

Best Practices

HEALTH FINANCING

One of the guiding principles of the National Health Insurance Act of 1995 (RA 7875) states that the National Health Insurance Program shall provide all citizens with the mechanism to gain financial access to health services in combination with other government health programs. It also states that the government shall give the highest priority to achieve coverage of the entire population with at least a basic minimum health benefit package. Further, it states that enrollment to NHIP is compulsory for all Filipinos and it should be provided at a reasonable cost. These provisions present a tremendous challenge to the NHIP and its implementing agency the Philippine Health Insurance Corporation (PhilHealth). This situation is also compounded by the low financial resources available to the poor and underserved sector of the society, the indigents.

Indigent Program

With this vision in mind, the NHIP through PhilHealth has developed and implemented the PhilHealth Indigent Program designed to provide coverage for basic health services such as outpatient consultation, laboratory services and even hospital admission coverage. This PhilHealth Indigent Program is designed to ensure access of the poor to basic health services guided by the following principles:

- • Recognition of the role of local government both as financial intermediary and provider of health service will strengthen Local Government Unit (LGU)-PhilHealth partnership.
- • Program enhancements on both “preventive and curative health care” will encourage LGU participation and integration of community, private sector and other government initiatives to the program, thus ensuring allocation of more funds for NHIP.
- • The gate-keeping function of Rural Health Units (RHU) will minimize over-utilization of hospital facilities and avoid unnecessary confinements and denial of claims.
- • Unification of regular benefits will result to high support value for hospital claims especially for indigent patients.
- • Outpatient benefits will ensure high program and effective fund utilization.
- • Capitation payment schemes will help LGUs upgrade health facilities and services.
- • Assured return on investment through capitation will operationalize automatic access by LGUs to national government subsidy.
- • Outpatient referral schemes will encourage integration of local health systems.
- • Re-channeling of local funds to NHIP will enable PhilHealth to institute possible improvement in drug purchase and management.

- • Enhancement of NHIP's nationwide accreditation and quality assurance system offer maximum portability for inpatient utilization and assures compliance to standards by health centers and RHUs.

With these objectives and principles, the PhilHealth Indigent Program needs a lot of acceptance and support from all sectors of the society. This is necessary so that the PhilHealth Indigent Program will be sustainable and effective.

It is in this context that the convergence strategy for the implementation of the Health Sector Reform Agenda related to health financing is implemented. The target is to increase enrolment to the PhilHealth Indigent Program through multi-sector advocacy and cooperation. The parameters for assessing the success of the activities related to health care financing must also be related to efficiency and effectiveness of the said activities in achieving the goals of the PhilHealth Indigent Program. These parameters are a) preliminary activities like information campaign being done by PhilHealth in cooperation with other sectors, b) intention of acceptance and support by the political leadership through MOA signing, c) number of indigent families enrolled, d) number of health service providers accredited, RHUs and hospitals and e) satisfaction of indigents who availed of the package.

Parameters for Evaluating Health Finance Activities

Health care financing is concerned with the efficiency and equity of access to health services. In this report, the health care financing activities in the HSRA was assessed based on the performance of funders (e.g. social marketing, political support and number of enrollees), performance of health care providers (e.g. accreditation, quality of care) and utilization of benefits (patient satisfaction).

Social marketing is an important strategy of the PhilHealth Indigent Program. It hopes to enroll as many indigent families as possible. An increasing number of enrolled indigents will also be a major factor for the sustainability of the program. In documenting the strategy, we looked into the use of different modes of information dissemination, efficient use of available resources and manpower, etc.

One of the indirect indicators of social marketing by PhilHealth is the presence of political support to the indigent program. It may indicate successful implementation of the convergence strategy, since most activities necessitate encouraging support of health care by the political leadership. Evidence for this support was documented based on willingness of the local chief executives (governors, mayors, etc.) to allot funds for health services and share costs for enrolling indigents in the PhilHealth indigent program. In fact, allocations or expenditures are often better indicators of preference than just mere MOAs because LGUs then, as it were, "put their money where their mouths are." Budget allocations also partly capture the results of the exercise of "political will or leadership."

