

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



**HOUSE OF REPRESENTATIVES**

**H. No. 4357**

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Introduced by Rep. Vilma Santos-Recto  
6th District of Batangas

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**AN ACT**  
**MODERNIZING HEALTHCARE AND HEALTH INFRASTRUCTURE,**  
**PROVIDING FUNDS FROM THE ANNUAL VALUE-ADDED TAX COLLECTIONS,**  
**AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE**  
**OF 1997, AS AMENDED**

**EXPLANATORY NOTE**

The Philippines' health profile is typical of a middle developing country. Aside from increasing population, deteriorating environment and poor nutrition, one of the biggest factors responsible for the weak performance of the health sector is the inadequate and ineffective public spending for health.

The passage of Republic Act No. 11223 or the Universal Health Care (UHC) Act during the last Congress marks an era of health care system reforms. Among others, the UHC law intends to achieve an integrated and comprehensive approach to the health system, addressing both its demand and supply sides. It endeavors to make medicines and medical supplies as well as quality health care services available to all Filipinos at an affordable cost. It also puts premium on the prudent use of financial resources on programs and projects that can help prevent, control, and cure diseases.

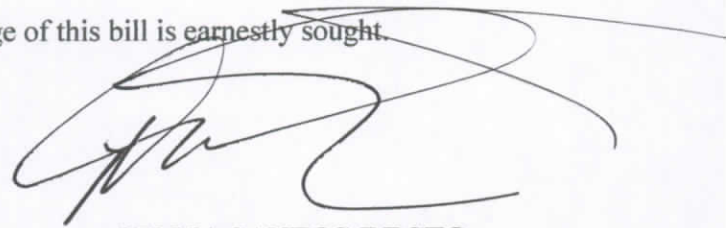
This bill proposes to allocate ten percent (10%) of the annual Value-Added Tax (VAT) collections to augment the pool of funds to support the implementation of the UHC law, specifically for the expanded immunization program and the modernization of facilities and equipment of rural health units, and public hospitals run by local government units and the Department of Health.

Additional funding support to expand the immunization program will help address the risk of infant mortality, and support our goal to reduce under-five mortality rate by 67%.

Rural health units and district hospitals exercise the first line of defense against sickness. Thus, this bill allocates VAT dividends to modernize public health facilities in areas that need most of the funding support - the fourth to sixth-class municipalities.

It also seeks to establish regional specialty hospitals without the use of loans, but instead earmark tax collections of government. Creation of these additional hospitals would unburden the specialty hospitals located in the National Capital Region. It would also allow patients who come from the provinces, and those who do not have the resources to combat orthopedic, heart, lung, and kidney diseases, immediate and more affordable hospital services without the need to travel long distance.

In light of the foregoing, immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to be 'Vilma Santos-Recto', written over a horizontal line.

**VILMA SANTOS-RECTO**

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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1 Section 1. A new section, to be numbered two hundred eighty-seven, shall be added to  
2 Chapter II, Title XI of the National Internal Revenue Code, as amended to read as follows:

3 "SEC. 287. *DISPOSITION OF PROCEEDS OF VALUE-ADDED TAX. – TEN*  
4 *PERCENT (10%) OF THE VALUE-ADDED TAX COLLECTED UNDER*  
5 *TITLE IV OF THIS ACT, AS AMENDED, SHALL BE ALLOCATED TO THE*  
6 *FOLLOWING HEALTH EXPENDITURES IN THE FOLLOWING*  
7 *PROPORTIONS:*

- 8 1. *TEN PERCENT (10%) SHALL BE ALLOCATED FOR THE*  
9 *EXPANSION OF THE IMMUNIZATION PROGRAM, TO BE*  
10 *ADMINISTERED BY THE DEPARTMENT OF HEALTH*  
11 *(DOH);*  
12 2. *THIRTY PERCENT (30%) SHALL BE ALLOCATED FOR THE*  
13 *IMPROVEMENT AND MODERNIZATION OF HEALTH*  
14 *INFRASTRUCTURE AND MEDICAL EQUIPMENT OF*  
15 *RURAL HEALTH UNITS: PROVIDED, THAT PRIORITY*  
16 *SHALL BE GIVEN TO THOSE LOCATED IN THE FOURTH*  
17 *TO SIXTH-CLASS MUNICIPALITIES: PROVIDED,*  
18 *FURTHER, THAT THE ALLOCATION SHALL BE*

1 ADMINISTERED BY THE DOH IN CONSULTATION WITH  
2 THE LOCAL GOVERNMENT UNITS (LGUs) CONCERNED;

3 3. TWENTY PERCENT (20%) SHALL BE ALLOCATED FOR  
4 THE IMPROVEMENT AND MODERNIZATION OF HEALTH  
5 INFRASTRUCTURE AND MEDICAL EQUIPMENT OF  
6 DISTRICT AND PROVINCIAL HOSPITALS, TO BE  
7 ADMINISTERED BY THE DOH IN CONSULTATION WITH  
8 THE LGUs CONCERNED; AND

9 4. FORTY PERCENT (40%) SHALL BE ALLOCATED FOR THE  
10 ESTABLISHMENT OF A SPECIALTY DEPARTMENT IN  
11 MEDICAL CENTERS AND REGIONAL HOSPITALS, TO BE  
12 ADMINISTERED BY THE DOH IN CONSULTATION WITH  
13 THE LGUs CONCERNED. FOR PURPOSES OF THIS ACT, A  
14 "SPECIALTY DEPARTMENT" IS DEFINED AS A  
15 DEPARTMENT IN MEDICAL CENTERS AND REGIONAL  
16 HOSPITALS THAT IS PRIMARILY OR EXCLUSIVELY  
17 ENGAGED IN THE CARE AND TREATMENT OF ONE OF  
18 THE FOLLOWING:

19 A. PATIENTS WITH A CARDIAC CONDITION;

20 B. PATIENTS WITH A LUNG CONDITION;

21 C. PATIENTS WITH A KIDNEY CONDITION; AND

22 D. PATIENTS WITH AN ORTHOPEDIC  
23 CONDITION.

24  
25 Sec. 2. The succeeding Sections of the National Internal Revenue Code, as amended,  
26 are hereby renumbered accordingly.

27  
28 Sec. 3. *Implementing Rules and Regulations (IRR)*. – The Department of Budget and  
29 Management (DBM), DOH, Department of Interior and Local Government (DILG) and the  
30 Bureau of Internal Revenue (BIR) shall within thirty (30) days after the effectivity of this Act  
31 issue the IRR for its effective implementation.  
32

1           Sec. 4. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations,  
2 or parts thereof which are inconsistent with this Act are hereby repealed, amended or  
3 modified accordingly.

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5           Sec. 5. *Effectivity.* – This Act shall take effect fifteen days (15) days following its  
6 publication in at least two (2) newspapers of general circulation or in the *Official Gazette*.

Approved,