



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

January 21, 2021

MEMORANDUM CIRCULAR

No. 2021 - 0003

TO : ALL UNDERSECRETARIES, ASSISTANT SECRETARIES, DIRECTORS OF BUREAUS, REGIONAL OFFICES AND SERVICES; EXECUTIVE DIRECTORS OF SPECIALTY HOSPITALS, AND NATIONAL NUTRITION COUNCIL; CHIEFS OF MEDICAL CENTERS, HOSPITALS, SANITARIA AND INSTITUTES; PRESIDENT OF THE PHILIPPINE HEALTH INSURANCE CORPORATION; DIRECTORS OF PHILIPPINE NATIONAL AIDS COUNCIL AND TREATMENT AND REHABILITATION CENTERS; AND OTHERS CONCERNED

SUBJECT : DOH-DBM-DOF-DILG-PHIC Joint Memorandum Circular No. 2021-0001 entitled "Guidelines on the Allocation, Utilization, and Monitoring of, and Accountability for, the Special Health Fund"

Attached for your information and guidance is a copy of the DOH-DBM-DOF-DILG-PHIC Joint Memorandum Circular No. 2021-0001 entitled "Guidelines on the Allocation, Utilization, and Monitoring of, and Accountability for, the Special Health Fund" dated January 13, 2021.

Dissemination of the information to all concerned is requested.

By Authority of the Secretary of Health:

A handwritten signature in black ink, appearing to be "L. David", is written over the typed name.

LILIBETH C. DAVID, MD, MPH, MPM, CESO I
Undersecretary of Health
Health Facilities and Infrastructure Development Team



**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

I. BACKGROUND

Section 41.d of Republic Act (RA) No. 11223, otherwise known as the Universal Health Care (UHC) Act, specifies that Local Government Units (LGUs) that commit to the integration of local health systems into Province-Wide/ City-Wide Health Systems (P/CWHS) shall exhibit managerial integration in the first three (3) years from the enactment of RA 11223, and financial integration within the next three (3) years thereafter.

Section 20 of the same Act provides that all health 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 shall be pooled to the Special Health Fund (SHF). In addition, Section 21 stipulates that all income derived from PhilHealth payments shall accrue to the SHF to be allocated by the LGUs exclusively for the improvement of the LGU health system.

The creation of the SHF seeks to: 1) ensure a more strategic and efficient pooling and management of health resources to reduce fragmentation in health financing, promote integration of local health systems, and improve equity in access to health services; 2) provide appropriate incentives and financing mechanisms to achieve and sustain managerial, technical and financial integration; and 3) ensure transparency and proper accountability on the use of health resources.

II. OBJECTIVE

This Joint Memorandum Circular (JMC) shall provide the guidelines to ensure the strategic allocation, efficient utilization and monitoring, and clear accountability on the use of the SHF.

III. DEFINITION OF TERMS

- A. Annual Operational Plan (AOP) – refers to the yearly translation of the Local Investment Plan for Health, which details the programs, plans and activities (PPAs) and systems interventions that are to be implemented in P/CWHS in a particular year.
- B. City-Wide Health System (CWHS) – refers to the Highly Urbanized City (HUC)- and Independent Component City (ICC)-wide health system. This includes the City Health Office, facilities and services, human resources, and other operations relating to health under the administrative and technical supervision of the City Health Board (CHB).
- C. Civil Society Organization (CSO) – a domestic, non-stock, non-profit corporation, organization or association or cooperative, expressing the interest and values of their members or others, based on socio-economic, ethical, cultural and scientific considerations, duly registered with the Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), and Department of Labor and Employment (DOLE), as the case may be. This includes, but not limited to, nongovernment organizations (NGOs) and Faith-Based Organizations (FBOs).
- D. Component City (CC) – refers to a city that does not meet the requirements for a Highly Urbanized City provided under Section 452(a) of RA No. 7160 or the Local Government Code (LGC) of 1991.
- E. Highly Urbanized City (HUC) – refers to a city with a minimum population of two hundred thousand (200,000) inhabitants, as certified by the Philippine Statistics Authority (then National Statistics Office), and within the latest annual income of at least Fifty Million Pesos (PhP50,000,000.00) based on 1991 constant prices, as certified by the city treasurer.
- F. Independent Component City (ICC) – refers to component city whose charter prohibit its voters from voting for provincial elective officials. It shall be independent of the province.
- G. Individual-based health services - refer to services which can be accessed within a health facility or remotely that can be definitively traced back to one recipient, have limited effect at the population level, and do not alter the underlying cause of illness such as ambulatory and inpatient care, medicines, laboratory tests and procedures, among others.
- H. International Health Partner (IHP) – refers to multilateral and bilateral international organizations, international development banks, international NGOs, global health initiatives and international philanthropic organizations, with a formal agreement with the Philippine government, supporting and contributing to the implementation of health programs, projects and activities in achieving the health sector goals and priorities.
- I. Local Economic Enterprise (LEE) – refers to ventures wholly or partially owned by LGUs that generate revenue/ income through the sale of services and goods to meet a perceived constituency demand.
- J. Local Health Board (LHB) – refers to the board created in every province, city and municipality pursuant to Section 102 of RA No. 7160 or the LGC of 1991. In addition, the

