



# Annual Report 2020

## Sin Tax Law Incremental Revenue for Health



## **DEPARTMENT OF HEALTH 2020**

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# **Annual Report 2020**

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## **Sin Tax Law Incremental Revenue for Health**

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# LIST OF ACRONYMS

BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
CY	Calendar Year
DBM	Department of Budget and Management
DOF	Department of Finance
DOH-OSEC	Department of Health - Office of the Secretary
FAR	Financial Accomplishment Report
FUR	Financial Utilization Report
GAA	General Appropriations Act
HEFP	Health Enhancement Facilities Program
HFEP	Health Facilities Enhancement Program
HRH	Human Resources for Health
IRR	Implementing Rules and Regulations
MAIP	Medical Assistance to Indigent Patients
MPBF	Miscellaneous Personnel Benefit Fund
MDG	Millennium Development Goals
NHIP	National Health Insurance Program
P/A/P	Program/Activity/Project
PhilHealth	Philippine Health Insurance Corporation
RA	Republic Act
SDG	Sustainable Development Goals
SDN	Service Delivery Networks
UHC	Universal Health Care

# INTRODUCTION

In the 2020 General Appropriations Act (GAA), the Department of Health – Office of the Secretary (DOH-OSEC) and Philippine Health Insurance Corporation (PhilHealth) received a total allocation of PhP 171.91 billion, which is 4 percent higher than the 2019 budget allocation of PhP 165.01 billion. Of this amount, more than half (59%) or PhP 100.56 billion is allocated to the DOH-OSEC while the remaining 41 percent or PhP 71.35 billion is appropriated for the premium subsidies under the National Health Insurance Program (NHIP) of PhilHealth. The slight increase in budget is attributed to the additional funding from 2019 to 2020 lodged under the following budget line items: Human Resources for Health (HRH) Deployment (from PhP 8.57 billion<sup>1</sup> to PhP 9.95 billion, Operations of Metro Manila Hospitals (from PhP 8.58 billion to PhP 10.32 billion), Operations of DOH Regional Hospitals and Other Health Facilities (from PhP 21.84 billion to PhP 29.58 billion) and Medical Assistance to Indigent Patients (from PhP 9.38 billion to PhP 10.48 billion). However, these increases were offset by the lower allocation for the Health Facilities Enhancement Program (HFEP) at PhP 8.38 billion, which has a budget level of PhP 15.92 billion in the previous year's GAA.

In accordance to Republic Act No. 10351, or the Sin Tax Reform Act of 2012, and its Implementing Rules and Regulations (IRR), the incremental revenues after deducting the share of Local Government Units<sup>2</sup> shall be allocated for health. Eighty percent (80 percent) of this incremental revenue for health is intended for universal health care (UHC) expenditures, attainment of the millennium development goals (MDGs), and health awareness programs; while the remaining twenty percent (20 percent) is for medical assistance and Health Enhancement Facilities Program (HEFP). This *seventh* 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.

Effective January 1, 2020, the earmarking provisions of RA no. 10351 have been repealed by RA no. 11346<sup>3</sup> and further repealed by RA no. 11467<sup>4</sup>. These repealing provisions will affect the allocations earmarked for UHC beginning CY 2022 since the sin tax incremental for health will be based on the collection in the second calendar year preceding the current calendar year. Thus, the excise tax collected in CY 2020 will be distributed in CY 2022 instead. The year 2021 will be a transition period given the revised computation and allocation of funds for UHC including allocations for the attainment of the Sustainable Development Goals (SDGs) due to new sin tax laws.

<sup>1</sup> Exclusive of PhP 9.33B from the Miscellaneous Personnel Benefit Fund (MPBF)

<sup>2</sup> 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"

<sup>3</sup> An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products

<sup>4</sup> An Act Amending Sections of the National Internal Revenue Code of 1997 and Other Purposes

# SIN TAX INCREMENTAL REVENUE FOR HEALTH

For CY 2020, the total budget for health under the DOH-OSEC and PhilHealth (Table 1) were sourced out from the Sin Tax incremental revenue earmarked for health based on RA 10351 and the natural increase was derived from other sources as counterpart funding from the National Government<sup>5</sup>. In the previous sin tax reports beginning 2014 until 2019, the Department computed the sin tax attribution for health as the actual sin tax incremental revenue for health less LGU shares as certified by the Department of Finance (DOF) - Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC). However, as per Section 2 of the Joint Circular No. 001-2014, the Implementing Rules and Regulations of RA No. 10351 and upon consultation with DOF and Department of Budget and Management (DBM), the amount to be allocated for health for the budget year shall be computed based on the DOF's projected incremental revenue for the immediately preceding year net of the projected LGU shares, as submitted by the DOF to the DBM. Necessary adjustments due to any difference between the projected and actual incremental revenues shall be effected in the succeeding budget year.

