

The UHC Law and the Mandanas Ruling: Opportunities and Challenges

THINKWELL



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Primary Health Care



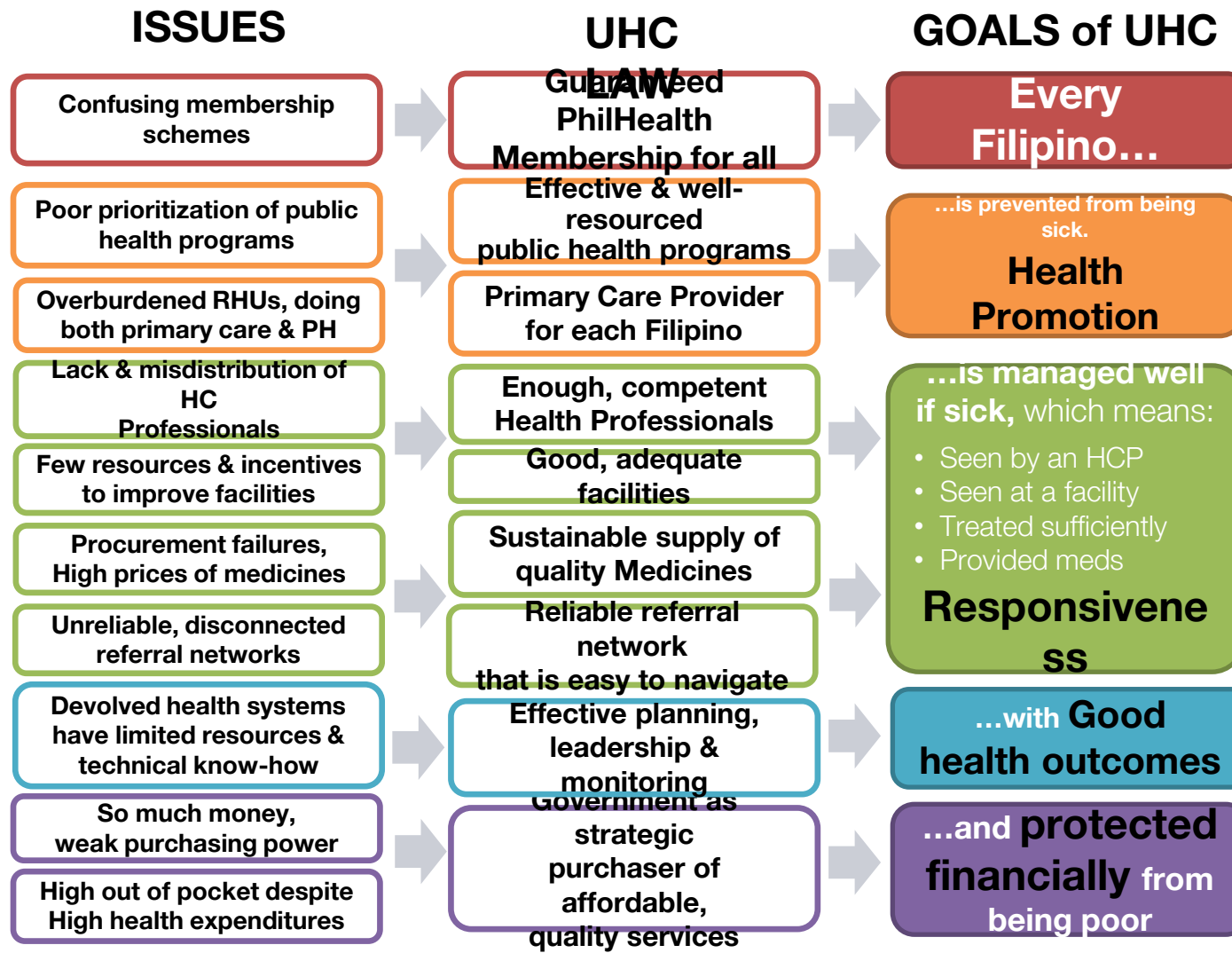
Reform context

Universal Healthcare Law of 2019

The Mandanas-Garcia Supreme Court Ruling + EO 138 and the devolution of health services