UHC Act provided for the additional functions of the Local Health Boards in Provinces, Highly Urbanized Cities and Independent Component Cities.

- K. Local Health System (LHS) – 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.
- L. Local Investment Plan for Health (LIPH) – refers to a medium-term public investment plan for health that specifies the strategic direction of the concerned LGU for the next three years in terms of improving health service delivery, strengthening the health systems operations and addressing social determinants of health, and specifies actions and commitments of different local stakeholders.
- M. Population-based health services – refer to services intended to be received by population or identified groups of people of which outcomes contribute to the general public health, safety and protection, and/or rendered in response to a public health emergency or disaster or any circumstance of equal magnitude that has affected or can potentially affect a population. These refer to interventions such as health promotion, disease surveillance, and vector control.
- N. Prospective Payment – refers to the allocation of resources to a health care provider to deliver the covered package of health care goods, services and interventions to the covered population in which rates are set in advance and/ or providers are paid before services are delivered.
- O. Province-Wide Health System (PWHS) – composed of municipal and component city health systems. This includes the Provincial, Component City and Municipal Health Offices, facilities and services, human resources, and other operations relating to health under the administrative and technical supervision of the Provincial Health Board (PHB).
- P. Public Health Emergency – refers to an occurrence or imminent threat of an illness or health condition as described in RA No. 11332 or the Mandatory Reporting of Notifiable Diseases and Health Events of Public Health Concern Act.
- Q. Special Fund – refers to funds maintained in every provincial, city or municipal treasury pursuant to Section 309 of RA No. 7160 or LGC of 1991 which shall be deemed automatically appropriated for purposes indicated therefore.
- R. Special Health Fund (SHF) – refers to a pool of financial resources at the P/CWHS intended 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.

IV. SCOPE AND COVERAGE

These guidelines shall apply to the following: 1) all Provinces, HUCs, ICCs, CCs and Municipalities participating in the P/CWHS; 2) agencies of the government such as DBM, DOF, DOH, DILG, and PhilHealth that shall be involved in the funding, administration, implementation and/ or monitoring of the SHF; and 3) Civil Society Organizations (CSOs), International Health Partners (IHPs) and all others willing to support the P/CWHS.

V. FUND CLASSIFICATION

The SHF shall be treated as a separate type of Special Funds and is deemed automatically appropriated for health expenditures.