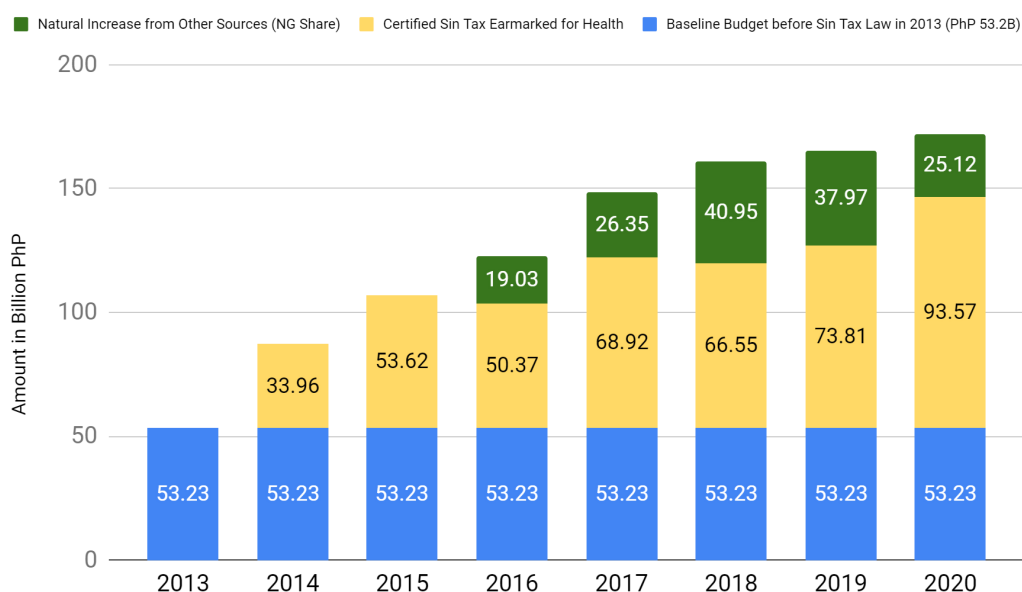
Hence, the incremental revenue for health of the current year is simply computed as the difference of the preceding year's actual and projected incremental revenue for health *plus* the current year's projected incremental revenue. However, this formula will be repealed by the new sin tax laws starting 2022. Table 1 shows the adjusted sin tax incremental revenue for health in the DOH-OSEC and PhilHealth Budget from 2014-2020 using the recommended formula.

<sup>5</sup> The natural increase derived from other sources is computed as the difference between the total GAA level (DOH-OSEC and PhilHealth) and the sum of the Incremental Revenue for Health and 2013 Baseline

**Table 1:** Sin Tax Incremental Revenue for Health in the DOH-OSEC and PhilHealth Budget 2014-2020, in Billion PhP

Year	GAA (a)	Incremental Revenue for Health <sup>6</sup>				Counterpart Funding from National Government or "Natural Increase" e = a - (d + Baseline)	Balance <sup>7</sup>
		Projected (b)	Actual (c)	Attributed Amount in the GAA d = Preceding Year's (b) + Two Years Ago (c - b)	% (d/a)		
2013 <sup>8</sup> (Baseline)	53.23	33.96	44.72	-	-	-	-
2014	83.72	42.86	42.60	33.96	40.56%	-	14.2
2015	86.97	50.63	62.69	53.62	61.65%	-	8.9
2016	122.63	56.87	59.23	50.37	41.08%	19.03	-
2017	148.50	64.18	71.24	68.92	46.41%	26.35	-
2018	160.73	66.75	90.90	66.55	41.40%	40.95	-
2019	165.01	69.42	102.91	73.81	44.73%	37.97	-
2020	171.91	N/A <sup>9</sup>	N/A <sup>10</sup>	93.57	54.43%	25.12	-

The incremental revenue allocated for health in 2020 based on the 2019 Sin Tax collections is PhP 93.57 billion or 54 percent of the PhP 171.91 billion total budget for health. In comparison to the 2013 baseline budget of the DOH-OSEC and PhilHealth amounting to PhP 53.23 billion, the Sin Tax incremental revenues for health has significantly increased the annual appropriations for DOH-OSEC and PhilHealth, increasing it by more than three-fold in 2020 (Refer to Figure 1).

**Figure 1:** Sources of Funds in the DOH-OSEC and PhilHealth Budget 2014-2020, in Billion PhP

<sup>6</sup> Adjusted based on the recommended formula of the DBM and DOF: (Preceding Year's Projected I Sin Tax Incremental Revenue for Health) plus Two Years Ago Actual minus Projected Sin Tax Incremental Revenue for Health)

<sup>7</sup> 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.

<sup>8</sup> Refers to the baseline year prior to the first Sin Tax Incremental Revenue allocated to Health

<sup>9</sup> 2020 total projected excise tax collections will be attributed beginning 2022 based on the new sin tax laws

<sup>10</sup> *ibid.*



# GENERAL ALLOCATION OF THE SIN TAX INCREMENTAL REVENUE FOR HEALTH IN 2020

The Sin Tax incremental revenue for health in the 2020 DOH-OSEC and PhilHealth budget is programmed in conformity to the predetermined programs in the IRR of the Sin Tax Law. The PhP 93.57 billion incremental revenue for health in 2020 is allocated as follows (details in Table 2): PhP 58.73 billion for the enrollment and coverage of indigent families and members in the informal economy; PhP 15.85 billion for strengthening of preventive health programs; PhP 169.18 million for health awareness programs; PhP 115.59 million for implementation research to support UHC; PhP 10.48 billion for medical assistance; PhP 7.84 billion for financial assistance for HFEP; and PhP 391.55 million for establishment of Service Delivery Networks (SDNs)<sup>11</sup>. Further, Table 2 shows the adjusted figures of the general allocation of the sin tax incremental revenue for health in 2018-2020 using the recommended formula.