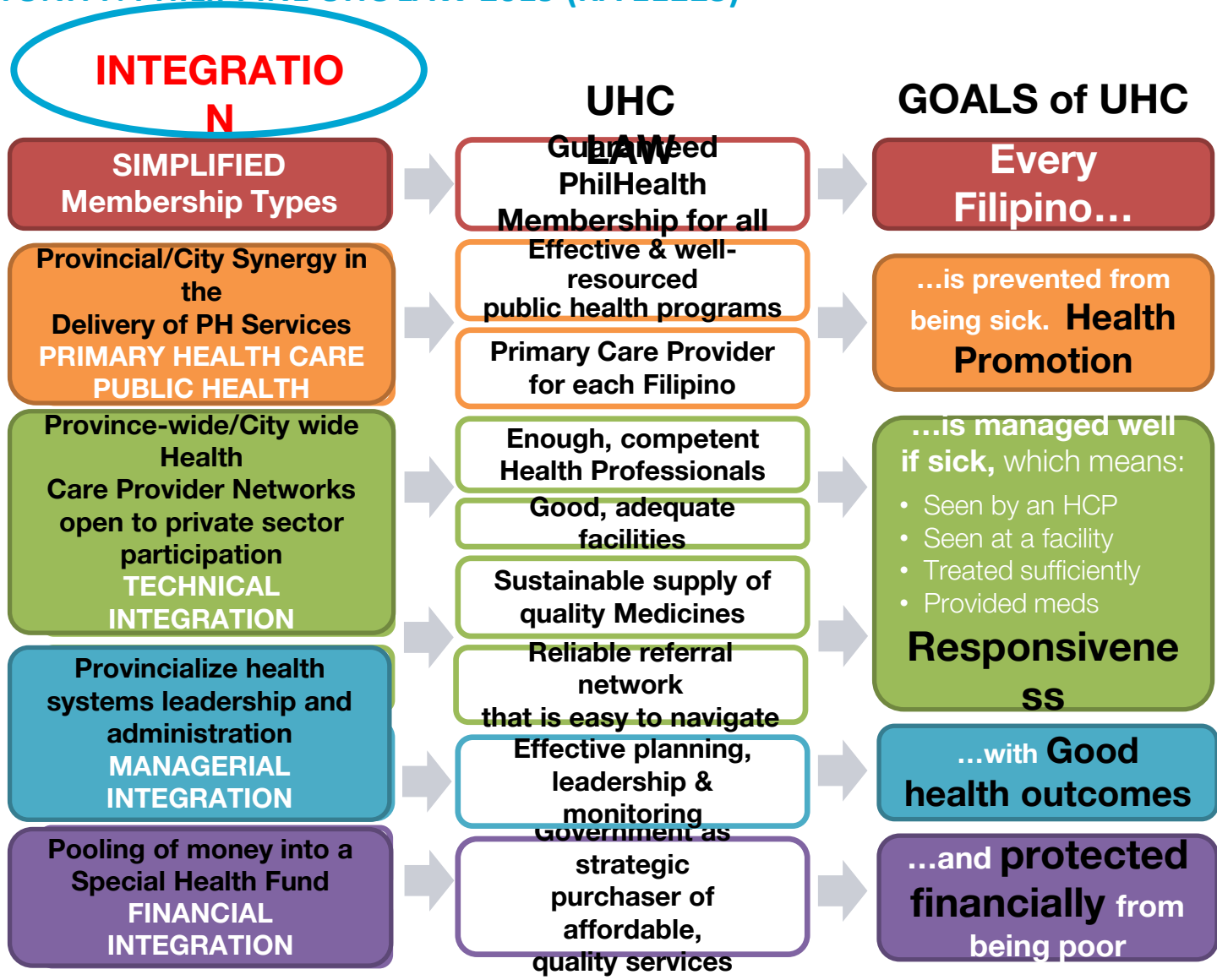


UNIQUE OPPORTUNITY: PHILIPPINE UHC LAW 2019 (RA 11223)





UNIQUE OPPORTUNITY: PHILIPPINE UHC LAW 2019 (RA 11223)





UHC DOES NOT MEAN “LAHAT LIBRE”



Every Filipino family is matched to a primary care team, who ensures that they get the **appropriate** services they need in the **appropriate** facility



Every Filipino family's health spending is predictable; PhilHealth ensures they are protected from financial risk

Financing



Clarifying roles:

1. DOH and LGU for population-based services
2. PhilHealth for individual-based services



Pooling funds to

PhilHealth for all individual-based health services (e.g. Sin Tax, PAGCOR, PCSO)



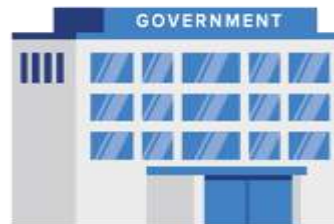
Simplifying membership

into two types: Direct & Indirect Contributory



Contracting by network based on adherence to quality and co-payment standards + **third party accreditation**