VI. MANAGEMENT OF THE SHF

A. Managing Entity

1. The PHB and CHB shall assume full responsibility in the management of the SHF, subject to existing pertinent budgeting, accounting and auditing rules and regulations. They shall ensure that the SHF is optimally utilized to help achieve the desirable health outcomes of the population within their respective territorial jurisdiction.
2. A Management Support Unit (MSU) shall be created under the direct supervision of the concerned health board to serve as its administrative secretariat and to assist in its operations. The functions of the MSU, which shall be performed in close coordination with the Provincial/City Budget Officer, Treasurer, Accountant and Health Officer, shall include, but not limited to, provision of administrative and technical support, coordination with the necessary P/CWHS stakeholders and provision of assistance in the management of the SHF. Its fund management support function shall include, among others:
 - a. Ensuring the timely submission of required information to PhilHealth for the assessment and review of performance of the P/CWHS as bases for release of future tranches and renewal of contract;
 - b. Preparation of the health board resolution on SHF budget;
 - c. Ensuring that budgetary documents are approved and signed by the Provincial/ HUC/ ICC Budget Officer, Treasurer and/ or Accountant;
 - d. Preparation, submission and reporting of financial status and physical accomplishments; and
 - e. Coordination with concerned component LGU Budget Officer, Treasurer, Accountant and/ or Health Officer for the purpose of planning, budgeting, utilization and liquidation.

To ensure proper accountability, the Board shall either designate or appoint existing plantilla personnel from the Provincial/ City Government as part of the MSU. At the minimum, the MSU shall be composed of the following personnel to assist the Board in the management of the SHF:

- a. Accountant (*Accountant II – SG 16*)
 - b. Administrative Officer (*Administrative Officer II – SG 11*); and
 - c. Liaison Officer (*Administrative Assistant III – SG 9*).
3. For the efficient and effective management of the SHF, the members of the P/CHB and the MSU personnel concerned shall undergo regular public financial management- and/or procurement-related trainings that shall be provided by DOF, DBM, PhilHealth, DOH, Commission on Audit (COA), Government Procurement Policy Board (GPPB) and other appropriate government agencies. The members of the P/CHB and the MSU personnel concerned shall be guided by the planning, budgeting and liquidation processes being followed by agencies/ organizations contributing funds to the SHF, as well as existing policies that have implications on the management of the SHF.

The P/CHB may also invite a PhilHealth representative to act as a resource person to the Board.

B. Sources of Funds

1. The fund sources for the SHF shall be as follows, consistent with Section 20.1 of the IRR of RA No. 11223:

- a. Financial grants and subsidies from national government agencies, such as the DOH, as included in the General Appropriations Act (GAA) in accordance with Section 22 of the IRR of RA No. 11223;
 - b. Income from PhilHealth payments as provided under Section 21 of the IRR of RA No. 11223;
 - c. Donations and financial grants from CSOs, and official development assistance from IHPs; and
 - d. Other fund sources which may include, among others, provincial, city and municipal budget intended for health through a mechanisms of cooperative undertakings as provided under Section 33 of RA No. 7160.
2. Mechanisms to facilitate the flow of funds from each source to the SHF shall be as follows:
- a. Terms of Partnership (TOP) for financial grants and subsidies from the DOH;
 - b. Contractual agreements for income from PhilHealth payments, *provided that*, pertinent provisions of the contractual agreements are consistent and within the guidelines prescribed in this JMC;
 - c. Memorandum of Agreement for donations and financial grants from CSOs and IHPs, *provided that*, its stipulations are within the bounds specified in this JMC and other related guidelines; and
 - d. Memorandum of Agreement for funds from LGUs.

Funds transferred between or among national government agencies, CSOs and LGUs shall be liquidated and accounted for and properly taken up in the books of concerned agencies, subject to the provisions in the contract, if any, and existing pertinent government budgeting, accounting and auditing rules and regulations.

C. Allowable Expenses Chargeable Against the SHF

The SHF shall be used to augment LGU funds for health for the following expenditure items as determined and approved by the P/CHB, consistent with Section 20.2 of IRR of RA No. 11223:

1. Population-based health services, which include the following:
 - a. Environmental health services, including vector control, water quality and sanitation;
 - b. Health promotion programs or campaigns;
 - c. Epidemiology and disease surveillance;
 - d. Services related to disease elimination;
 - e. Services related to preparedness and response to public health emergencies or disasters; and
 - f. Other health services that will be classified by DOH as population-based health services in subsequent guidelines.
2. Individual-based health services, which include the following:
 - a. Ambulatory and inpatient care;
 - b. Medicines;
 - c. Laboratory tests and procedures; and
 - d. Other health services that will be classified by DOH and PhilHealth as individual-based health services in subsequent guidelines.
3. Health systems operating costs, which include the following:
 - a. Support to the management of the health system, including the operations of the P/CWHS, health board, and operations and hiring of personnel for the MSU;

