



in Tax Law Incremental Revenue for Health

annual report
2018

DEPARTMENT OF HEALTH 2018

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Introduction

The year 2018 marks the fifth year that the Department of Health (DOH) received Sin Tax incremental revenues from excise taxes on alcohol and tobacco products. In accordance to Republic Act no. 10351, or the Sin Tax Reform Act of 2012, and its Implementing Rules and Regulations (IRR), after deducting the share of Local Government Units¹, the remaining incremental revenues shall be allocated for health. The 80% of the incremental revenue for health is intended for universal health care (UHC) expenditures and 20% for medical assistance and health enhancement facilities program (HEFP).

This fifth annual report is in compliance to Rule VIII, Section 1 of the Sin Tax Reform Law's IRR, which requires identified national agencies to publish a detailed report on the expenditure and utilization of the amounts earmarked under RA No. 10351.

Sin Tax Incremental Revenue for Health

The budget for health in 2018 (Table 1) is sourced out from the Sin Tax incremental revenue earmarked for health and other sources. The incremental revenue allocated for health based on Sin Tax collections in CY 2017 is PhP 71.2 billion (43%) of the 166.7 billion total budget of DOH-Office of the Secretary (DOH-OSEC) and PhilHealth. While other sources funded PhP 42.3 billion. Compared to the baseline budget of the DOH-OSEC and PhilHealth in 2013, which amounts to PhP 53.2 billion, the Sin tax incremental revenues for health has provided significant contribution in the budgetary support for the Department.

Table 1 Sin Tax Incremental Revenue for Health in the DOH-OSEC and PhilHealth Budget 2014-2018, in Billion PhP

Year	(a) GAA	Incremental Revenue for Health ²		Other Source/s	Balance ³
		(b) Amount	(b/a) %	Amount	
2013 ⁴	53.2	-	-	-	-
2014	83.7	30.5	53%	-	14.2
2015	87.0	33.7	49%	-	8.9
2016	122.6	62.7	51%	6.7	-
2017	148.5	59.2	40%	36.1	-
2018	166.7	71.2	43%	42.3	-

¹ Pursuant to Republic Act 7171 "An Act to Promote the Development of the Farmer in the Virginia Tobacco Producing Provinces" and Republic Act 8240 "An Act Amending Section 138, 140, & 142 of the National Internal Revenue Code"

² Department of Finance Certification 2014-2017

³ Balances were already programmed by the DBM to various health projects including: Philippine General Hospital (PhP 3.15 billion for equipping), DSWD and DepEd (PhP 5.2 billion for feeding programs), etc.

⁴ Refers to the year prior to the first Sin Tax Incremental Revenue allocated to Health

General Allocation of the Sin Tax Incremental Revenue for Health in 2018

The Sin Tax Incremental Revenue for Health in the 2018 DOH-OSEC & PhilHealth budget is programmed in accordance to specified programs in the IRR of the Sin Tax Law. The PhP 71.2 billion budget is allocated as follows (Table 2): PhP 48.00 billion for the Enrollment and Coverage of Indigent Families and members in the Informal Economy; PhP 8.72 billion for Strengthening of Preventive Health Programs towards Attainment of Millennium Development Goals (MDGs); PhP 0.16 billion for Health Awareness Programs; PhP 0.11 billion for the Implementation Research to Support UHC; PhP 4.87 billion for Medical Assistance; PhP 9.00 billion for Financial Assistance for HEFP; and PhP 0.38 billion for Service Delivery Networks.

Table 2 General Allocation of the Sin Tax Incremental Revenue for Health in 2018, in Billion PhP

Prescribed Allocation	Provision	Amount	% to total
80% Rule III - Allocation for UHC, MDGs, and Health Awareness	Enrollment and Coverage of Indigent Families and members in the Informal Economy	48.00	67%
	Strengthening of Preventive Health Programs towards Attainment of MDGs	8.72	12%
	Health Awareness Programs	0.16	0.2%
	Implementation Research to Support UHC	0.11	0.2%
	Sub-total	56.99	80%
20% Rule IV - Allocation for Medical Assistance and the Health Enhancement Facilities Program	Medical Assistance	4.87	7%
	Financial Assistance for Health Enhancement Facilities Program	9.00	13%
	Service Delivery Networks	0.38	1%
	Sub-total	14.25	20%
	Grand total	71.24	100%

As required in Rule III and IV of the Law's IRR, PhP 56.99 billion or 80% of the Sin Tax Incremental Revenue for Health is allocated to expenditure items related to UHC, programs contributory to the attainment of MDGs, and Health Awareness. While the remaining PhP 14.25 billion or 20% of the said incremental revenue is allocated for Medical Assistance and HEFP.