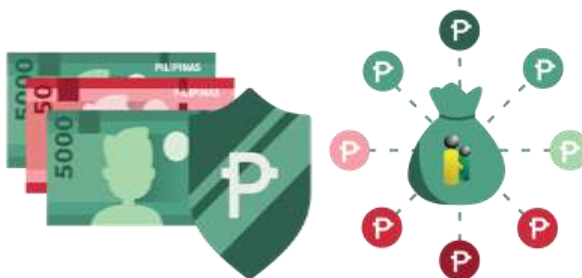




Local Government Unit



Province and City-Wide Health Systems



Special Health Fund



UNIVERSAL HEALTH CARE
KALUSUGAN AT KALINGA PARA SA LAHAT

ANTIQUE HEALTH CARE PROVIDER NETWORK



NORTH PCPN

Comprehensive PC Facility:
6 RHUs

Ancillary Services (Private):
3 Laboratories
23 Pharmacies
15 Clinics

Outpost:
82 BHS

SOUTH PCPN

Comprehensive PC Facility:
7 RHUs

Ancillary Services (Private):
6 Laboratories
62 Pharmacies
128 Clinics

Outpost:
141 BHS

CENTRAL PCPN

Comprehensive PC Facility:
5 RHUs

Ancillary Services (Private):
3 Laboratories
15 Pharmacies
10 Clinics

Outpost:
81 BHS

Infirmary:
JCOZMH, SCH
(Private):
TMCH, SMPCH

L1 Hospital:
CDH

Infirmary:
PDMDH

L1 Hospital:
RMSMDH

Infirmary:
BMCH, VMH, PLGMH
(Private):
SRMH

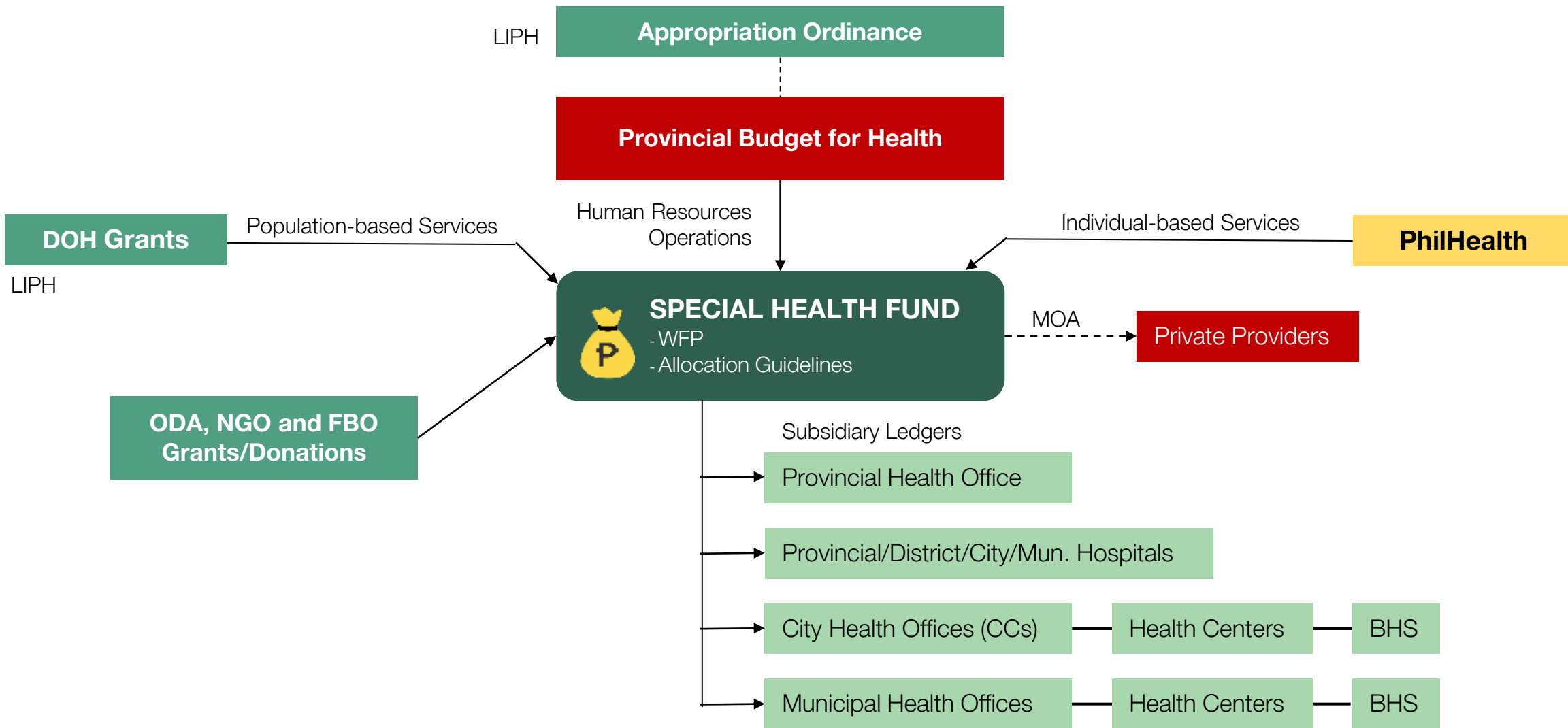
L1 Hospital

L2 Hospital:
ASMGH
(Private):
AMC

Apex hospital:
ILOILO CITY

Transition Care Facility/ Step-down Facility





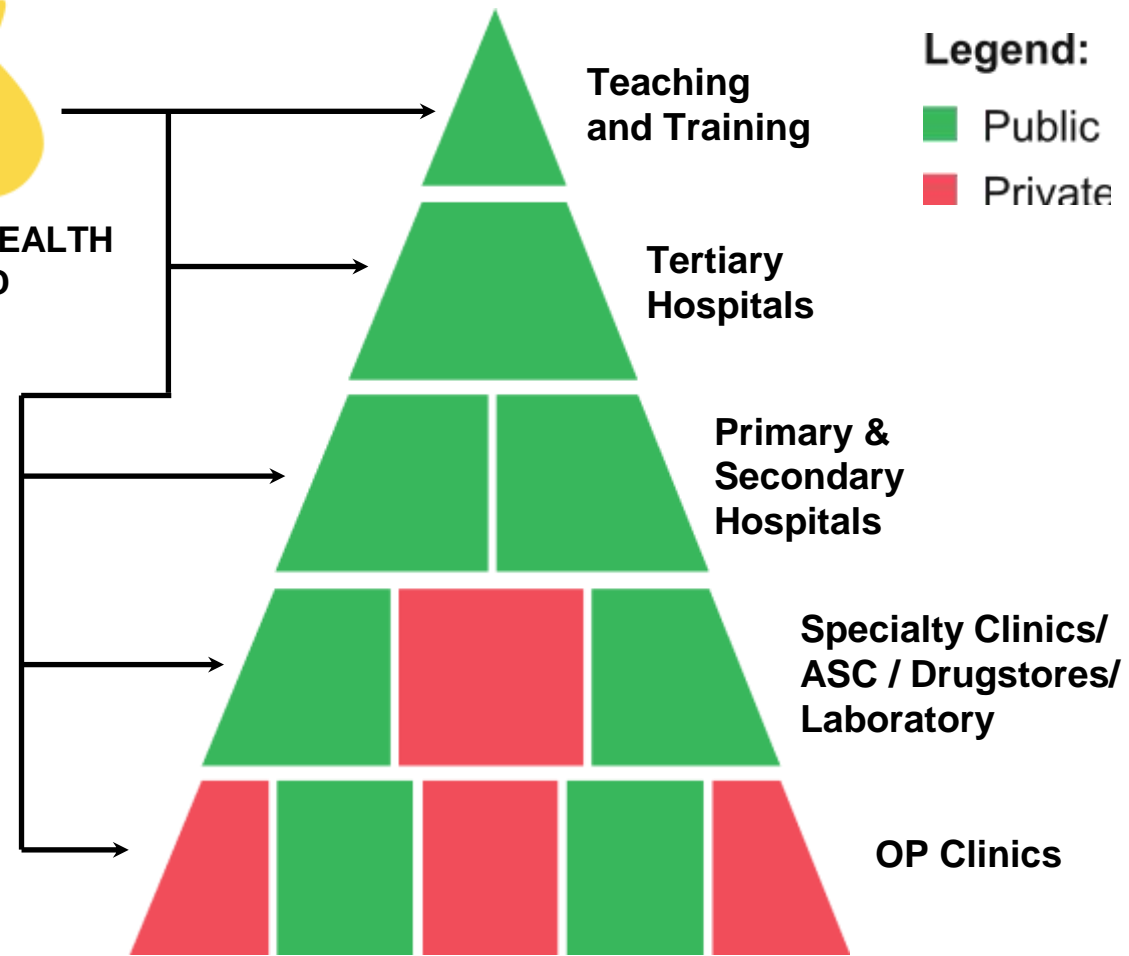
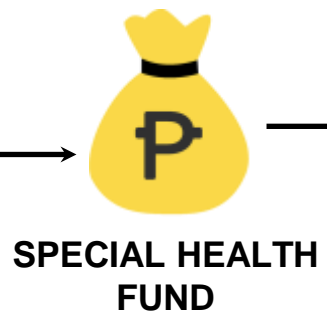
**Source: DOH slides*