<sup>11</sup> In current DOH and UHC Act terminologies, this refer to Province- and City- Wide Health Systems (P/CWHSS)

**Table 2:** General Allocation of the Sin Tax Incremental Revenue for Health in 2018-2020<sup>12</sup>, in Million PhP

Prescribed Allocation	Provision	2018		2019		2020	
		Amount	% to Total*	Amount	% to Total*	Amount	% to Total*
80% Rule III - Allocation for UHC, MDGs, and Health Awareness	Sec. 2 Enrollment and Coverage of Indigent Families and Members in the Informal Economy	48,000	72.13%	54,730	74.15%	58,730	62.76%
	Sec. 3 Strengthening of Preventive Health Programs	5,160	7.76%	4,250	5.76%	15,850	16.94%
	Sec. 4 Health Awareness Programs	60	0.08%	50	0.06%	170	0.18%
	Sec. 5 Implementation Research to Support UHC	20	0.03%	20	0.03%	120	0.12%
	<b>Sub-total</b>	<b>53,240</b>	<b>80%</b>	<b>59,046</b>	<b>80%</b>	<b>74,860</b>	<b>80%</b>
20% Rule IV - Allocation for Medical Assistance and the Health Enhancement Facilities Program	Sec. 2 Medical Assistance	4,870	7.32%	9,380	12.71%	10,480	11.20%
	Sec. 3 Financial Assistance for HFEP	8,260	12.42%	5,240	7.10%	7,840	8.38%
	Sec. 4 Service Delivery Networks	180	0.26%	140	0.19%	390	0.42%
	<b>Sub-total</b>	<b>13,310</b>	<b>20%</b>	<b>14,760</b>	<b>20%</b>	<b>18,710</b>	<b>20%</b>
<b>Grand total</b>		<b>66,550</b>	<b>100%</b>	<b>73,810</b>	<b>100%</b>	<b>93,570</b>	<b>100%</b>

In summary of the requirements stated in Rule III and IV of the RA 10351's IRR, PhP 74.86 billion or 80 percent of the 2020 Sin Tax incremental revenue for health is allocated to expenditures intended for the enrollment and coverage of indigent families and members to the NHIP, strengthening of preventive health programs, health awareness programs, and implementation research to support UHC. Moreover, the remaining PhP 18.71 billion or 20 percent of the aforesaid incremental revenue is allocated for medical assistance, funding support to HFEP, and support to the establishments of SDNs<sup>13</sup>. The remaining funding requirement of these budget line items which cannot be attributed to the incremental revenue for health was shouldered by the National Government.

<sup>12</sup> Using the corrected figures based on the recommended formula (Years in PREXC budget structure only, i.e. 2018-2020)

<sup>13</sup> In current DOH and UHC Act terminologies, this refer to Province- and City- Wide Health Systems (P/CWHSs)

# SPECIFIC ALLOCATION OF THE SIN TAX INCREMENTAL REVENUE FOR HEALTH IN 2020

Of the top three expenditure items from the incremental revenue for health, majority or 63 percent of the budget is allocated for the one-year PhilHealth premium subsidy of indigent families and senior citizens amounting to PhP 58.73 billion. Subsequently, allocations for various preventive health programs comprise roughly 17 percent of the total incremental revenue for health at PhP 15.85 billion. Meanwhile, the allocation for medical assistance, rendered through the Medical Assistance for Indigent Patients (MAIP) Program, is PhP 10.48 billion or 11 percent of the incremental revenue for health. Specific allocation per Program/Activity/Project (P/A/P) are detailed in Table 3. Moreover, the table below shows the adjusted allocation of the sin tax incremental revenue for health per line item in 2018-2020 using the correct formula.

**Table 3:** Specific Allocation of the Sin Tax Incremental Revenue for Health in 2018-2020<sup>14</sup>, in Million PhP

Specific Allocation	Sin Tax Incremental Revenue					
	2018		2019		2020	
	Amount	% to Total*	Amount	% to Total*	Amount	% to Total*
<b>Rule III - Allocation for UHC, MDGs, and Health Awareness (80%)</b>						
<b>Sec. 2. Enrollment and Coverage of Indigent Families and members in the Informal Economy</b>	<b>48,000</b>	<b>72.13%</b>	<b>54,730</b>	<b>74.15%</b>	<b>58,730</b>	<b>62.76%</b>
National Health Insurance Program	48,000	72.13%	54,730	74.15%	58,730	62.76%
<b>Sec. 3. Strengthening of Preventive Health Programs towards Attainment of MDGs</b>	<b>5,160</b>	<b>7.76%</b>	<b>4,250</b>	<b>5.76%</b>	<b>15,850</b>	<b>16.94%</b>
Public Health Management	800	1.21%	630	0.86%	2,370	2.53%
National Immunization	1,290	1.94%	1,190	1.61%	4,290	4.59%
Family Health, Nutrition and Responsible Parenting	630	0.95%	390	0.53%	1,160	1.24%
Elimination of Diseases such as Malaria, Schistosomiasis, Leprosy and Filariasis	60	0.10%	30	0.05%	180	0.20%

