



MANDANAS - GARCIA RULING

HERMILANDO I. MANDANAS

GOVERNOR

PROVINCE OF BATANGAS

1987 PHILIPPINE CONSTITUTION

Section 6 of Article X

Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.

1987 PHILIPPINE CONSTITUTION

Section 25 of Article II

The state shall ensure the autonomy of local governments.

SC Decision 03 July 2018

Mandanas et al. v. Ochoa

And

Garcia v. Ochoa

THE CASE

“Determination of the manner in which the **JUST SHARE** in the **NATIONAL TAXES** of the **LOCAL GOVERNMENT UNITS (LGUs)** has been computed.”

TWO CASES FILED

- 1) demand that the share of each LGU should be automatically released, without need of any further action, and shall not be subject to any lien or holdback that may be imposed by the National Government for whatever purpose (**Mandanas et al**), and
- 2) demand for new interpretation of Constitutional provision that the share of the LGUs should be based on the collection of national taxes, and not only on the collection of National Internal Revenue Taxes (NIRT) as provided for in the LGC (**Garcia**).

MANDANAS CASE

Mandanas et al. petition was for the release to the LGUs of the amounts illegally withheld by the National Government, through the issuance of budget circulars, rules and regulations that excluded around 20% to 25% of the NIRT, such as NIRT collected by the Bureau of Customs and other authorized agents of the Bureau of Internal Revenue, as base in the computation of IRA.

GARCIA CASE

The base in computing the share of the LGUs should be **all national taxes collected**, and not only what was provided for in the LGC (Sec 284), which was NIRT, as defined by the NIRC.

SUPREME COURT DECISION

The SC partially granted the petitions of Mandanas et al. and Garcia. However, the increase in share of the LGUs due to new interpretation of the existing constitutional provision was ordered to have prospective effect, with the increase to be released starting only in 2022.

INTERPRETATION

It is explicit from the 2019 SC Decision on the Mandanas- Garcia Ruling that the execution of amendment by the SC Decision that is based on 'new interpretation' of provision of law that had been prevailing should be prospective. With the Garcia Ruling, the basis of the computation of the just share of the LGUs should be collection of all national taxes, and not only collection of National Internal Revenue Taxes.

INTERPRETATION

However, the favorable SC ruling on the Mandanas petition was not based on 'new interpretation' of an existing law, but simply on order to comply with existing laws, and therefore Retroactive from the effectivity of the provisions of law violated, in this case Sections 284 and 286 of the 1991 Local Government Code (RA 7160). Moreover, there is a precedent that the legal share of LGUs withheld was reimbursed retroactively, in compliance with 2004 SC decision on the first Mandanas Ruling.

2004 MANDANAS CASE

Supreme Court Decision in the case of "THE PROVINCE OF BATANGAS, represented by its Governor, HERMILANDO I. MANDANAS vs. HON. ALBERTO G. ROMULO" (May 27, 2004):

- Highlighted the **automatic release of shares** of Local Government Units in the national taxes as provided under the Constitution and the Local Government Code
- The Supreme Court stated that "Indeed, the value of local governments as institutions of democracy is measured by the degree of autonomy that they enjoy."

INTERPRETATION

The former President Gloria Macapagal Arroyo dutifully recognized the retroactive amount of a little over P60 Billion 2004, and paid the amount over a period of seven (7) years.

INTERPRETATION

Therefore, when the present Administration complies with the SC decision, there will be no decrease in the 2023 share of the LGUs in the collection of national taxes compared to the amount received in 2022, even if the legal amount retroactively due to the LGUs is amortized over a period of 20 or even 30 years.

LEGAL BASIS

To withhold any part of the share of the LGUs in the collection of NIRT is strictly prohibited by **Section 286** of the LGC. And any rules or regulations promulgated contrary to this provision of no withholding is null and void.

SUPREME COURT DECISION (Mandanas and Garcia Case)

“The 1987 Constitution is forthright and unequivocal in ordering that the just share of the LGUs in the national taxes shall be automatically released to them. With Congress having established the just share through the LGC, it seems to be beyond debate that the inclusion of the just share of the LGUs in the annual GAAs is unnecessary, if not superfluous. Hence, **the just share of the LGUs in the national taxes shall be released to them without need of yearly appropriation.**”

The Decision (03 July 2018)

“ORDERS the SECRETARY OF THE DEPARTMENT OF FINANCE; the SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT; the COMMISSIONER OF INTERNAL REVENUE; the COMMISSIONER OF CUSTOMS; and the NATIONAL TREASURER to include ALL COLLECTIONS OF NATIONAL TAXES in the computation of the base of the just share of the Local Government Units according to the ratio provided in the now modified Section 284 of Republic Act No. 7160 (Local Government Code) except those accruing to special purpose funds and special allotments for the utilization and development of the national wealth.”

Amended LGC Provision based on the SC Decision

SECTION 284. Allotment of Internal Revenue Taxes.

Local government units shall have a share in the national ~~internal revenue~~—taxes based on the collection of the third fiscal year preceding the current fiscal year as follows:

- (a) On the first year of the effectivity of this Code, thirty percent (30%);
- (b) On the second year, thirty-five percent (35%); and
- (c) On the third year and thereafter, **forty percent (40%)**.

Amended LGC Provision based on the SC Decision

(SECTION 284. cont.)

Provided, That in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the "liga", to make the necessary adjustments in the internal revenue allotment of local government units but in no case shall the allotment be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year: Provided, further, That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services.

LOCAL GOVERNMENT CODE

Section 285. Allocation to Local Government Units. -

The share of local government units in the internal revenue allotment shall be collected in the following manner:

- (a) Provinces - Twenty-three percent (23%);
- (b) Cities - Twenty-three percent (23%);
- (c) Municipalities - Thirty-four percent (34%); and
- (d) Barangays - Twenty percent (20%)

Provided, however, That the share of each province, city, and municipality shall be determined on the basis of the following formula:

- (a) Population - Fifty percent (50%);
- (b) Land Area - Twenty-five percent (25%); and
- (c) Equal sharing - Twenty-five percent (25%)

LOCAL GOVERNMENT CODE

(Section 285. cont.)

Provided, further, That the share of each barangay with a population of not less than one hundred (100) inhabitants shall not be less than Eighty thousand (P80,000.00) per annum chargeable against the twenty percent (20%) share of the barangay from the internal revenue allotment, and the balance to be allocated on the basis of the following formula:

- (a) On the first year of the effectivity of this Code:
 - (1) Population - Forty percent (40%); and
 - (2) Equal sharing - Sixty percent (60%)
- (b) On the second year:
 - (1) Population - Fifty percent (50%); and
 - (2) Equal sharing - Fifty percent (50%)
- (c) On the third year and thereafter:
 - (1) Population - Sixty percent (60%); and
 - (2) Equal sharing - Forty percent (40%).

Provided, finally, That the financial requirements of barangays created by local government units after the effectivity of this Code shall be the responsibility of the local government unit concerned.

LOCAL GOVERNMENT CODE

Section 286. Automatic Release of Shares. -

(a) The share of each local government unit shall be released, without need of any further action, directly to the provincial, city, municipal or barangay treasurer, as the case may be, on a quarterly basis within five (5) days after the end of each quarter, and which shall not be subject to any lien or holdback that may be imposed by the national government for whatever purpose.

(b) Nothing in this Chapter shall be understood to diminish the share of local government units under existing laws.

SC Decision (03 July 2018)

“COMMANDS the **AUTOMATIC RELEASE WITHOUT NEED OF FURTHER ACTION** of the just shares of the Local Government Units in the national taxes, through their respective provincial, city, municipal, or barangay treasurers, as the case may be, on a quarterly basis but not beyond five (5) days from the end of each quarter...”

SC Decision (03 July 2018)

“The 1987 Constitution is forthright and unequivocal in ordering that the just share of the LGUs in the national taxes shall be automatically released to them. With Congress having established the just share through the LGC, it seems to be beyond debate that the inclusion of the just share of the LGUs in the annual GAAs is unnecessary, if not superfluous. Hence, the just share of the LGUs in the national taxes shall be **released to them without need of yearly appropriation.**”

SC Resolution (10 April 2019)

“xxx Conformably with the foregoing pronouncements in Araullo v. Aquino III, the effect of our declaration through this decision of the unconstitutionality of Section 284 of the LGC and its related laws as far as they limited the source of the just share of the LGUs to the NIRTs is prospective. It cannot be otherwise.

As the foregoing excerpts indicate, the Court has expressly mandated the **prospective application of its ruling**.

It becomes unavoidable to ask when the adjusted amounts will be granted in favor of LGUs. The OSG suggests that the adjusted amounts be given to the LGUs starting with the 2022 budget cycle.

The suggestion of the OSG is well taken.”

SC Resolution (10 April 2019)

“The **ADJUSTED AMOUNTS** can be deemed effective only after this ruling has lapsed into finality, which is procedurally to be reckoned only from the denial of the OSG's motion for reconsideration through this resolution. From then onwards, and as ruled herein, the just share should be based on all national taxes collected on "the third fiscal year preceding." In the absence of any amendment by Congress, the rates fixed in Section 284 of the LGC as herein modified, shall control.”