Specific Allocation of the Sin Tax Incremental Revenue for Health in 2018

The biggest share of the incremental revenue for health amounting to PhP 48 billion (67%) is allocated for the one-year PhilHealth premium subsidy of indigent families and senior citizens. This is followed by HEFP with a share of PhP 8.998 billion (13%) and funds for the attainment of MDGs/SDGs with PhP 8.72 billion (12%).

Medical Assistance, on the other hand, which is delivered through the Medical Assistance for Indigent Patients (MAIP) Program⁵, received an allocation of PhP 4.87 billion (7%) of the incremental revenue for health.

Table 3 Specific Allocation of the Sin Tax Incremental Revenue for Health in 2018, in Thousand PhP

Specific Allocation	Sin Tax Incremental Revenue	% to total
Rule III - Allocation for UHC, MDGs, and Health Awareness (80%)		
Sec. 2 Enrollment and Coverage of Indigent Families and Members in the Informal Economy	47,999,659	67%
National Health Insurance Program	47,999,659	67%
Sec. 3 Strengthening of Preventive Health Programs towards Attainment of MDGs	8,719,938	12%
Public Health Management	1,134,398	2%
Operation of the PNAC Secretariat	857	0.001%
National Immunization	4,737,370	7%
Family Health, Nutrition and Responsible Parenting	949,883	1%
Rabies Control	401,133	1%
Prevention and Control of Other Infectious Disease	1,184,283	2%
Assistance to Philippine Tuberculosis Society	442	0.001%
Prevention and Control of Non-Communicable Diseases	311,571	0.4%
Sec. 4 Health Awareness Programs	159,730	0.2%
Health Promotion	159,730	0.2%
Sec. 5 Implementation Research to Support UHC	112,729	0.2%
Health Sector Research Development	112,729	0.2%
SUB-TOTAL	56,992,056	80%
Rule IV - Allocation for Medical Assistance and Health Enhancement Facilities Program (20%)		
Sec. 2 Medical Assistance	4,870,171	7%

⁵ Medical Assistance for Indigent Patients provides financial assistance to indigent patients confined and out-patients of government hospitals.

Specific Allocation	Sin Tax Incremental Revenue	% to total
Assistance to Indigent Patients either Confined or Out-Patients in Government Hospitals/Specialty Hospitals/LGU hospitals/Philippine General Hospital/West Visayas State University Hospital	4,870,171	7%
Sec. 3 Financial Assistance for Health Enhancement Facilities Program	8,998,240	13%
Health Facilities Enhancement Program	8,998,240	13%
Sec. 4 Service Delivery Network	379,603	1%
Local Health Systems Development and Assistance	379,603	1%
SUB-TOTAL	14,248,014	20%
GRAND TOTAL	71,240,070	100%

Accomplishments, by F1 Plus for Health Pillar (CY 2017 – Q1 2018)

Health Financing Pillar

The revenue for health expanded the budget of the DOH, thus enabling further development of existing programs and introduction of new health services. In the implementation of the Health Financing Pillar, the contribution of the incremental revenue for health in 2017 includes the coverage of an additional 9.1 million indigent families and 6.9 million senior citizens in the NHIP. The MAIP, a program fully funded by the Sin Tax Incremental Revenue for Health, was able to serve 1.18 million indigents who sought medical assistance in government hospitals in 2017 and 259,582 for the first quarter of 2018.

