

## **FOURTH QUARTERLY PERFORMANCE REPORT**

**Project:** Health Sector Reform  
Technical  
Assistance Project (HSRTAP)

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**Contractor:** Management Sciences for  
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**Submitted By:** Management Sciences for  
Health--HSRTAP Team

**Office Address:** Rm. 502 Ma. Natividad Bldg.,  
470 T.M. Kalaw St., Ermita,  
Manila

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# **Health Sector Reform Technical Assistance Project (HSRTAP)**

## **Fourth Quarterly Performance Report (April 1 to June 30, 2001)**

### **Technical Information**

#### **Background**

Contract No. HRN-I-00-98-00033-00 Delivery Order No. 804 was awarded by USAID to the Management Sciences for Health in June 2000. Its purpose is to provide technical assistance support to the Health Sector Reform Agenda (HSRA), which the Philippines Department of Health (DOH) launched in 1999 as a flagship program. The terms of the contract require MSH to organize a Health Sector Reform Technical Assistance Project (HSRTAP) with capabilities to provide various forms of technical assistance to the DOH, the Philippine Health Insurance Corporation (PhilHealth), and selected local government units to enable them to pursue hospital and drug management reforms, local health systems development, and to expand the coverage and benefit spending of the national health insurance program. The contract runs from June 15, 2000 to September 30, 2002 and at the end of the contract period, HSRTAP should have accomplished the following:

1. NHIP benefit package improved to include both inpatient and outpatient services; including TB DOTS, family health services, family planning and reproductive health services.
2. NHIP benefits package improved to cover seventy percent (70%) support value.
3. NHIP spending increased from PhP 6 billion (1997) to at least PhP 15 billion (2002).
4. NHIP coverage increased from 38.16 million or 50% of the total population (2000) to 53.65 million or 67.5 % of total population (2002).
5. Guidelines and manuals of operation for financial management and other management systems for local health facilities developed.
6. Each region will have an expansion plan for the Health Passport Initiative.
7. At least one province, city or large municipality in each of the 16 regions is implementing the Health Passport Initiative, with at least 85 % of the population in each LGU being holders of health passports, and at least 80% of all health facilities in each LGU being Sentrong Sigla certified.

In addition, annual performance benchmarks are to be developed by the contractor at the beginning of each year in collaboration with DOH, PhilHealth and USAID.

The submission of this quarterly report is in fulfillment of the terms of Contract No. HRN-I-00-98-00033-00 Delivery Order No. 804, which require that the contractor to submit to USAID within 30 days after the end of every quarter: a) a Quarterly Progress Report; and b) a Performance Monitoring Report. The submission of this quarterly performance report is intended to satisfy both of the above reporting requirements. It is the fourth quarterly performance report to be submitted to USAID since the start of the project and covers the period April 1 to June 30, 2001.

### **HSRA Progress During the Reporting Period**

April 1 to June 30, 2001 was the time of the elections and it was also the time when a new leadership at the Department of Health was trying to settle down. In its desire to establish a new order at the DOH, several officers who worked closely with HSRTAP as counterparts were given new assignments, and some of the structures that were established for the implementation of the reform agenda were abandoned. For example, the Health Policy Development and Planning Bureau, which coordinates HSRA implementation activities and which formed part of the Office of the Secretary of Health, was transferred to the Office of the Undersecretary for Mindanao. The settling down period also delayed the signing of the Department Order that would provide official directions for the implementation of the reform program. As these were going on, the Secretary of Health made public pronouncements that it is the responsibility of his administration to implement HSRA. He also articulated the three priorities of his administration, which are actually major goals of HSRA, and these are:

1. Making health services to the poor effective, particularly for primary and secondary services, within a devolved situation;
2. Ensure that health facilities are fit for service and organized systematically; and
3. Address the major problems affecting drugs and medicines, which are high prices, unavailability, and low quality.

Unfortunately, the Secretary did not outline the strategies he would employ to actualize his priorities, and no references were made to HSRA as the main vehicle to be used. The DOH personnel, therefore, failed to receive a clear signal from the Secretary regarding his true sentiments about HSRA and were hesitant to move proactively. Additionally, in May, the Secretary declared a moratorium on major DOH program activities to save funds, which he intends to use to augment the budgets of DOH hospitals and settle outstanding payables. During this reporting period, therefore, and except for HSRTAP-assisted activities, there was very little activity at the DOH to move HSRA forward as a program. The only significant accomplishment was the completion of the drafting of a comprehensive health sector reform bill, its approval by the DOH Executive Committee, and its subsequent filing by Sen. Juan M. Flaviera.

There was slow movement at PhilHealth also during the months of April and May and early June because of the unsettled leadership issue. But when the new president assumed office in the third week of June, implementation of the social health insurance reform activities picked up speed.