The number of indigent families enrolled was used as an indicator of success in the implementation of the PhilHealth indigent program. Although the data used were not

collected at the same stage of implementation across the different convergence sites, it may be considered an objective way of comparing performance across sites.

Accreditation based on PhilHealth and Sentrong Sigla standards was also documented. Since the provision of capitation fund is also a financing issue, accreditation becomes essential. It is a pre-requisite for availment of the capitation fund by the RHU.

Patient's satisfaction was determined based on client interviews. It indicates whether the program will be effective in the long run on the basis that unsatisfied customers are unlikely to avail of the same services. Poor satisfaction with health services may be due to the inferior quality of health service providers or limited access and coverage.

Social Marketing of PhilHealth

The PhilHealth has adopted a standard presentation for all LGUs on the PhilHealth Indigent Program package. This was presented in a workshop conducted by the PhilHealth among its key personnel on November 8-9, 2001 at Camelot Hotel in Quezon City. The workshop also focused on establishing strategies and activities on how to present this standard format to all the local government executives all over the Philippines.

All the areas chosen by the MSH for the convergence strategy have conducted at least one slide presentation to the political leadership. In Capiz, the slide presentation given by PhilHealth in late 1999 had minimal initial impact on the acceptance of the indigent program by the political leaders. This was attributed to their concern on the availability of LGU funds for the cost-sharing scheme. They were apprehensive on the mechanisms to increase and sustain IP enrollment. At the outset, a "word from Ms. Jody Roxas" that favored the adoption of the Indigency Program in Capiz was more effective in encouraging the political leaders to support and enroll in the program. All mayors belong to the same political party as the Governor and the Roxases, who also helped shore up confidence in the Program. Currently, the Indigency Program enjoys strong support by Capiz LGUs and is considered the lynchpin in the health sector reform efforts of the province to improve the coverage, quality and accessibility of health services to the poor.

In some areas, the PhilHealth representative considered timely reimbursements of existing accredited hospitals as a higher priority activity than promoting the PhilHealth Indigent Program. This may be understandable in areas where PhilHealth has just recently established its office (e.g., Negros Oriental), and the concern is to make current services more efficient first rather than to venture into new programs. This leaves the Regional PhilHealth office bearing the major burden of marketing the Indigency Program, a rather difficult task given its limited manpower and the geographic distance between them and the LGUs. A good example of this is Nueva Vizcaya.

Political leaders and indigents overall awareness of the program may be appreciated at its best in Pasay City. The PhilHealth Indigent Program in Pasay City was started way back in 1999 when the program was first introduced as the PhilHealth Health Passport. The

memorandum of agreement was signed in February of 2000 and the program was formally launched in June 23, 2000. It was implemented through the cooperation of the local chief executives, Department of Health, Department of Social Welfare and Development and PhilHealth. With this multi-sector approach, it was readily accepted, and after only a year, financial commitment and support from the local government were already established.

Based on key informant interviews, the main factor in the successful social marketing of the PhilHealth Indigent Program was the strong and dedicated support of the previous City Health Officer of Pasay City. She was the prime mover of the capacity building of the different rural health units in the city. She went from one center to another, looking for problems and solutions to their concerns. She showed concern for health sector employees and looked after their welfare. Thus, the formula of having a point person serving as a dedicated prime mover may be a key factor to promote acceptance of the PhilHealth Indigent Program and the acceptance of accredited Rural Health Units as quality health care providers.

A significant modification was the approach used by PhilHealth Regions 10 and 12 where they applied other methods of information dissemination like the radio, newsletters, printed posters and one-on-one marketing to local chief executives aside from the standard slide presentation. Other agencies like the Center for Health Development and the HSRA advocates, especially from the IPHO, DSWD and other local stakeholders were also active in promoting the PhilHealth indigent program. The Center for Health Development in Region X provided financial support for social marketing of health insurance.

Other PhilHealth regional offices however had difficulty in promoting the program. The constraints they raised were lack of manpower, lack of funding, unclear policies on promotional expenditures, etc. In Misamis Occidental, the PhilHealth representative has asked the help of the DSWD to sell the concept to the patients themselves so that the patients can convince their political leaders to enroll them in the PhilHealth Indigent Program. The PhilHealth office participates in the socio-economic programs of the local government and includes PhilHealth marketing in implementing these programs. Despite the absence of a “champion” like in the experience of Pasay City, the growth of political support and enrollment to the PhilHealth indigent program has been very fast in Misamis Occidental.

