



**Position Paper of the League of Provinces of the Philippines  
ON UNIVERSAL HEALTH CARE (UHC) BILL  
(SB No. 1896)**

The League of Provinces of the Philippines supports the noble intention of enacting a piece of legislation that shall institute reforms and integrate the currently fragmented national health system, through the adoption of Universal Health Care (UHC).

We adopt the policies of the state toward strengthening health promotion and health-seeking behavior among all Filipinos; ensuring access to the full range of quality and cost-effective health services ranging from the promotive, preventive, curative, rehabilitative and palliative, while cushioning the impact of out-of-pocket expenses; implementing a framework for health that is not only comprehensive, but also integrated and cohesive taking on a multi-stakeholder, whole-of-system, whole-of-government, and whole-of-society approach; and putting in people in the center of the entire health system, while giving due consideration to their respective beliefs, values and cultures.

When we did a survey, the Governors raised the following problems they encountered on the provision of Health care during our Round Table Discussion held early this year. Allow us to bring these issues to your attention with the hope of providing an immediate solution through Senate Bill 1896.

<b>PROBLEMS AND ISSUES ENCOUNTERED ON THE PROVISION OF HEALTH CARE</b>	<b>PROVINCE</b>
Poor health delivery due to lack of functional barangay health stations, lack of health personnel and inadequate equipment	Surigao del Norte
Lack of medical specialists (internal medicine, cardiologist, psychiatrist, neurologist, pulmonologist)	Batanes
Health facilities to the five provincial hospitals which are not included in HFEP (Health Facility Enhancement Program) under DOH	Davao Oriental
Need additional beds to accommodate more patients in the Oriental Mindoro Provincial Hospital and annexes; deployment of health practitioners in far flung communities to improve maternal health care and other health concerns; convergence approach to end Schistosomiasis in 34 endemic barangays in the province	Oriental Mindoro
High operating costs (personal services, MOOE, capital outlay) of maintaining and improving services and facilities of the devolved provincial hospital.	Guimaras
Poor/overdue/delay payments of PhilHealth claim for government hospitals - 5 to 6 months delay.	Ilocos Sur
Health personnel/facilities for accreditation; IRA share not enough to sustain salaries & high maintenance of facilities	Ilocos Sur
Problem on land ownership of provincial hospital, need for DOH to donate or transfer ownership to the Provincial Government to enable it to improve or renovate the same. COA disallows the use of funds for its renovation if the land is not owned by the Province.	Misamis Oriental
National Funds allocated for construction of provincial hospitals should be downloaded to DOH instead of DPWH in order to ensure that the proper specifications and requirements needed by the province are met.	Misamis Oriental
Slow and delayed processing of e-claims of Provincial Governments by Philhealth	South Cotabato and Misamis Oriental

In order, however to ensure the effective and efficient implementation of the Universal Health Care system, the League of Provinces of the Philippines would like to manifest its comments and recommendations on particular provisions in Senate Bill No. 1896, which particularly and specifically pertain to local government units, to wit:

- **Section 9. Pooling Funds for Health**

Several Provinces have complained over the slow processing of eclaims by Philhealth. If the proposed policy of the National Government is for Philhealth to pool and manage all funds intended to support provision of individual-based services, this long-standing issue must be resolved. Enclosed is a copy of the issues and concerns on Health raised by our Governors during the LPP Forum conducted by Philhealth and DOH last May 30, 2018, for your additional guidance. (See Annex A)

- **Section 14. *Integration of Local Health Systems into Province-wide and Urban Health Systems***

While we recognize the need to integrate the local health systems at both the provincial, city, and municipal levels, the League, however, would like to express its reservations and comments, especially on the matter of operationalizing and funding the same. It should be noted that this Section was not in the original draft of the Bill when the Senate Committee on Health conducted its technical Working Group meetings. Hence, the LPP was not able to comment on this particular provision at that time.

Integrating the health system at the provincial level could facilitate the gatekeeping functions in the delivery of necessary services, which should actually include the whole cycle from health promotion that results in stronger health-seeking behaviors, preventive, curative, rehabilitative and palliative care.

