



Republic of the Philippines  
Province of Iloilo  
MUNICIPALITY OF OTON  
OFFICE OF THE SANGGUNIANG BAYAN

EXCERPTS from the Minutes of the Sangguniang Bayan of Oton, Iloilo in its Regular Session held at the Municipal Session Hall of Oton, Iloilo last November 24, 2004 at 2:30 in the afternoon.

PRESENT:	Hon. Vicente B. Flores, Jr.	Vice Mayor (Presiding Officer)
	Hon. Jafet P. Salinas	SB Member
	Hon. Jose Neil P. Olivares	SB Member (Asst. Floor Leader)
	Hon. Eusebio G. Villavicencio, Jr.	SB Member
	Hon. Felimon Gregorio M. Calvo	SB Member (Floor Leader)
	Hon. Virginia F. Olivares	SB Member
	Hon. Francisca C. Ezpeleta	SB Member
	Hon. Pablo S. Guevara, Jr.	SB Member
	Hon. Simplicio R. Carreon, Jr.	SB Member
	Hon. Edgar N. Javellana	SB Member (ABC Representative)
	Hon. Lee C. Alison	SB Member (SK Representative)

ABSENT: None.



**ORDINANCE NO.2004 – 136**

**ORDINANCE CREATING A PHILHEALTH CAPITATION FUND FROM THE PROCEEDS OF THE OUTPATIENT CONSULTATION AND DIAGNOSTIC BENEFIT PACKAGE TO BE PROVIDED BY THE PHILIPPINE HEALTH INSURANCE CORPORATION (PhilHealth) FOR QUALIFIED INDIGENT FAMILIES OF THE MUNICIPALITY OF OTON UNDER THE INDIGENT SECTOR COMPONENT OF THE NATIONAL HEALTH INSURANCE PROGRAM (NHIP).**

**ON MOTION** of the Committee on Health and Sanitation, namely, Hon. Jafet P. Salinas, Hon. Virginia F. Olivares and Hon. Felimon Gregorio M. Calvo and duly seconded by Hon. Edgar N. Javellana

**BE IT ORDAINED** by the Sangguniang Bayan of Oton, Iloilo, an Ordinance, to wit:

**SECTION 1. INTRODUCTION.** The Philippine Constitution declares as a State Policy to provide its territorial and political subdivisions genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and as effective partners in the attainment of national goals. The State likewise declares that the vesting of duty, responsibility and accountability in Local Government Units (LGUs) shall be accompanied with provision for reasonably adequate resources to effectively carry out their functions.

*for*

In pursuit of these constitutional mandates, Congress has mandated the implementation of the Indigent Sector Component of the National Health Insurance program (NHIP) or the Medicare para sa Masa. This priority program is aimed at "setting into motion a meaningful health care financing and delivery mechanism anchored on Local Government";

*for*

The indigent program of the National Health Insurance Program (NHIP) provides a mechanism to identify the qualified indigent families and to grant them membership to NHIP, through full or partial government subsidies. It will enable them access to medical service in all NHIP accredited providers.

The Body, considering the beneficent features of RA 7875 as it will vastly improve the over-all health status of the population and ultimately, their general quality of life and rationalize the Municipal Government's expenditure for health, collectively agreed to adopt the National Health Insurance Program (NHIP) of the National Government. The creation of a PhilHealth Capitation Fund (PCF) is necessary to attain the purpose and objectives of the Indigent Program.

