<b>Non Poor (PSA)</b>	10,300,000
Registered	8,900,000
Unregistered	1,400,000



Source: PSA, PHIC.TFI, MMG

# Lessons Learned

1. **Government intervention, through national legislations, is critical in ensuring health insurance coverage to all the workers in the informal economy**
2. **Payment of premium contributions has to be made mandatory to enforce collection and ensure viability of the National Health Insurance Fund.**
3. **Know Your Customer**







# CLOSING THE GAP: THE UNIVERSAL HEALTH CARE (UHC) ACT (Republic Act No. 11223)

## POPULATION COVERAGE

*“Every Filipino citizen shall be **automatically** included into the NHIP”*

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## SERVICE COVERAGE

*“Every Filipino shall be **granted immediate eligibility** and **access to** preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental and emergency **health services**”*

*“Every Filipino shall **register** with a public or private **primary care provider of choice.**”*

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## FINANCIAL COVERAGE

*“**Population-based health services** shall be **financed by the National Government** through the Department of Health and provided **free of charge at point of service** for all Filipinos”*

*“**Individual-based health services** shall be financed primarily through **prepayment mechanisms** such as **social health insurance**, private health insurance, and HMO plans”*





# CLOSING THE GAP: THE UNIVERSAL HEALTH CARE (UHC) ACT (Republic Act No. 11223)

## PLANNED STRATEGIES

- ✓ **Ensure that ALL Filipinos are registered with the NHIP**
  - Collaboration with various stakeholders to facilitate assisted registration and updating of records of members using the Point of Service Updating and Registration System (POS-URS)
  - On-line registration and updating of records thru the PhilHealth Member Portal
  - Program collaboration with the implementation of the Philippine Identification System (PhilSys) under the Philippine Statistics Authority (PSA) for validation of membership database
  - Biometric capture for liveness check , database cleansing and anti-fraud measure
  
- ✓ **Massive information dissemination and education campaign**
  - Community-based in coordination with the LGUs
  - Program collaboration with group partners





# CLOSING THE GAP: THE UNIVERSAL HEALTH CARE (UHC) ACT (Republic Act No. 11223)

## PLANNED STRATEGIES

- ✓ **Implementation of Accounts Management for the workers in the informal economy**
  - Designation of account managers by geographic area, i.e., province, city, municipality, barangay
  - Imposition of interest for late payments
  - Legal action for delinquent members
  
- ✓ **Partnerships with DSWD and the LGUs for the assessment of financial capability of individuals**



# Existing Enrollment Schemes: Workers in the Informal Economy

Individually Paying Program	Mechanism	Group Schemes (iGroup/Group Enrollment Program)
<ul style="list-style-type: none"> <li>• Online: PhilHealth Member Portal</li> <li>• Assisted (using POS-URS): LHIOs, PhilHealth Express, HCIs, LGUs</li> </ul>	Registration	<ul style="list-style-type: none"> <li>• Facilitated by partner LGUs/ organizations using POS-URS</li> <li>• Institutional Arrangement: Signed MOA and/or Letter of Commitment (LoC)</li> </ul>
<ul style="list-style-type: none"> <li>• Premium schedule per Sec. 10 of the UHC Act, to be paid by the member or benefactor</li> </ul>	Premium Contributions	<ul style="list-style-type: none"> <li>• Premium schedule per Sec. 10 of the UHC Act, to be paid by the member and/or group partner</li> </ul>
<ul style="list-style-type: none"> <li>• Monthly, Quarterly</li> <li>• To be remitted by the member to the LHIOs or ACAs (Online / Over the Counter)</li> </ul>	Mode of Payment	<ul style="list-style-type: none"> <li>• Monthly, Quarterly, Semi-Annually, Annually</li> <li>• To be remitted by the partners to the LHIOs or ACAs (Online/ Over the Counter)</li> </ul>
<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	Premium Discount	<ul style="list-style-type: none"> <li>• Subject to group size</li> </ul>
<ul style="list-style-type: none"> <li>• 1.5%, monthly compounded</li> </ul>	Interest for Late Payment	<ul style="list-style-type: none"> <li>• 1.5%, monthly compounded</li> </ul>
<ul style="list-style-type: none"> <li>• Immediate Eligibility, PIN</li> </ul>	Eligibility Requirements	<ul style="list-style-type: none"> <li>• Immediate Eligibility, PIN</li> </ul>
<ul style="list-style-type: none"> <li>• Unified Inpatient Benefit &amp; KonSulta Package</li> </ul>	Benefits	<ul style="list-style-type: none"> <li>• Unified Inpatient Benefit &amp; KonSulta Package</li> </ul>
<ul style="list-style-type: none"> <li>• Thru community-based “Alaga Ka” to be done by PhilHealth, in coordination with the LGU</li> </ul>	Education of Members	<ul style="list-style-type: none"> <li>• Thru “Alaga Ka” in coordination with group partners</li> </ul>



# ENSURING HEALTH INSURANCE COVERAGE OF THE WORKERS IN THE INFORMAL ECONOMY UNDER THE UNIVERSAL HEALTH CARE ACT

## DIRECT CONTRIBUTORS



Employees with formal employment



Self-earning Individuals & Professional practitioners



Migrant Workers



Kasambahays



Lifetime Members



**WORKERS  
IN THE  
INFORMAL  
ECONOMY**

Financial  
capacity  
to pay  
premium  
?



## INDIRECT CONTRIBUTORS



DSWD- identified Indigents



*Pantawid Pamilyang Pilipino Program (4Ps)*



Senior Citizens



Persons with Disability



*Sangguniang Kabataan Officials*





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