### **HSRTAP Activities**

The second quarter of 2001 was a busy period for HSRTAP as it continued to provide various forms of technical assistance to the DOH and PhilHealth on the four major reform areas that it is mandated to support, namely, social health insurance, local health systems development, drug management systems, and hospital reform. As in the preceding quarter, there was a slowdown in the implementation of reform activities by DOH and PhilHealth, but HSRTAP activities helped provide the visibility needed for the health reform program. The project made good progress during the period under review by working more closely with PhilHealth and DOH middle managers, the regional offices, and LGUs, who have shown tremendous appreciation for the need for health reforms.

A benchmarking meeting was held in early April where the deliverables for the previous quarter were presented to counterparts from DOH and PhilHealth and to USAID, and where the deliverables for the succeeding quarter were planned and agreed on. The meeting served to ensure the relevance of the project's technical assistance activities and their responsiveness to the needs of PhilHealth and DOH in implementing the health reform program.

During the quarter under review, the project worked with various DOH and PhilHealth units, regional health offices and LGUs concerned and was able to organize convergence workshops in Negros Oriental, Bulacan, and South Cotabato. These provinces were able to formulate their convergence work plans and organize provincial teams of health reform advocates, who will provide the push for the implementation of the local health reform plans.

The convergence workshops have been well-received by LGUs, and the project is more convinced now that the convergence strategy is the most appropriate medium for the successful implementation of local health reforms and generate that irreversible momentum for health reforms that the program is working towards. The project has also recognized that organizing and implementing a convergence strategy in a province or city requires an enormous amount of effort. After taking stock of its resources, including the time remaining in the project's life and the participating capacities of DOH counterparts, the project reached the conclusion that it can do a good job in only eight convergence sites, rather than 16.

The project has met with Dr. Mario Villaverde, the director of the Health Policy Development and Planning Bureau (HPDPB) that is officially coordinating the implementation of HSRA, and agreed that HSRTAP will concentrate its efforts in eight convergence sites and that the DOH will take care of the other eight so that 16

convergence sites will be established by end-2002. DOH will still target the establishment of a total of 64 convergence sites by end-2004. The project provided assistance to prepare the DOH adequately to assume this responsibility. It has produced a procedural manual on how to organize and conduct convergence workshops, and has trained a total of 47 convergence workshop facilitators from DOH and PhilHealth central and regional offices.

In the area of hospital reforms, the project worked and is still working with the DOH National Center for Health Facility Development, and made good progress in its drive to grant fiscal and management autonomy to the Ilocos Training and Regional Medical Center and the Quirino Memorial Medical Center through the use of the corporate powers of the National Kidney and Transplant Institute. The pertinent concession agreements have been drafted and reviewed by the hospitals concerned and are now almost ready for execution. The legal documents needed for the corporatization of the provincial hospitals of Pangasinan and Capiz have been prepared and are ready for presentation to and review by officials and hospital staff of the two provinces. This has been HRTAP's response to the request of the governors of the two provinces to provide technical assistance in improving service quality and operational efficiency of their provincial hospitals.

In the area of pharmaceutical management reforms, the project worked with the Policy, Planning, and Advocacy Division (PPAD) of BFAD and conducted Therapeutics Committee Training courses in Bulacan and Negros Oriental. The hospital staff in these two provinces were provided with the skills to select only effective, safe, high-quality, and low-cost drugs for their hospital formularies. By applying these skills in their hospitals, patients are assured of access to affordable and quality drugs.

The project also continued with its efforts to assist in improving the DOH drug procurement and distribution system. During this reporting period the project completed an assessment of the system for drug selection, procurement, distribution and use in the Regional Health Office and Regional Hospital in Region 10. The study aimed to identify strengths and weaknesses that promoted or interfered with the efficient management of drug supply in the region, and the findings of the study will be used to design an efficient regional drug management system that will be recommended for adoption by the DOH. The project also completed a manual intended for LGUs, which provides an easy step-by-step guide on how to procure parallel drug imports from the Philippine International Trading Center. The parallel importation of branded, off-patent drugs from India has become very popular because the quality of the imported drugs is good and prices are very low compared to Philippine retail prices. Many LGUs have expressed their desire to participate in the program after it was successfully pilot-tested in Capiz.

Work on the social health insurance reforms picked up with intensity after Dr. Francisco Duque assumed the PhilHealth presidency during the third week of June. His appointment was well received by the corporation's rank and file, and solved the organizational divisiveness and dysfunctionality problems that prevailed towards the end of his predecessor's term. He has great visions about attaining universal coverage at the shortest possible time, accelerating the implementation of the indigency program, and

transforming the National Health Insurance Program into a true social health insurance scheme. He negotiated with the DOH Secretary that PhilHealth assume the lead responsibility for implementing the Health Passport Initiative, which he intends to use as his main vehicle to attain universal coverage. He also intends to take over the implementation of the Sentrong Sigla Program so that certification and accreditation processes and procedures for Rural Health Units and possibly District Hospitals participating in the Health Passport Initiative can be unified.