Vesting the provinces with administrative and technical supervision over the municipal health programs is consistent with Sec. 25 of R.A. 7160, or the Local Government Code of 1991. However, integrating the many varying health programs and services of all the municipalities and component cities within the province into an integrated health system will be an additional function to be lodged to the provinces. Implementing this new function would necessarily entail more resources – both human, financial to meet the additional requirements for additional or improved health facilities, equipment, medicines and supplies – which may or may not be readily available to the provinces, depending on their current fiscal capacities, priorities, and existing conditions of its provincial hospitals.

Some Governors, like in Misamis Oriental, raised the issue on the land ownership of their hospitals. When this service was devolved to the Provinces, the problem was that the land was not donated and given to the provincial governments. Even if they wanted to improve and renovate these hospitals, COA is disallowing this expense if the land is not owned by the provincial government. There should, therefore, be a provision in the law saying that the land ownership, (still in the possession by DOH, representing the National Government) where the provincial hospitals are located, should be transferred or donated to the provincial government. Moreover, Governors prefer that national funds allocated for construction of provincial hospitals be managed by DOH instead of by DPWH. The hospitals constructed by DPWH through its contractors were not built properly in accordance to the needs and specifications provided by their local engineers.

Therefore, even before implementing the UHC program, a careful study to cost out these additional functions as well as providing for the mechanisms to fund the same is imperative.

Most municipal health centers outside of the National Capital Region are not income generating. Hence, to centralize the income and liabilities of municipalities and component cities to the provinces alone, without providing additional funds from the national government, to be downloaded to the LGUs may result to more problems instead of providing solutions to existing issues and concerns.

Moreover, the League supports the proposal of the League of Cities of the Philippines to qualify all cities – whether highly urbanized, independent component and component – to implement their respective urban component cities. This way, even component cities are able to implement their health systems that is responsive to the needs of their respective constituents, while providing for the economies of scale.

LPP also supports the proposal of the League of Municipalities of the Philippines to likewise define in the proposed bill that the role and function of the municipalities must also be defined and even enhanced, as provided for in the Local Government Code of 1991.

- **Sec. 16. Income Retention**

The League of Provinces of the Philippines recognizes the need to continually and consistently upgrade and update, as well as capacitate and strengthen the health personnel within the health facilities operated and managed by the local government units. Thus allowing them to retain the income derived from health-related services and activities is one way to ensure the same.

On the provision of the caps on the incentives granted to public health workers, which is to be determined by the DOH, we propose the inclusion of a transitory provision that in case the incentives already being received by these public health workers are beyond the caps set by the DOH and the DBM, there shall be no diminution of the same, until such time that these incentives shall fall within the limits set by law.

- **Sec. 17. Special Health Fund (SHF)**

We support the proposal for the creation of a Special Health Fund (SHF) as a mechanism to pool and manage funds for the delivery of health services.

The League, however, expresses its reservations on the pooling of the income generated from health facilities operated by its component cities and municipal governments, as well as those from Philhealth reimbursements and donations to the same, as this would be violative of the principle of local autonomy expressly granted to the component cities and municipalities, in the same way that it was granted to provinces, cities and barangays. Moreover, it should be clearly stated in the law that the Provinces will be providing support only to those concerned component cities managing city-funded hospitals and municipalities operating municipal health centers.

Unless, there is an express statement on the role and functions of the component cities and municipalities in the operationalization of the province-wide health system as well as the manner in

which the Special Health Fund (SHF) will be allocated within a service delivery network, the provision of pooling of funds would run counter to the principle of subsidiarity under the Local Government Code.

Besides, we may expect some reservations from the League of Municipalities of the Philippines relative to the provision of pooling municipal funds for health in the SHF to be managed by provinces as proposed in the bill. Moreover, the budgetary allocations from the SHF should still be subject to the approval of the local sanggunians.

A comparative study of the Statement of Receipts and Expenditures between provinces, cities and municipalities, that on the average, provinces allocate and actually spend more on Health, Nutrition and Population Control than the cities and municipalities as shown in the table below.