In South Cotabato, the rate of enrollment has been facilitated by the multi-sectoral support of DOH, PhilHealth, PHO and even Barangay governments to the Indigency Program. The proximity of the province to the Regional PhilHealth office, which is located in Koronadal City itself, has helped as well.

There is evidence therefore, that social marketing has been extensively done in a good number of the sites. However, the extent to which this has reached the actual beneficiaries of the program and influenced the understanding of “insurance” as differentiated from “savings” will be discussed further.

Local Government Funding and Political Support

From the perspective of local government funding to the program, the provincial government has the highest allotment for the program among the provinces. In the case of municipality or city level, Pasay City contributed a significant amount to the program. Pasay City has already earmarked over PhP10 million into the PhilHealth Indigent Program since it was first introduced in 1997. Initially the city allotted PhP2 million for the program. This further increased to PhP4 million in 1999 and to the present PhP6 million in 2002. The increase of more than 300% in annual allocation for the program shows that Pasay City is financially committed to the program. Likewise, it manifests the commitment of the local government to improve the delivery of health services to its constituents. Comparing the amount allocated by Pasay City to the program with the other provinces or cities, it is very clear that there is a very strong support for health services in Pasay City.

In other provinces like Misamis Occidental and Capiz, the provincial governors are very willing to enroll beneficiaries to the indigent program by encouraging each municipality to develop a list of indigent residents to be enrolled. In fact in Capiz, the implementation of the PhilHealth indigent program, used to be the health passport has been mainly through the initiative of the governor. The province initially enrolled 526 indigent families per municipality. The provincial government allocated PhP1.24 million for the health passport program. This was one of the breakthroughs of the LGU's development initiative - the Capiz Integrated Health Services Development Program. The activities are very promising but at present their accomplishment to target is still lower than what Pasay City has achieved.

An interesting modification of the PhilHealth Indigent Program that is related to funding is the premium cost sharing scheme that can be seen in the provinces of Pangasinan, Negros Oriental and South Cotabato. In Pangasinan, the premium is equally shared by the provincial and municipal governments (50:50). In South Cotabato, the smallest government unit or the "barangay" shares with the payment of premium to PhilHealth. In Negros Oriental, specifically in Bindoy and Amlan, there is an agreement that the beneficiaries will also cover a counterpart of the premium; unlike in other areas where payment of premium is paid by the municipal, provincial or national government. Specifically, the planned strategy in Bindoy is an adaptation of the PhilHealth indigent cost-sharing scheme with the local government. The Indigent Program member will pay 10% during the first year and will be increased to 20% in the following year and so on (please see Negros Oriental case study report for details).

In BINATA ILHZ of Negros Oriental, there are plans for the beneficiary to share in the premium cost. This cost sharing will somehow make the beneficiaries more responsible for their health and avoid the "dole out" system being practiced by some politicians.

In the other convergence sites, there is no cost sharing scheme for the premium to the level of barangay or beneficiaries, but there is a sharing in numbers of indigents enrolled.

In Bulacan, of the 11,809 currently enrolled in the program, 6,665 were paid for by the provincial government, 2,952 were enrolled by the municipal governments and 2,193 enrolled by the congressman.

There are LGUs in Misamis Occidental that provide counterpart with the provincial government for the social health insurance premium. On the other hand, the provincial government of the province has been very willing to cover the full cost of the premium with no cost sharing from the other municipalities. This strategy will be adopted to increase further the number of PhilHealth beneficiaries in the province even though the current cost sharing is 50:50.

From these experiences, the successful funding for the PhilHealth Indigent Program can be attributed to a well-informed political leadership and their financial capacity to pay for the premiums. If the local chief executives are aware of the health problems and consider them a priority, local government funding is assured. Placing their funds into the Indigent Program may be considered a more systematic alternative to the “dole-out” practice of delivering health care, which encourages dependence based on patronage.