LOCAL GOVERNMENT CODE

Section 17. *Basic Services and Facilities.* -

- (a) Local government units shall endeavor to be self-reliant and shall continue exercising the powers and discharging the duties and functions currently vested upon them. They shall **also discharge the functions and responsibilities of national agencies and offices** devolved to them pursuant to this Code. Local government units shall likewise exercise such other powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provisions of the basic services and facilities enumerated herein.
- (b) Such basic services and facilities **include, but are not limited to**, the following:

LOCAL GOVERNMENT CODE

(1) For Barangay:

- (i) Agricultural support services which include planting materials distribution system and operation of farm produce collection and buying stations;
- (ii) Health and social welfare services which include maintenance of barangay health center and day-care center;
- (iii) Services and facilities related to general hygiene and sanitation, beautification, and solid waste collection;
- (iv) Maintenance of katarungang pambarangay;
- (v) Maintenance of barangay roads and bridges and water supply systems;
- (vi) Infrastructure facilities such as multi-purpose hall, multipurpose pavement, plaza, sports center, and other similar facilities;
- (vii) Information and reading center; and
- (viii) Satellite or public market, where viable;

LOCAL GOVERNMENT CODE

(2) For a Municipality:

- (i) Extension and on-site research services and facilities related to agriculture and fishery activities;
- (ii) implementation of community-based forestry projects;
- (iii) health services;
- (iv) Social welfare services;
- (v) Information services which include investments and job placement information systems, tax and marketing information systems, and maintenance of a public library;
- (vi) Solid waste disposal system or environmental management system and services or facilities related to general hygiene and sanitation;
- (vii) Municipal buildings, cultural centers, public parks including freedom parks, playgrounds, and other sports facilities and equipment, and other similar facilities;

LOCAL GOVERNMENT CODE

(2) For a Municipality:

- (viii) Infrastructure facilities;
- (ix) Public markets, slaughterhouses and other municipal enterprises;
- (x) Public cemetery;
- (xi) Tourism facilities and other tourist attractions, including the acquisition of equipment, regulation and supervision of business concessions, and security services for such facilities; and
- (xii) Sites for police and fire stations and substations and municipal jail;

LOCAL GOVERNMENT CODE

(3) For a Province:

- (i) **Agricultural extension** and on-site research services and facilities;
- (ii) **Industrial research** and **development services**, as well as the transfer of appropriate technology;
- (iii) enforcement of forestry laws limited to community-based forestry projects, pollution control law, small-scale mining law, and other laws on the protection of the environment; and mini-hydroelectric projects for local purposes;
- (iv) **health services** which include hospitals and other tertiary health services;
- (v) **Social welfare services** which include programs and **projects on rebel returnees** and evacuees; relief operations; and population development services;
- (vi) **Provincial buildings, provincial jails, freedom parks** and other **public assembly areas** and similar facilities;

LOCAL GOVERNMENT CODE

(3) For a Province:

- (vii) Infrastructure facilities intended to service the needs of the residence of the province;
- (viii) Programs and projects for low-cost housing and other mass dwellings;
- (ix) Investment support services, including access to credit financing;
- (x) Upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means;
- (xi) Inter-municipal telecommunications services, subject to national policy guidelines; and
- (xii) Tourism development and promotion programs;

LOCAL GOVERNMENT CODE

(4) For a City:

All the services and facilities of the municipality and province, and in addition thereto, the following:

(1) Adequate communication and transportation facilities;

Devolved Basis Services: **HEALTH**

- Hospitals, Barangay Health Centers, Medical Supplies & Facilities
- Ambulances; X-Ray; ECG; CT-Scan; MRI; Nebulizers; Dialysis Equipment
- Health Card; Medical Assistance to indigents
- Provision for honorarium for BHW, BNS Daycare workers and other support supplies and facilities



Devolved Basis Services: **EDUCATION**

- Constitutional Mandate : “ To promote and make quality education accessible to all Filipino Citizens..”
- Pertinent laws:
- RA 6728 (amended by RA 8545) – Government Assistance to students and Teachers in Private Education Act
- RA 10931 – Universal Access to Quality Tertiary Education Act

Devolved Basis Services: **EDUCATION**

- Scholarship Programs; Educational Assistance to indigent students
- Construction of New Classrooms/Buildings
- Computers, Convergence & Connectivity; E-Learning Centers
- Sports & Cultural Facilities
- Day Care Centers
- Teachers Training Programs



Devolved Basis Services: **LIVELIHOOD**

- Establishment of Training Centers
- Skills development training
- TESDA training
- Cooperative development
- Small and medium enterprises management trainings etc.



Devolved Basis Services:

Protection of Life, Environment and Properties

- Provision for honorarium and other support materials to Barangay *tanods* and other volunteers
- Construction of evacuation centers in preparation for natural calamities and disasters
- Provision of equipment and service vehicles for search and rescue operations, in firefighting and in roving/patrolling
- Preservation/ Conservation of environmental and natural resources



Devolved Basis Services: **PROJECTS**

- **Telecommunications for Interconnectivity** of Municipalities and Cities
- Rehabilitation & Improvement of Local Government Buildings
- Construction of roads, bridges, multi-purpose halls and waterworks system
- Housing project for local government employees; Housing for families affected by disaster
- Construction of Multi-Purpose Hall at Various Barangays



Increase of Honararium of Barangay Officials

“An Ordinance increasing the honorarium of the Barangay Captain, Barangay Councilors, Barangay Secretary, Treasurer and other Barangay appointees, due to the increase of the Barangay Budget brought about by the Mandanas- Garcia Ruling.”

National Internal Revenue Taxes (NIRT)

Based on the Supreme Court Decision, NIRT also includes all collections by the deputized agents of the BIR:

“National Internal Revenue Taxes under Section 21 of the National Internal Revenue Code, as amended, collected by the Bureau of Internal Revenue and **its deputized agents**, including Value-Added Taxes, Excise Taxes, and Documentary Stamp Taxes **collected by the Bureau of Customs**”

National Internal Revenue Taxes (NIRT)

SEC. 21. *Sources of Revenue.* - The following taxes, fees and charges are deemed to be **national internal revenue taxes**:

- (a) Income tax;
- (b) Estate and donor's taxes;
- (c) Value-added tax;
- (d) Other percentage taxes;
- (e) Excise taxes;
- (f) Documentary stamp taxes; and
- (g) Such other taxes as are or hereafter may be imposed and collected by the Bureau of Internal Revenue.

With this...

... LGUs can now FUND and DELIVER the DEVOLVED BASIC SERVICES mandated by the Local Government Code as provided in Section 17.

PRINCIPLE OF SUBSIDIARITY

The general aim of the principle of subsidiarity is to guarantee a degree of independence **for a local government in relation to the national government** which would eventually lead to **GOOD GOVERNANCE.**

IRA COMPUTATION

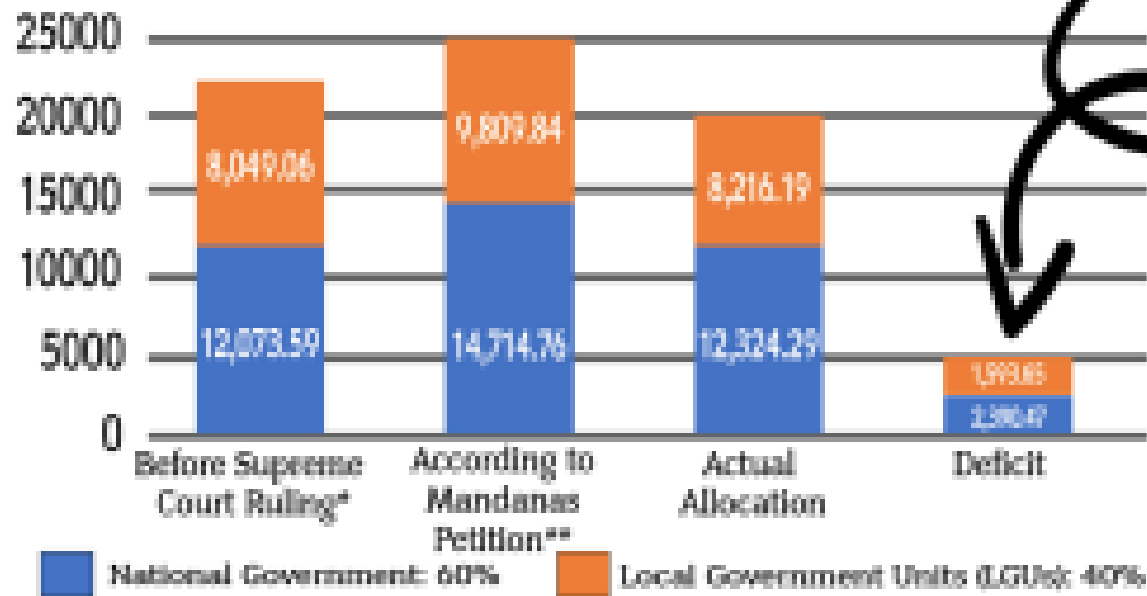
DATA ANALYSIS*

(*Based on estimated values as provided by national agencies)

IRA/NTA SHARE OF LGU (F.Y. 2019 & 2022)

YEAR	ACTUAL LGU IRA BASED ON DBA LOCAL BUDGET MEMORANDUMS
BEFORE IMPLEMENTATION OF MANDANAS RULING 2019	575,520,000,000.00
START OF IMPLEMENTATION 2022	959,041,250,000.00
INCREASE	383,521,250,000.00
PERCENTAGE OF INCREASE	66%

**Effect of Mandanas Petition on PH IRA
For Period Covered C.Y. 1993-2022 (Retroactive)
(In Billions)**



**1.6 Trillion
Backpay
to LGUs**

*Before Supreme Court Ruling, the only basis of the IRA share for LGUs is 40% of the allocable NIRT collections by BIR