Service Delivery Pillar

Sub-Pillar: Access to Quality Health Products and Service

Through the National Immunization, the DOH was able to introduce new services from the contribution of the Sin Tax revenue for health. In 2017 and 2018 (as of 1st quarter) accomplishments are as follows: three (3) doses of Pneumococcal Conjugate Vaccine (PCV) administered to 942,245 infants in 2017 and 344,132 in the 1st quarter of 2018 as protection against pneumonia; one (1) dose of Human Papillomavirus vaccine (HPV) administered to 269,838 females aged 9-13 years old as protection from Cervical Cancer; Measles-Rubella vaccine administered to 1.03 million Grade 1 students and 1.19 million Grade 7 students; and, Tetanus-Diphtheria vaccines administered to 1.15 million Grade 1 students and 1.19 million Grade 7 students.

The same has likewise contributed in funding the evaluation and declaration of an additional ten (10) malaria-endemic provinces and three (3) filariasis-endemic provinces. It also funded treatment of an additional 73,184 TB cases. While the substantial increase in the budget for Other Infectious Diseases expanded the number of People Living with HIV on Anti-Retro Viral Treatment to 47,671 and increased the HIV case finding with 7,146 cases diagnosed. For the Rabies Control Program, the revenue for health enabled the provision of Tissue Culture Vaccine (TCV) as animal bite prophylaxis to 582,314 animal bite cases and declaration of three (3) rabies-free provinces in 2017.

Sub-Pillar: Ensure Equitable Access to Health Facilities

The expansion of budget in Health Facilities Enhancement Program enabled the completion of the following projects in 2017: 229 Barangay Health Stations (BHS) for enhancement to become PhilHealth accredited, 61 Rural/Urban Health Units (RHUs)/ Urban Health Centers (UHCs) to become 3-in-1 accredited, and 62 Public/LGU Hospitals.

Table 4 CY 2017-Q1 2018 Physical Accomplishment and Contribution of the Sin Tax Incremental Revenue for Health

P/A/P	Indicator	Accomplishment			
		2013 Baseline	2017	2018 (As of Q1)	Total Contributed by the Revenue for Health (2017 & Q1 2018)
National Health Insurance Program	Number of indigent families enrolled in NHIP (In Million)	5.2	14.3	*	9.1
	Number of senior citizens enrolled in NHIP (In Million)	-	6.9	*	6.9
Medical Assistance for Indigent Patients	Number of indigents provided medical assistance	24,009	1,183,230	259,582	1,394,794
National Immunization	Number of infants immunized with 3 doses of PCV	-	942,245	344,132	1,286,377
	Number of Grade 4 9-13 yrs old females vaccinated with 1 dose of HPV	-	269,838	*	269,838
	Number of Grade 1 Pupils immunized with MR	-	1,028,884	*	1,028,884
	Number of Grade 7 Pupils immunized with MR	-	1,186,045	*	1,186,045
	Number of Grade 1 Pupils immunized with Td	-	1,154,060	*	1,154,060
	Number of Grade 7 Pupils immunized with Td	-	1,187,024	*	1,187,024

P/A/P	Indicator	Accomplishment			
		2013 Baseline	2017	2018 (As of Q1)	Total Contributed by the Revenue for Health (2017 & Q1 2018)
	Number of influenza vaccines (for SCs) distributed to LGUs	1,105,950	418,533	*	-
	Number of pneumococcal vaccines (for SCs) distributed to LGUs	77,301	458,964	*	381,663
Elimination of Diseases	Number of Malaria-free provinces	27	42	n/a	10
	Number of Filaria-free provinces	20	38	n/a	3
TB Control	Number of TB cases provided with treatment	244,392	317,576	n/a	73,184
Prevention and Control of Other Infectious Diseases	Number of HIV/AIDS cases diagnosed	4,814	11,101	5,673	7,146
	Number of PLHIV Alive and on ARV Treatment	5,564	24,754	28,045	41,671
Rabies Control	Number of animal bite cases provided with TCV as PEP against rabies	548,559	1,130,873	243, 375	582,314
	Number of Rabies-free provinces	18	3	*	3
Health Facilities Enhancement Program	Number of HFEP Completed Projects:				
	Barangay Health Stations (BHS)	-	229	42	271
	Rural Health Units (RHUs)/ Urban Health Centers (UHCs)	-	61	2	63

P/A/P	Indicator	Accomplishment			
		2013 Baseline	2017	2018 (As of Q1)	Total Contributed by the Revenue for Health (2017 & Q1 2018)
	Public/ LGU Hospitals	-	62	3	65
	Dangerous Drug Abuse Treatment and Rehabilitation Centers	-	-	-	-
	Polyclinics		-	-	-
	Mobile Dental Clinics	-	-	-	-