**ACTUAL EXPENDITURES OF PCMs FOR HEALTH, NUTRITION AND POPULATION CONTROL  
(Percentage to Total Actual Expenditures Per LGU Level)**

FISCAL YEAR	PROVINCES		CITIES		MUNICIPALITIES		TOTAL, PCMs	
	AMOUNT	% to Total Expenditures	AMOUNT	% to Total Expenditures	AMOUNT	% to Total Expenditures	AMOUNT	% to Total Expenditures
2015	14.671	19%	13.221	10%	10.602	9%	38.494	11%
2016	16.436	20%	14.900	11%	11.479	9%	42.816	22%
2017	18.729	22%	16.263	11%	12.464	8%	47.456	13%
AVE/YR.	16.612	20.3%	14.795	10.7%	11.515	8.7%	42.922	15.3%

\*Source: DOF-BLGF Statement of Receipts and Expenditures of Provinces, Cities and Municipalities (PCMs)  
 \*\*Note: Amounts (In Billion Pesos) provided herein are the actual expenditures of PCMs for "HEALTH, NUTRITION AND POPULATION CONTROL", as a percentage of the Total expenditures per LGU Level.  
 \*\*\*File: League of Provinces of the Philippines

- **Sec. 25. Governance of Philhealth**

Relative to the selection of the representative for the local government sector, we respectfully propose an amendment to Sec. 25, paragraph (b) to include an additional sentence, to read as follows:

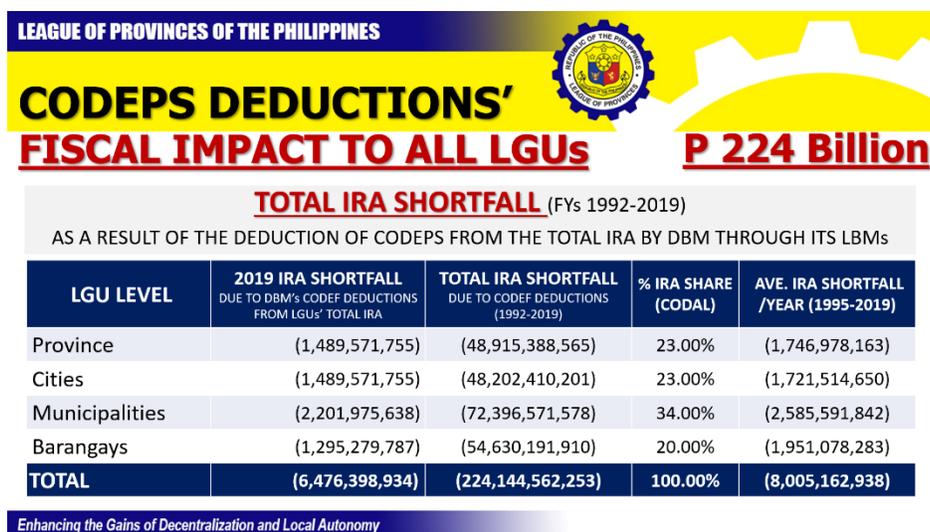
***"The sectoral and expert panel members must be (1) Filipino citizens and of (2) good moral character. The representative of the local governments shall be endorsed by the League of Provinces, League of Cities, League of Municipalities and Liga ng mga Barangay."***

Such a provision is to ensure that the representative of the local governments to the Philhealth board is not only conversant of local government issues, but also actually represents the LGUs themselves.