14 Using the corrected figures based on the recommended formula (Years in PREXC budget structure only, i.e. 2018-2020)

## DEPARTMENT OF HEALTH

Specific Allocation	Sin Tax Incremental Revenue					
	2018		2019		2020	
	Amount	% to Total*	Amount	% to Total*	Amount	% to Total*
Rabies Control	100	0.15%	140	0.19%	280	0.30%
Prevention and Control of Other Infectious Disease	290	0.44%	120	0.16%	600	0.64%
Operation of the PNAC Secretariat	2	0.003%	1	0.002%	10	0.01%
TB Control	140	0.20%	140	0.19%	540	0.58%
Assistance to Philippine Tuberculosis Society	2	0.003%	2	0.003%	10	0.01%
Prevention and Control of Non-Communicable Diseases	70	0.11%	100	0.13%	290	0.31%
Environmental and Occupational Health	1	0.001%	5	0.01%	200	0.21%
Epidemiology and Surveillance	10	0.02%	40	0.06%	70	0.07%
Health Emergency Preparedness and Response	60	0.08%	40	0.06%	130	0.14%
Human Resources for Health Deployment	1,670	2.50%	1,350	1.82%	5,660	6.05%
Pharmaceutical Management	30	0.04%	80	0.11%	60	0.06%
<b>Sec. 4. Health Awareness Programs</b>	<b>60</b>	<b>0.08%</b>	<b>50</b>	<b>0.06%</b>	<b>170</b>	<b>0.18%</b>
Health Promotion	60	0.08%	50	0.06%	170	0.18%
<b>Sec. 5. Implementation Research to Support UHC</b>	<b>20</b>	<b>0.03%</b>	<b>20</b>	<b>0.03%</b>	<b>120</b>	<b>0.12%</b>
Health Sector Research Development	20	0.03%	20	0.03%	120	0.12%
<b>Sub-total</b>	<b>53,240</b>	<b>80%</b>	<b>59,050</b>	<b>80%</b>	<b>74,860</b>	<b>80%</b>
<b>Rule IV - Allocation for Medical Assistance and Health Enhancement Facilities Program (20%)</b>						
<b>Sec. 2. Medical Assistance</b>	<b>4,870</b>	<b>7.32%</b>	<b>9,380</b>	<b>12.71%</b>	<b>10,480</b>	<b>11.20%</b>
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	7.32%	9,380	12.71%	10,480	11.20%
<b>Sec. 3. Financial Assistance for Health Enhancement Facilities Program (HEFP)</b>	<b>8,260</b>	<b>12.42%</b>	<b>5,240</b>	<b>7.10%</b>	<b>7,840</b>	<b>8.38%</b>
Health Facilities Enhancement Program	8,260	12.42%	5,240	7.10%	7,840	8.38%
<b>Sec. 4. Service Delivery Networks</b>	<b>180</b>	<b>0.26%</b>	<b>140</b>	<b>0.19%</b>	<b>390</b>	<b>0.42%</b>
Human Resources for Health and Institutional Capacity	70	0.10%	50	0.07%	150	0.16%
Local Health Systems Development and Assistance	110	0.17%	90	0.12%	250	0.26%
<b>Sub-total</b>	<b>13,310</b>	<b>20%</b>	<b>14,760</b>	<b>20%</b>	<b>18,710</b>	<b>20%</b>
<b>Grand total</b>	<b>66,550</b>	<b>100%</b>	<b>73,810</b>	<b>100%</b>	<b>93,570</b>	<b>100%</b>

*\*Note: Totals may not add-up due to rounding off.*

# PHYSICAL PERFORMANCE



This section provides a report on the physical accomplishments in CY 2019 and 3rd Quarter of CY 2020 relative to the Sin Tax incremental revenue for health. The indicators and targets are updated based on the Budget Accountability Report (BAR) indicators and targets that were submitted to the Senate and DBM. The performance data per budget line item (P/A/P) indicated in this report are limited only to the line items that have attributable allotments from the Sin Tax incremental revenue for health.

DOH-OSEC and PhilHealth programs with allocations from the sin taxes have a total of 30 performance commitments in 2019. Of which, 23 targets (77%) were attained, whereas 7 targets (23%) were not attained. Table 4 summarizes the Physical Accomplishment in CY 2019 and CY 2020 (as of 3rd Quarter). It features the 30 performance commitments of the DOH-OSEC and PhilHealth indicated primarily in the BARs and some from the inputs on the 2019 Annual Report. Moreover, the reasons for unmet commitments and next steps are detailed in Table 5.

**Table 4:** Physical Accomplishment in CY 2019 and CY 2020  
(as of 3rd Quarter)

Section / Program	Performance Indicator	2019 <sup>15</sup>		2020 as of 3rd Quarter	
		Target <sup>16</sup>	Performance	Annual Targets	Performance <sup>17</sup>
RULE III. Sec. 2. Enrollment and Coverage of Indigent Families and members in the Informal Economy					
National Health Insurance Program	Percent of population covered by the NHIP	100%	100% <sup>18</sup> (108M)	100%	Annually reported
Sec. 3. Strengthening of Preventive Health Programs towards Attainment of MDGs					
Public Health Management	Percent of external clients who rate the technical assistance provided as satisfactory or better	85%	100%	100%	Annually reported
	Percent of LGUs and other health partners provided with technical assistance on public health programs	80%	100%	100%	99%
	Average percent of LGUs provided with at least 80% of commodities	80%	80.13% <sup>19</sup>	Old indicator not applicable for 2020	
	Percent of received health commodities from the Central Office distributed to health facilities based on the allocation list	New indicator not yet applicable for 2019		≥ 80%	87%
	Percent of Centers for Health Development (CHDs) with no stock-outs of centrally procured major health commodities for Integrated Comprehensive Essential Service Delivery Package (ICESDP) as identified by the Programs	New indicator not yet applicable for 2019		100%	84%
National Immunization	Percent of Fully Immunized Children	95%	68% (Partial data)	95%	Annually reported
Family Health, Nutrition and Responsible Parenting	Modern contraceptive prevalence rate	27%	28%	28%	
Elimination of Diseases such as Malaria, Schistosomiasis, Leprosy and Filariasis	Number of Malaria-free provinces	59	60	68	
	Number of Filariasis-free provinces	42	43	46	

<sup>15</sup> SOURCE: 4th Quarter 2019 PREXC Budget Accountability Report (BAR) as of December 31, 2019

<sup>16</sup> Targets reflected are based on the 2019 updated targets submitted to Senate and DBM

<sup>17</sup> SOURCE: 3rd Quarter 2020 PREXC BAR as of September 30, 2020, DOH-OSM

<sup>18</sup> SOURCE: PhilHealth Inputs to DOH 2019 Annual Report; 108M is based on 2019 Projected Population from the 2015 Census. Per Section 6.1 of the IRR of RA 11223, all Filipinos shall be granted immediate eligibility and therefore are covered. As of CY 2019, PhilHealth Registration Rate is 90.44%

<sup>19</sup> Commodities delivered for the current year are commodities procured in the previous year/s. No shipment yet for 2019.