- b. Gasoline for ambulances, patient transport vehicles, and vehicles used for delivery of health services and transportation of health commodities and diagnostic specimens;
 - c. Fees that form part of accreditation and licensing requirements;
 - d. Learning and development interventions or capacity building activities, 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; and
 - e. Conduct of trainings, seminars, conferences or conventions relevant to the management of health systems and delivery of health services.
4. Capital investments based on health facility development plan, which include the following:
- a. Health infrastructure, including facility improvements related to direct delivery of health services;
 - b. Health equipment and instruments;
 - c. Information technology and equipment for health facilities;
 - d. Ambulances and patient transport vehicles, subject to existing guidelines; and,
 - e. Mobile clinics and other ambulatory health services, subject to existing guidelines.
5. Remuneration of additional health workers until such time that the LGUs have implemented incremental creation of plantilla positions to hire the required number of health care workers based on the standards determined by the DOH, subject to Personnel Services (PS) limitation pursuant to Section 325 (a) of RA No. 7160. The salary schedule shall be based on prevailing Salary Standardization Laws and other relevant laws, rules and regulations governing salaries and benefits of public health workers. Corresponding salary shall not exceed the rates being implemented in the concerned LGU.
6. Incentives for all health workers, including Barangay Health Workers (BHWs) and Barangay Nutrition Scholars (BNS), within the territorial jurisdiction of the P/CHB. Allocation mechanism shall be decided upon by the Health Board.

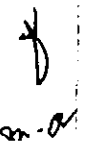
A separate guideline shall be issued by DOH, DBM, DILG and other concerned agencies, in consultation with relevant councils, to determine the standard and competitive benefits and incentives for public health workers (PHWs) pursuant to RA 7305 (Magna Carta for PHWs), RA 7883 (BHW Benefits and Incentives Act), PD 1569 (Strengthening Barangay Nutrition Program), RA 11148 (Kalusugan at Nutrisyon ng Mag-Nanay Act) and other relevant laws.

D. Expenses Chargeable Against the LGU Mandatory Counterpart Funding

LGUs participating in the P/CWHS shall appropriate mandatory counterpart funding to finance health programs based on LIPH and its corresponding AOP. The following expenditure items, among others, shall be charged against the LGU mandatory counterpart funding not pooled to the SHF:

- 1. Mandatory expenses of the health facilities, offices and services under the supervision and control of the concerned LGU;
- 2. Remuneration of existing human resources for health personnel under civil service positions;
- 3. Physical office and administrative expenses of the concerned health board and its MSU; and
- 4. Land acquisition and development for the construction/ upgrading of health facilities and services.





E. Creation of the SHF

1. An SHF depository bank account shall be created in accordance with the existing DOF-Bureau of Local Government Finance Guidelines on Authorized Government Depository Banks and other relevant issuances.
2. A separate SHF book of accounts with complete financial reporting obligations shall be created and maintained at the Province, HUC and ICC levels. Subsidiary ledgers shall likewise be created for each identified fund source.
3. If funds will be transferred to the component LGUs from the SHF, these funds shall be transferred to the Trust Fund of component LGUs. A subsidiary ledger in the Trust Fund shall be created for this purpose.

VII. PLANNING AND BUDGETING FOR THE SHF

- A. The P/CHB, through the Provincial/ City Health Office, shall facilitate the formulation of the LIPH and AOP of the P/CWHS. These plans shall be aligned with the Local Development Plan, and Medium-Term and Annual Investment Programs of the concerned LGUs. The DOH shall provide the guidelines and procedures in the development of the LIPH and AOP, including forms and tools to be utilized.
- B. The P/CHB shall use the LIPH and AOP as bases for the contractual arrangement with DOH and PhilHealth. The LIPH, AOP and contracts shall then serve as the bases for the SHF budget preparation, Project Procurement and Management Plan (PPMP) and Annual Procurement Plan (APP) to support the requirements and/ or cost estimates of the different expenditure items, as embodied in the proposed budget.
- C. The SHF Budget shall be presented by PPAs and by allotment class using SHF Budget Preparation Form No. 1 (*Annex A*).