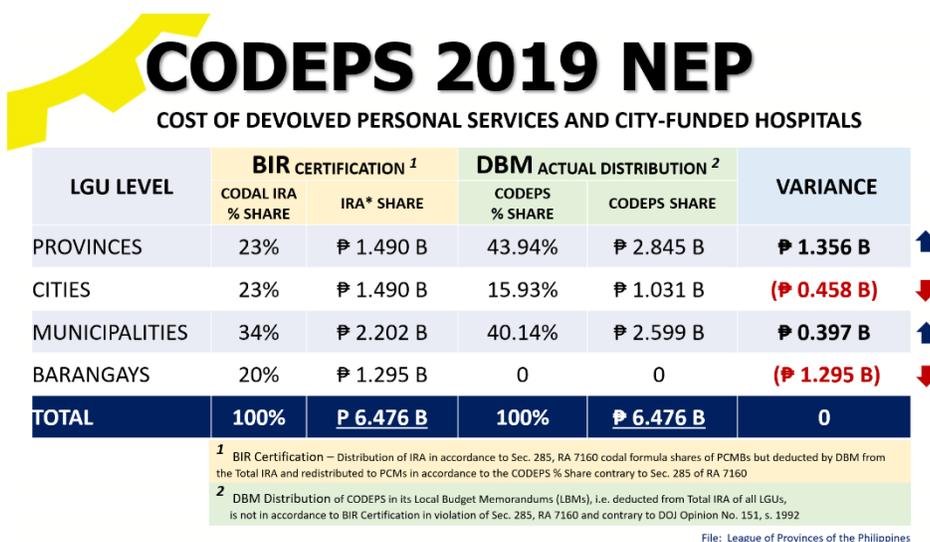
- **Sec. 34. Appropriations**

In order for the provincial governments to effectively implement its new mandates of managing an integrated province-wide health system, it is necessary for the national government to allocate additional funds to provinces, apart from their share in the Internal Revenue Allotment, and also increase the Cost of Devolved Personal Services and City-Funded Hospitals (CODEPS), which was pegged at P6.5 billion annually since the LGCode was enacted, despite several salary standardization policies being complied with by LGUs.

One of the reasons why Provinces, Cities and Municipalities lack resources to fund the cost of devolved personal services (CODEPS) and provincial/ city-funded hospitals is because since 1992, the DBM has been annually deducting the CODEPS from the total IRA of all LGUs. As a result, if DBM will not amend its LBM 77 for FY 2019, the total fiscal impact to LGUs will amount to a total of P224 Billion shortfall, for the period 1992 to 2019, see Table below.



For 2019, under DBM LBM 77, it deducted P6.5 Billion representing the CODEPS and city-funded hospitals from the total IRA of LGUs in the amount of P575.5Billion, resulting to a net IRA share of P569 Billion distributed to Provinces, Cities, Municipalities and Barangays which is contrary to existing laws, as opined by former DOJ Secretary Franklin Drilon in its DOJ Opinion No. 151, s. 1992.



Bulk of the cost of devolved personal services was lodged with Provinces and Municipalities as evident in the CODEPS' distribution formula, i.e. at 43.94%. Therefore, the fiscal gaps for Provinces and Municipalities, in the implementation of these devolved services were higher compared to Cities inasmuch as the IRA share of Provinces and Municipalities were only at 23% and 34% respectively.

Under existing laws, the CODEPS should be given “IN ADDITION TO THEIR RESPECTIVE IRA FOR THE YEAR” and yet the DBM “SUBTRACTS” or “DEDUCTS” the CODEPS amount from the total IRA.

The pertinent provision of the law reads, to wit:

*“Sec. 284. Allotment of Internal Revenue Taxes. (continuation)...  
Provided, further, that in the first year of the effectivity of this Code, the local government units shall, **IN ADDITION TO** the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services.”*

*AO 270, IRR OF RA 7160 “ARTICLE 381. Cost of Devolved Personal Services.  
— For the first year of the effectivity of the Code, the thirty percent (30%) IRAs due LGUs shall include the cost of devolved functions for essential public services. The amount equivalent to the cost of devolved personal services shall be remitted to LGUs concerned **IN ADDITION TO THEIR RESPECTIVE IRA FOR THE YEAR.***

This DBM practice of deducting the CODEPS from the Total IRA of all LGUs must cease as it is an unauthorized diminution of the IRA and an illegal amendment of Sc. 284 and 285 of the LGCode. It must be immediately rectified by FY 2019. Therefore, it is highly recommended that in the UHC bill, it should be specified that the share of LGUs to cover the CODEPS and City-funded must be increased annually by at least 10% and given to concerned LGUs “in addition to their IRA share. Enclosed is a copy of LPP Resolution No. 2018-016 (Annex B).

The management and operation of a province-wide health system is expected to carry with it a consequent cost in terms of operations and personnel, some of which will even require specialized skills, to which the LGUs currently overstretched budget can barely afford.

Thus, in order to ensure the efficient and effective delivery of health services as envisioned under a Universal Health Care system, it is imperative that a specified portion of the proceeds from the “sin taxes” currently earmarked for health services also be allocated for provinces and cities for the operation and management of the province-wide and urban health systems, respectively.

In order, however, to strengthen the fiscal autonomy of the provinces, and to enable it to fully fund health care services, the League of Provinces respectfully propose for Congress to consider passing a subsequent law which will increase its tax revenue base in order to increase its locally-generated revenues to augment its funds for health as well as for its other basic services for its constituents.

- **On Sec. 40. Implementing Rules and Regulations**

Inasmuch as the LGUs will play a vital role in the eventual implementation of the UHC, the League proposes for the inclusion of the League of Provinces, League of Cities and League of Municipalities, together with the DOH and the Philhealth in the drafting of the IRR.

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