*Data to follow

N/A for performance contribution since no Sin tax revenue was contributed to the program

DOH-OSEC Budget Utilization in CY 2013 – Q2 2018

The revenue for health resulted in a continuous increase of the DOH-OSEC budget. Consequently, the amount of utilized funds (by obligation) is also increasing in trend and almost tripled in absolute value from PhP 33 billion in 2013 to PhP 89 billion in 2017 (Table 5). The previous year recorded 95% obligation of funds in the Department. However, the impending shift to cash-based programming emphasizes the use of disbursement utilization rate as the main measure of agency's absorptive capacity. For 2017, the disbursement rate of DOH for 2017 (disbursement over allotment) is 62%.

Table 5 DOH-OSEC Budget Utilization⁶ 2013 to Q2 of 2018, By Obligation and Disbursement Over Allotment, Amount in Billion PhP

Year	(a) Allotment	Obligation		Disbursement	
		(b) Amount	(b/a) %	(c) Amount	(c/a) %
2013	39	33	86%		
2014	46	37	81%	24	54%
2015	56	48	86%	28	49%
2016	71	60	84%	46	65%
2017	93	89	95%	57	62%
2018 as of Q2	99	36	37%	25	25%

DOH-wide obligation rate in 2014 is 81%, 86% in 2015, 84% in 2016, 95% in 2017, and 37% as of Q2 of 2018. The DOH disbursement rate performed from 49% to 65% only. Table 6 summarizes the budget utilization per major budget line item.

Table 6 DOH-OSEC Budget Utilization 2017 to Q2 of 2018, Amount in Billion PhP

P/A/P	2017 as of December 2017					As of 2 nd Quarter 2018				
	Allotment	Obligation		Disbursement		Allotment	Obligation		Disbursement	
	(a) Amount	(b) Amount	(b/a) %	(c) Amount	(c/a) %	(a) Amount	(b) Amount	(b/a) %	(c) Amount	(c/a) %
Financial Risk Protection										
Medical Assistance to Indigent Patients (MAIP)	3.98	3.97	100%	3.17	80%	4.87	1.73	36%	0.86	18%
Attainment of Health SDGs										
National Immunization	7.10	7.08	100%	6.51	92%	7.44	0.52	7%	0.51	7%
Family Health, Nutrition and Responsible Parenting	4.27	3.85	90%	2.33	55%	3.64	0.08	2%	0.0002	0.005%
Prevention and Control of Other Infectious Disease	1.87	1.66	89%	0.73	39%	1.69	0.09	6%	0.00	0%
TB Control	1.32	1.23	93%	0.79	60%	0.78	0.01	2%	0.00	0%
Elimination of Diseases (Malaria, Schisto.,	0.89	0.81	91%	0.56	63%	0.37	0.02	6%	0.00002	0.005%

⁶ DOH- Financial and Management Service - Consolidated Statement of Appropriations, Allotment, Obligations, Disbursements and Balances

P/A/P	2017 as of December 2017					As of 2 nd Quarter 2018				
	Allotment	Obligation		Disbursement		Allotment	Obligation		Disbursement	
	(a) Amount	(b) Amount	(b/a) %	(c) Amount	(c/a) %	(a) Amount	(b) Amount	(b/a) %	(c) Amount	(c/a) %
Leprosy & Filariasis)										
Rabies Control	0.49	0.48	98%	0.45	93%	0.58	0.00	0%	0.00	0%
Prevention and Control of Non-Communicable Diseases	1.80	1.67	93%	0.71	39%	0.38	0.03	9%	0.00	0%
Access to Quality Health Facilities & Services										
Ops. of Special Hospitals, Medical Centers and Institutes for Disease Prevention and Control	7.88	7.88	100%	7.63	97%	8.07	4.65	58%	4.27	53%
Ops. of Regional Medical Centers, Sanitaria and Other Hospitals	15.71	15.64	100%	15.23	97%	18.13	10.53	58%	10.05	55%
Ops. of Dangerous Drug Abuse Tx and Rehab Centers	1.54	0.59	38%	0.41	26%	0.76	0.38	50%	0.35	46%
HRH Deployment (+PS)*	7.82	7.46	95%	6.07	78%	9.60	4.82	50%	3.35	35%
Health Facilities Enhancement Program	25.88	24.60	95%	3.23	12%	30.09	9.20	31%	2.04	7%
Other P/A/Ps	12.53	11.88	95%	9.50	76%	12.85	4.32	34%	3.15	25%
Total	93.07	88.80	95%	57.31	62%	99.26	36.39	37%	24.59	25%