**Including 40% of collections from BOC and other agents of BIR

PHILIPPINE LGU NTA FOR CY 2023-2024

	2023	2024	Increase (Decrease)	% Increase
NATIONAL CAPITAL REGION	49,463,285,647.00	52,546,218,643	3,082,932,996	6.23%
CORDILLERA ADMINISTRATIVE REGION	24,560,076,885.00	26,090,079,802	1,530,002,917	6.23%
REGION I	43,546,668,725.00	46,257,642,295	2,710,973,570	6.23%
REGION II	41,542,369,028.00	44,129,543,201	2,587,174,173	6.23%
REGION III	79,850,638,466.00	84,831,756,977	4,981,118,511	6.24%
REGION IV.A	97,047,726,899.00	103,099,163,482	6,051,436,583	6.24%
REGION IV.B	35,633,728,224.00	37,854,768,670	2,221,040,446	6.23%
REGION V	49,292,636,238.00	52,362,381,382	3,069,745,144	6.23%
REGION VI	64,565,815,211.00	68,584,860,757	4,019,045,546	6.22%
REGION VII	57,968,819,730.00	61,579,886,761	3,611,067,031	6.23%
REGION VIII	49,117,766,830.00	52,171,504,461	3,053,737,631	6.22%
REGION IX	33,107,163,109.00	35,168,596,656	2,061,433,547	6.23%
REGION X	43,826,426,469.00	46,556,247,340	2,729,820,871	6.23%
REGION XI	39,630,837,648.00	42,101,243,330	2,470,405,682	6.23%
REGION XII	35,023,173,102.00	37,208,201,630	2,185,028,528	6.24%
REGION XIII	31,820,170,974.00	33,802,249,365	1,982,078,391	6.23%
BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO	44,271,624,815.00	47,030,854,248	2,759,229,433	6.23%
GRAND TOTAL	820,268,928,000.00	871,375,199,000.00	51,106,271,000.00	6.23%

Reference:

Local Budget Memorandum No. 85-B: FINAL FY 2023 NATIONAL TAX ALLOTMENT (NTA) SHARES OF LOCAL GOVERNMENT UNITS (LGUs)

Local Budget Memorandum No. 87: INDICATIVE FY 2024 NATIONAL TAX ALLOTMENT (NTA) SHARES OF LOCAL GOVERNMENT UNITS (LGUs) AND GUIDELINES ON THE PREPARATION OF THE FY 2024 ANNUAL BUDGETS OF LGUs

	Provinces		Cities		Municipalities		Barangays	
	2023	2024	2023	2024	2023	2024	2023	2024
NATIONAL CAPITAL REGION	642,325,370.00	682,344,994.00	34,186,939,382.00	36,307,933,179.00	190,532,708.00	202,437,883.00	14,443,488,187.00	15,353,502,587.00
CORDILLERA ADMINISTRATIVE REGION	7,803,804,522.00	8,290,015,001.00	2,580,545,121.00	2,740,644,864.00	10,683,683,253.00	11,351,238,525.00	3,492,043,989.00	3,708,181,412.00
REGION I	9,862,732,495.00	10,477,223,014.00	6,219,513,263.00	6,605,378,429.00	17,490,423,849.00	18,583,288,958.00	9,973,999,118.00	10,591,751,894.00
REGION II	11,114,445,916.00	11,806,923,548.00	6,032,696,220.00	6,406,971,059.00	17,395,966,767.00	18,482,929,855.00	6,999,260,125.00	7,432,718,739.00
REGION III	20,078,257,673.00	21,329,219,209.00	15,354,645,052.00	16,307,263,435.00	28,411,234,136.00	30,186,471,073.00	16,006,501,605.00	17,008,803,260.00
REGION IV.A	22,934,508,669.00	24,363,426,888.00	25,559,343,428.00	27,145,072,068.00	27,696,171,779.00	29,426,729,028.00	20,857,703,023.00	22,163,935,498.00
REGION IV.B	10,038,751,763.00	10,664,209,038.00	4,760,370,231.00	5,055,708,624.00	15,615,572,084.00	16,591,289,655.00	5,219,034,146.00	5,543,561,353.00
REGION V	12,555,587,741.00	13,337,854,688.00	5,966,053,329.00	6,336,193,574.00	19,781,025,193.00	21,017,015,380.00	10,989,969,975.00	11,671,317,740.00
REGION VI	14,034,777,362.00	14,909,204,163.00	16,660,939,552.00	17,694,601,825.00	20,281,465,623.00	21,548,725,143.00	13,588,632,674.00	14,432,329,626.00
REGION VII	11,475,292,773.00	12,190,252,712.00	16,132,155,832.00	17,133,011,804.00	18,345,686,602.00	19,491,991,628.00	12,015,684,523.00	12,764,630,617.00
REGION VIII	11,179,011,265.00	11,875,511,596.00	8,199,867,119.00	8,708,595,528.00	18,625,262,644.00	19,789,036,596.00	11,113,625,802.00	11,798,360,741.00
REGION IX	7,016,838,247.00	7,454,017,354.00	8,040,604,756.00	8,539,452,361.00	11,541,986,920.00	12,263,172,118.00	6,507,733,186.00	6,911,954,823.00
REGION X	9,954,322,557.00	10,574,519,531.00	11,872,325,565.00	12,608,897,172.00	14,284,427,424.00	15,176,970,250.00	7,715,350,923.00	8,195,860,387.00
REGION XI	9,277,168,744.00	9,855,176,131.00	12,660,070,739.00	13,445,514,888.00	11,196,530,589.00	11,896,130,423.00	6,497,067,576.00	6,904,421,888.00
REGION XII	9,747,052,714.00	10,354,335,887.00	5,277,040,390.00	5,604,433,545.00	14,389,630,635.00	15,288,746,938.00	5,609,449,363.00	5,960,685,260.00
REGION XIII	8,539,730,777.00	9,071,792,617.00	7,041,068,864.00	7,477,904,206.00	11,641,602,200.00	12,369,011,722.00	4,597,769,133.00	4,883,540,820.00
BANGSAMORO AUTONOMOUS REGION I	12,407,244,852.00	13,180,269,399.00	2,918,142,066.00	3,099,186,678.00	20,519,765,645.00	21,801,915,016.00	8,426,472,252.00	8,949,483,155.00
GRAND TOTAL	188,661,853,440.00	200,416,295,770.00	189,462,320,909.00	201,216,763,239.00	278,090,968,051.00	295,467,100,191.00	164,053,785,600.00	174,275,039,800.00

Reference:

Local Budget Memorandum No. 85-B: FINAL FY 2023 NATIONAL TAX ALLOTMENT (NTA) SHARES OF LOCAL GOVERNMENT UNITS (LGUs)

Local Budget Memorandum No. 87: INDICATIVE FY 2024 NATIONAL TAX ALLOTMENT (NTA) SHARES OF LOCAL GOVERNMENT UNITS (LGUs) AND GUIDELINES ON THE PREPARATION OF THE FY 2024 ANNUAL BUDGETS OF LGUs

Increase (Decrease) of NTA for LGUs in 2024

	Provinces		Cities		Municipalities		Barangays	
NATIONAL CAPITAL REGION	40,019,624.00	6.23%	2,120,993,797.00	6.20%	11,905,175.00	6.25%	910,014,400.00	6.30%
CORDILLERA ADMINISTRATIVE REGION	486,210,479.00	6.23%	160,099,743.00	6.20%	667,555,272.00	6.25%	216,137,423.00	6.19%
REGION I	614,490,519.00	6.23%	385,865,166.00	6.20%	1,092,865,109.00	6.25%	617,752,776.00	6.19%
REGION II	692,477,632.00	6.23%	374,274,839.00	6.20%	1,086,963,088.00	6.25%	433,458,614.00	6.19%
REGION III	1,250,961,536.00	6.23%	952,618,383.00	6.20%	1,775,236,937.00	6.25%	1,002,301,655.00	6.26%
REGION IV.A	1,428,918,219.00	6.23%	1,585,728,640.00	6.20%	1,730,557,249.00	6.25%	1,306,232,475.00	6.26%
REGION IV.B	625,457,275.00	6.23%	295,338,393.00	6.20%	975,717,571.00	6.25%	324,527,207.00	6.22%
REGION V	782,266,947.00	6.23%	370,140,245.00	6.20%	1,235,990,187.00	6.25%	681,347,765.00	6.20%
REGION VI	874,426,801.00	6.23%	1,033,662,273.00	6.20%	1,267,259,520.00	6.25%	843,696,952.00	6.21%
REGION VII	714,959,939.00	6.23%	1,000,855,972.00	6.20%	1,146,305,026.00	6.25%	748,946,094.00	6.23%
REGION VIII	696,500,331.00	6.23%	508,728,409.00	6.20%	1,163,773,952.00	6.25%	684,734,939.00	6.16%
REGION IX	437,179,107.00	6.23%	498,847,605.00	6.20%	721,185,198.00	6.25%	404,221,637.00	6.21%
REGION X	620,196,974.00	6.23%	736,571,607.00	6.20%	892,542,826.00	6.25%	480,509,464.00	6.23%
REGION XI	578,007,387.00	6.23%	785,444,149.00	6.20%	699,599,834.00	6.25%	407,354,312.00	6.27%
REGION XII	607,283,173.00	6.23%	327,393,155.00	6.20%	899,116,303.00	6.25%	351,235,897.00	6.26%
REGION XIII	532,061,840.00	6.23%	436,835,342.00	6.20%	727,409,522.00	6.25%	285,771,687.00	6.22%
BANGSAMORO AUTONOMOUS REGION I	773,024,547.00	6.23%	181,044,612.00	6.20%	1,282,149,371.00	6.25%	523,010,903.00	6.21%
GRAND TOTAL	11,754,442,330.00	6.23%	11,754,442,330.00	6.20%	17,376,132,140.00	6.25%	10,221,254,200.00	6.23%

Reference:

Local Budget Memorandum No. 85-B: FINAL FY 2023 NATIONAL TAX ALLOTMENT (NTA) SHARES OF LOCAL GOVERNMENT UNITS (LGUs)

Local Budget Memorandum No. 87: INDICATIVE FY 2024 NATIONAL TAX ALLOTMENT (NTA) SHARES OF LOCAL GOVERNMENT UNITS (LGUs) AND GUIDELINES ON THE PREPARATION OF THE FY 2024 ANNUAL BUDGETS OF LGUs

Estimated Total IRA Variance from 1993-2021 - Retroactive

(in PHP Billion)