The allocation of the SHF shall be decided upon by the P/CHB, in consultation with component LGUs and based on their respective investment plan for health. The P/CHB may transfer either an agreed amount or percentage to the component LGUs/ Local Economic Enterprise (LEE) or through a mechanism based on performance of the component LGUs/ LEE. The setting-up and operation of LEE shall be in accordance with existing DBM guidelines.

The amount that will be retained at the province level shall be used for operating expenses and equity considerations, as decided upon by the PHB. At the minimum, the number of Geographically Isolated and Disadvantaged Areas (GIDAs), number of Indigenous Cultural Communities (ICCs)/ Indigenous Peoples (IPs), and health status of component LGUs, prioritizing national health indicators in the national plans, shall serve as bases for additional financial support to component LGUs.

- D. A P/CHB Resolution approving the budget for priority health programs, projects and activities within the P/CWHS shall be formulated using the SHF Budget Authorization Form No. 1 (*Annex B*).
- E. The P/CHB Resolution on the SHF budget, as well as the LIPH, AOP and annual budgetary proposals, shall be deliberated, endorsed and/or approved by the chairperson, the vice-chairperson and a majority of the members of the P/CHB.
- F. Timelines for the SHF planning and budgeting shall be in accordance with LGU planning and budgeting guidelines issued by DBM and other concerned national government agencies.

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The P/CHB shall consider the timelines of the local budget process so as to effectively integrate in its annual budget the local counterpart funds of the participating LGUs.

The preparation and approval of the SHF may be guided by the following activities:

Planning-Budgeting Framework	Specific Activities	Timeline
Establishment of SHF	Call for P/CWHS to open SHF depository bank account with Authorized Government Depository Banks	
	P/CHB to issue resolution on the opening of the SHF account	
	Concerned Sanggunian Panlalawigan/ Panlungsod (SP) to issue resolution endorsing the P/CHB resolution on the opening of the SHF account	
	Provincial/ City Accountant to create separate book of accounts for the SHF	
Planning for SHF	P/CHB, through the P/CHO, shall facilitate the formulation of the AOP of the P/CWHS which shall serve as basis for the planning of the SHF.	Q4, two (2) years prior to the budget year covered by the AOP
	Copies of the AOP shall be furnished to the DOH and PhilHealth.	Q3 of the year preceding the budget year covered by the AOP
Budget Preparation	P/CHB to convene and prepare the estimates of income from PhilHealth payments and indicative amounts from DOH, among others, that will form part of the SHF, and expenditure items that will be sourced from the SHF. This shall include the percentage of the SHF that shall be retained at the provincial/ city level and those that shall be downloaded to the component LGUs.	Q3 of preceding year
	Transfer of funds to P/CWHS upon signing of the TOP with DOH, and contract with PhilHealth, among others.	Q1 of current year
Budget Authorization	P/CHB to issue resolution to authorize and approve the SHF budget and the utilization of funds. The P/CHB shall furnish the DOH and PhilHealth copies of approved SHF budget.	Q1 of current year
Budget Execution	Copy of approved Board Resolution be furnished to Provincial/ City Budget Officer, Treasurer and Accountant as basis for certification of availability of funds, disbursement and for recording purposes	Q1 of current year
	Copy of certification of availability of funds for the SHF from the Provincial/ City Accountant	Q1 of current year
	Copy of approved Board Resolution be furnished to Component LGUs, hospitals and/or LEE for recording purposes	Q1 of current year
Budget Accountability	Submission of required quarterly and annual reports using the SHF Budget Accountability Form Nos. 1 and 2 on SHF utilization (<i>Annexes C and D</i>) and other prescribed forms to DOH and PhilHealth, copy furnished the component LGUs, P/CHO and hospitals.	Quarterly Reports: Not later than the 20 th day after the end of the quarter