Dr. Alberto Romualdez completed writing the strategy paper on how a national family planning program can be pursued under a policy environment that is not conducive to the promotion of artificial contraception. The draft document has been presented in several small discussion groups with positive results, and the current concern is the operationalization of the strategy. Since high fertility rate is a big determinant of high poverty incidence, and since the main rationale of HSRA is poverty alleviation, the project has been deliberate in integrating family planning into the various reform activities that it is undertaking. Family planning is being given important consideration in every activity connected with hospital reform, local health systems development, drug management systems, and social health insurance reforms.

During this reporting period, HSRTAP continued to work collaboratively with other USAID cooperating agreements, particularly with the Program Management Technical Advisors Team (PMTAT) and the Policy Project of The Futures Group, International (TFGI). As in the previous quarter, the project closely coordinated its activities with PMTAT, particularly in the convergence sites. The Policy Project has been HSRTAP's valuable partner in organizing and conducting the convergence workshops. It also collaborated with Dr. Romualdez, together with Engender Health, in developing and vetting the aforementioned strategy paper on family planning.

Finally, the project assisted in the drafting of a health sector reform bill and in influencing the chairman of the Senate Health Committee to file the bill and be its champion. It is felt that legislating the health reform program will facilitate its institutionalization and ensure its continuity.

### **HSRTAP Performance**

The following section presents the performance of the project against the performance benchmarks set for the period April 1 to June 30, 2001. The deliverables have been reviewed and accepted by HSRTAP counterparts from DOH and PhilHealth, and were formally presented to them and to USAID during the Benchmarking Conference that was held at the Bayview Hotel on July 10, 2001.

## **Drug Management Systems**

### **Deliverable # 1. Develop operational plans to improve drug management systems in Negros Oriental.**

This deliverable is in fulfillment of the DOH vision to ensure the quality, affordability, and accessibility of essential drugs to all Filipinos. Likewise, it is part of the package of reforms that are planned to be implemented in the initial set of eight LGU convergence sites. In completing this deliverable, HSRTAP first conducted a rapid pharmaceutical management assessment of the province, and planned and organized a therapeutics committee training course. The course was subsequently conducted, with participants coming from the provincial and district hospitals. At the conclusion of the training course, the participants formulated operational plans for improving drug management in the province and in their hospitals. The initial operational plans developed cover only drug selection and drug use. These plans will be eventually expanded to cover the two other elements of drug management, namely, drug procurement and distribution, as more training and technical inputs are provided in the course of implementing the province's convergence plans. The provincial health office of Negros Oriental will coordinate the implementation of the drug management system improvement operational plan.

**Documentation:** A Report on the Drug Management Systems of Negros Oriental: Rapid Assessment, Training Course, and Operational Plan

### **Deliverable # 2. Mentor and evaluate the conduct of drug management systems training courses by DOH regional trainers in the provinces of Bulacan and Negros Oriental.**

#### **a. Drug management systems (DMS) training course in the province of Bulacan**

A therapeutics committee (TC) training course was conducted in the province of Bulacan last May. It was the first of a series of activities to be undertaken to improve drug management systems in the province. The Policy, Planning, and Advocacy Division (PPAD) of the Bureau of Food and Drugs (BFAD) organized the course together with the Human Resource Management Office of the Province of Bulacan. Assisting PPAD were TC trainers from Regions 1, 2, 3, and the Cordillera Administrative Region, who had undergone the TC Trainers Training conducted by MSH-HSRTAP in December 2000. The HSRTAP DMS team served as course advisors and evaluators. The participants were the provincial and district hospital chiefs and the chairpersons and secretaries of hospital therapeutics committees.

In preparation for the holding of the course, HSRTAP made an assessment of the drug management system of the province using the rapid pharmaceutical assessment tools developed by the MSH Rational Pharmaceutical Management Project. The TC training course was designed using the drug management cycle as the conceptual framework. It was skills-oriented and encouraged strong involvement by course participants. A lecture on the essential concepts involved was initially given, followed by workshop activities

where participants were given ample opportunity to practice and apply the skills they learned. Finally, the whole class was led through a discussion of the workshop activities, clarifying their questions, and identifying practical applications in their own setting.

The workshop evaluation results showed success. Participants rated the seven trainers with an average score of 3.8 on a scale of 1 to 5. The standard deviation was 0.2 and the range was from 3.5 to 4.1, indicating that the quality of the training was good. All the participants were able to learn and understand the various principles underlying an effective and functioning therapeutics committee. Furthermore, the provincial and district hospitals were able to formulate their own work plans for the year 2001.

