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'Excise tax as deterrent rendered nil'

The government can finance only around half or only P200 billion of the estimated P426 billion required each year for the Universal Health Care (UHC) program to work.

Dominguez said that while the government can provide some P200 billion funding per year for the program, UHC's cost will continue to grow by as much as P1.44 trillion for the 2020 to 2024 period

This so-called funding gap, or the difference between what the government can afford to spend for UHC versus what is actually required, was estimated to expand at a frenetic pace each year and accumulate over a five-year period to a humongous P1.4 trillion, Finance Secretary Carlos Dominguez III said on Friday.

"The Department of Finance (DoF) and the Department of Health (DoH) have presented the facts on his issue to the President and the Cabinet. We were given clear and urgent instructions: tax alcohol and tobacco at higher than current levels and fund the UHC beginning this year," Dominguez said.

According to him, the funding gaps keeps widening because of the steady increase in smoking prevalence in the Philippines even as the UHC requires greater amounts of money with each passing year.

As a result, both the DoF and the DoH prepare for the anticipated passage of higher excise taxes on both tobacco and alcohol.

"The (DoF) and (DoH) are making a final push for the outgoing Congress to further raise the sin tax on tobacco and alcohol to close a cumulative funding gap estimated at around P426 billion each year for the full and proper implementation of the (UHC) program," the statement said.

Dominguez said that while the government can provide some P200 billion funding per year for the program, UHC's cost will continue to grow by as much as P1.44 trillion for the 2020 to 2024 period.

"If we do not establish new sources of revenue, we will not have enough funds to properly, fully implement (the UHC) and ensure a better quality of life for all Filipinos," he reiterated.

According to him, the prevalence of smoking among Filipinos from 2015 to 2018 increased from 22.7 percent to 23 percent, indicating that the current tobacco excise rates are no longer enough to stop individuals from smoking.

"The deterrent effects of the original excise taxes have been eroded," Dominguez said.

According to the DoF, without a new sin tax reform law and at current premium, members of the Philippine Health Insurance Corp. (PhilHealth) will continue to be covered for only 18 primary care drugs and seven conditions while shouldering 90 percent of the cost of prescribed medicines.

Should Congress pass the law before it adjourns in June, however, PhilHealth cover will extend over 120 drugs and there will be no limit on primary care treatment, Dominguez said.

In summary, the Finance chief encouraged the lawmakers to expedite the approval of the expanded excise tax proposal.

“We urge both Houses to give due priority to this reform. Approve the Senate version in the bicameral conference and ratify it immediately,” Dominguez said.