A RESOLUTION DIRECTING THE APPROPRIATE HOUSE COMMITTEE TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION ON THE ALLEGATIONS AND CONTROVERSIES RELATING TO THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) AND TO PERFORM A HOLISTIC REVIEW OF THE AGENCY'S FUNCTIONS AND TRANSACTIONS

WHEREAS, the Philippine Health Insurance Corporation (PhilHealth) is a government-owned and controlled corporation which was created to implement and to manage the Philippines' universal health coverage.

WHEREAS, last June 8, 2019, President Rodrigo Roa Duterte ordered the arrest of the owner of the private dialysis center, WellMed Dialysis and Laboratory Center in Novaliches, Quezon City, for allegedly claiming benefits for “fictitious” kidney treatments. It was assumed that the medical center continued to seek PhilHealth funds on behalf of patients who had long died. It was reported that the center took advantage of a “loophole” in the patient’s death reporting system of PhilHealth.

WHEREAS, PhilHealth suffered huge losses because of the fraudulent scheme. It was reported by the Philippine Daily Inquirer that the government lost around P154 billion pesos due to fake medical claims and schemes from 2013 to 2018.

WHEREAS, WellMed denied the accusations of its former employees Edwin Roberto and Liezel Santos who exposed the controversy. Instead, the medical center reportedly claimed that they “connived with each other, took advantage of the trust reposed in them by WellMed’s owners, and perpetrated the fraudulent scheme.”

WHEREAS, Last June 10, 2019, Bryan Christopher Sy, the owner of WellMed Dialysis Center was arrested when he appeared at the National Bureau of Investigation’s (NBI) headquarters in
Manila. On the same day, President Duterte demanded the resignation of the entire PhilHealth board during a meeting in Malacañang. Evidently, the president wants a "clean slate in the PhilHealth administration" since the fraudulent claims went on for a long time under the administration of current officials.

WHEREAS, last June 15, 2019, Metropolitan Trial Court Branch 6 allowed Bryan Christopher Sy to post a P72,000 bail and ordered the NBI to release him. He was charged with estafa in connection with patient benefit payments made by Philhealth for the alleged "ghost" dialysis treatments.

WHEREAS, due to the President's order, PhilHealth president and chief executive officer Roy Ferrer and six PhilHealth board members, namely: Jack Arroyo, Rex Mendoza, Hildegarde Dineros, Celestina dela Serna, Roberto Salvador and Joan Liban-Lareza resigned from their posts.

WHEREAS, at the midst of the fraudulent acts where Philhealth is involved, Senator Panfilo Lacson pushed the Department of Health Secretary Francisco Duque to also submit a courtesy resignation out of propriety that he leads the body. He also reminded President Duterte that the current DOH Secretary, who was PhilHealth president from 2001 to 2004, under the administration of former President Gloria Macapagal-Arroyo, was involved in the transfer of the P530-million OWWA funds for the distribution of the PhilHealth cards during the 2004 presidential elections. WHEREAS, Senator Lacson also claimed that there is a "conflict of interest" by Health Secretary Francisco Duque III whose family-owned corporation supposedly leased a building to PhilHealth. At the same time, Doctors Pharmaceuticals, Inc. (DPI) a pharmaceutical firm also owned by Duque's family, continued to bid for government contracts.

WHEREAS, Senator Lacson also determined that PhilHealth Provincial Regional Office 1 (PRO-1) was housed in a building owned by Duque's family in Tapiac District, Dagupan City, Pangasian. It was also named after the Educational and Medical Development Corporation (EMDC) whose owner and president is the DOH chief's sister, Luz T. Duque-Hammershaimb. Evidence shows that PhilHealth PRO-1 agreed to rent the first to third levels of the EMDC building for a monthly rate of P529,261.20

WHEREAS, with regards to Senator Lacson's claims, Secretary Francisco Duque III denied the allegations of conflict of interest over the lease of a property owned by his family. Secretary Duque emphasized that it did not in any way conflict with the interest of the government. Further, he said
that the Educational and Medical Development Corporation (EDMC) and the Doctors
Pharmaceuticals, Inc. (DPI) are two businesses on which his family members have a "substantial
interest."

WHEREAS, Secretary Duque maintained that the lease of property went through the proper
procurement process required by Republic Act 9184 (Government Procurement Reform Act) and
applicable regulations. Also, he said that he did not participate in the negotiation or approval of
the lease as an ex-officio member of the PhilHealth Board.