Section / Program	Performance Indicator	2019 <sup>15</sup>		2020 as of 3rd Quarter	
		Target <sup>16</sup>	Performance	Annual Targets	Performance <sup>17</sup>
Rabies Control	Number of Rabies-free areas	63	78	Old indicator not applicable for 2020	
	Number of Rabies-free zones (provinces)	New indicator not applicable for 2019		9	Annually reported
Prevention and Control of Other Infectious Disease	Percent of ART-eligible PLHIV on ART	90%	61% (Final updated data)	90%	Annually reported
Operation of the PNAC Secretariat					
TB Control	Treatment success rate for all forms of TB	90%	90% (Final updated data)	≥ 90%	Annually reported
Assistance to Philippine Tuberculosis Society					
Prevention and Control of Non-Communicable Diseases	Premature mortality rate attributed to cardiovascular disease, cancer, diabetes, and chronic respiratory diseases (per 100,000 population)	175	194.57	Indicator not applicable for 2020	
Environmental and Occupational Health	Performance is part of the indicators on Public Health Management				
Epidemiology and Surveillance	Percent of epidemiological and public health surveillance strategic report utilized	80%	100%	Old indicator not applicable for 2020	
	Percent of epidemiological and public health surveillance strategic report disseminated	New indicator not applicable for 2019		75%	Annually reported
	Percent of outbreak/epidemiologic investigations conducted	90%	100%	75%	100%
Health Emergency Preparedness and Response	Percent of LGUs with institutionalized Disaster Risk Reduction Management for Health (DRRM-H) Systems	40%	67%	40%	Annually reported
	Percent of LGUs provided with technical assistance on the development or updating of Disaster Risk Reduction Management-Health (DRRM-H) Plans	60%	80%	Old indicator not applicable for 2020	

15 SOURCE: 4th Quarter 2019 PREXC Budget Accountability Report (BAR) as of December 31, 2019

16 Targets reflected are based on the 2019 updated targets submitted to Senate and DBM

17 SOURCE: 3rd Quarter 2020 PREXC BAR as of September 30, 2020, DOH-OSM

# DEPARTMENT OF HEALTH

Section / Program	Performance Indicator	2019 <sup>15</sup>		2020 as of 3rd Quarter	
		Target <sup>16</sup>	Performance	Annual Targets	Performance <sup>17</sup>
Health Emergency Preparedness and Response	Percent (& Number) of LGUs provided with technical assistance on the development or updating of Disaster Risk Reduction Management-Health (DRRM-H)	New indicator not applicable for 2019		Cumulative Annual Target: 90%  Q3 Target: 50%	75%
Pharmaceutical Management	Percent of public health facilities with no stock-outs	70%	45%	≥70%	Annually reported
Human Resources for Health Deployment	HRH to Population Ratio	17 HRH: 10,000	17.5 HRH: 10,000	17 HRH: 10,000	Annually reported
	Percent of priority areas supplemented with HRH from DOH Deployment Program	100%	100%	100%	
Sec. 4. Health Awareness Programs					
Health Promotion	Accomplishment is in support of all public health programs with performance stated above				
Sec. 5. Implementation Research to Support UHC					
Health Sector Research Development	Percent of research/ policy briefs rated as useful or adoptable	80%	100%	85%	89%
	Number of research/ policy briefs completed and disseminated	24	13	Old indicator not applicable for 2020	
	Number of briefs based on researches (including but not limited to DOH funded researches) developed and disseminated (e.g. research, policy, etc)	New indicator not applicable for 2019		24	26
RULE IV. Sec. 2. Medical Assistance					
Assistance to Indigent Patients either Confined or Out-Patients in Government Hospitals/Specialty Hospitals/LGU hospitals/Philippine General Hospital/ West Visayas State University Hospital	Percent of excess net bill covered by MAP incurred by poor in-patients admitted in basic accommodation or service ward	100%	79%	100%	Annually reported
	Number of patients provided with medical assistance	1,000,000	1,541,762	Cumulative Annual Target: 1,000,000 Q3 Target: 750,000	611,420
Sec. 3. Financial Assistance for Health Enhancement Facilities Program (HEFP) <sup>20</sup>					
Health Facilities Enhancement Program	Percent of HFEP-funded projects started implementation using current year's appropriation	100% (5,483 projects)	97% (5,292 projects) <sup>21</sup>	75% (2,768 of 3,690 projects)	99.95% (3,688 projects)

<sup>15</sup> SOURCE: 4th Quarter 2019 PREXC Budget Accountability Report (BAR) as of December 31, 2019

<sup>16</sup> Targets reflected are based on the 2019 updated targets submitted to Senate and DBM

<sup>17</sup> SOURCE: 3rd Quarter 2020 PREXC BAR as of September 30, 2020, DOH-OSM

<sup>20</sup> Name of Health Facilities Enhancement Program in the Implementing Rules and Regulations of the Sin Tax Reform Law of 2012

<sup>21</sup> As of September 30, 2020



Section / Program	Performance Indicator	2019 <sup>15</sup>		2020 as of 3rd Quarter	
		Target <sup>16</sup>	Performance	Annual Targets	Performance <sup>17</sup>
Sec. 4. Service Delivery Networks					
Human Resources for Health and Institutional Capacity	All deployed HRH are provided learning and development intervention				
Local Health Systems Development and Assistance	Percent of LGUs provided with technical assistance on local health systems development	100%	96%	Old indicator not applicable for 2020	
	Percent of partners provided with technical assistance on local health systems development	New indicator not applicable for 2019		100%	102%

Table 5 provides the reasons for non-attainment of some commitments and ways forward to improve the performance.

