

SP4PHC

Strategic Purchasing for
Primary Health Care

AN INTRODUCTION TO THE PHILIPPINE UNIVERSAL HEALTH CARE LAW

The Strategic Purchasing for Primary Health Care (SP4PHC) project aims to improve how governments purchase primary health care (PHC) services, with a focus on family planning and maternal, newborn, and child health (MNCH). The project is supported by the Bill & Melinda Gates Foundation and implemented by ThinkWell in collaboration with country governments and local research partners. The SP4PHC project is focused on purchasing reforms in five countries: Burkina Faso, Indonesia, Kenya, the Philippines, and Uganda.

In the Philippines, the project provides technical assistance to national and local governments to strengthen health purchasing policies and practices in support of the implementation of the Universal Health Care (UHC) Law enacted in 2019. To demonstrate applicability, incubate innovative ideas, and generate evidence, ThinkWell supports UHC Integration Sites in the provinces of Antique and Guimaras.

The SP4PHC project is launching a series of briefs to describe health system reforms taking place under the UHC Law, with emphasis on the impact these reforms have on health financing and PHC. The series will also include narratives from our field experience in Antique and Guimaras to enrich learning and reflections from the frontlines. This introductory brief provides an overview of challenges confronting the Philippines health system, and describes how the major provisions of the UHC Law are intended to respond to these challenges.

THE PHILIPPINE HEALTH CARE SYSTEM

The Philippines is a culturally diverse archipelagic country in the South-East Asia Region with over 7,641 islands. The country is considered the twelfth most populous in the world with 104.9 million people speaking over 170 languages. It hosts one of Asia's fastest growing economies with a gross domestic product growth rate of 6.2% in 2018 (World Bank 2019a). It has an urbanization rate of 51.2% with a poverty incidence of 6.1% as of 2015 (Philippine Statistics Authority (PSA) 2018, World Bank 2020). Its economy relies on three broad sectors: services, agriculture, and industry (World Bank 2018).

Although the Philippines has shown significant improvements in health outcomes, it continues to deal with inequities and new challenges that threaten the health of its population. Life expectancy at birth has increased from 62.2 years in

1980 to 69.1 years in 2016. This was brought about by improvements in living conditions, better access to health services, and improved management and treatment of infectious diseases over the past years (World Bank 2019b). However, those in lower wealth quintiles, with lower education attainment, or living in rural areas are still at a disadvantage. Family planning and MNCH indicators, for example, show that compared to the national average, these population groups have higher infant mortality and fertility rates, and lower percentages of deliveries that occur in health facilities and are assisted by skilled health providers (Table 1). The health system is now facing a triple burden: health impacts brought about by urbanization, globalization, and climate change, the rise of noncommunicable diseases, and the re-emergence of communicable diseases (Dayrit, Lagarda, and Picazo et al. 2018).

Filipinos also continue to suffer a heavy financial burden from health spending. The incidence of

Table 1. Status of selected family planning and MNCH indicators in 2017

Indicator	National status	Rural residents	Lowest education	Lowest wealth quintile
Infant mortality rate (per 1,000 live births)	21	23	*	*
Fertility rate among 15-49 years of age	2.7	2.9	4.1	4.3
% of deliveries by a skilled provider	84.4%	78.7%	61.2%	64.5%
% of deliveries in a health facility	77.7%	72.2%	53.4%	58.4%

*Disaggregated data not available; Source: PSA 2018

catastrophic spending has been increasing for all income groups. In 2012, around 1 million people were impoverished by high out-of-pocket payments, and in 2018, 53.9% of total health expenditure was from out-of-pocket payments (Ulep 2016, PSA 2019).

Health is recognized as a basic human right by the 1987 Philippine Constitution, which declares that “the State shall protect and promote the right to health of the people”. Over the years, the Philippines has undertaken various health sector reforms towards achieving UHC. In 2010, this became an official priority of the health sector under the program *Kalusugan Pangkalahatan*, the Tagalog translation of UHC. These reforms culminated in the enactment of the UHC Law in February 2019.

THE PHILIPPINE UNIVERSAL HEALTH CARE LAW

The Philippine UHC Law presents health system reforms necessary to expand financial protection and access to health services to all Filipinos. This landmark legislation adopts a whole-of-system, whole-of-government, whole-of-society, people-centered approach to improve overall health system performance. It aims to progressively realize UHC in the country, ensuring that all Filipinos are guaranteed equitable access to quality and affordable health care goods and services, and are protected against financial risk.