WHEREAS, in terms of DPI, Secretary Duque claimed that he only acquired shares in DPI in
1996 which is 50 years after its founding and five years before he was appointed DOH
Undersecretary.

WHEREAS, regarding fraud schemes allegedly involving PhilHealth officials, PhilHealth acting
president and CEO Dr. Roy Ferrer denied, prior to his resignation, that there is a "mafia" in
PhilHealth and vowed to launch a corporate-wide intensive fraud detection and enforcement
activities that "will catch the thieving, deceiving, and villainous officials and their band of brothers
among hospitals and other healthcare facilities."

WHEREAS, Ferrer instead clarified that so-called "mafia members" in the countryside are actually
members of a "syndicate of cheating, disloyal, and disgruntled PhilHealth officers who have
colluded with hospitals and other health care facilities."

WHEREAS, in the recent Senate probe, Roy Ferrer reiterated that there was no mafia in
PhilHealth but he claimed that the alleged group is composed of at least seven PhilHealth regional
officials who have been serving for as long as 20 years in the agency and allegedly refuse to be
reassigned to other locations. He recalled that he learned it from investigating "unresolved cases"
in the PhilHealth.

WHEREAS, former PhilHealth board member Roberto Salvador identified the so-called "mafia"
members as regional vice presidents Khaliquzzaman Macabato (Autonomous Region in Muslim
Mindanao), Masiding Alonto Jr. (Northern Mindanao), William Chavez (Central Visayas), Paolo
Johan Perez (Mimaropa), and Jelbert Galicto (Caraga). He also included PhilHealth assistant
corporate secretary Valerie Anne Hollero and former regional vice president Miriam Grace
Pamonag (Central Mindanao).
WHEREAS, both Salvador and Ferrer maintained that the alleged "mafia" was behind the agency's loss of billions of funds for the past several years through various fraud schemes such as "ghost" claims and overpayments.

WHEREAS, Senator Lacson expressed his doubts on the accusations thrown against the senior PhilHealth executives which was said to have helped hospitals extort PhilHealth of billions of pesos.

WHEREAS, Senator Lacson restated that both Ferrer and Salvador even admitted that the cases brought against the group were just administrative cases, ranging from insubordination to grave misconduct.

WHEREAS, Senator Lacson maintained that while Salvador and Ferrer tried to expose the so-called "mafia" of the health insurance system, they were actually the ones who were ordered by the President to resign and not members of a "phantom organization."

WHEREAS, the accused members of the alleged "mafia" vehemently denied the accusations as they unexpectedly appeared at the Senate hearing. They even claimed that they were used as "scapegoats to cover up for the incompetence of PhilHealth's previous management."

WHEREAS, Presidential Spokesperson Salvador Panelo vowed that the president shall not protect the alleged members of the so-called "mafia" of PhilHealth. He further emphasized that the president will never allow or tolerate any irregularity or corruption in this government, "regardless of any relationship to him, whether or not those people are allied with him politically."

WHEREAS, the recent controversies related to PhilHealth exposed years of corrupt and fraudulent acts that plagued the agency. If these problems were not exposed, the agency would have continued to be abused by people who operate its functions and manage its finances.

WHEREAS, the issues faced by PhilHealth soiled the agency's reputation since the allegations have brought about cases of mismanagement with uncertainties as to who are the real perpetrators of such acts.

WHEREAS, such acts led to huge losses of the agency's funds which should have been used for the achievement of PhilHealth' mandate and allotted for the welfare of its beneficiaries. While many
of its officials have denied their involvement in anomalies, there is a need to safeguard public
interest, to deter the scandalous transactions of the agency, and to eliminate corruption in all levels.

NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives, directing the
appropriate House Committee to conduct an investigation, in aid of legislation on the allegations
and controversies relating to the Philippine Health Insurance Corporation (PhilHealth) and to
perform a holistic review of the agency’s functions and transactions. With new policy reforms to
be implemented towards the interest of the public, it is important for Philhealth’s mandate,
jurisdiction, administration, and functions to undergo changes towards transparency and
accountability. To ensure that the citizens is the government’s top priority, the House of
Representatives shall monitor developments of this concern and continuously direct all its efforts
towards this end.

Adopted,

BERNADETTE HERRERA-DY