POPULATION BASED
National & Local Government Budgets

INDIVIDUAL BASED

Case Mix (DRG) PHILHEALTH "Basic Package"	Extra Payments for "Convenience Amenities, Incentives"
SOURCE: PhilHealth	SOURCE: Out-of-Pocket Payment; Private Health Insurance; Health Maintenance Organization

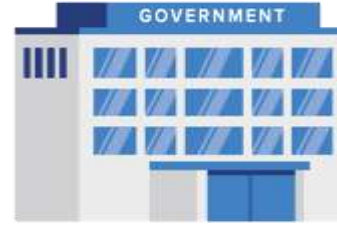


*Source: DOH slides

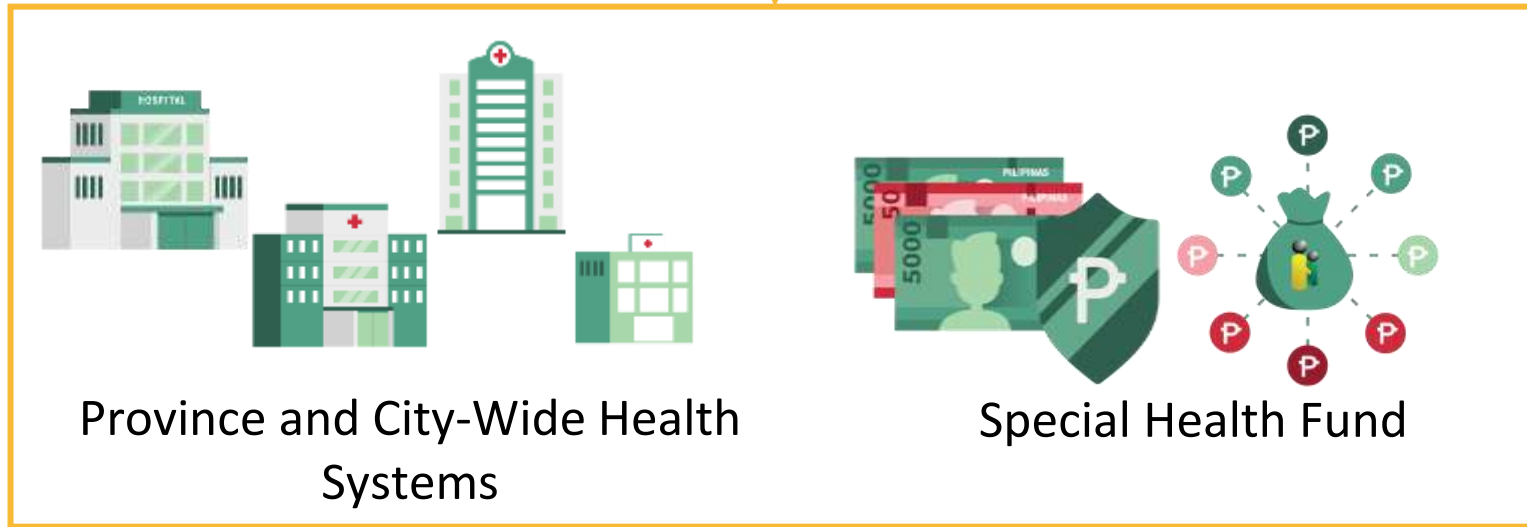




UNIQUE OPPORTUNITY: PHILIPPINE UHC LAW 2019 (RA 11223) + MANDANAS-GARCIA RULING



Local Government Unit



UNIVERSAL HEALTH CARE

KALUSUGAN AT KALINGA PARA SA LAHAT



EO 138 AND MANDANAS-GARCIA RULING: ORIGINS AND IMPLICATIONS ON FUND TRANSFERS AND DISTRIBUTION OF POWERS

Originates in a Supreme Court ruling that stated that local governments are not getting their fair share of national tax revenue

What are the implications of the ruling?