**SECTION 1. DEFINITION OF TERMS.**

*for*

- a. **National Health Insurance Program (NHIP)** – refers to the compulsory health insurance program of the government instituted under Republic Act No. 7875 which aims to implement a universal health insurance system and provide universal access to affordable, acceptable, efficient and effective health care services for all citizens of the Philippines. NHIP is alternatively known as the Medicare program, established under Republic Act 6111.
- b. **Indigent Program or Medicare para sa Masa** – refers to the Indigent Sector Component of NHIP. It is the tool by which the State envisions to provide Medicare privileges to the indigent population, as a supplement to its Medicare program for the employed and individually-paying sectors.
- c. **Health Center and/ or Rural Health Unit (RHU)** – refers to the health unit/s or health center/s owned, administered, managed and financed by the Local Government Unit, which either attached to or directly supervised by the Office of the Municipal Health Officer. Health Centers and Rural Health Unit are used alternatively and interchangeably in this Agreement.
- d. **Regular In-patient and Outpatient Package (Phase I)** - refer to the Medicare package covering hospital benefits for room and board, medicines, laboratory and professional fees, including existing outpatient benefits under the unified benefit schedule different from those provided by a Rural Health Unit (RHU).

(Ord. No. 2004 - 136)

- e. **Outpatient Consultation and Diagnostic Package (Phase II)** – refers to the primary consultation and diagnostic services which are included in the Program's benefit package and administered, managed and/ or delivered by RHUs/ Health Centers.
- f. **Capitation** – refer to the scheme or form of paying the RHU for specific services it provides for a particular period which is arrived at based on a pre-determined criteria under the condition that any savings from the agreed amount accrues to the benefit of the RHU and that in case of insufficiency thereof, the particular services due to the covered beneficiaries shall be delivered at the cost of the RHU.
- g. **Philippine National Drug Formulary (PNDF)** – refers to the essential drugs list of the Philippines which is prepared by the National Drug Committee of the Department of Health (DOH) in consultation with experts and specialist from organized professional medical societies, the academe and the pharmaceutical industry and which is updated every year.

**SECTION 2.**

**GUIDELINES.** The Management and disposition of the PhilHealth Capitation Fund shall be governed by the following rules:

- A. The capitation amount shall be released on a quarterly basis by the Corporation under the following conditions:
  - 1. Initial release shall be subject to prior accreditation of the municipality-owned and managed Rural Health Units and the payment of premium contribution by the Municipality; and
  - 2. Succeeding release of quarterly capitation shall be subject to the submission of required monitoring/ evaluation reports, research and program development as provided for under the Implementing Guidelines of the Outpatient Consultation and Diagnostic Package and prior payment of premiums in case of quarterly mode of remittance.
- B. The disposition of the PCF shall be governed by the following rules:
  - 1. The disbursement and liquidation of the PCF shall be in accordance with pertinent government accounting and auditing rules and regulations.
  - 2. A separate book of accounts shall be maintained by the Local Government Unit; and
  - 3. The capitation fund shall be used only for the specified purposes stipulated in the Outpatient Consultation and Diagnostic Package Guidelines.
- C. The corporation may withhold the release of the subsequent quarterly PCFs due to any of the following:
  - 1. Delay or non-payment of premium contribution.
  - 2. Violation of government accounting and auditing rules and regulations on the disbursement and liquidation of the PCF; and
  - 3. Non-submission of the required report under item A-2 hereof.

**SECTION 3.**

The Local disposition / sharing of PCF shall be governed as follows:

- 1. The eighty percent (80%) of the share will be used to augment the supplies and other office concerned of the RHU.
- 2. The twenty percent (20%) of the share will be given to the personnel of the RHU as part of their incentives and benefits.

**SECTION 4.**

**EFFECTIVITY.** This Ordinance shall take effect immediately upon approval.

**SECTION 5.**

**COPIES.** This Ordinance shall be furnished to the Office of the Mayor, PhilHealth, MHO; and the Sangguniang Pambalayan of Iloilo for information and guidance.

UNANIMOUSLY APPROVED.

I HEREBY CERTIFY to the correctness of the foregoing Ordinance.

Attested:

VICENTE S. FLORES, JR.  
Vice Mayor

Concurred:

NICOLAS C. DAMASCO  
Secretary to the Sanggunian  
FELIMON GREGORIO M. CALVO  
Floor Leader

Approved:

ATTY. CARINA V. FLORES  
Municipal Mayor

Date Approved:

NOV 25 2004

Date Posted:

/jod/

PhilHealth }  
MHO }  
12-04

received; Jan- 12-02-04