Sin Tax Incremental Revenue for Health in the DOH 2019 National Expenditure Program

The National Expenditure Program of the DOH-OSEC and PhilHealth for FY 2019 is PhP 137.48 billion, 18% lower than the 2018 budget. The proposed budget is adjusted to cash-based budget equivalent. This adjustment is due to the government's transition to cash-based programming, which aims to ensure that the implementation of government interventions is concluded and paid within the year. The projected Sin tax revenue for health based on DOF projected collections in 2018 is PhP 66.75 billion⁷.

Table 7 Allocation of the Sin Tax Incremental Revenue for Health in 2019, In Billion PhP

General Allocation	Amount	% to total
1. Enrollment and Coverage of Indigent Families and members in the Informal Economy	53.77	81%
2. Strengthening of Preventive Health Programs towards Attainment of MDGs	6.89	10%
3. Health Awareness Programs	0.11	0.2%
4. Implementation Research to Support UHC	0.11	0.2%
5. Medical Assistance	5.63	8%
6. Financial Assistance for Health Enhancement Facilities Program	-	0%
7. Service Delivery Networks	0.24	0.4%
Total	66.75	100%

The PhP 66.75 billion is allocated as follows (Table 7): PhP 53.77 billion for the Enrollment and Coverage of Indigent Families and members in the Informal Economy; PhP 6.89 billion for Strengthening of Preventive Health Programs towards Attainment of MDGs; PhP 0.11 billion for Health Awareness Programs; PhP 0.11 billion for the Implementation Research to Support UHC; PhP 5.63 billion for Medical Assistance; and, PhP 0.24 billion for Service Delivery Networks.

⁷ Department of Finance Certification of 2017 Actual and 2018 Projected Incremental Revenue under RA No. 10351

Table 8 Specific Allocation of the Sin Tax Incremental Revenue for Health in 2019, in Thousand PhP

Specific Allocation	Sin Tax Incremental Revenue	% to total
<i>Rule III - Allocation for UHC, MDGs, and Health Awareness (80%)</i>		
Sec. 2 Enrollment and Coverage of Indigent Families and Members in the Informal Economy	53,767,839	81%
National Health Insurance Program	53,767,839	81%
Sec. 3 Strengthening of Preventive Health Programs towards Attainment of MDGs	6,886,758	10%
Public Health Management	616,813	1%
National Immunization	4,736,447	7%
Rabies Control	667,963	1%
Prevention and Control of Other Infectious Disease	352,242	1%
Assistance to Philippine Tuberculosis Society	636	0.001%
Prevention and Control of Non-Communicable Diseases	410,233	1%
Epidemiology and Surveillance	102,425	0.2%
Sec. 4 Health Awareness Programs	109,735	0.2%
Health Promotion	109,735	0.2%
Sec. 5 Implementation Research to Support UHC	109,631	0.2%
Health Sector Research Development	112,729	0.2%
SUB-TOTAL	60,873,962	91%
<i>Rule IV - Allocation for Medical Assistance and Health Enhancement Facilities Program (20%)</i>		
Sec. 2 Medical Assistance	5,633,961	8%
Assistance to Indigent Patients either Confined or Out-Patients in Government Hospitals/Specialty Hospitals/LGU hospitals/Philippine General Hospital/West Visayas State University Hospital	5,633,961	8%
Sec. 3 Financial Assistance for Health Enhancement Facilities Program	-	0%
Health Facilities Enhancement Program	-	0%
Sec. 4 Service Delivery Network	242,077	0.4%
Local Health Systems Development and Assistance	242,077	0.4%
SUB-TOTAL	5,876,038	9%
GRAND TOTAL	66,750,000	100%



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