YEAR	40% EST. BIR REVENUE COLLECTIONS	40% EST. REVENUE COLLECTIONS FROM BOC & OTHER AGENCIES (AS CERTIFIED BY THE BTr)	ESTIMATED DISTRIBUTABLE IRA FOR LGUS	ACTUALLY ISSUED IRA TO LGUS	DIFFERENCE/ DEFICIENT IRA
	Net	Net			
	A	B	C = (A+B)	D	E = (C-D)
1992			0.00		0.00
1993	37.84	5.24	43.08	34.32	8.76
1994	42.22	4.73	46.95	44.02	2.93
1995	48.65	5.71	54.36	51.09	3.27
1996	53.00	8.68	61.68	56.16	5.52
1997	68.32	8.59	76.91	69.91	7.00
1998	77.65	11.79	89.44	76.79	12.65
1999	95.76	14.47	110.23	94.75	15.48
2000	115.56	17.77	133.33	99.59	33.74
2001	123.81	13.27	137.08	108.93	28.15
2002	125.33	15.21	140.54	133.83	6.71
2003	132.49	17.81	150.30	142.40	7.90
2004	142.72	21.18	163.90	141.38	22.52
2005	147.89	23.74	171.63	151.55	20.08
2006	156.92	25.77	182.69	171.90	10.79
2007	172.71	30.35	203.06	184.05	19.01
2008	199.28	33.37	232.65	210.73	21.92
2009	239.68	51.85	291.53	249.99	41.54
2010	262.04	56.96	319.00	265.80	53.20
2011	285.90	68.74	354.64	288.56	66.08
2012	275.51	60.73	336.24	273.31	62.93
2013	302.07	67.23	369.30	302.30	67.00
2014	339.35	70.00	409.35	350.06	59.29
2015	388.47	98.51	486.98	397.54	89.44
2016	446.76	106.71	553.47	428.62	124.85
2017	490.13	123.82	613.95	486.62	127.33
2018	526.31	122.61	648.92	522.75	126.17
2019	575.48	132.94	708.42	575.52	132.90
2020	650.80	153.95	804.75	648.92	155.83
2021	761.21	195.32	956.53	695.49	261.04
GRAND TOTAL (IN BILLIONS)					1,594.03

OPTION 1: LGU NTA/IRA (1993-2021)

	Total 40% BIR Collections (Billions)	Total 40% BOC (Billions)	Total Estd Share (Billions)	Total Actual IRA (Billions)	Deficiency (Billions)
IRA 1993 -2021	₱7,283.86	₱1,567.05	₱8,850.91	₱ 7,256.88	₱1,594.03
Additional Collecting Agents from LPP Study					₱ 134.15
Total Deficiency (Mandanas Effect)					₱ 1,728.18
Garcia Effect (effect on 2022 budget)					₱ 2.27
TOTAL MANDANAS GARCIA EFFECT					₱ <u>1,730.45</u>
Additional Collecting Agents from LPP Study					Additional IRA spread in: 10 years: ₱173.05 B 20 years: ₱86.52 B 30 years: ₱57.68 B

DEFICIT FROM 1993 TO 2021, RETROACTIVE APPLIED TO 2023

LGU actual share (Whole) collections made by:		
Collecting Agency	ACTUAL IRA 2022	2023
BIR	₱765,201,593,000.00	₱665,801,610,000.00
BOC	193,738,592,000.00	154,434,736,000.00
BTr	101,065,000.00	32,582,000.00
Total IRA/NTA of PH LGUs (unadjusted)	₱959,041,250,000.00	₱820,268,928,000.00
With the retroactive application of IRA Deficit (₱1,730.45 Billion)		
10 years: ₱173.05 B		₱993,318,928,000.00
20 years: ₱86.52 B		₱906,788,928,000.00
30 years: ₱57.68 B		₱877,948,928,000.00

OPTION 2: LGU NTA/IRA (2019-2021)

	Total 40% BIR Collections (Billions)	Total 40% BOC (Billions)	Total Estd Share (Billions)	Total Actual IRA (Billions)	Deficiency (Billions)
IRA 2019 -2021	₱1,795.66	₱437.90	₱2,233.56	₱ 1,728.09	₱505.47
Additional Collecting Agents from LPP Study					₱ 134.15
Total Deficiency (Mandanas Effect)					₱ 639.62
Garcia Effect (effect on 2022 budget)					₱ 2.27
TOTAL MANDANAS GARCIA EFFECT					<u>₱ 641.89</u>
					Additional IRA spread in:
					10 years: ₱<u>64.19</u> B
					20 years: ₱32.09 B
					30 years: ₱21.40 B
* Deficient IRA in 2019, prorated for 8 months (SC Decision took effect on April 2019)					

DEFICIT FROM 2019 to 2021, RETROACTIVE APPLIED TO 2023

LGU actual share (Whole) collections made by:

Collecting Agency	ACTUAL IRA 2022	2023
BIR	₱765,201,593,000.00	₱665,801,610,000.00
BOC	193,738,592,000.00	154,434,736,000.00
BTr	101,065,000.00	32,582,000.00
Total IRA/NTA of PH LGUs (unadjusted)	₱959,041,250,000.00	₱820,268,928,000.00
With retroactive application of IRA Deficit (₱641.89 Billion)		
10 years: ₱64.19 B		₱884,458,928,000.00
20 years: ₱32.09 B		₱852,358,928,000.00
30 years: ₱21.40 B		₱841,668,928,000.00

**Universal Health Care Act
(Republic Act No. 11223)**

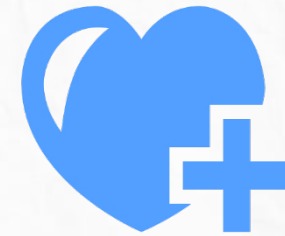
and

Implementing Rules and Regulations

General Objectives *(Rule I Sec 3)*



To progressively realize universal health care through **systemic approach** and **clear role delineation** of stakeholders



To ensure **equitable access** to quality and affordable health care and **protection against financial risk**

Universal Health Care *(Rule II)*

Population Coverage (Sec 5)



Automatic inclusion of **every Filipino** citizen
into the NHIP

Universal Health Care *(Rule II)*

Service Coverage (Sec 6)



Immediate eligibility and access to population-based and individual-based health services



Comprehensive outpatient benefit package



Provision of Primary Care Provider

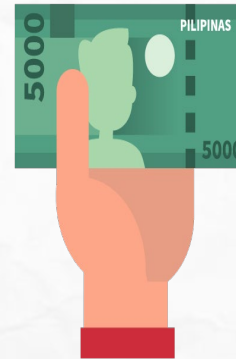
Universal Health Care *(Rule II)*

Financial Coverage (Sec 7)



Population-based Health Services:

- funded by National Government through DOH
- free at point of service



Individual-based Health Services:

- funded primarily through pre-payment mechanisms (SHI, PHI, HMO)

National Health Insurance Program *(Rule III)*

Program Membership (Sec 8)

Simplification of NHIP membership:



- ***Direct contributors*** – those who have the capacity to pay premiums
- ***Indirect contributors*** – those whose premiums are subsidized by the National Government

National Health Insurance Program *(Rule III)*

Entitlement to Benefits (Sec 9)

No Co-payment Policy

9.4. No other fees or expenses, including professional fees, shall be charged to all members admitted in any basic or ward accommodations.

9.5. Members who opt for basic or ward accommodations shall be provided all necessary services and complete quality care to attain the best possible health outcomes.

9.6. In the absence of available beds and transfer to another facility is not feasible, members who opt for basic or ward accommodation but admitted in non-basic accommodation shall be entitled to no co-payment for services, professional fees, and amenities.

National Health Insurance Program *(Rule III)*

Entitlement to Benefits (Sec 9)

No Co-payment Policy

9.7. In the event of change in level of care, members who opt for basic or ward accommodation shall be considered as such unless otherwise chosen by the patient or legal next of kin.

9.8. Members who opt for admissions in non-basic or non-ward accommodations may be charged co-payments/co-insurance for services, professional fees, and amenities.

9.9. PhilHealth shall issue guidelines to operationalize the no co-payment policy.

National Health Insurance Program *(Rule III)*

Entitlement to Benefits (Sec 9)

Co-payments and Co-Insurance

9.10. The DOH and PhilHealth shall prescribe the guidelines for co-payment or co-insurance in determining the additional services that are not included in the minimum standards of care in the management of the conditions and charges for amenities outside the basic or ward accommodation.

National Health Insurance Program *(Rule III)*

Entitlement to Benefits (Sec 9)

PhilHealth Benefits

9.13. Existing benefit packages shall continue to be implemented or enhanced unless otherwise recommended by the HTA process established in Section 34 of these Rules.

9.14. PhilHealth shall issue the necessary guidelines on the additional Program benefits for direct contributors, where applicable.