**Documentation:** An Evaluation Report on the Bulacan Therapeutics Committee Training Course

#### **b. Drug Management systems training course in the province of Negros Oriental**

A TC course similar to that conducted in Bulacan was held in Negros Oriental on May 24-25, 2001. The course was organized by PPAD and the Negros Oriental Health System (the provincial hospital) with assistance from HSRTAP. PPAD and DOH regional trainers conducted the training course, with the HSRTAP DMS team serving as training course advisors and evaluators. Participants were the provincial and district hospital chiefs and chairpersons and secretaries of hospital therapeutics committees.

In preparation for the workshop, an assessment of the drug management system of the province was also done, using the rapid pharmaceutical assessment tools developed by the MSH Rational Pharmaceutical Management Project.

The Negros Oriental TC training used the same course design and methodology that were used in Bulacan. The course evaluation done by HSRTAP rated the training a success. The participants rated the three trainers with an average score of 3.97 on a scale of 1 to 5. The standard deviation was 0.24 and the range was from 3.6 to 4.32 indicating good training quality.

**Documentation:** A Report on the Drug Management Systems of Negros Oriental: Rapid Assessment, Training Course, and Operational Plan

#### **Deliverable # 3. Assess the drug management systems at the CHD and regional hospital in Region 10.**

LGUs are expected to provide about half of the drug requirements of the various disease control programs such as CARI, EPI, TB-DOTS, etc., with which most of the LGUs have been unable to comply. The DOH, which is expected to supply the other half, has also failed to fulfill fully its obligation resulting in poor performance of these important public health programs. The problems are largely due to the way drug supply is managed in the regions.

In order to identify these problems and understand their causes, an assessment of the drug management systems of the Center for Health Development in Region 10 was undertaken. Region 10 was selected because from previous studies, it has been shown to obtain the lowest bid prices for drugs and IV fluids.

The study was conducted in two phases. In the first phase, data was collected using a set of Rapid Pharmaceutical Assessment Indicators developed by MSH. Major strengths and weaknesses of the four components of a drug management system can be identified through these indicators. A MSH consultant supervised this study and worked with a team of PPAD- and CHD-based data collectors. The DMS team of HSRTAP conducted the second phase of the study, which consisted of in-depth interviews with key personnel in the CHD and in the Northern Mindanao Medical Center, and observations and measurements of storage facilities.

The findings, conclusions, and recommendations of the study will be presented to the Secretary of Health, BFAD, and the Procurement and Logistics Service for policy action. Identified system problems and their causes will be recommended for corrective measures. The study findings will be used to design a streamlined and efficient regional drug management system that will be recommended for adoption by the DOH. The recommendations will focus on grounding drug selection and use on more scientific and rational bases and on making drug procurement and distribution more efficient.

The assessment also served as a capability building opportunity for the PPAD and the CHD staff in the conduct of rapid pharmaceutical assessments. It is hoped that they will be able to do similar assessments themselves when needs arise.

**Documentation:** An Assessment of the Drug Management Systems at the CHD Office and at the Regional Hospital in Region 10

**Deliverable # 4. Work with the Philippine International Trading Center of the Department of Trade and Industry to develop a mechanism that will enable LGUs to participate in the parallel importation of drugs.**

One of the major goals of the Health Sector Reform Agenda is to reduce the prices of drugs in the Philippines, which are among the highest in the region. The DOH has formed a partnership with the Department of Trade and Industry (DTI) and experimented with a strategy to reduce the prices of drugs through the parallel importation of branded, off-patent drugs from India at prices that are up to 500% cheaper than the local retail prices. The Philippine International Trading Center (PITC), the trading arm of DTI, is undertaking the importation, and distribution is initially limited to a selected and limited number of government hospitals. The program has been a success because of the assurance of quality and the huge reduction in the retail prices of commonly used drugs. Many LGUs have inquired how they may also participate in the parallel drug importation program.

The fulfillment of this deliverable consisted of establishing the necessary arrangements with PITC and developing a user-friendly, step-by-step manual that will guide LGUs in the procurement of parallel drug imports from PITC. The manual provides useful guides for proper selection of drug products to be procured and quantifying volume requirements. It also lays out the step-by-step procedures in procuring parallel drug imports (PDI) through the method of direct negotiation. Additionally, it includes a simple methodology for assessing the use of PDI by prescribers, dispensers and consumers.

The HSRTAP DMS team developed the manual in close collaboration with PITC. Several convergence LGUs have reviewed and provided comments on the manual. It is expected that the distribution of this manual and its adoption by LGUs will help standardize the PDI procurement system.

**Documentation:** A Local Government Unit's Guide to the Purchase of Parallel Drug Imports from the Philippine International Trading Corporation

### **Local Health System Development**

#### **Deliverable # 5. Conduct convergence workshops and develop convergence work plans for Negros Oriental, Bulacan, and South Cotabato.**

Convergence workshops were held in the provinces of Negros Oriental, Bulacan, and South Cotabato. The main outcomes of these workshops were the formulation of health sector reform convergence plans, and the organization of provincial teams of health sector reform advocates. These advocates will push for the implementation of reforms in the areas of social health insurance, hospital reforms, public health, local health systems strengthening, and drug management systems.