Planning-Budgeting Framework	Specific Activities	Timeline
		Annual Reports: Not later than the 15 th day of February of the following year
	Submission of liquidation reports of cash advances and other supporting documents	End of the current year or not later than the 20 th of January of the following year
	Post the utilization report of the SHF budget in the website of the P/CWHS and involved LGUs, and/or in at least three (3) conspicuous public places in compliance with the Full Disclosure Policy of DILG	Q1 of succeeding year

VIII. DISBURSEMENT AND UTILIZATION OF THE SHF

- A. In addition to existing government budgeting, accounting, and auditing rules and regulations, all disbursements from the SHF shall be in accordance with:
 - 1. Allowable expenses chargeable against the SHF (Section V.C of this JMC);
 - 2. The LIPH and AOP;
 - 3. Contractual arrangement between DOH and the P/CHB;
 - 4. Contractual arrangement between PhilHealth and the P/CHB; and
 - 5. Contractual arrangement between the CSO/ IHP, and P/CHB
- B. Copy of approved P/CHB Board Resolution on the use of the SHF shall be furnished to the Provincial/ City Budget Officer, Treasurer and Accountant as basis for the certification of availability of funds, disbursement and recording.
- C. The authorized signing official/s for the disbursement of funds shall be in accordance with the Local Government Code and the UHC Act.
- D. Any procurement chargeable against the SHF shall be in accordance with Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act", its IRR as amended, Government Procurement Policy Board guidelines and other related issuances.

IX. MONITORING, TRANSPARENCY AND ACCOUNTABILITY IN THE ALLOCATION AND UTILIZATION OF THE SHF

- A. The P/CHB shall furnish the DOH and PhilHealth, through their respective regional offices, copies of the LIPH, AOP and P/CHB Board Resolution containing, among others, the expenditure items to be funded out of the SHF for the monitoring use of the DOH and PhilHealth.

- B. Fund allocation, utilization, monitoring and reporting shall be in accordance with the accounting and auditing rules and regulations prescribed by the COA.
- C. The DOH and PhilHealth shall establish and maintain an SHF utilization tracking system to allow real-time collection, consolidation, and analysis of data on the use of such fund. Current systems such as e-claims and electronic statement of receipts and expenditures may also be utilized until such time that the SHF utilization tracking system has been created.
- D. The utilization of the SHF, whether willfully or through negligence, for the disallowed expenditure items shall subject the erring P/CHB and/or Local Government Officials to penalties under existing laws and regulations.
- E. The DBM shall consider the integration of the guidelines on the budget process for the SHF in the future revisions of the Budget Operations Manual for LGUs, 2016 edition.
- F. The DOF, through the Bureau of Local Government Finance (BLGF), shall issue separate guidelines on the proper reporting of the SHF receipts and disbursements in the LGU Integrated Financial Tool (LIFT) System to generate the periodic Statement of Receipts and Expenditures (SRE).

X. ROLES AND RESPONSIBILITIES

A. Department of Health

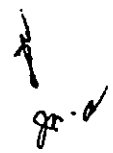
- 1. Develop the guidelines on local investment planning for health, provide technical assistance and necessary capacity building activities, and perform monitoring and evaluation activities on its implementation
- 2. Develop the guidelines to assess and monitor the status of managerial and financial integration of the LGUs that committed to the integration
- 3. Provide technical assistance on the preparation of the P/CHB resolution on the allocation and use of the SHF
- 4. In coordination with PhilHealth:
 - a. Develop and maintain the SHF utilization tracking system, including SHF financial analysis, and
 - b. Review and monitor the submission of SHF financial and physical reports, including other documents needed for SHF operationalization
- 5. In coordination with DBM, DILG and other concerned agencies, develop the guidelines to determine the standard and competitive benefits and incentives for public health workers
- 6. Coordinate the development of needed SHF supplementary guidelines with concerned NGAs