Health Service Delivery *(Rule IV)*

Population-Based Health Services (Sec 17)

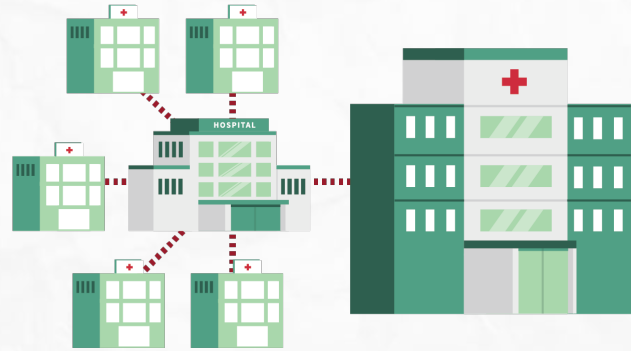


Intended to be Received by
**Populations or Identified Groups
of People**



Rendered in Response to a **Public
Health Emergency or Disaser**

Health Service Delivery *(Rule IV)*



Population-based Health Services

DOH to contract province-wide and city-wide health systems with the ***following minimum components:***



Primary care provider network with accessible patient records



Epidemiologic surveillance systems



Health promotion programs and campaigns



Public health emergencies and disasters preparedness and response

Health Service Delivery *(Rule IV)*

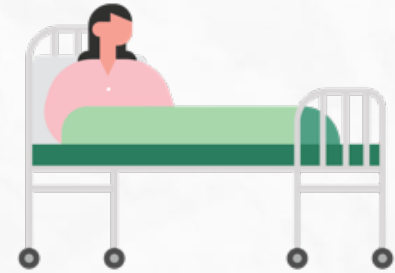
Individual-Based Health Services (Sec 18)



Can be Traced Back to **One Recipient**

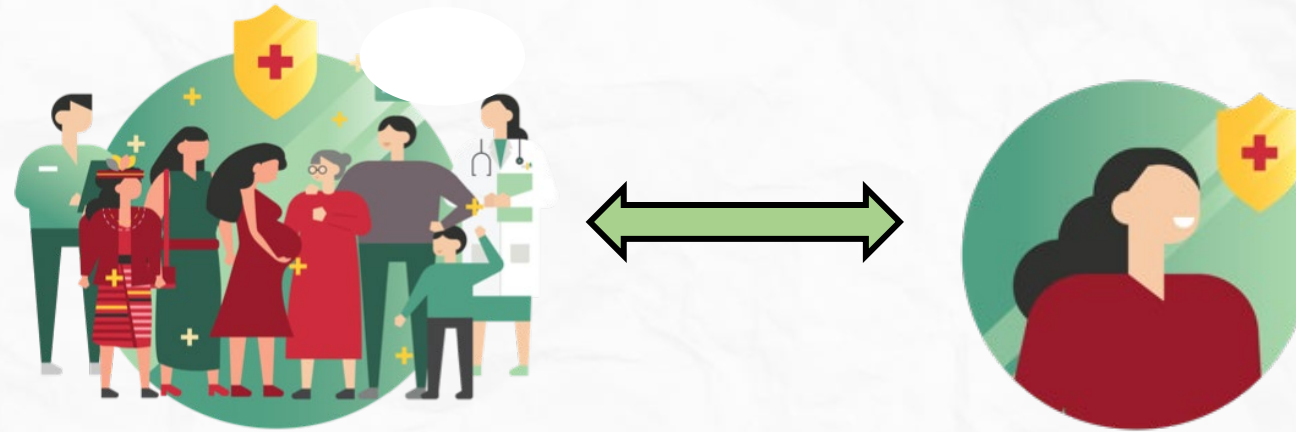


Limited Effect at a **Population Level**



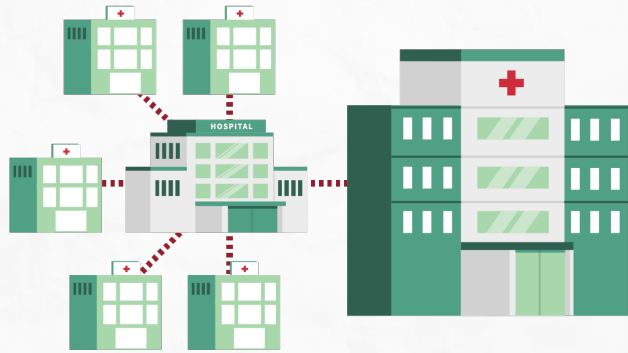
Does Not Alter the **Underlying Cause of Illness**

Health Service Delivery *(Rule IV)*



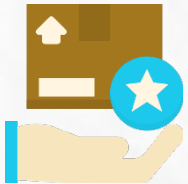
- **Current Financing Mechanism shall be retained: for:**
 - Service that met both criteria for population- and individual-based services
 - Service that met neither of the criteria for population- and individual-based services
- **All individual-based health services**, including those transitions from population-based health services, shall be covered by PhilHealth

Health Service Delivery *(Rule IV)*



Individual-based Health Services

PhilHealth to contract public, private or mixed health care provider networks that would agree on:



✓ **Service quality**



✓ **Co-payment/
co-insurance**



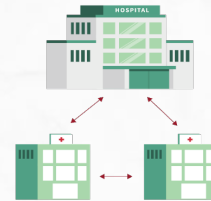
✓ **Data submission**

Health Service Delivery *(Rule IV)*

Minimum Components of an HCPN



Assurance of Member to
**Access to All Levels of the
HCPNs**



**Patient Navigation and
Coordination System**



**Primary care provider
network**



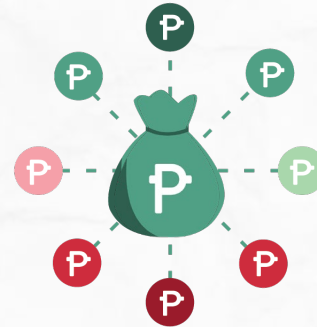
**Patient Records Management
System**

Health Service Delivery *(Rule IV)*

Minimum Components of an HCPN



**Provider Payment
Mechanism**



**Mechanism of Pooled
Fund Management**



Proof of Legal Personality

Health Service Delivery *(Rule IV)*

Minimum Requirements for Contracting



**All Health Care Facilities are
Licensed or Accredited** by DOH



**All Health Care Providers within the
Network Signed a Performance
Contract** with PhilHealth

Health Service Delivery *(Rule IV)*

Individual-Based Health Services (Sec 18)



Incentives for health care providers that form networks from DOH and PhilHealth



Apex or end-referral hospitals

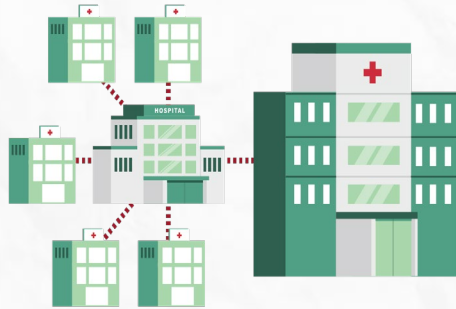
- ✓ to be determined by DOH
- ✓ may be contracted by PhilHealth as stand-alone providers

Organization of Local Health Systems *(Rule V)*

The **local health system** refers to all health offices, facilities and services, human resources, and other operations relating to health under the management of the LGUs to promote, restore or maintain health;

Provided, That community-based health care facilities administered or operated by LGUs are considered to form part of the local health system.

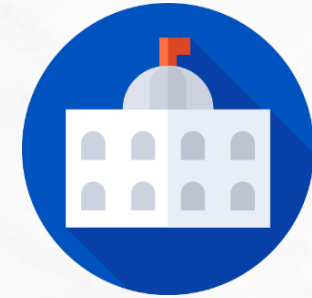
Organization of Local Health Systems *(Rule V)*



Integration of health systems
into **Province-Wide and
City-Wide Health Systems**



**Provincial/City Health
Board** as the steward of the
Integrated Health System



Strengthening of the
**Provincial/ City Health
Office**

Organization of Local Health Systems *(Rule V)*

Section 19. *Integration of Local Health Systems into Province-wide and City-wide Health System.* - The DOH, Department of the Interior and Local Government (DILG), PhilHealth and the LGUs shall endeavor to integrate health systems into province-wide and city-wide health systems. The Provincial and City Health Boards shall oversee and coordinate the integration of health services for province-wide and city-wide health systems, to be composed of municipal and component city health systems, and city-wide health systems in highly urbanized and independent component cities, respectively. The Provincial and City Health Boards shall manage the Special Health Fund referred to in Section 20 of this Act and shall exercise administrative and technical supervision over health facilities and health human resources within their respective territorial jurisdiction: *Provided*, That municipalities and cities included in the province-wide and city-wide health systems shall be entitled to a representative in the Provincial or City Health Board, as the case may be.

Organization of Local Health Systems *(Rule V)*

Provincial Integration

The municipalities and component cities shall endeavor to integrate their Municipal Health Offices, Component City Health Offices, Municipal Hospitals, Component City Hospitals, and LGU-managed health care providers, with the Provincial Health Office, Provincial Hospital(s), and District Hospitals to constitute the province-wide health system.

Organization of Local Health Systems *(Rule V)*

Provincial Integration

The municipal and component city shall retain their existing functions over their respective health facilities and personnel under RA 7160 (Local Government Code of 1991);

Provided, That the Provincial Health Board shall exercise **administrative and technical supervision** over health facilities and services, health personnel, and all other health resources within their territorial jurisdiction;

Organization of Local Health Systems *(Rule V)*

Provincial Integration

Provided, further, That the concerned LGU **may opt to transfer the control** of such health resources and services to the province-wide health system through a mechanism of cooperative undertakings provided under Section 33 of RA 7160 (Local Government Code of 1991).

Organization of Local Health Systems *(Rule V)*

Provincial Integration

The province-wide health system, through the Provincial Health Office, shall be responsible for the delivery of the promotive, preventive, curative, rehabilitative and palliative components of health care within the province.

