

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
Second Regular Session

HOUSE BILL NO. 8314

Introduced by Honorable Mark O. Go

EXPLANATORY NOTE

In 2019, RA 11223, otherwise known as the “Universal Health Care Act”, was enacted to enroll all Filipinos in the National Health Insurance Program. Section 10 of the said law provides that the rate of premiums collected by the Philippine Health Insurance Corporation (PhilHealth) from its direct contributors shall be increased annually beginning in 2019 until 2024 in order to ensure sufficient funding for the benefits of its members. As mandated by the law, the premium rate for direct contributors with a monthly income of PhP 10,000 to PhP 70,000, shall be increased from 3% in 2020 to 3.50% in 2021.

Meanwhile, the Philippine economy was severely affected by the ongoing COVID-19 pandemic which began in early 2020. This resulted in the shutdown of several enterprises, and the retrenchment of millions of Filipino workers as shown in the country’s unemployment rate of 8.7% in October 2020, which translates to around 3.8 million jobless Filipinos. And while the Philippines is only beginning to recover as the economy slowly reopens and jobs are slowly restored, Filipinos continue to struggle with overwhelming financial difficulty and economic uncertainty, and are therefore not in the position at the moment to bear any additional burden be it mandated by law. It is against this factual millue that the implementation of the scheduled increase in the premium contribution rates of PhilHealth is hereby proposed to be deferred in order to mitigate the effects of the ongoing pandemic to the direct contributors in the National Health Insurance Program.

The proposed deferment of two years in the implementation of the statutory rate adjustment will not lead to any serious and irreparable consequence on the financial



viability of PhilHealth, as premium payments from direct contributors is not the sole source of funds of the institution, as PhilHealth is authorized in its charter to make investments, and is set to receive PhP 71 billion in subsidy from the national government in 2021.

As the annual incremental increase in the premium rates is provided for by law, PhilHealth is bound to implement the subject provisions. This bill seeks to allow the PhilHealth to defer the scheduled implementation of the increase as originally intended in the law. As per the latest projections of the government, the country expects a rebound in 2021 and an even bigger growth in 2022, assuming that the economy then will operate under looser movement restrictions. It is expected that all forms of quarantine will be lifted only by 2022. At the moment, the country's fund managers are hoping that the economy will continue to recover once the "fear factor" is removed, that is when the consuming public regains confidence that they will no longer get sick. This expectancy is however threatened by the emergence of a new strain of the virus that is slowly creeping its way around the globe. NEDA meanwhile forecasts a return of the economy to pre-pandemic levels only by 2022. The road to full economic rehabilitation will be difficult and we have to remain prudent within these next two years so as not to disrupt the businesses' and the workers' slow but steady recovery. Providing Filipino workers this proposed reprieve from an untimely increase in financial burden during these two years will allow them to bounce back as the country looks forward to better days ahead. This two-year deferral on the increase on premium contributions may be extended subject to any change or lack thereof in the prevailing socio-economic conditions in the country.

In view of the foregoing, the approval of this measure is earnestly sought.



MARK D. GO

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AN ACT
MANDATING A TWO-YEAR DEFERMENT IN THE IMPLEMENTATION OF
THE PHILIPPINE HEALTH INSURANCE CORPORATION OF THE INCREASE
ON PREMIUM CONTRIBUTIONS OF DIRECT CONTRIBUTORS IN THE
NATIONAL HEALTH INSURANCE PROGRAM AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 11223, OTHERWISE KNOWN AS THE
UNIVERSAL HEALTH CARE ACT AND FOR OTHER PURPOSES

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

SECTION 1. *Deferment of Premium Contributions.* - Section 10 of Republic Act No. 11223, otherwise known as the Universal Health Care Act, is hereby amended to read as follows:

"Section 10. *Premium Contributions.* - For direct contributors, premium rates shall be in accordance with the following schedule, and monthly income floor and ceiling:

Year	Premium Rate	Income Floor	Income Ceiling
2019	2.75%	₱10,000.00	₱50,000.00
2020	3.00%	₱10,000.00	₱60,000.00
2021	[3.50%] 3.00%	₱10,000.00	₱70,000.00
2022	[4.00%] 3.00%	₱10,000.00	₱80,000.00
2023	[4.50%] 3.50%	₱10,000.00	₱90,000.00

2024	[5.00%] 4.00%	P10,000.00	P100,000.00
2025	[5.00%] 4.50%	P10,000.00	P100,000.00
2026	5.00%	P10,000.00	P100,000.00

“Provided, That for indirect contributors, premium subsidy shall be gradually adjusted and included annually in the General Appropriations Act (GAA): Provided, further, That the funds shall be released to PhilHealth: Provided, furthermore; That the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act: Provided, finally, That for every increase in the rate of contribution of direct contributors and premium subsidy of indirect contributors, PhilHealth shall provide for a corresponding increase in benefits.

SEC. 2. *Extension of Deferment of Premium Contributions.* – The deferment on the implementation of the premium contributions may be extended upon the existence of a national emergency or a pandemic as declared by the President.

SEC. 3. *Repealing Clause.* - Republic Act No. 11223 or the Universal Health Care Act is hereby amended. All laws, presidential decrees, executive orders, rules and regulations, issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.