In these workshops, the participants identified the more pressing health problems in the province that need to be addressed, set local health reform targets for 2004, and defined the strategies and activities to be undertaken in order to attain the targets. Central and regional staff of DOH and PhilHealth organized and conducted the workshops with assistance from HSRTAP and the Policy Project of The Futures Group International.

The political leaders of the provinces including the Governor of Negros Oriental, the Vice-Governor and Congressman-elect of South Cotabato and some mayors in the three provinces committed to support the plans.

**Documentation:** Negros Oriental Health Sector Reform Convergence Workshop Output  
Bulacan Health Sector Reform Convergence Workshop Output  
South Cotabato Health Sector Reform Convergence Workshop Output

**Deliverable # 6. Develop a procedural manual for organizing and conducting convergence workshops for use by DOH central and regional staff and provincial health office staff.**

A Manual of Procedures for organizing and conducting convergence workshops was developed to prepare the DOH central and regional staff as well as provincial health office staff to assume greater responsibility for organizing future convergence workshops. This manual is extremely important for the DOH in order to meet the target of establishing 64 health sector reform convergence sites by 2004. The development of the manual built on the experiences from the holding of successful workshops in the provinces of Pangasinan, Capiz, Negros Oriental, Bulacan, and South Cotabato. Potential users are the central and regional staff of DOH and PhilHealth, as well as personnel from the provincial health office.

The manual is the product of collaborative efforts by DOH, PhilHealth, and several local government units and non-government organizations. HSRTAP and the Policy Project provided assistance in packaging the manual into a user-friendly and handy guide. It provides detailed instructions on how to organize, prepare for, conduct, and facilitate a two-day convergence workshop.

**Deliverable # 7. Conduct a training of national and regional convergence workshop facilitators on the technology of participation.**

Two training courses on the Technology of Participation Level 1 were conducted for national and regional facilitators of future health sector reform convergence workshops. A total of 47 people were trained.

The training of a cadre of facilitators and the preparation of a procedural manual for organizing and conducting convergence workshops are the two main HSRTAP interventions to prepare the DOH, PhilHealth, and provincial health offices to assume the responsibility for conducting these workshops in order to achieve the target of establishing 64 health reform convergence sites by 2004. The Policy Project of TFGI conducted both courses, which focused on acquiring skills on the Discussion Method, the Workshop Method, and the Action Planning Method.

**Documentation:** Basic Group Facilitation Methods: Technology of Participation Training Report (1<sup>st</sup> Batch); Basic Group Facilitation Methods: Technology of Participation Training Report (2<sup>nd</sup> Batch)

**Deliverable # 8. Initiate the development of a manual of procedures for organizing inter-local health zones based on the findings of the case studies that have been completed on five model local health systems.**

A broad outline of a manual of procedures for organizing inter-local health zones has been developed, based largely on the findings of the case studies made on five model local health systems. The manual contains sections on simple definitions of inter-local

health zones and the district health system, rationale for a district health care system, critical steps involved in establishing inter-local health zones, and ways of evaluating functional inter-local health zones.

The manual is intended for easy use by provincial health officers, district health chiefs, municipal health officers, and DOH central and regional staff in organizing and establishing functional inter-local health zones in the country. It is targeted for completion by the end of the third quarter of 2001.

**Documentation:** Making District Health Care Work: An Outline of a Manual on Inter-Local Health Zones (District Health System in a Devolved Setting)

### **Hospital Reforms**

**Deliverable # 9. Hire a legal consultant and produce a draft of the Sanggunian Resolution, Transfer Documents, Memorandum of Agreement, and Corporation By-laws that will be used to transform the provincial hospitals of Capiz and Pangasinan into public corporations.**

A consultant has been hired to draft the legal documents that are needed to establish the legality of converting the provincial hospitals of Capiz and Pangasinan into public corporations. The consultant has completed the drafting of the following legal documents: a) a Sanggunian Panlalawigan (Provincial Board) resolution providing authority to the provincial governor to (i) create an LGU foundation which will manage the hospital, (ii) register the foundation under the corporation code, (iii) transfer all the personnel, assets, and liabilities of the provincial hospital to be corporatized, and (iv) transfer funds to the hospital corporation; b) a generic Business Transfer Agreement outlining the arrangements between the LGU and the proposed hospital foundation; c) a generic Shareholders Agreement containing sample arrangements between the hospital foundation and other parties; d) by-laws of the proposed hospital corporation; and e) Memorandum of Agreement between the LGU and the proposed hospital corporation.

These drafts will be presented to the provincial government and hospital officials of the two provinces for review and validation of their provisions. The documents will then be revised, ensuring that valid comments received are incorporated and whatever issues raised are adequately addressed. The final document will be submitted to the provincial government and provincial hospital officials of Pangasinan and Capiz for adoption.