The UHC Law mandates structural and functional changes in health financing, service delivery, and governance. This law aims to address the issues of the country’s fragmented health system through the establishment of province- or city-wide health systems. To test this re-integration, a transition period of six years has been allotted for 33 selected provinces to implement the UHC Law with technical and financial support from the national government. Evidence and knowledge gained from these sites will provide valuable inputs to the ongoing development of supporting policies by the Department of Health (DOH) and the Philippine Health Insurance Corporation (PhilHealth), the national health insurance program of the country, to support the eventual national roll-out of the law.

The following section describes the major provisions of the UHC Law by illustrating health system features before its enactment and the changes instituted by it, summarized in Table 2.

Leadership and Governance

The Philippine health system is highly devolved, with significant responsibilities held by the country’s 1,488 municipalities. Relationships between the DOH and municipal, city, and provincial governments complicate policy implementation. PhilHealth’s role has grown organically as it purchases a disparate set of benefit packages from a variety of public and private agencies.

The UHC Law aims to clarify and delineate the overlapping functions of government agencies. The law re-envision the role of DOH to be more focused on regulation, policy development, and standard setting, guiding implementation at the local level, while PhilHealth transitions to become a stronger and more dominant national purchaser of services.

At the local level, the public system will be reorganized as province- or city-wide health systems, within which health care provider networks (HCPNs) will be formed. Municipal level governments that currently lead and manage local health systems will transfer these functions to their respective provincial and city governments, which will become the focal points of local health governance. They will be responsible in terms of administrative and technical supervision, health service delivery, and local health system management.

PhilHealth Membership, Benefits, and Financing

PhilHealth membership is currently achieved through a variety of subsidized and contributory schemes. PhilHealth reportedly covers 92% of the population, but a significant proportion of its members are unaware of or are unable to access their benefits (Dayrit, Legarda, and Picazo et al. 2018). PhilHealth benefits packages are specific to type of membership, and provider payment systems are equally complex, with different approaches applied to different benefit packages.

Under the UHC Law, all citizens are automatically entitled to PhilHealth benefits, including comprehensive outpatient services. PhilHealth will be responsible for purchasing all individual-based services, including supplies, medicines, and commodities, as well as maintenance and operating expense of health facilities. PhilHealth's provider payment systems will be reformed towards global budgets of contracted HCPNs. The DOH will maintain responsibility for population-based services, as well as salaries for government healthcare workers.

The law strengthens PhilHealth by transforming it to become a national purchaser of individual-based health goods and services. To support this larger purchasing role, premium contributions to PhilHealth will be complemented by increasing government contributions from sin taxes, annual appropriations, and revenues from the Philippine Amusement and Gaming Corporation, and the Philippine Charity Sweepstakes Office.

Service Delivery Structure

The delivery of public PHC services is currently controlled at the barangay and municipality level. Patients struggle to access a continuum of care across administrative boundaries. The DOH faces challenges in signaling strategic priorities to primary care providers, and in enforcing quality standards.

To address the fragmentation of service delivery and move towards providing comprehensive and integrated care, providers are encouraged to form province- and city-wide HCPNs. These networks can be composed of public, private, or a mixed set of providers that will deliver primary, secondary, and tertiary services. HCPNs will prioritize strong primary care. Primary care providers will deliver continuous, comprehensive, and coordinated first-

contact care, as well as manage navigation of a facilitated referral system.

Access to Medical Products

The Philippine market for medical products lacks effective government coordination and control, and its inefficiency has led to uniquely high drug prices. The UHC Law mandates the establishment of a Health Technology Assessment (HTA) Council to guide pharmaceutical procurement, which will ensure that the most cost-effective and affordable medicines, supplies, and commodities will be purchased by the government.

Health Workforce

There is a chronic deficiency of health care professionals, especially in geographically isolated and disadvantaged areas. Some of the main reasons for these include difficulty in attracting personnel, lack of resources to finance the positions, or weak prioritization by local government units (LGUs). Additionally, undergraduate training programs for health professionals in the country do not feature specific training for the provision of primary care.

To address health care worker deficiency in the short term, the DOH will expand its deployment programs to augment workforce needs. All government-sponsored scholars will be mandated to serve in DOH-identified areas for at least three years. In the long run, the law envisions that LGUs will be capable to independently finance and manage their own health workforce.

The law also focuses on strengthening the provision of primary care through appropriate training of human resources. It mandates realignment of undergraduate and graduate curricula for health professionals to focus on forming essential primary care competencies. While this long-term change is being pursued, a primary care certification will be required for health professionals to practice as primary care providers.