The province-wide health system shall be linked to **at least one (1) apex or end-referral hospital.**

Organization of Local Health Systems *(Rule V)*

Provincial Integration

The Provincial Health Office, headed by a Provincial Health Officer, shall be responsible for health service delivery and health systems management;

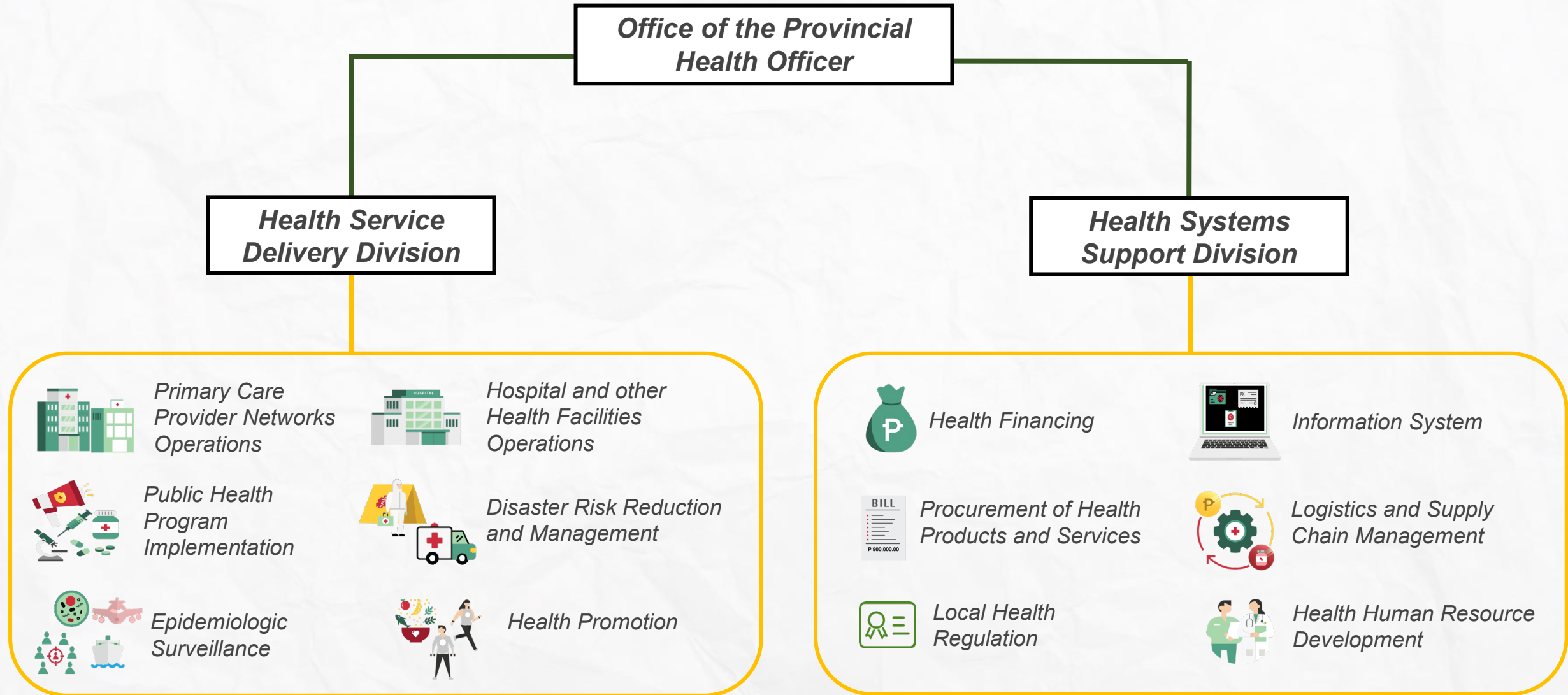
Organization of Local Health Systems *(Rule V)*

Provincial Integration

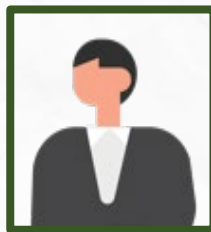
19.12.a. Each Provincial Health Office shall have **at least two (2) divisions**, the Health Service Delivery Division headed by an Assistant PHO, and the Health Systems Support Division headed by another official of equivalent rank;

19.12.b. An enabling provincial ordinance shall be passed to create the Assistant PHO and another official of equivalent rank as plantilla items, if not yet existing, subject to the minimum qualification standards and guidelines approved by the Civil Service Commission (CSC);

Provincial/ City Health Office (Sec 19.12 & 19.15)



Provincial Health Board Composition (Sec 19.16)



Chairperson: Provincial Governor

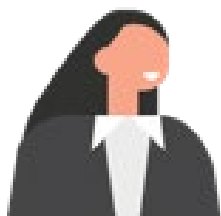


Vice-Chairperson: Provincial Health Officer

Members:



Chair of Committee on Health of the Sangguniang Panlalawigan



DOH Representative



PO, NGO or Private Sector Representative



ICC/IP Representative, as applicable



Representative of Municipalities and Component Cities included in the PWHS

Organization of Local Health Systems *(Rule V)*

Functions of the Provincial Health Board (under the Sec. 102 of the LGC)

- 1) To **propose** to the sanggunian concerned, in accordance with standards and criteria set by the Department of Health, **annual budgetary allocations** for the operation and maintenance of health facilities and services within the municipality, city or province, as the case may be;
- (2) To **serve as an advisory committee** to the sanggunian concerned on health matters such as, but not limited to, the necessity for, and application of local appropriations for public health purposes; and
- (3) Consistent with the technical and administrative standards of the Department of Health, **create committees which shall advise local health agencies** on matters such as, but not limited to, personnel selection and promotion, bids and awards, grievance and complaints, personnel discipline, budget review, operations review and similar functions.

Organization of Local Health Systems *(Rule V)*

Additional Functions of the Provincial/City Health Board (Sec 19.17)



Set the overall health policy directions and strategic thrusts



Manage the Special Health Fund



Oversee and coordinate the integration and delivery of health services



Exercise administrative and technical supervision over health facilities and health human resources within their territorial jurisdiction

19.18. The Provincial Health Board shall create its own **management support unit** to assist its operations including the management of the SHF.

Special Health Fund (Section 20)

Section 20. *Special Health Fund.* - The province-wide or city-wide health system shall pool and manage, through a special health fund, all resources intended for health services to finance population-based and individual-based health services, health system operating costs, capital investments, and remuneration of additional health workers and incentives for all health workers: *Provided*, That the DOH, in consultation with the DBM and the LGUs, shall develop guidelines for the use of the Special Health Fund.

Special Health Fund (Section 20)



Pooling of funds through the **Special Health Fund**



Income derived from PhilHealth payments to accrue to the Special Health Fund and credited as Annual Regular Income (ARI) of the LGU



Incentives through financial and non-financial matching grants in accordance with local investment plans and in complementation to national investment plans

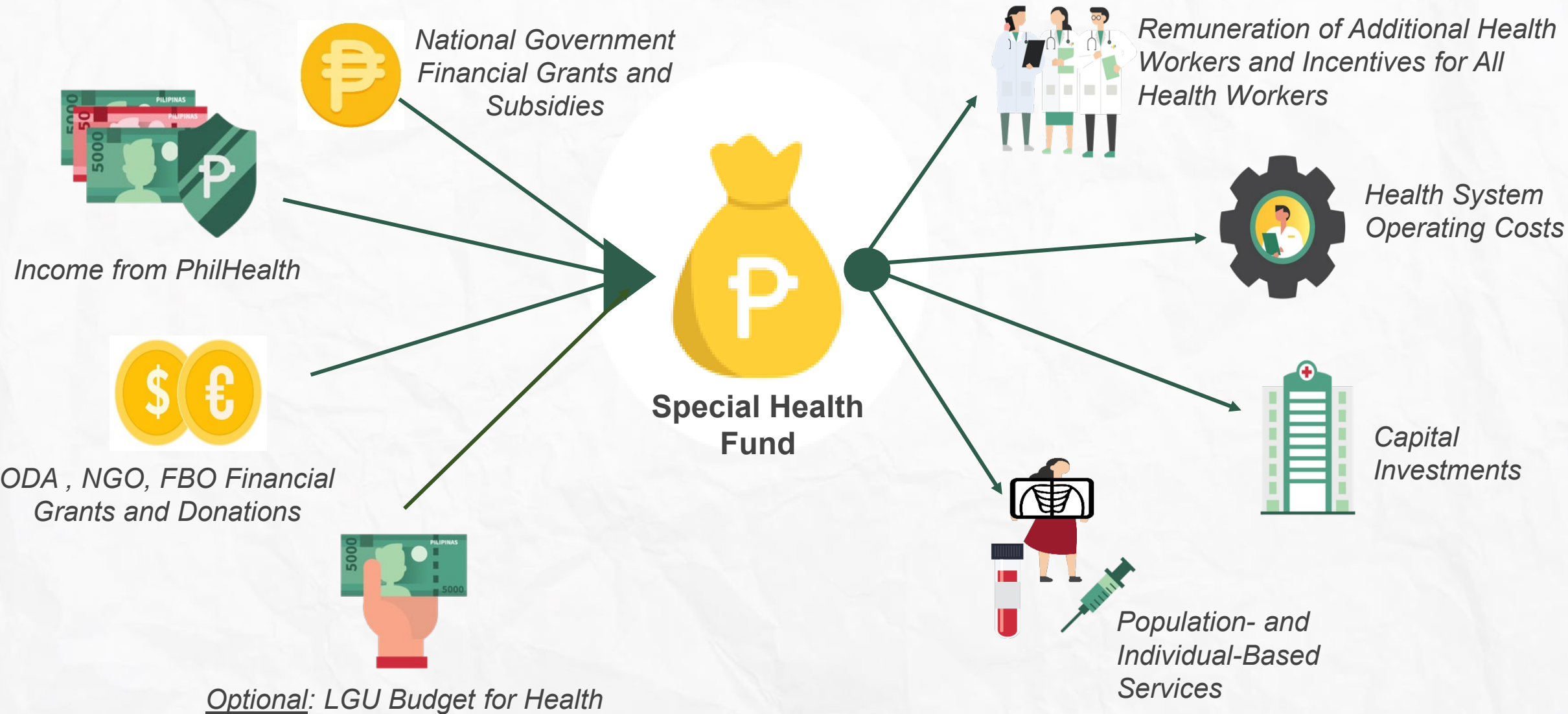
Provided, That the concerned LGUs may **opt to transfer their local budget intended for health** to the SHF through a mechanism of cooperative undertakings as provided under Section 33 of RA 7160.

