Policy Brief No. 2
2010

The Filipino child

Global study on child poverty and disparities: Philippines

Is PhilHealth's Sponsored Program reaching the poorest of the poor?

One of the key programs of the PhilHealth is its Sponsored Program for the less privileged wherein health insurance coverage is open to qualified indigents belonging to the lowest 25 percent of the Philippine population. The health insurance covers hospitalization and special packages for facility-based deliveries and newborn screening as well as treatment of illnesses such as tuberculosis, SARS, avian flu, and A (H1N1).

The issue on hand

The Philippines has one of the longest histories of social health insurance in Southeast Asia; its roots can be traced to the Medicare Program for formal sector employees in the 1970s. In 1995, a law creating the National Health Insurance Program was passed, with the aim of achieving universal health insurance coverage by 2010.[1] The law also created the PhilHealth which was designated as the agency in charge of the program's implementation.

One of the key programs of the PhilHealth is its Sponsored Program for the less privileged wherein health insurance coverage is open to qualified indigents belonging to the lowest 25 percent of the Philippine population. The premiums of selected beneficiaries are jointly shouldered by the National Government (NG) through PhilHealth, local governments, private individuals and corporations, and, in some cases, by members of Congress through the Priority Development Assistance Fund (PDAF). The health insurance covers hospitalization and special packages for facility-based deliveries and newborn screening as well as treatment of illnesses such as tuberculosis, SARS, avian flu, and A (H1N1). The benefits are subject to ceilings applied to all members of PhilHealth.

A special benefit package under the Sponsored Program is the Outpatient Benefit (OPB) Package. This package consists of preventive services being provided such as primary consultation, blood pressure monitoring, breast examination and rectal exam; diagnostic services such as chest x-ray, sputum microscopy, and screening for cervical cancer; and laboratory services such as urinalysis, fecalysis, and complete blood count. With this package, the health concerns of the indigent are being more or less addressed.

To provide funding for the OPB package, accredited rural health units (RHUs) are given a capitation fee of PHP300 for every indigent family enrolled in the Sponsored Program. The more families enrolled in the Sponsored Program, the more capitation is released to the RHU. Said funds may be used for the procurement of drugs and equipment needed for OPB provision and for payment of referral fees and administrative cost.[2]

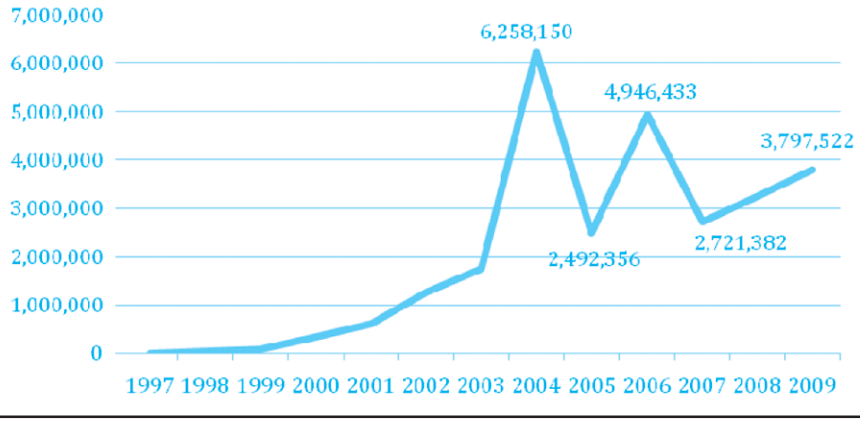
Notwithstanding these obvious benefits of enrolling indigents to the Sponsored Program, data from PhilHealth, however, reveal that enrolment has been rather sporadic. For instance, in 2004, the number of enrollees reached as high as 6.3 million families; but then, the following year, it plunged to 2.5 million families (Figure 1). The influx in enrolment in 2004 came from Plan 5M while for 2006, from Oplan 2.5M—programs launched by former President Gloria Arroyo to accelerate universal insurance coverage. Without these programs, membership to the Sponsored Program would taper off to approximately 2.5 million families, just a little more than half of the estimated

[1] Actual coverage of PhilHealth is unclear—the agency reports that 86 percent of the population is already covered as of February 2010. An independent study, however, estimates that PhilHealth coverage is only 52 percent while the latest demographic and health survey reports that the coverage is only at 38 percent.

[2] The administrative cost not exceeding 20 percent of the total capitation fund will be divided among the health staff of the RHUs. Source: PhilHealth Circular No. 40, s.2000. Implementing Guidelines for Outpatient Consultation and Diagnostic Package.

[3] The NSCB estimates that there are 4,677,305 poor families in 2006.

Figure 1. Sponsored Program members, 1997–2009



Source: PhilHealth Stats and Charts

number of poor families by the National Statistical Coordination Board (NSCB).[3]

Behind the numbers: why the not-so-encouraging extent of enrolment

One problem in attaining a higher level of enrolment is the difficulty in convincing local government units (LGUs) to cofund the premiums of their indigent constituents. Some LGUs do not see the need to provide counterpart funds for their indigent population while some find it difficult to source funding from their budgets. In cases where LGUs do enroll their indigents, the critical problem, though, is identifying the true poor among the enrollees. Cases of sponsored program cardholders availing of services at private hospitals and pay wards at public hospitals signal that there are leakages in the program. A problem that is evident in the current system is the possibility of overtargeting as seen in provinces where coverage rates exceed the number of poor families. While an increase in PhilHealth enrolment is laudable, the problem with overtargeting is that the program subsidizes those who can afford to pay. Since the program involves counterpart contributions between the national government and the LGUs, the possibility that even taxpayers outside the provinces concerned are subsidizing premium payments of those with the ability to pay health insurance cannot be discounted.

But what is more worrisome are some of the concerns raised by some bonafide members of PhilHealth's Sponsored Program. In focus group discussions held in Agusan del Sur, respondent members lamented that they do not actually feel the supposed benefits of the OPB package. They believed that it is only their LGUs which benefit through the capitation fees they get per enrolled indigent member whereas they, as members, do not at times even get free preventive care or laboratory services as stipulated in the package. In some cases as well, many of the poor become subject to catastrophic circumstances as they are forced to look for funds to shoulder expenses during episodes of illness. Because of these, many indigents get discouraged from enrolling in the program.

Suggestion(s) to bring about a wider coverage

Rather than relying on LGUs' discretion in enrolling indigents to Philhealth, the national government should guarantee the coverage of the poorest of the poor (i.e., recipients of the Pantawid Pamilyang Pilipino Program [4Ps]), by taking the responsibility of paying for their health insurance premiums. On the other hand, the responsibility of the LGUs should shift toward enforcing mandatory enrolment of the informal sector. And with coordination assured between the two, along with a better targeting scheme, the primary goal of the National Health Insurance Program to achieve universal health insurance coverage may eventually see fruition in the very near future. □

Philippine Institute for Development Studies

NEDA sa Makati Building
106 Amorsolo Street, Legaspi Village
1229 Makati City
Tel. Nos.: (63-2) 8942584/8935705
Fax Nos.: (63-2) 8939589/8942584
Email: publications@pids.gov.ph
Website: http://www.pids.gov.ph

The *Filipino Child Policy Brief* is culled from studies under the joint UNICEF-PIDS project titled "Global study on child poverty and disparities: Philippines." It highlights specific issues on child poverty in the Philippines and draws out their implications for policy.

The author is Rouselle F. Lavado, Senior Research Fellow at the Institute. The views expressed are those of the author and do not necessarily reflect those of UNICEF policy or programmes and PIDS.