1. Local governments will receive a larger amount of national tax revenue than before.
2. National government agencies would devolve some of its functions to local government units. This includes the Department of Health

2021 – Preparation for Devolution

2022 – 2024
Devolution Transition period

2025 – Functions fully devolved





BRIDGING THE UHC LAW AND MANDANAS-GARCIA RULING LENSES AND PERSPECTIVES

Figure 1. Three key health financing system functions



Resource mobilization: how the health system generates and collects revenue



Pooling: combining financial resources from multiple sources to share the financial risk of paying for healthcare



Purchasing: mechanisms to pay providers for healthcare services



OPPORTUNITIES AND POINTS OF SYNERGY: UHC LAW AND MANDANAS-GARCIA



RESOURCE MOBILIZATION / REVENUE RAISING

- Increased social health insurance premium rates leading to more comprehensive benefit packages



POOLING

- Transfer of monies at national level to PhilHealth
- Consolidation of fragmented fund pools to an SHF at the local level



PURCHASING

- Delineation of purchasing roles and accountability for DOH, PhilHealth, and LGUs
- Prioritized funding for primary care

UHC LAW

EO 138/Mandanas Garcia

- Increase in total value of National Tax Allotment

- No explicit support for fund consolidation

- Reduction of DOH support to LGUs for hiring, procurement, capital investment



RESOURCE MOBILIZATION (REVENUE RAISING)

Increase in intergovernmental fund transfer

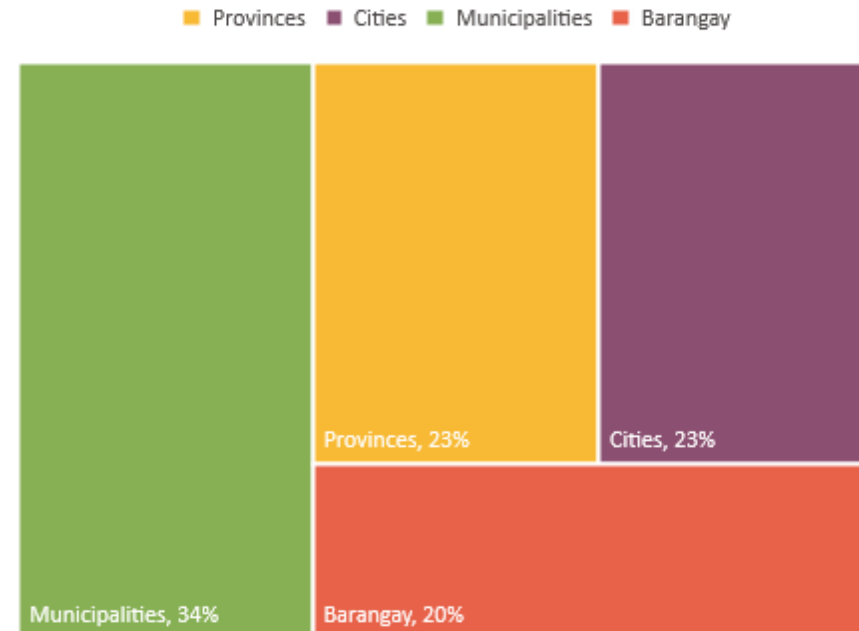
The National Tax Allotment (NTA)

Fiscal transfer from the national government to the local government.

Thirty to forty percent of the total tax revenue from national revenue taxes based on the collection of the third Fiscal Year preceding the current Fiscal Year are given to local governments.

55% (2022) ↑

Expected increase in LGU shares of national taxes



Percent of NTA allocated to each Local government level



RESOURCE MOBILIZATION (REVENUE RAISING)

Increase in intergovernmental fund transfer

The National Tax Allotment (NTA)

Fiscal transfer from the national government to the local government. Thirty to forty percent of the total tax revenue from national revenue taxes based on the collection of the third FY preceding the current FY are given to local governments. 23% of this are given to provincial governments, 23% to cities, 34% to municipalities, and 20% to barangays. How much they will get depends on population and land area.

OPPORTUNITIES

This gives the local governments a larger amount of predictable funding per year, giving the the LGU a **larger fiscal space** to implement its priorities.

CHALLENGES

The greater amount of funds that are not earmarked does not come with **accountability measures** to ensure that it used for the hiring of health personnel, procurement of commodities, investment in capital. It is possible that none of the additional funds will be used for health services, as how those funds are used depend entirely on the local government's priorities.



RESOURCE MOBILIZATION (REVENUE RAISING)

Increase in intergovernmental fund transfer

The National Tax Allotment (NTA)

Unconditional cash transfer from the national government to the local government. Thirty to forty percent of the total tax revenue from national revenue taxes based on the collection of the third FY preceding the current FY are given to local governments. 23% of this are given to provincial governments, 23% to cities, 34% to municipalities, and 20% to barangays. How much they will get depends on population and land area.

A provincial governor states that health is and has always been a priority for his province, and claims that even prior to this redevolution, his province has done well for health.

Meanwhile, he has dreams of turning his province into a tourism destination. That requires a lot of capital investment.

CHALLENGES

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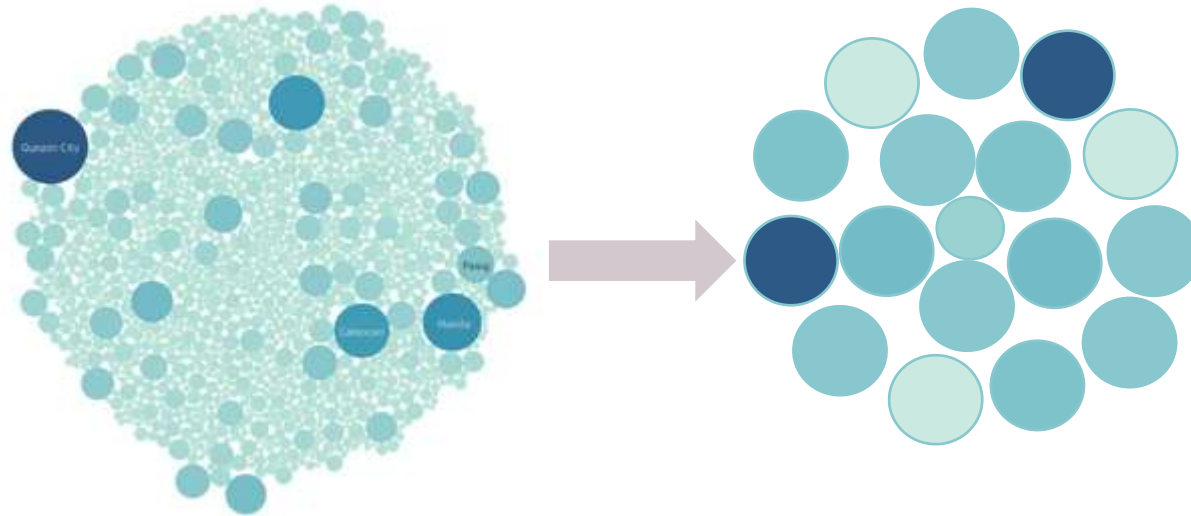