Section 33 of the Local Government Code

Cooperative Undertakings Among Local Government Units. - Local government units may, through appropriate ordinances, group themselves, consolidate, or coordinate their efforts, services, and resources for purposes commonly beneficial to them. In support of such undertakings, the local government units involved may, upon approval by the sanggunian concerned after a public hearing conducted for the purpose, contribute funds, real estate, equipment, and other kinds of property and appoint or assign personnel under such terms and conditions as may be agreed upon by the participating local units through Memoranda of Agreement.

Organization of Local Health Systems (Rule V)

Special Health Fund (Sec 20)

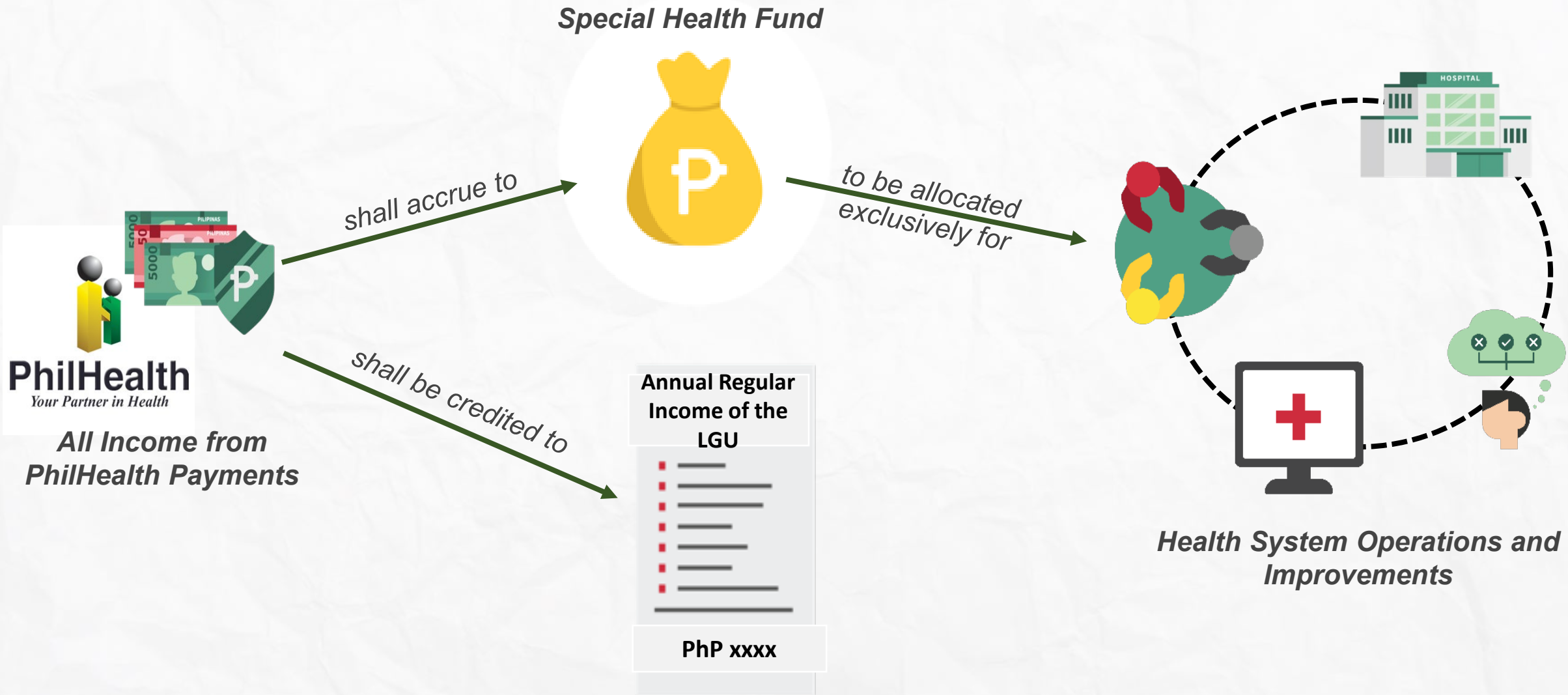


Sources of Funds

Sources	Mechanism for Transfer to SHF
Financial Grants and Subsidies from NGAs	➤ Terms of Partnership (DOH)
Income from PhilHealth Payments	➤ Contract, <i>provided that</i> , its provisions are consistent and within the guidelines prescribed in the JMC
Donations and Financial Grants from CSOs and IHPs	➤ Memorandum of Agreement, <i>provided that</i> , its stipulations are within the bounds specified in the JMC and other related guidelines
Other Fund Sources ➤ <i>LGU Budget for Health</i>	➤ Memorandum of Agreement

Organization of Local Health Systems *(Rule V)*

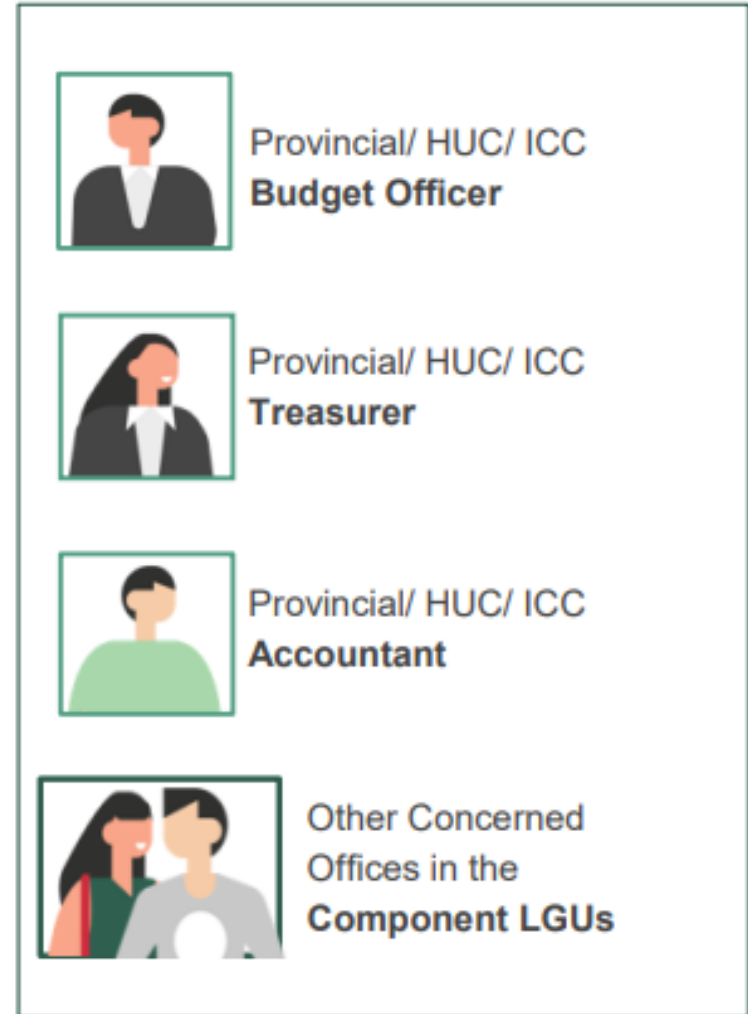
Income Derived from PhilHealth Payments (Sec 21)



Managing Entity



In close coordination with



Improving Competitiveness of the Public Health Service Delivery System (Sec 22)



Local Investment Plan for Health (LIPH) as basis for grants from the National Government



Financial and Non-Financial Matching Grants to Improve Functionality of the province wide and city-wide Health Systems



Underserved and Unserved Areas given Priority in Grants Allocations



**DEPARTMENT OF HEALTH (DOH)
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
DEPARTMENT OF FINANCE (DOF)
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG)
PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH)**

JAN 13 2021

**Joint Memorandum Circular 2021-0001
Series of _____**

TO : ALL PROVINCIAL GOVERNORS AND VICE GOVERNORS; CITY AND MUNICIPAL MAYORS AND VICE MAYORS; MEMBERS OF THE SANGGUNIANG PANLALAWIGAN/ PANLUNGSOD/ BAYAN; PROVINCIAL, CITY AND MUNICIPAL HEALTH OFFICERS; MEMBERS OF LOCAL HEALTH BOARDS; LOCAL BUDGET OFFICERS, TREASURERS AND ACCOUNTANTS; DBM, DOF, DOH, DILG, PHILHEALTH, THEIR RESPECTIVE REGIONAL/ FIELD OFFICES AND ATTACHED AGENCIES; AND ALL OTHERS CONCERNED

SUBJECT : GUIDELINES ON THE ALLOCATION, UTILIZATION, AND MONITORING OF, AND ACCOUNTABILITY FOR, THE SPECIAL HEALTH FUND

**JMC No. 2021-001 on SHF
January 13, 2021**

Allowable Expenses

Population-Based Health Services



- ❖ Environmental health services, including vector control, water quality and sanitation
- ❖ Health promotion programs/ campaigns
- ❖ Epidemiology and disease surveillance
- ❖ Services related to disease elimination
- ❖ Services related to preparedness and response to public health emergencies or disasters
- ❖ Other health services that will be classified by DOH as population-based health services in subsequent guidelines



Department of Health, Philippines



Allowable Expenses

Individual-Based Health Services

(Section 18 (UHC Act))



- ❖ Ambulatory and inpatient care
- ❖ Medicines
- ❖ Laboratory tests and procedures
- ❖ Other health services that will be classified by DOH and PhilHealth as individual-based health services in subsequent guidelines



Department of Health, Philippines



Allowable Expenses

Health Systems Operating Costs



- ❖ Support to the management of the health system*
- ❖ Gasoline for ambulances, patient transport vehicles, and vehicles used for delivery of health services and transportation of health commodities and diagnostic specimens
- ❖ Fees that form part of accreditation and licensing requirements
- ❖ Learning and development interventions or capacity building activities**
- ❖ Conduct of trainings, seminar, conferences or conventions***

**including the operations of the P/CWHS, health board, and operations and hiring of personnel for the MSU*

***including registration/ participation fees related to the efficient and effective delivery of health services and management of the health systems, as determined by the P/CHB*