B. Department of Budget and Management

- 1. Provide guidelines on the budget preparation on SHF, and corresponding budget timeline and deadlines for the preparation and submission of the budget forms
- 2. Provide technical assistance on the preparation of SHF budget documents
- 3. In coordination with DOF and COA, provide public financial management trainings to DOH and PhilHealth personnel involved in the SHF utilization tracking system, and to members of the P/CHB, including concerned P/CHO and MSU personnel

C. Department of Finance

- 1. Provide support to DOH and PhilHealth on SHF financial analysis

2. Provide DBM, DOH and PhilHealth copies of the SREs of LGUs that committed to local health systems integration, including financial analysis by P/CWHS
 3. In coordination with DBM and COA, provide public financial management trainings to DOH and PhilHealth personnel involved in the SHF utilization tracking system, and to members of the P/CHB, including concerned P/CHO and MSU personnel
- D. Department of the Interior and Local Government
1. Facilitate the compliance of LGUs on the proper allocation, utilization and monitoring of the SHF as stipulated in this JMC
 2. In coordination with DOH and PhilHealth, facilitate LGUs compliance on the submission of SHF financial and physical reports, including other documents needed for SHF operationalization
- E. Philippine Health Insurance Corporation
1. Develop the guidelines on the prospective payment scheme, and perform monitoring and evaluation activities on its implementation
 2. In coordination with DOH:
 - a. Develop and maintain the SHF utilization tracking system, including SHF financial analysis, and
 - b. Review and monitor the submission of SHF financial and physical reports, including other documents needed for SHF operationalization

XI. TRANSITORY PROVISIONS

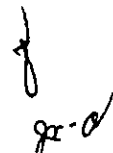
- A. Existing mechanisms for the transfer of funds from the DOH and payments from PhilHealth shall be maintained for:
1. LGUs that have not committed to the integration of the local health systems; and
 2. LGUs that have expressed their commitment but have not yet complied with the requirements set forth in this Guidelines
- B. An LGU shall express its commitment to P/CWHS integration through a Sanggunian Panlalawigan/Panlungsod Resolution or Executive Order, and Memorandum of Understanding (MOU) executed with the DOH and PhilHealth.
- C. The release of PhilHealth payment to be accrued to the SHF shall commence once the P/CWHS is able to meet the minimum standards set by PhilHealth.

XII. RESOLUTION OF ISSUES

Interpretation of the provisions of this Joint Memorandum Circular, including cases not covered herein, shall be referred to the DOH and PhilHealth for final resolution, together with DBM, DOF, and DILG.

XIII. REPEALING CLAUSE

All provisions of existing issuances of the participating government agencies that are inconsistent with this JMC are hereby repealed/ amended accordingly.





XIV. SEPARABILITY CLAUSE


If, for any reason, any part or provision of this JMC is declared invalid or unconstitutional, any part or provision not affected thereby shall remain in full force and effect.

XV. EFFECTIVITY


This JMC shall take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

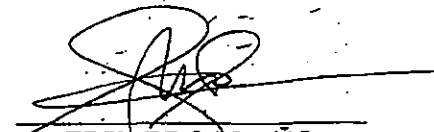

WENDEL E. AVISADO
Secretary
Department of Budget and Management





CARLOS DOMINGUEZ
Secretary
Department of Finance




DANTE A. GIERRAN
President and CEO
Philippine Health Insurance Corporation


EDUARDO M. AÑO
Secretary
Department of the Interior and Local Government




FRANCISCO T. DUQUE III
Secretary
Department of Health

SHF Budget Preparation Form No. 1

INCOME AND EXPENDITURES ESTIMATES FOR FY _____
 Provincial/City Health Board of _____
 Province/City

Estimated Income for Budget Year	xxx
Financial Grants and Subsidies from NGAs	xxx
PhilHealth Payments	xxx
Donations from CSOs and IHPs	xxx
Concerned LGUs' Local Budget intended for Health	xxx
Other Sources	xxx
Add: Previous Years Unexpended Balances (including Continuing Appropriation)	xxx
TOTAL	xxx
Less: Continuing Appropriation	xxx
Net Amount Available for Appropriation	xxx