Enrolled Beneficiaries

Based on the key informant interviews the PhilHealth Indigent Program in Pasay City has already enrolled more than 8,000 indigent families, which is about 80% of its target for the year. This is indeed impressive considering that it is only in the middle of the year. There were some problems encountered in enrollment at the beginning. The initial list showed that there were some families who were not supposed to enjoy the benefits of the program but were included in the list. These were early indications that the program was probably being used for patronage and political purpose. To solve the problem, the City Treasurer’s Office asked the City Health Office to verify and certify the list. It recently increased the poverty cutoff to PhP18,000 because of inflation. The BHWs were asked to assist in verifying indigency status based on local knowledge of socio-economic indicators like household resources (e.g. descriptor/acquisition indices of house and lot, appliances, equipment, etc.) and employment status.

Another innovation being done in Pasay City to increase the number of enrollees is to tap the private sector to help support other indigents. Currently, the city government is in active discussion with a pharmaceutical company to sponsor certain number of families to be enrolled to the PhilHealth Indigent Program. This is at best a short-term solution.

Bulacan has also enrolled 11,809 families in the PhilHealth Indigent Program. While this accomplishment may be far from the target of 40,000 families, it is worth noting that in terms of absolute numbers and its ratio to total indigent population, Bulacan is next to Pasay City. The other provinces are not far from the numbers, Nueva Vizcaya has 10,913, Capiz with 8,612, Misamis Occidental has 7,440, Negros Oriental with 6,063, South Cotabato has 10,032 and Pangasinan with 8,869 enrollees.

At present, Pasay City and Bulacan are ahead in terms of the ratio of indigent families enrolled to eligible enrollees. This may be due to the length of time that the PhilHealth Indigent Program is already being promoted in these areas since 1999 in Pasay City and Bulacan. Other provinces included in the pilot sites for the convergence strategy are coping the implementation pace and targets .

Based on these experiences, the achievement of the targets may be time dependent. The success of Pasay City may be because they started to promote the program earlier. It is possible that if the level of current activities in late-starting areas, allowing their LGU officials to learn from the experiences of the early starters, their targets may also be met. However, this should not prevent the other areas from identifying innovative approaches to achieve their targets faster.

A sustained and “just-in-time” follow-up is necessary to hasten the achievement of target enrollees. The experience in Misamis Occidental, where the PhilHealth representative is actively following up the MOA signing, RHU accreditation and the joint meetings of the inter-local health zones committee led to a faster rate of increase in enrollments.

Accreditation of Service Providers

In terms of accredited service providers, Pasay City has all their health centers and city hospital accredited by PhilHealth. All of them have already received their capitation fund share. The accredited service providers are already in the stage of testing the computer based reporting system that will give actual information on health service utilization. This is very important since the information can be used to design future improvements for the successful implementation of the PhilHealth Indigent Program. Based on service capacity by the health providers, Pasay City can be considered as the most prepared to deliver quality service.

Among the provinces, Capiz has the most number of RHUs (11 out of 16) accredited to deliver the outpatient package and receive capitation fund. South Cotabato is close third with ten out of eleven, though only four have the necessary policies in place to implement the capitation scheme.

In the other provinces, less than 50% of the RHUs are accredited to receive the capitation fund; only 7 in Misamis Occidental, 4 in Nueva Vizcaya, 6 in Pangasinan, 4 in South Cotabato and 3 in Negros Oriental.

Most of the interviewed RHUs had some capital infusion to upgrade their resources, such as; infrastructural improvements, hiring of new staff, acquiring new equipment, etc. RHUs must obtain Sentrong Sigla certification, which is a requirement of PhilHealth for the outpatient package capitation program. While there are no specific amounts for comparison between the different sites, one of the most striking features is that the most number of accredited RHUs came from convergence sites that started earlier their health sector reforms. The exact description of their activities can be seen in the case studies in this report.

RHUs accreditation is an important indicator, since it measures capacity to deliver quality outpatient health services. One prominent stumbling block for the accreditation of the rural health units is the PhilHealth requirement of having a medical technologist and some equipment for basic laboratory services. Accreditation is important because the provision of the capitation fund to accredited RHUs may help the RHUs further improve its capability. Unfortunately, this may be a “chicken or egg” problem. A recent memo on this matter cited during the feedback session in Dumaguete states that PhilHealth is willing to provide accreditation even if there are some equipment requirements that are not met provided that the initial capitation release will be used to complete these requirements (see Negros Oriental feedback report).