Health Information Systems

Health information systems have been challenged by lack of structural and technical capacities, duplication of efforts, and unconsolidated and incomplete data. Lack of interoperable mechanisms to bring together multiple information systems lead to inefficiencies and restrict data consolidation. The

UHC Law mandates the maintenance of interoperable information systems and standardizes the necessary health data for collection from

providers, which are required in licensing and contracting agreements.

Table 2. Major provisions of the UHC Law

Features	Before UHC Law	UHC Law mandates
Leadership and Governance		
National government	Gaps in licensing and regulation of health facilities by DOH, particularly primary care facilities	Mandatory licensing and regulatory systems by DOH for all health facilities, including primary care facilities
Local government (provincial and municipal offices)	Fragmented administrative, technical, financial, and operational management of local health systems (primary to tertiary care) down to individual municipalities	Province- and city-wide integration of administrative, technical, financial, and operational management of local health systems
Financing		
Coverage	Multiple membership schemes that make member management inefficient	Guaranteed PhilHealth membership for all citizens; Simplified, two-tiered membership scheme - direct (contributory) or indirect (subsidized);
Purchaser	PhilHealth purchases services from providers through piecemeal benefit packages and reimbursements	Prospective, performance-based, global budget payments for HCPNs
Fund source	Overlap in population and individual-based services funded by DOH and PhilHealth	Population-based services financed by DOH and LGUs; Individual-based services financed by PhilHealth
Salaries	Public sector salaries paid by national and/or local government	No change; intervening laws, civil service regulation, and political landscape restrict opportunities to move to performance based payment of salaries
Service Delivery Structure		
Point of contact	First-contact care sought at any level of care	Continuing, comprehensive, and coordinated referral system managed by a primary care provider
Provider	Fragmented delivery of services at various levels of care	HCPNs organized within province- or city-wide health systems
Access to Medical Products		
Prioritization	No institutionalized, objective, and transparent prioritization process	HTA institutionalized through an HTA Council for all medical goods
Procurement	Inefficient per facility procurement prone to bidding failures and ultimately stockouts	Centralized or pooled procurement mechanisms for drugs and medical devices to leverage economies of scale and improve negotiation leverage

Features	Before UHC Law	UHC Law mandates
Health Workforce		
Training	General undergraduate training as default primary care training, but with recognized inadequacies	Undergraduate and graduate training and curricula designed and realigned to focus on primary care competencies
Primary care certification	No required certification to practice primary care	Certification based on primary care competencies required for primary care providers
Health Information Systems		
Platform	Multiple existing health information systems with limited interoperability	Interoperable health information systems required for all health service providers and insurers and should be accessible to the public
Data	Unconsolidated and incomplete data that translate to poor quality and limited opportunities for analysis and utilization	Standardized data submitted by all health facilities as a requirement in licensing and contracting

CONCLUSION

The Philippine UHC Law addresses the inequities faced by the country’s health system because of fragmented service delivery and inefficient financing systems. The government and its stakeholders continue to work towards a responsive health system that delivers quality care without the risk of financial burden to its citizens. The UHC Law addresses health system challenges through [1] guaranteeing access to appropriate health services for all Filipinos through functional HCPNs; [2] ensuring strategic and adequate financing and purchasing services; [3] engaging local governments to effectively manage local health systems; and [4] building capacity in terms of qualified human resources and seamless information systems. It must be noted that the provisions presented here will still be subject to change as implementing guidelines and policies are being developed for the eventual national roll-out of the law.

ThinkWell, through its SP4PHC project, supports national and local government efforts in the development of rules and regulations for operationalizing the reforms of the UHC Law. The team provides technical assistance to DOH, PhilHealth, and other stakeholders in the development of supporting policies for the UHC Law, such as on benefit packages and health

financing schemes for primary care. The team also assists the provincial LGUs of Antique and Guimaras as UHC Integration Sites. This provides insights on how guidelines and tools developed at the national level can be translated into local context and, conversely, how local experience can be used in the refinement of national legislations. Lessons from these pieces of work will not only support in the improvement of health outcomes in the Philippines, but will also contribute to the global discussion on UHC and health systems development.

The subsequent briefs on the Philippine UHC Law will explore the nuances of some major provisions of the law and its implications to the country’s health system.

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For more information, please visit our website at <https://thinkwell.global/projects/sp4phc/>.

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