Proposed Expenditures for Budget Year

Rank	Program/Project/Activity	Source of Fund <i>(NGA grants, PhilHealth payments, donations, LGU budget, others)</i>	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Total Expenditures for FY		xxx	xxx	xxx	xxx	xxx
Balance/Deficit		xxx	xxx	xxx	xxx	xxx

Prepared by:

 Chairperson of Provincial/City Health Board or his/her Authorized Representative

SHF Budget Authorization Form No. 1

Provincial/City Board of _____

Province/City _____

Regular Session

Begun and held in _____, _____, on _____ day of _____,

_____.

Provincial/City Health Board Resolution No. _____

A RESOLUTION APPROVING THE BUDGET FOR PRIORITY HEALTH PROGRAMS, PROJECTS AND ACTIVITIES WITHIN THE PROVINCE-WIDE/CITY-WIDE HEALTH SYSTEM

Be it resolved by the Provincial/ City Health Board of _____ in Council assembles:

Section 1. Source of Funds. The following income as indicated herein are hereby declared as sources of funds, particularly income derived from PhilHealth payments shall accrue to the Special Health Fund, necessary to finance the implementation of priority health programs, projects and activities of the Province/City of _____ from January one to December thirty-one, two thousand _____, except otherwise specifically provided herein:

Estimated Income for Budget Year	P _____
Financial Grants and Subsidies from NGAs	_____
PhilHealth Payments	_____
Donations from CSOs and IHPs	_____
Concerned LGUs' Local Budget intended for Health	_____
Other Sources	_____
Add: Previous Years Unexpended Balances (including Continuing Appropriation)	_____
Gross Income	_____
Less: Continuing Appropriation	_____
Net Amount Available for Appropriation	=====

Section 2. Allocation of Funds. The following sums are hereby allocated out of the herein sources of the Special Health Fund and any unexpended balances thereof in the Local Treasury of the Province/City for the implementation of priority health programs, projects and activities in the Province/City from January one to December thirty-one, two thousand _____:

Expenditure Program for Budget Year

Rank	Program/Project/Activity	Source of Fund (NGA grants, PhilHealth payments, donations, LGU budget, others)	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Total		xxx	xxx	xxx	xxx	xxx

Expenditure Program for Budget Year

Rank	Program/Project/Activity	Expected Output	Schedule of Delivery

Section 3. Effectivity. This Resolution shall take effect immediately upon its approval.

Date Adopted: _____

Carried Unanimously,

Provincial/City Health Board Members

Names

Signatures

I HEREBY CERTIFY to the correctness of the above-quoted Provincial/City Health Board Resolution.

Secretary-Designate of P/CHB

ATTESTED:

Vice-Chairperson of P/CHB

APPROVED:

Chairperson of P/CHB or his/her Authorized Representative

Date: _____

REPORT OF UTILIZATION

For the Quarter Ending _____

Province/City Health Board of _____

Receipts for the SHF

P _____

Less: **DISBURSEMENTS** (broken down by source of fund, expense class and by object of expenditures)

Personnel Services

Maintenance and Other Operating Expenses

Capital Outlays

Sub-total
Balance

P _____

Prepared by:

Provincial/City Accountant

Approved by:

Chairperson of Provincial/City Health Board
or his/her Authorized Representative

REPORT OF UTILIZATION

For the Quarter Ending _____

Province/City Health Board of _____

Receipts for the
SHF

P _____

Less:

DISBURSEMENTS (broken down by source of fund, expense class and by object of expenditures)

Source of Fund
(Principal PHB/CHB share)

Financial Grants and Subsidies from NGAs

PhilHealth Payments

Donations from CSOs and IHPs

Concerned LGUs' Local Budget intended for Health

Share to component
LGUs/LEEs

Share to Component LGU 1

Share to Component LGU 2

Share to LEE No. 1

Share to LEE No. 2

_____	_____
_____	_____
_____	_____
Sub-total	_____
Balance	P _____

Prepared by:

Provincial/City Accountant

Approved by:

Chairperson of Provincial/City Health
Board or his/her Authorized
Representative