POOLING

Creation of the Special Health Funds

The Special Health Fund (SHF)

The SHF is a financial integration mechanism from the UHC law. It aims to consolidate funding pools in a local government. It is intended to serve as the funding pool for use of an integrated local health system, and the funds from which can be used for personnel, commodities, capital, for facilities and other expenses of an integrated health system.





POOLING

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OPPORTUNITIES

The SHF will reduce the amount of fragmentation of the fund pools used to finance health services and facilities at the local level. This creates the financing mechanism necessary for a functioning integrated health system at the local level.

CHALLENGES

Since the enactment of the law, an exceedingly small number of SHFs were established, highlighting both the managerial and political complexity of integrating fund pools currently held by many different local government actors.

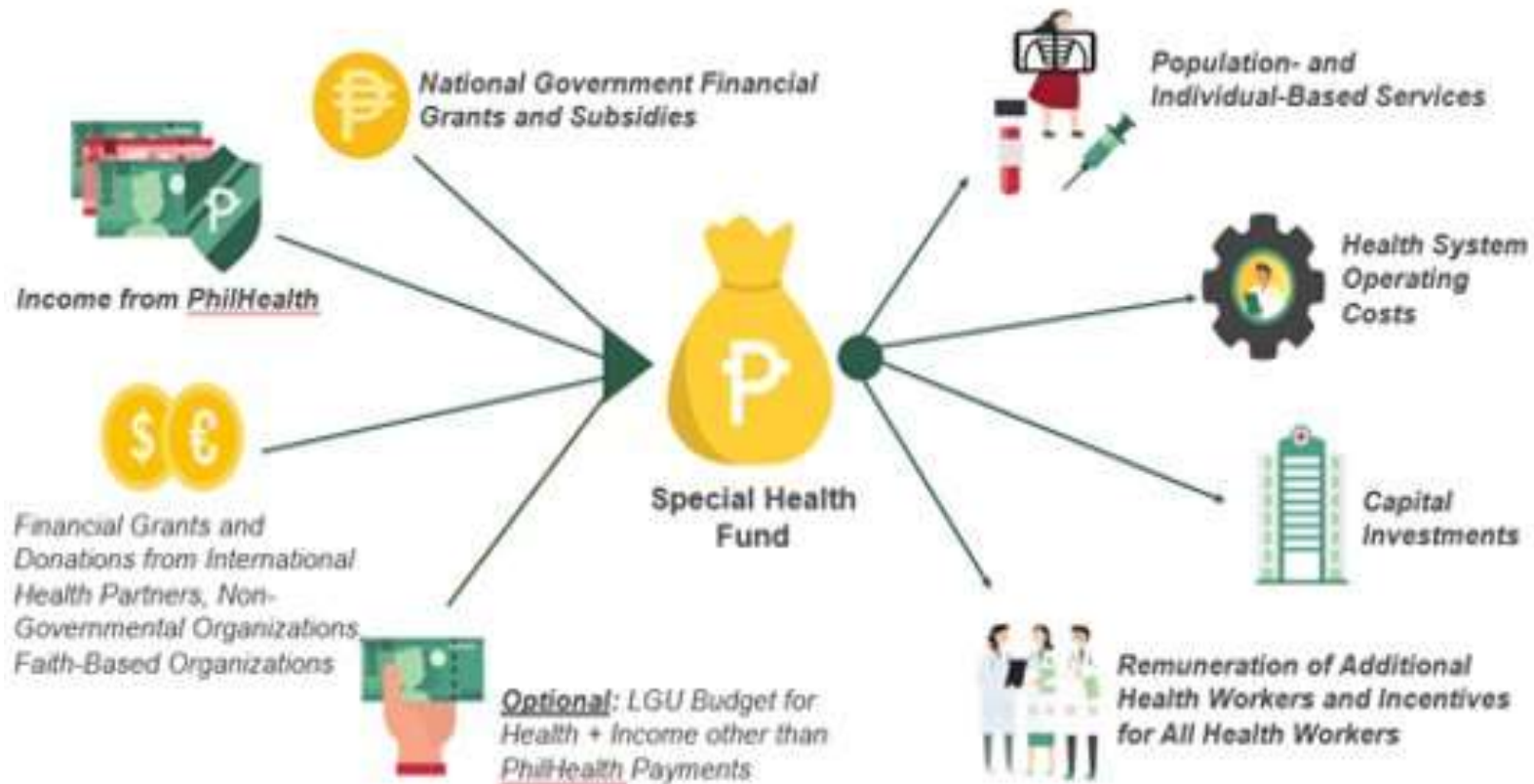


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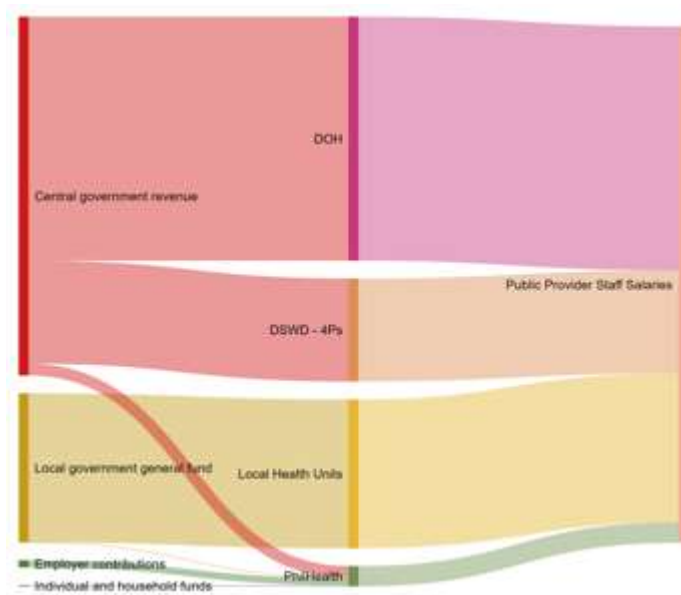
PURCHASING