**Documentation:** Draft templates of the Sanggunian Resolution, Transfer Documents, Memorandum of Agreement, and Corporation By-Laws to be used in transforming the provincial hospitals of Capiz and Pangasinan into public corporations

**Deliverable # 10. Conduct a basic 5S training for the hospital staff of eight convergence sites, together with the staff of their respective DOH referral hospitals.**

One of the reforms envisioned under the Health Sector Reform Agenda is the improvement of the quality of public hospital services, particularly those owned by LGUs. It was thought that the introduction of a simple but effective Japanese technique called the 5S quality improvement program would be a good start for this reform initiative. This technique is inexpensive and has been successfully proven to improve the work environment and boost staff morale.

The DOH National Center for Health Facility Development (NCHFD) and HSRTAP had completed plans for the holding of a 5S training course for the staff of the provincial/city hospitals of the eight convergence sites that HSRTAP is assisting, and including the staff of their respective DOH referral hospitals. This initial training was planned to be a trainers' training course with the graduates forming a trainers pool. NCHFD and HSRTAP believed that organizing the course in this manner will foster strong ties between DOH and devolved hospitals. Eight retained hospitals will in effect be establishing partnerships with provincial hospitals in the convergence sites. The partnership can be in the form of monitoring and implementing the 5S program in the participating hospitals, and in broadening the application of the program to other public health facilities in the convergence sites.

NCHFD and HSRTAP scheduled the course for the third week of June 2001. Unfortunately, the DOH management issued a moratorium on training activities as part of its efforts to generate additional savings for its priority programs. The course has, therefore, been postponed until the moratorium has been lifted or an approval to proceed has been received from DOH management.

**Documentation:** None

**Deliverable # 11. Complete the first draft of the Hospital Financial Management Manual.**

As public hospitals are transformed into financially autonomous institutions, its capabilities in critical areas such as governance, management, programs, services, and finance have to be enhanced. The financial management system of public hospitals was designed from the viewpoint of a government institution. In fact, the organizational structure and processes of its finance units were created from this perspective. These standards currently being adopted by public hospitals, however, are not adequate to address the projected needs of a government-owned hospital corporation. There is, thus, a need to design a financial systems improvement program suitable to the operational requirements of a corporate hospital.

A consultant was hired to develop a financial management manual for use by DOH and LGU hospitals that are intended to be corporatized. Patterned after existing and successful corporate hospitals, the manual being developed will prepare public hospitals for the shift from that of being a subsidy-dependent facility to that of being a revenue-generating institution.

**Documentation:** Draft Financial Management Manual for Corporate Hospitals

**Deliverable # 12. Complete the final consultancy report on the use of corporate powers as a mode of corporatizing DOH hospitals.**

HSRTAP has been requested to study the legal feasibility of transforming the Ilocos Training and Regional Medical Center (ITRMC) and the Quirino Memorial Medical Center (QMMC) into corporate entities using the corporate powers of existing specialty hospitals such as the National Kidney and Transplant Institute (NKTI) and the Philippine Heart Center (PHC).

One of the major findings of the legal study was that a concession agreement between a corporate specialty hospital and a DOH hospital is a viable strategy to move the latter closer to financial and management autonomy. The legal consultant has consequently drafted concession agreements between NKTI and ITRMC and between NKTI and QMMC. The two agreements have been reviewed by the hospitals concerned, and the consultant is expected to revise and finalize the documents based on the review comments. The final versions will be submitted to the DOH National Center for Health Facility Development for implementation.

The legal consultant has also incorporated the findings of the legal study into the section “Using the Corporate Powers of Existing Hospital Corporations to Acquire the Retained Medical Centers and Regional Hospitals through a Lease Contract” found in the HSRTAP publication “Alternative Models for Corporatizing Government Hospitals”.

**Documentation:**

- a) Concession Agreement Between the National Kidney and Transplant Institute and the Quirino Memorial Medical Center
- b) Concession Agreement Between the National Kidney and Transplant Institute and the Ilocos Training and Regional Medical Center
- c) Revised section “Using Corporate Powers of Existing Hospital Corporations to Acquire the Retained Medical Centers and Regional Hospitals through a Lease Contract” in the HSRTAP publication “Alternative Models for Corporatizing Government Hospitals”

**Deliverable # 13. Develop the scope of work and hire the legal consultant to study the feasibility of using an Executive Order and SEC registration as mechanisms to corporatize DOH hospitals.**

In the course of exploring feasible legal options to transform DOH hospitals into autonomous entities, three tracks were identified:

- a) Use of existing corporate powers of specialty hospitals;
- b) Through legislation; and
- c) Issuance of an Executive Order

Work on the first option is almost complete. On the second option, a bill on hospital corporatization has been drafted which forms part of the health sector reform legislation package, and which has been discussed with the chairperson of the Senate Committee on Health. Work on the third option is just beginning. A scope of work has been developed and a legal consultant has been hired to establish the legal feasibility of corporatizing a DOH hospital through the issuance of an executive order. The consultant is expected to complete his legal study in September.