**Table 5:** Programs with Unmet Commitments for 2019, Reasons and Next Steps<sup>22</sup>

Program / Activity	Commitment and 2019 Accomplishment	Reason and Next steps
National Immunization	<i>Commitment:</i> 95% Fully Immunized Child <i>Accomplishment:</i> 68% (Partial data)	Various reasons for low performance include the following: low vaccine confidence, wavering commitment of LGUs, inadequate and limited staff, and non-implementation of supportive systems like defaulters tracking. Also there were on-going issues with procurement and logistics. Ways forward are as follows: <ul style="list-style-type: none"> <li>• Address inequities in vaccination by institutionalizing Reaching Every Purok (REP) strategy and outreach immunization</li> <li>• Improve administrative coverage</li> <li>• Strengthen monitoring and supportive supervision</li> <li>• Address vaccine hesitancy thru effective communication advocacy activities.</li> <li>• Improvement in supply chain management</li> </ul>

<sup>15</sup> SOURCE: 4th Quarter 2019 PREXC Budget Accountability Report (BAR) as of December 31, 2019

<sup>16</sup> Targets reflected are based on the 2019 updated targets submitted to Senate and DBM

<sup>17</sup> SOURCE: 3rd Quarter 2020 PREXC BAR as of September 30, 2020, DOH-OSM

<sup>22</sup> Inputs Vetted by FMS, DPCB, HFEP-MO, PSCMT

Program / Activity	Commitment and 2019 Accomplishment	Reason and Next steps
Prevention and Control of Other Infectious Disease	<p><i>Commitment:</i> 90% ART-eligible PLHIV on ART</p> <p><i>Accomplishment:</i> 61% (Final updated data)</p>	<p>The reasons why those who have been recently diagnosed do not proceed to take the antiretroviral treatment are as follows:</p> <ol style="list-style-type: none"> <li>newly diagnosed PLHIV do not necessarily feel sick so they do not start on ART</li> <li>those who wanted to take the ART do not have the financial capacity to undertake various laboratory tests that are needed prior to starting ART</li> </ol> <p>These had been addressed by the program by simplifying the national guidelines. The new treatment guidelines were signed and disseminated only in September 2018 and the implementation was not yet optimized in 2019, with poor support from LGUs, especially on the laboratory tests. In addition, HIV is still highly stigmatized wherein patients are not comfortable disclosing HIV status to LGU health offices and social welfare offices - for the PLHIV to access social and financial assistance.</p>
Pharmaceutical Management	<p><i>Commitment:</i> 70% of public health facilities with no stock-outs</p> <p><i>Accomplishment:</i> 45%</p>	<p>Low accomplishment rate is due to non-delivery of medicines to recipient facilities and non-deployment on time of regional pharmacists last January 2019. Unfilled positions are due to the delayed approval of the 2019 GAA. <sup>23</sup></p> <p>Other inputs and next steps are mentioned in the PAPs of respective public health commodities.</p>
Health Sector Research Development	<p><i>Commitment:</i> 24 research/ policy briefs completed and disseminated</p> <p><i>Accomplishment:</i> 13</p>	<p>Reasons for unmet commitments:</p> <ol style="list-style-type: none"> <li>Approval of briefs for dissemination were not obtained</li> <li>Limited internal capacity to increase production of acceptable research/policy briefs</li> </ol> <p>Next steps:</p> <ol style="list-style-type: none"> <li>Continue current initiative of re-designed knowledge product in the form of a meta-summary of reviews</li> </ol>
Medical Assistance to Indigent Patients Program	<p><i>Commitment:</i> 100% of excess net bill covered by MAP incurred by poor in-patients admitted in basic accommodation or service ward</p> <p><i>Accomplishment:</i> 79%</p>	<p>Reasons for not achieving the goal or target was due to the following factors:</p> <ol style="list-style-type: none"> <li>Limited funding for each hospital; and</li> <li>Inconsistent order of charging by the hospitals.</li> </ol> <p>In consonance with the initial implementation of the Universal Health Care Act and the enactment of Republic Act No. 11463, there occurred other funding sources from other participating agencies which also support the medical expenses of the patients.</p> <p>The quality of data reported varies based on monthly utilization reports submitted by hospitals and CHDs. This will be addressed moving forward by a clear guideline on the reporting process and methods in achieving targets for proposed indicators.</p>
Health Facilities Enhancement Program	<p><i>Commitment:</i> 100% (5,211 projects)</p> <p><i>Accomplishment:</i> 94.07% (4,902)</p>	<p>Incomplete submission of documentary requirements by the LGUs; strictly require the LGU to submit the complete documentary requirements</p>
Local Health Systems Development and Assistance	<p><i>Commitment:</i> 100% Percent of LGUs provided with technical assistance on local health systems development</p> <p><i>Accomplishment:</i> 96%</p>	<p>The targeted LGUs to be provided with technical assistance (TA) is based on the targets set by the CHDs per quarter. Some of the LGUs targeted to receive TA on local health systems development for the 1st quarter were not provided TA within the said quarter. CHDs did catch-up activities that resulted in all LGUs eventually provided with TA before the end of the year. However, the accomplishments from the catch-up activities were no longer included in the computation of the overall accomplishment since the TA provision on non-targeted areas (for a specific quarter) were reported separately.</p>

23 SOURCE: HRH Deployment Report to the Cabinet Secretary, 2019 Q4 Accomplishment

# FINANCIAL PERFORMANCE

The DOH-OSEC financial performance in 2019 are as follows: Utilization rate in terms of obligation is 89 percent of the allotment while the disbursements out of the total allotment is 66 percent. As of the 3rd quarter of 2020<sup>24</sup>, the obligation over allotment is 65% while disbursement over allotment is 48 percent. Even though the utilization by obligation has been constantly high in 2017 and 2018, the utilization by disbursement still persists as a challenge averaging at 59 percent in the past six years.