Greater LGU role in purchasing

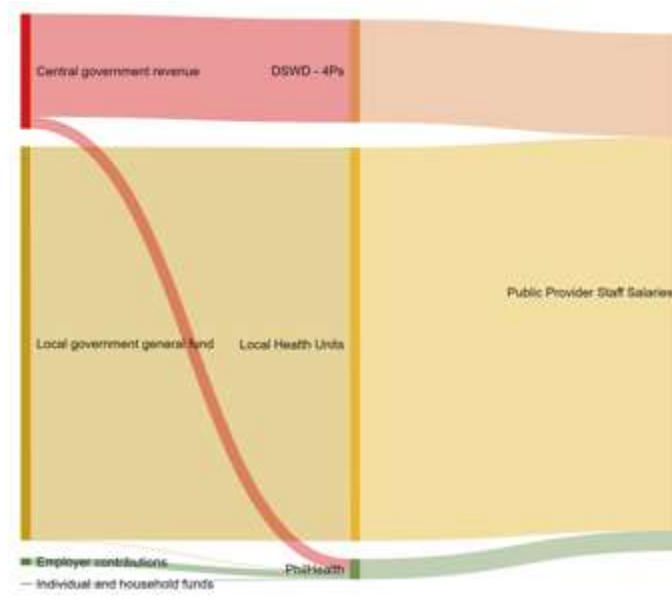
Redevolution of select DOH functions

The DOH will reduce the amount of non-financial support it provides to LGUs. LGUs will rely on its own funding and capacities to take over these, which include the hiring of nurses and midwives, the procurement of some medicines and commodities.

2019



Full Devolution Sim.





PURCHASING

Greater LGU role in purchasing

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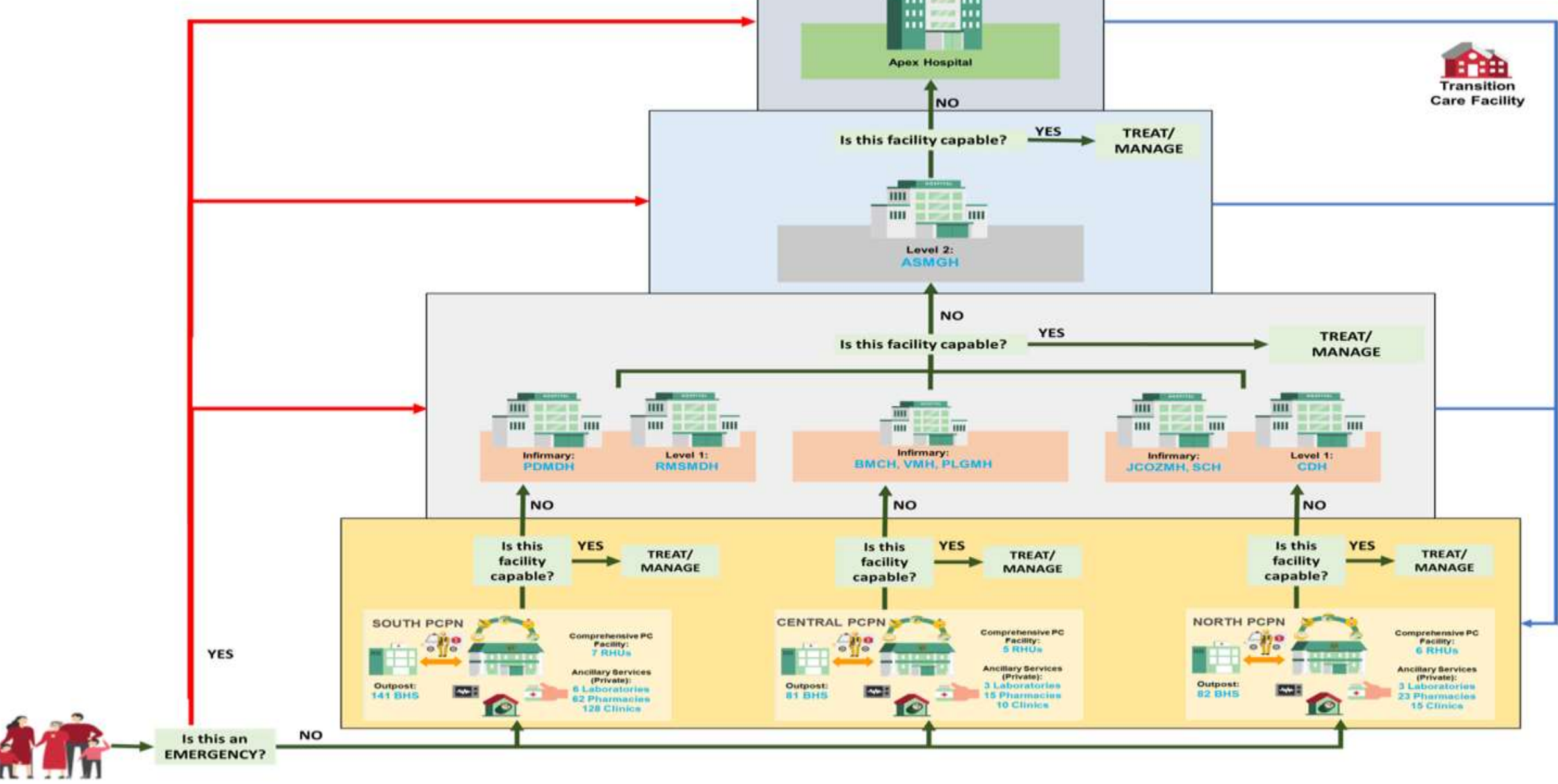
OPPORTUNITIES

Local governments are led towards greater autonomy in how they spend their funds. In the hands of good political leadership, these additional funds and functions can be used to effect clinical and managerial integration.

