



Republic of the Philippines  
**PHILIPPINE HEALTH INSURANCE CORPORATION**

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UNIVERSAL HEALTH CARE  
PROVIDING AN AFFORDABLE PACE OF CARE

## ANNEX

### COVID-19 as catalyst for evolving the payment mechanisms towards UHC's progressive realization

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#### Recognition

We would like to suggest that the PhilHealth's comprehensive response to COVID-19, utilizing the different payment mechanisms under the framework of the Universal Health Care (UHC) Law and Bayanihan Law, be considered for presentation at the 37<sup>th</sup> ASSA Board Meeting for possible recognition as one of the continuing good practices of the Corporation. As described in the communication, "*The **Continuous Improvement Recognition Award** recognizes organizations that are in never ending effort to expose and eliminate root causes of problems. It usually involves many incremental steps towards improvements rather than one overwhelming innovation*"

#### Root Cause

One of the root causes of the Filipinos' resistance to UHC is cultural. Filipinos reject the notion that healthcare is a human right and see it as a privilege earned only by those gainfully employed or by the enterprising.

One of the sad proofs of this is during the start of the pandemic Filipinos even questioned the distribution of state-funded financial assistance (or SAP) to the unemployed since the conventional wisdom is geared towards blaming the vulnerable for their condition; The poor is poor because they fail to seek economic opportunity and not because the prevailing socio-economic system inherently offers so few to so many.

Social protection is even viewed as gratuitous charity. Anything given by government for free is automatically considered as inadequate or of low quality. Therefore, healthcare provided in private hospitals is preferred over public. Filipinos willingly spend more out-of-pocket for the more expensive hospitals the same way they are willing to spend more on expensive/branded, medicines over generics. This reinforces the common notion that when the Filipino is sick, his family should pay for his hospitalization, again mostly via out-of-pocket, and not via the PhilHealth collected health insurance premiums. It also does not help that it is to the best interest of the most visible hospital representatives to maintain this existing misconception in the media because they naturally prefer the Filipino payer over PhilHealth. The latter has the resources to bridge the information asymmetry with regards to reasonable cost of healthcare. On the other hand, the Filipino on his own without guidance from PhilHealth can be easily swayed to pay out-of-pocket simply by convincing them that PhilHealth payments are never adequate. This is an illusion that health care providers all over the world can easily control simply by overbilling both payers above and beyond what is required for maintaining quality health care of the community.

In brief, this resistance to UHC is both endemic among Filipinos and encouraged by hospitals.



## Incremental Steps

It is well recognized by the framers of the UHC law that the progressive realization of its ideals would require several incremental steps and would not be realized overnight. No single innovation could take full credit for it. But it is highly notable that the Corporation has been evolving its payment mechanisms even before the present pandemic. COVID-19 as a declared national emergency just accelerated the need for the reforms to be implemented at a faster pace than anticipated. PhilHealth employed all means within the context of the law to be able to overcome the aforementioned causes of resistance to the implementation of the UHC coming from both the Filipino patients themselves and from the Hospitals to remain relevant when the challenge arose. COVID-19 has proven to be a great equalizer. Whereas before when only the poorest of the poor are expected to enjoy no co-pay, the economic difficulties made the other socio-economic classes conscious of the need to finally assert similar right. Hence in all the COVID-19 related policies that emanated from PhilHealth, it is emphasized that the Filipino, whether rich or poor, employed or not, regardless of creed or gender, shall enjoy no co-pay.

To make hospitals even more agreeable to the notion that government must be charged and not the Filipino patient, several tangible steps were taken:

Prepositioned payment amounting to a maximum of Php 30 Billion were made available to the health system under the Interim Reimbursement Mechanism. The availability of these substantial funds at the onset made it easier for the hospital system to absorb the financial uncertainty caused by managing the economic havoc wrought by the novel virus as well as the rising percentage of foregone care.

PhilHealth also immediately collaborated with the academe, specialists, experts and development partners to establish the cost of inputs needed in the development of inpatient as well as outpatient packages. A separate package was developed for confirmatory tests. When the cost of testing changed due to the sudden increase of providers and the surge in demand, PhilHealth was able to quickly respond to properly adjust the amounts for each Confirmatory test package. This agility and flexibility was made possible by the fact that the Corporation had the foresight to begin institutionalizing the submission of hospital costs to a particular unit within PhilHealth even before the national health emergency.

## SUMMARY

The following COVID-19 related policies are suggested for presentation:

1. PhilHealth Circular No. 2020-0007, Fortuitous Event policy that includes provisions on the IRM.
2. PhilHealth Circular No. 2020-0009, Inpatient benefits for COVID-19
3. PhilHealth Circular No. 2020-0010, Package for COVID-19 testing.
4. PhilHealth Circular No. 2020-0012, Package for COVID-19 Community Isolation Units
5. PhilHealth Circular Revising policy on COVID-19 testing package.





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TATANGHAN AT BALIKANG PAKA SA LUGA

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