**Table 6:** DOH-OSEC Budget Utilization<sup>25</sup> 2013 to Q3 of 2020, By Obligation and Disbursement over Allotment, Amount in Billion PhP

Year	(a) Allotment	Obligation		Disbursement	
		(b) Amount	(b/a) %	(c) Amount	(c/a) %
2013	38.62	33.23	85.62%	N/A <sup>26</sup>	
2014	45.61	36.85	80.80%	24.48	53.67%
2015	55.84	47.82	85.64%	27.55	49.34%
2016	71.14	59.86	84.14%	46.00	64.66%
2017	93.07	88.80	95.41%	57.31	61.58%
2018	102.80	97.03	94.38%	61.42	59.74%
2019	93.15	82.88	88.97%	61.20	65.70%
2020 as of 3rd Quarter	95.55	61.64	64.51%	46.11	48.26%

In the DOH-OSEC budget, the two (2) major expenditure items that contribute to the low budget utilization are Health Facilities Enhancement Program and the Public Health Program commodities. Table 7 shows the identified reasons for low utilization and the ways forward to address the cited causes and justification.

<sup>24</sup> Budget Utilization of Regular Fund only based on FAR as of September 30, 2020

<sup>25</sup> DOH- Financial and Management Service - Consolidated Statement of Appropriations, Allotment, Obligations, Disbursements and Balances

<sup>26</sup> Disbursement data was generated in the Financial Accomplishment Reports beginning 2014

**Table 7: Drivers of Low Budget Utilization, Reasons and Ways Forward<sup>27</sup>**

Reason for Low Utilization		Ways Forward
A. Health Facilities Enhancement Program		
1. Payment scheme/mode of payment/delayed billing	<ul style="list-style-type: none"><li>Strictly require the contractors and suppliers to submit the required documents and billing statements on time</li></ul>	
2. Phased implementation/ Contiguous project scheme	<ul style="list-style-type: none"><li>Monitor and push the implementing offices to complete the previously funded projects</li></ul>	
3. Bid failures/delayed bidding	<ul style="list-style-type: none"><li>Monthly coordination with LGU project recipients for monitoring the physical and financial report by all CHDs</li><li>Proper screening of good performing contractor</li><li>Assignment and training of dedicated staff to perform quantification and forecasting activities</li></ul>	
4. Poor contractors'/ suppliers' performance		
5. Lack of technical human resource at the Regional level		
6. Project modification	<ul style="list-style-type: none"><li>Require the readiness of sites</li><li>Additional funding for completion or expansion</li></ul>	
7. Issues on Implementation Readiness	<ul style="list-style-type: none"><li>There are issues on implementation readiness (e.g. Lot Issues, DENR requirements, peace and order situation)</li><li>Moving forward there will be stricter assessment of project proposals before funding approval and the use of a prioritization criteria as follows:<ol style="list-style-type: none"><li>Equipping, 100% completed infrastructure with human resource</li><li>90% completed infrastructure but will need additional funding completion</li><li>85% completed infrastructure but will need additional funding completion</li><li>70% completed infrastructure but will need additional funding completion, mostly infrastructure projects with phased implementation</li></ol></li></ul>	
B. Public Health Program Commodities		
<p>Procurement concerns:</p> <ul style="list-style-type: none"><li>No local suppliers (e.g. TB drugs for children)</li><li>No local supplier that can provide the required quantity</li><li>Cancellation of procurement because of overlaps of commodities</li><li>Global shortage in supply (e.g. Rabies vaccines)</li></ul> <p>Delivery of some goods was scheduled in the 1st quarter of 2020 due to EO 91 wherein delivery of goods and payment is extended till June 30, 2020.</p>	<ul style="list-style-type: none"><li>Strengthening the capacity of the Supply Chain Management Office commensurate to the volume of procured commodities. However, the approval for the creation of this office (formerly a division) was received during the last quarter of CY 2019, hence, hiring of plantilla positions to complement the inadequate personnel was initiated in CY 2020</li><li>Further delegation of authority for the approval of procurement transactions through amendment of the Department Order for the Delegation of Authority increasing the amount delegated to the signatories</li><li>Assignment and training of dedicated staff to perform quantification and forecasting activities. Training on the planning and quantification was already discussed with the concerned offices through technical assistance from the USAID under their MTaPS Program. However, this was postponed due to the Taal Volcano eruption and COVID-19 activities.</li><li>Development of a shared and integrated procurement and distribution strategy for common or high value supplies (i.e. use of framework agreement). The status of the Administrative Order on the Guidelines for the Framework Agreement with provisions for the Pooled Procurement was already drafted and is now for approval by other offices prior to the conduct of the public and private consultations.</li></ul>	