CHALLENGES

Accustomed dependence on the DOH for this kind of support means the LGUs may not have the experience and capacity to shoulder some of their expected responsibilities. For commodities, this could also mean more expensive goods as economies of scale are lost.

ANTIQUUE HCPN REFERRAL FLOW





PURCHASING

Greater LGU role in purchasing

Redevolution of select DOH functions

The DOH will reduce the amount of non-financial support it provides to LGUs. LGUs will rely on its own funding and capacities to take over these, which include the hiring of nurses and midwives, the procurement of some medicines and commodities.

The local health officer struggles with a low budget for health. He knows he has to make a good case to the mayor and the local legislature. A good plan and budget is crucial for this.

However, he does not have the data he needs to project what his needs would be. His staff are few, and in many cases, lacking in necessary training.

CHALLENGES

Accustomed dependence on the DOH for this kind of support means the LGUs may not have the experience and capacity to shoulder some of their expected responsibilities. For commodities, this could also mean more expensive goods as economies of scale are lost.



SUMMARY OF CHALLENGES

RESOURCE MOBILIZATION REVENUE GENERATION

No earmarking and **accountability** measures

Dependence on local chief executive **discretion**

Possibility that funds will **not be used** for health at all

POOLING

Support or commitment from local chief required

Rivalry and trust issues among officials

Alignment with national agencies

PURCHASING

Accustomed dependence on the DOH

Lack of capacity to plan, procure, and hire

Possible loss of **economies of scale** in purchasing commodities

Aligning **purchasing roles** with DOH, PhilHealth



SUMMARY OF OPPORTUNITIES

REVENUE GENERATION

Increase in LGU's
fiscal space

55% (2022) ↑

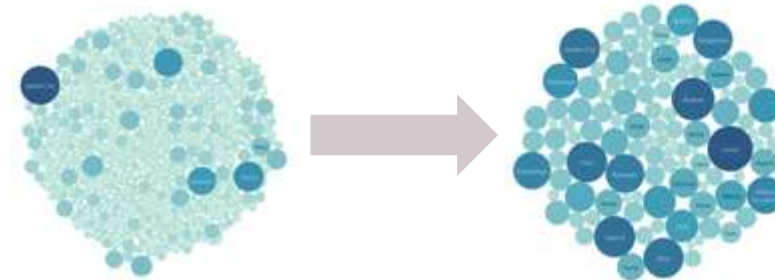
Estimated increase in total NTA

PURCHASING

Greater autonomy of local governments
on fund use

POOLING

Integration of fragmented
fund pools



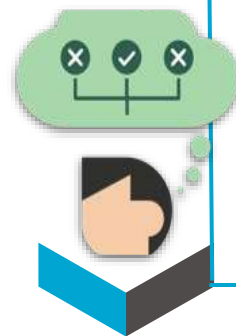


HOW CAN LGUS TAKE ADVANTAGE OF THE OPPORTUNITIES BROUGHT ABOUT BY THE UHC LAW AND MANDANAS-GARCIA RULING?

Knowledge Management

Information is key

Access to data and managing information are important to make decisions and is needed to ensure proper funds allocation, among others.



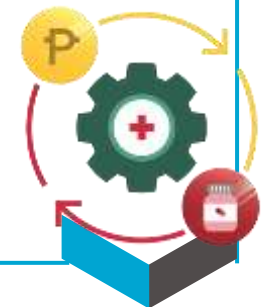
Budget Utilization

Budget utilization refers to the agent's ability to allocate funds appropriately, including all the steps that must be undertaken in the process of allocating, obligating, and disbursing funds. Budget utilization encompasses budget planning and budget execution, and primarily assesses whether funds are used.



Absorptive Capacity

Absorptive capacity, on the other hand, describes whether the funds are used in an effective manner in fulfillment of the goals and objectives of an office. This then is a measure of whether the funds used translate to attainment of performance indicators.



SUMMARY

- **The UHC law and the EO 138 portend changes in the local health system structure and financing.** The UHC law pushes for major changes in local health system structure with the integration of health systems into province or city-wide systems, and in the special health fund that accompanies it. The EO 138 leads to an increase of fund transfers for local governments and a devolution of health functions from national to local governments.
- **Local governments can expect an increase in their decision space due to some of the changes from the UHC law and EO 138.** The increase in the NTA means that local governments will have a significantly larger amount of un-earmarked funds, giving them wider fiscal space. The special health fund gives them a fund pool that can be used to finance the entire provincial or city-wide health system. The redevolution of services gives local governments greater powers over their own health system.
- **Ongoing challenges of local leader priorities and absorptive capacity issues will determine whether the increased decision space will actually lead to improved financing and services.** Local leaders may choose not to fund health at all despite the increase in funding they'll expect to receive. Accountability measures are needed to balance this. Capacity to develop plans, gather data, monitor results, and conduct procurement are among the key areas that would need to be capacitated.

<https://thinkwell.global/projects/sp4phc/>