****relevant to the management of health systems and delivery of health services*



Department of Health, Philippines



Allowable Expenses

Capital Investments*

- ❖ Health infrastructure**
- ❖ Health equipment and instruments
- ❖ Information technology and equipment for health facilities
- ❖ Ambulances and patient transport vehicles
- ❖ Mobile clinics and other ambulatory health services



**based on health facility development plan*

***including facility improvements related to direct delivery of health services*



Department of Health, Philippines



Allowable Expenses



Remuneration of Additional Health Workers

- ❖ Until such time that LGUs have implemented incremental creation of plantilla positions, subject to PS limitation
- ❖ Salary schedule based on existing laws, rules and regulations
- ❖ Corresponding salary shall not exceed the rates implemented in the concerned LGU

Incentives for All Health Workers*

- ❖ Allocation mechanism to be decided by the concerned Health Board
- ❖ DOH, together with DBM, DILG and other concerned agencies, to issue guidelines on benefits and incentives of public health workers *(Section 23.3 of UHC Act IRR)*

**including Barangay Health Workers and Barangay Nutrition Scholars*



Department of Health, Philippines



Expenses Chargeable against LGU Mandatory Counterpart Funding



Expenditure items to be charged against the LGU mandatory counterpart funding **not pooled** to the SHF:

- ❖ **Mandatory expenses** of the health facilities, offices and services
- ❖ Remuneration of **existing** human resources for health personnel under civil service positions
- ❖ **Physical office and administrative expenses** of the concerned health board and its MSU
- ❖ **Land acquisition and development** for the construction/ upgrading of health facilities and services



Department of Health, Philippines



INCOME DERIVED FROM PHILHEALTH PAYMENTS

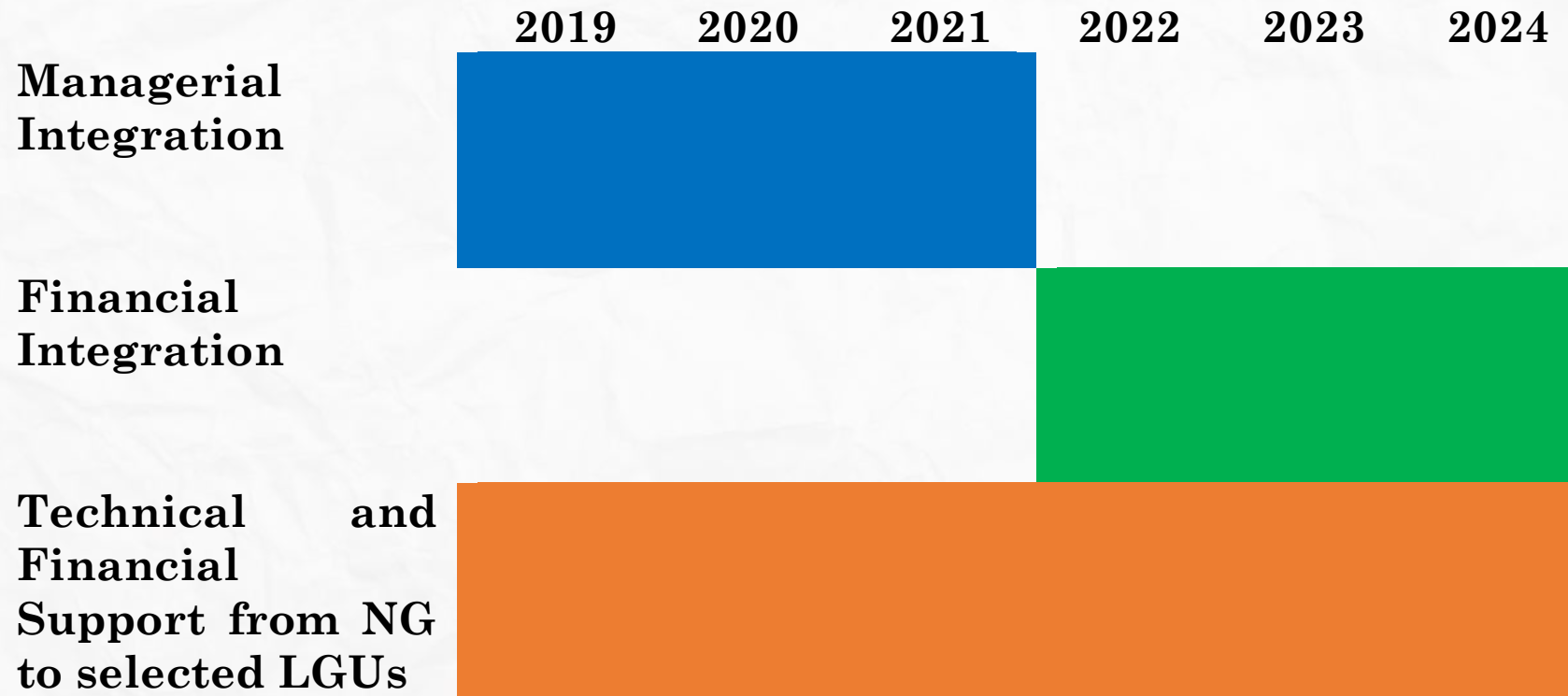
Section 21. *Income Derived from PhilHealth Payments.* - All income derived from PhilHealth payments **shall accrue to the Special Health Fund** to be allocated by the LGUs exclusively for the improvement of the LGU health system: *Provided,* That PhilHealth payments shall be credited to the annual regular income (ARI) of the LGU.

Miscellaneous Provisions *(Rule XI)*



- **Managerial integration** of province wide and city-wide systems within the first 3 years
- **Financial integration** within the next 3 years

UHC IMPLEMENTATION TIMELINE



Definition of Terms

- **Managerial integration** - Consolidation of administrative, technical and managerial functions of the PWHS/CWHS over its resources such as health facilities, human resources for health, health finances, health information systems, health technologies and equipment and supplies (*Section 4.21*)

****includes technical integration***

Definition of Terms

- **Technical integration** - Functional and efficient linking of health service provision from primary to tertiary care, when appropriate, across different levels of facilities, care settings, across a comprehensive spectrum of care with primary care as the foundation and intersectoral participation as one of its key principles (*Section 41.4.a*)

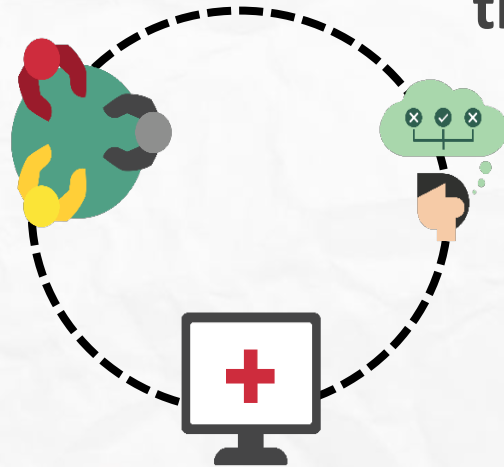
Managerial Integration (Section 41.4)



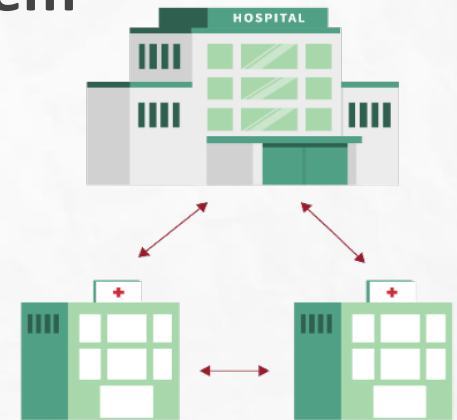
**Ordinance on
Commitment to LHS
Integration**



**Unified Governance of
the Local Health System**



**Integrated
Management System**

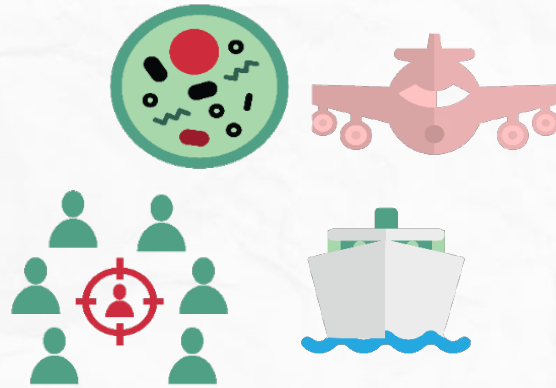


Functional Referral System

Managerial Integration (Section 41.4)



**Functional Disaster Risk
Reduction Management for
Health (DRRM-H) System**



**Functional Epidemiologic
Surveillance System**



**Proactive and Effective
Health Promotion Programs
or Campaigns**

Definition of Terms

- **Financial integration** – Consolidation of financial resources exclusively for health services and health system development under a single planning and investment strategy by the PWHS/CWHS (*Section 4.12*)

Financial Integration (Section 41.4)



Special Health Fund



**Health Board
Resolution on SHF Use**



**Funds Exclusively used
for Health and Health-
Related Needs**

Phases of Integration (Section 41.4)

- The implementation and completion of the minimum requirements of each phase **may proceed ahead of the recommended timeline**
- **Phase I: Preparatory works** to facilitate local health systems integration
 - Operational Guidelines
 - Baseline studies
 - Training needs assessment
 - LIPH development
 - Organization of Local Health Board and support unit
 - Creation of Special Health Fund

Phases of Integration (Section 41.4)

- **Phase II: Provision of TA** to PWHS and CWHS in managing the integrated health systems
 - Organized PCPNs
 - Improved Governance structure
 - Functional health board managing the SHF
 - HCPNs contracted by PhilHealth
- **Phase III: Monitoring of the **functionality**** of the integrated local health system



THANK YOU

HERMILANDO I. MANDANAS

GOVERNOR

PROVINCE OF BATANGAS