Current policies on the use of the capitation fund may also need to be examined. The LGUs are in need of a monitoring tool so that they can follow up progress and detect problems before they escalate. The report from Norala, South Cotabato that LCEs are not happy with 10% of the fund going to the MHOs may need some form of intervention from PhilHealth.

Satisfaction of Indigency Program beneficiaries

Health care systems all over the world are faced with the problem of providing health services in a sustainable way. The simple solution is to limit or control expenditure, but at the same time making quality health care accessible. Unfortunately, as we cut on cost, we may not be able to provide everything that the patient expects. Thus, in the implementation of social health insurance, patient satisfaction is an important point to consider.

Members of the Indigent Program in Misamis Occidental who were interviewed were satisfied with the services given to them while admitted at the Misamis Occidental Provincial Hospital (MOPH). Despite the members’ knowledge that they can be admitted in private hospitals, they prefer the MOPH because of the significant improvement in their facilities. They consider the MOPH to be competitive with the private sector. Moreover, they pay almost nothing out of their pockets.

The PhilHealth members’ satisfaction presented comes from interviews with few patients in Misamis Occidental, Capiz and Negros Oriental provincial and district hospitals. More systematically obtained such as from a survey or routine feedback mechanism satisfaction data from the other convergence sites are needed to get a clearer picture of the utilization and satisfaction of PhilHealth members. PhilHealth data on utilization is available in some of the sites for inpatient hospital benefits. There is limited information on the outpatient benefit package utilization.

In other areas, there are reports of dissatisfaction with the indigent program. Like in South Cotabato and in other areas, there was dissatisfaction over the very long waiting time for the IDs to be given to enrolled members so that they can already avail of the benefits. There are reports that some IDs distributed to members are already close to

expiry period. In Nueva Vizcaya, the members are not aware of the benefits, i.e. some of them do not know that medicines purchased outside of the hospital can be reimbursed from PhilHealth. Access to accredited facilities is also a problem in Nueva Vizcaya that affects utilization and end-user satisfaction.

Summary of Best Practices in Health Care Financing

While Pasay City appears to have performed the best in terms of the selected process indicators, other convergence areas have also distinguished themselves with sterling performances in selected critical components of social health financing. The best practices among the different convergence areas are as follows:

In terms of Social Marketing

- • Identification of strong-willed and dedicated prime mover in Pasay and Capiz
- • Multi-sectoral support by local politicians and other government agencies in Capiz, Misamis Occidental and South Cotabato
- • Utilization of multi-dimensional information dissemination and communication strategies in Misamis Occidental and South Cotabato

In terms of Level of Local Government Funding and Political Support

- • Sustained increase in absolute levels of local government contribution to PhilHealth premiums in Pasay City
- • Significant cost sharing between provincial and municipal governments in Pangasinan, Misamis Occidental and Bulacan, with barangays in South Cotabato and with beneficiaries themselves in Negros Oriental

In terms of Attainment of Targeted Number of Enrolled Beneficiaries

- • Active and sustained coordination between LGUs and PhilHealth to raise funds and recruit members to the Indigency Program in Pasay, Bulacan and Misamis Occidental
- • Verification of indigency status by local knowledge of actual socio-economic status of enrolled beneficiaries in Pasay
- • Involvement of a private pharmaceutical company in raising funds to increase the number of beneficiaries in Pasay

In terms of Accreditation of Service Providers

- • Infusion of funds to RHUs and hospitals in all convergence areas to improve existing facilities and personnel, satisfy accreditation and certification requirements and enable these facilities to participate in the National Health Insurance Program
- • Development of computer database in Pasay City to monitor levels of utilization and quality of services

- • Utilization of capitation funds to upgrade RHU facilities in Pasay, Capiz and almost all other convergence zones

In terms of Monitoring Satisfaction of Indigency Program Beneficiaries

- • Achieving some level of patient satisfaction in Misamis Occidental, Capiz and Negros Oriental