<sup>27</sup> Inputs Vetted by FMS, DPCB, HFEP-MO, PSCMT

Reason for Low Utilization	Ways Forward
Delayed compliance to all requirements (e.g. FDA test analysis and CPR policy, Lack of certification of registration from FDA as additional requirement by COA)	<ul style="list-style-type: none"> <li>This was resolved with the issuance of Administrative Order No. 2019-0041 Implementing Guidelines in Assuring The Efficacy, Quality and Safety Of Pharmaceutical Products in the Public Health Facilities</li> </ul>
Distribution problems – easier bulk procurement but difficult to distribute due to large quantity (i.e. lack of storage facility at point of service, limited warehouse space)	<ul style="list-style-type: none"> <li>Decentralization of the distribution services through the hiring by the CHDs of local Third Party Logistics Provider. In CY 2019, CHDs have procured their own Third Party Service Provider with funding support from the Program/End-Users. As such, delivery points of centrally procured commodities are the CHDs instead of the specific LGUs health facilities. Because of their familiarity with their catchment areas, the CHDs are in a better position to undertake the distribution.</li> <li>Inclusion of a storage facility in the standard RHU design in the Detailed Architectural and Engineering Design (DAED)</li> <li>The Supply Chain Management Service (SCMS) had started the construction of the three (3) warehouse hubs located within the compound of DOH Retained Hospitals (one each in Luzon, Visayas and Mindanao)</li> </ul>
Delay in liquidation of previous funds downloaded to LGUs which affects the release of NCA funds due to non-submission of FUR despite memo and follow-ups by the programs.	<ul style="list-style-type: none"> <li>Strictly implement that no submission of FUR, no additional sub-allotment to be provided.</li> </ul>
Mode of payment is progress billing <ul style="list-style-type: none"> <li>Late submission of billing by the external clients</li> </ul> Incomplete document requirement for billing	<ul style="list-style-type: none"> <li>Regular communication, close coordination, and continuous follow-up mechanism of end user (SCMS) with Finance Management Service (FMS) particularly on processing of billing of Third Party Logistics (3PL) provider.</li> <li>Close monitoring of CHDs if the LGUs are receiving timely deliveries from the 3PL provider.</li> </ul>

Table 8 features the financial performance per budget line item for the years 2019 and 3rd quarter of 2020.

**Table 8:** Financial Accomplishment in CY 2019 and CY 2020 (as of 3rd Quarter)

Section / PAP	Adjust- ed Allot- ment	CY 2019				Adjust- ed Allot- ment	CY 2020 as of 3rd Quarter			
		Obligation		Disbursement			Obligation		Disbursement	
		Amount	%	Amount	%		Amount	%	Amount	%
<b>RULE III.</b>										
<b>Sec. 3. Strengthening of Preventive Health Programs towards Attainment of MDGs</b>										
Public Health Management	4,027,030	3,726,685	93%	2,888,906	72%	3,931,719	2,435,958	62%	1,372,858	35%
National Immunization	7,548,889	6,847,006	91%	3,177,277	42%	7,543,001	2,999,663	40%	631,627	8%
Family Health, Nutrition and Responsible Parenting	2,472,022	1,269,900	51%	151,678	6%	2,033,916	864,584	43%	91,687	5%

## DEPARTMENT OF HEALTH

Section / PAP	Adjust- ed Allot- ment	CY 2019				CY 2020 as of 3rd Quarter				
		Obligation		Disbursement		Adjust- ed Allot- ment	Obligation		Disbursement	
		Amount	%	Amount	%		Amount	%	Amount	%
Elimination of Diseases such as Malaria, Schistosomiasis, Leprosy and Filariasis	219,365	200,632	91%	69,822	32%	324,465	213,590	66%	120,060	37%
Rabies Control	908,360	773,872	85%	34,123	4%	500,366	480,262	96%	40,248	8%
Prevention and Control of Other Infectious Disease	738,347	716,784	97%	308,133	42%	1,018,345	905,157	89%	35,575	3%
Operation of the PNAC Secretariat	8,337	8,094	97%	8,065	97%	14,358	5,809	40%	5,794	40%
TB Control	880,129	873,372	99%	450,495	51%	913,944	911,946	100%	94,729	10%
Assistance to Philippine Tuberculosis Society	13,557	13,557	100%	13,557	100%	13,800	-	-	-	-
Prevention and Control of Non-Communicable Diseases	555,713	470,364	85%	65,395	12%	509,063	501,610	99%	367,448	72%
Environmental and Occupational Health	31,026	11,552	37%	4,369	14%	2,025	944	47%	-	-
Epidemiology and Surveillance	262,997	216,956	82%	172,163	65%	115,501	56,100	49%	44,862	39%
Health Emergency Preparedness and Response	270,715	220,607	81%	116,602	43%	830,069	540,118	65%	287,681	35%
Pharmaceutical Management	491,027	249,470	51%	47,327	10%	99,017	22,027	22%	13,197	13%
Human Resources for Health Deployment	7,806,124	7,153,851	92%	6,768,367	87%	9,953,532	8,707,516	87%	7,517,991	76%
Sec. 4. Health Awareness Programs										
Health Promotion	290,276	261,594	90%	141,548	49%	297,427	157,500	53%	37,560	13%
Sec. 5. Implementation Research to Support UHC										
Health Sector Research Development	129,598	114,412	88%	73,890	57%	203,212	25,359	12%	9,459	5%
RULE IV.										
Sec. 2. Medical Assistance										
Assistance to Indigent Patients either Confined or Out-Patients in Government Hospitals/ Specialty Hospitals/ LGU hospitals/ Philippine General Hospital/West Visayas State University Hospital	9,381,810	7,515,064	80%	6,163,357	66%	9,439,974	3,566,412	38%	1,971,394	21%
Sec. 3. Financial Assistance for Health Enhancement Facilities Program (HEFP)										
Health Facilities Enhancement Program	15,645,096	11,697,139	75%	1,987,085	13%	5,897,481	2,855,442	48%	879,272	15%

Section / PAP	Adjust- ed Allot- ment	CY 2019				Adjust- ed Allot- ment	CY 2020 as of 3rd Quarter			
		Obligation		Disbursement			Obligation		Disbursement	
		Amount	%	Amount	%		Amount	%	Amount	%
Sec. 4. Service Delivery Networks										
Human Resources for Health and Institutional Capacity	158,861	144,260	91%	111,780	70%	155,636	53,620	34%	39,301	25%
Local Health Systems Development and Assistance	266,577	228,059	86%	163,232	61%	263,155	109,976	42%	57,775	22%



***Sin Tax Law***  
***Incremental Revenue for Health***  
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