**Documentation:** Scope of work outlining the tasks and deliverables of a consultant to study the legal feasibility of transforming DOH hospitals into corporations through an Executive Order.

### **Social Health Insurance**

#### **Deliverable # 14. Organize and conduct Health Passport orientation workshops for PhilHealth and DOH regional staff in Regions 7, 3 and 12.**

The purpose of these orientation workshops is to familiarize selected DOH and PhilHealth regional staff with the Health Sector Reform Agenda and the Health Passport Initiative (HPI) and prepare them for the health insurance reform activities to be carried out in the convergence sites. These orientation meetings are usually conducted as part of the preparation for the holding of a convergence workshop. Thus, an orientation meeting was held in Cebu City in preparation for the convergence workshop in Negros Oriental, in San Fernando, Pampanga for the Bulacan convergence workshop, and in Koronadal for the South Cotabato workshop. At these meetings, in addition to the presentation of the Health Sector Reform Agenda, the HPI concept is discussed in detail and implementation experiences in other sites are cited. The DOH and PhilHealth regional staff, in turn, provide pertinent and useful health information on the convergence site, which contributes significantly to the successful conduct of the convergence workshop.

The experience gathered from the three orientation workshops clearly indicates that it is an effective way of increasing awareness on HPI among DOH and PhilHealth regional staff, focus DOH and PhilHealth efforts on the convergence site, and promote the HPI concept in other provinces.

**Documentation:** Report on Health Passport Initiative Orientation Workshops for DOH and PhilHealth Regional Office 7, 3, and 12

**Deliverable # 15. Develop the scope of work (SOW), hire consultants and initiate the development of a social health insurance marketing plan for Capiz, with special focus on recruiting potential Individually Paying Program members.**

Capiz, the first provincial advance implementation site for the Health Passport Initiative, has identified the urgent need for a social health insurance marketing plan. In response, HSRTAP has developed a scope of work to develop such a plan. The SOW has been reviewed and accepted by pertinent staff of PhilHealth, the Capiz Provincial Health Office, and the DOH Regional Health Office 6. Unfortunately, it was only in mid-June, when a new leadership took over, that the PhilHealth president signed the SOW.

The request for proposals has been issued and it is anticipated that a consultant will be hired and initiate work by end of July 2001.

**Documentation:** Scope of work for the design of a social health insurance marketing plan for the province of Capiz

**Deliverable # 16. Develop the scope of work for an STTA to design a system to monitor the provision of outpatient benefits on a capitation basis by Rural Health Units, in terms of, among others, service quality, rate of availment and customer satisfaction.**

The National Health Insurance Program (NHIP) is experimenting with an outpatient benefit package consisting of basic consultation and diagnostic services. The current outpatient benefit coverage is limited mostly to Health Passport areas, and services are provided by Sentrong Sigla-certified and PhilHealth-accredited RHUs on a capitation payment arrangement. As more provinces and cities adopt and launch the Health Passport scheme, more and more RHUs and city health centers will be contracted for outpatient benefit service provision. It is, therefore, important that a system for monitoring the effectiveness of service provision by RHUs be designed. Among the important items that need to be carefully tracked are the quality of the services being provided, rate of availment by enrolled members, and customer satisfaction. The information generated through the monitoring system will be helpful in determining whether capitation contracts with particular RHUs will be continued or whether alternative service providers should be considered.

A scope of work for the design of such a monitoring system has been developed and reviewed by pertinent staff of PhilHealth and the Pasay City Health Office. The new PhilHealth president approved the SOW in mid-June and a request for proposals has been issued. It is anticipated that a consultant will be hired and initiate work by end-July 2001.

**Documentation:** Scope of Work for the Design of a System to Monitor Outpatient Benefits Provision by Rural Health Units

**Deliverable # 17. Complete the Officer Evaluation component of the PhilHealth Organizational Restructuring Study.**

Officer Evaluation is the fourth and last component of the PhilHealth Organizational Restructuring Study that is being undertaken by Accenture, and was completed in May 2001. The three other completed components are: 1) Review of the Proposed Organizational Structure, 2) Identification of Plantilla Jobs, and 3) Definition of Staffing Levels for Key Positions.

The report describes the evaluation process used, which is based on generic management competencies, functional or business management competencies, and individual profiles. It then presents individual officer profiles and recommendations for PhilHealth executive positions. It ends with recommendations on next steps that should be taken by PhilHealth management to implement the restructuring plan. These include finalizing the selection of group heads, area managers, and department/office/RHIO managers; forming an executive evaluation panel; terminating current officers not selected into the executive team; undertaking executive leadership development and teambuilding activities; and evaluating the supervisory level PhilHealth staff.

The findings, conclusions, and recommendations of the Officer Evaluation component have been presented and discussed with the new PhilHealth president.

**Documentation:** Officer Evaluation Report (A confidential Accenture document)

**Deliverable # 18. Award a contract to develop a systems and procedures manual for an outpatient benefit package using the capitation mode of service provider payment.**

As the Health Passport Initiative is launched in an increasing number of cities and provinces, the capitation mode of service provider payment is expected to be used more often. Capitation is the payment scheme being utilized in contracting Sentrong Sigla-certified and PhilHealth-accredited RHUs and city health offices for the provision of outpatient benefit packages. While PhilHealth has developed systems and procedures for developing, organizing and managing capitation payment schemes, these are more ad hoc in nature and the schemes may vary from place to place. A manual for this purpose needs to be developed so that development and implementation of capitation schemes can be standardized.

A scope of work for the above purpose has been developed and has been approved by the PhilHealth president. The plan is that the HSRTAP Insurance Adviser, a local consultant and an international consultant will jointly provide the technical assistance. The Health Insurance Adviser and the local consultant will do the primary work, which will be reviewed by an international consultant. In-country experience with capitation payment schemes is almost non-existent, hence the need for review by an international consultant to ensure that the resulting manual will meet universally accepted standards.

**Documentation:** Scope of Work for Developing a Systems and Procedures Manual for an Outpatient Benefit Package Using the Capitation Mode of Service Provider Payment

### **Issues and Recommendations**

The major issue of dysfunctionality of the PhilHealth organization, which was raised in the preceding quarter, was successfully resolved when Dr. Francisco Duque assumed the presidency of PhilHealth in the third week of June 2000. But the delay in the resolution of the issue caused the loss of valuable implementation time for the social health insurance reforms.

The project sees no major issues for this quarter. Although the DOH Secretary has not given clear signals and directions regarding the implementation of the Health Sector Reform Agenda and has reassigned some of the DOH staff with which the project has been working, he has not blocked the project's work. HSRTAP has been able to continue pursuing the project's goals and objectives by working closely with DOH middle level staff and regional offices, with PhilHealth, and the LGUs in the convergence sites.

An issue that needs to be resolved, though, is the training moratorium imposed by the DOH which has somewhat affected project activities, even causing the non-completion of one deliverable this quarter. The project intends to meet with the Secretary of Health and negotiate the exemption of HSRTAP-assisted activities from the training moratorium.

### **Performance Objectives/Planned Outputs for the Next Quarter (July 1 to September 30, 2001)**

MSH-HSRTAP will provide the necessary technical assistance, support and leadership in completing the following activities:

#### **Hospital Reforms**

1. Develop guidelines for organizing corporatized DOH hospital boards
2. Develop guidelines for developing strategic and business plans for public hospitals to be corporatized
3. Update DOH hospitals guidelines for determining ability to pay
4. Develop model medical staff by-laws for corporatized hospitals
5. Write the scope of work for a short-term technical assistance to develop the Change Management Program for the Ilocos Training and Regional Medical Center and the Quirino Memorial Medical Center
6. Complete the Hospital Financial Management Manual and the Simplified Financial Assessment Tool
7. Complete the legal feasibility study to use an Executive Order to corporatize the Fabella Memorial Hospital and the Davao Medical Center

### **Drug Management Reforms**

8. Mentor and evaluate the Therapeutics Committee Training Courses in Nueva Vizcaya and Negros Oriental
9. Conduct a procurement workshop in Negros Oriental
10. Develop a Drug Management System monitoring and evaluation scheme, and design an appropriate training course
11. Seven convergence provinces initiating the process of procuring parallel drug imports from the Philippine International Trading Center

### **Social Health Insurance Reforms**

12. Present the initial findings of the following short-term technical assistance activities: a) the actuarial study on existing and planned benefit packages against contribution structure, membership mix, and utilization rates; and b) development of a systems and procedures manual for an outpatient benefit package using the capitation mode of service provider payment; and c) development of a social health insurance marketing program for the province of Capiz
13. Redesign the Health Passport Initiative to make it a PhilHealth-led and LGU-focused strategy to accelerate the achievement of universal social health insurance coverage
14. Orient all convergence sites Regional Health Insurance Office (RHIO) staff on the redesigned HPI
15. Develop a masterplan for coverage of indigent families in the National Capital Region, including the setting of achievable targets and the design of an appropriate monitoring and evaluation system

### **Local Health System Development**

16. Conduct convergence workshops and develop convergence work plans for Nueva Vizcaya, Misamis Occidental, and Pasay City
17. Hold Health Summit meetings in South Cotabato, Pangasinan, and Negros Oriental
18. Hold a seminar to present the findings of the case studies on five model local health systems
19. Complete the development of the procedural manual for organizing and establishing inter-local health zones

### **Overall**

Complete the preparation of a revised work plan for the Health Sector Reform Technical Assistance Project (HSRTAP) for the period October 01, 2001 to September 30, 2002.