

ECCP ADVOCACY PAPERS 2021

www.eccp.com



HEALTHCARE ADVOCACY PAPER 2021



ABOUT ECCP

The **European Chamber of Commerce of the Philippines (ECCP)** is a service-oriented organization whose main goal is to foster close economic ties and business relations between the Philippines and Europe. The ECCP does this by providing a wide range of consultancy services and by creating linkages between companies, organizations, and individuals with existing or potential business interests in Europe and the Philippines. It is also at the forefront of pro-business, pro-growth advocacy in the Philippines, representing European business interests for increased market access and trade facilitation, at the highest level of Philippine political discussions.

The ECCP sees itself as the stepping stone for Europeans into the Philippine market and for Filipinos into the European market.



HEALTHCARE ADVOCACY PAPER 2021



EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES
19th Floor, Philippine AXA Life Center Bldg.,
Sen. Gil Puyat Ave. cor. Tindalo Street,
Makati City, Metro Manila, Philippines, 1200

Positions expressed in the advocacy papers are the result of the activities of the Sector Committees working under the ECCP.

EDITORIAL BOARD

Florian Gottein
Sophia Mari Antoinette Ordoña
Katrina Angelica Baligod
Ma. Elena Tabbu
Mazel Cathleen Salazar
Lorenzo Jose Lombos
Sonja Cristi Leigh Duller

Moses Manlises
Cassandra Micaela Quisay
Francesca Alexandra Velasco

ECCP COMMITTEE CHAIRS

COMMITTEE	COMMITTEE LEADERS
Agriculture	Ruth Novales Dr. Mary Ann Sayoc
Automotive	Willy Tee Ten
Aviation	Utchie Carino Angeles Atty. Marvin Masangkay
Customs	Atty. Mark Anthony Tamayo
Education	Bai Norma Shareef Dr. Luningning Misuarez Umar Dr. Amor Pandaliday
Environment and Water	Kristoffer Rada
Food and Beverage	Helen Grace Baisa
Healthcare	Dr. Amal Makhoulfi Dr. Ma. Teresa Dioko
Human Capital	Joe Bantiling Atty. Eliseo Zuñiga
ICT-BPM-KPM	Erik Moller Nielsen
Innovation	Amor Maclang David Almirol Abid Zaidi Joyce Macaspac
Infrastructure and Transportation	Michael Kurt Raeuber Reinier Dizon Ram Maganti
Intellectual Property	Atty. Divina Ilas-Panganiban
Renewable Energy and Energy Efficiency	Ruth Yu-Owen

Tax and Financial Services	Atty. Kristine Mercado-Tamayo
Tourism	Dottie Wurgler-Cronin Gwendolyn Dela Cruz
Women in Business	Shiela Lobien Lourdes Angeles Jen Alava-Francisco Carmie De Leon
Young Professionals	Penny Estrada

We would also like to acknowledge the support of our committee members.

METHODOLOGY

The 2021 edition of the ECCP Advocacy Papers features issues and recommendations formed after extensive discussions between members of the ECCP sector committees, dialogues and meetings with representatives from the Philippine Government, and other stakeholders. The ECCP has also taken into consideration the information gathered from organizing different events, participating in numerous hearings and committee meetings in both chambers of the Philippine Congress, as well as in private sector consultations held by several government agencies.

Further, the recommendations provided in each paper were primarily based on the discussions during the quarterly sector committee meetings. In close cooperation with the sector committee leaders and members, the ECCP Advocacy Team thoroughly analyzed every issue and advocacy recommendation to ensure that they are in line with European business interests and priorities. Once the Advocacy Team has finalized the first draft of each sector paper, it was then circulated to the Committee members and other stakeholders for consultation and subsequently, gathered inputs to be included in the final draft of the papers.

The assessment of the status of each recommendation included in 2019 Advocacy Papers were examined under the following criteria:

Completed/Substantial Progress: Recommended action has either been completed or there has been significant progress towards the realization of the recommendation.

Some Progress: Movement towards realizing the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

No Progress/Retrogression: Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolved to an even bigger bottleneck for European businesses.

MESSAGE FROM THE ECCP PRESIDENT

On behalf of the European Chamber of Commerce of the Philippines (ECCP), I am pleased to present the 2021 ECCP Advocacy Papers. This year's edition features an overview of the current business regulatory landscape in the Philippines as well as industry-specific challenges of the 22 sector committees of the Chamber. More importantly, the paper puts forward constructive policy recommendations for strengthening European-Philippine economic relations and opening up a new decade of growth opportunities as the theme of this year's Summit suggests.

Indeed, the past year has been a period unlike any other with the ongoing health crisis testing the resilience of most organizations and redefining the way we do business. Our advocacy work has also stepped up in organizing virtual discussions and actively engaging key stakeholders including policymakers to raise awareness on issues that matter the most to our members as well as push for reforms that will support our community during this period of uncertainty.

Understandably, the past 20 months have seen a shift of policy priorities from the Philippine government by focusing more on pandemic response and providing social safety nets to the affected and vulnerable. Nevertheless, we have witnessed promising developments on the economic front that will help restore business confidence and boost the country's position as a competitive destination for trade and investments including those from Europe. Among these include the signing of the landmark Corporate Recovery and Tax Incentives for Enterprises Act, the Financial Institutions Strategic Transfer Act, and the inking of the world's largest trade bloc known as the Regional Comprehensive Economic Partnership, of which the Philippines is a party. In addition, the Philippines' improved ranking of 90th in 2020 from 124th in 2019 of the World Bank's Doing Business report demonstrates the global community's relative trust in the country's business environment.

We at the Chamber strive to make the most of these exciting developments in the years to come. The 2021 ECCP Advocacy Papers is our contribution to addressing some of the remaining challenges to helpfully realize the potential of our bilateral ties and economic prospects. I would like to thank our Committee leaders, member companies, and the team behind our flagship publication. Moreover, the European business community continues to stand at the forefront of these crucial issues, which when addressed, will further support our shared goals towards inclusive and sustainable recovery. As such, we remain committed to working with the Philippines in navigating this new decade of growth opportunities.

Mr. Lars Wittig
ECCP President



MESSAGE FROM THE EU AMBASSADOR

I congratulate the European Chamber of Commerce of the Philippines (ECCP) for the 2021 edition of their Advocacy Papers.

These papers offer useful food for thought and action at a crucial time.

At present, the global economy is poised to show its most robust post-recession recovery. In the EU, recovery is underway following a massive vaccination campaign and an ambitious recovery plan decided collectively by EU leaders in 2020. In the EU, today, more than 70% of adults are vaccinated, resulting in improved business and consumer confidence.

Vaccination is the way to pull through collectively from a health crisis of this proportion. It should not stop there. At present, the EU is first and most urgent priority is to speed up global vaccination to ensure that access to vaccines becomes equitable worldwide.

While the European Union has focused on tempering the spread of the virus and its impact on lives and the economy, the EU has remained crucial in the global effort to strengthen the multilateral trading system, fight protectionism and ensure that global trade remains unhampered.

This strategy has reaped fruits. It is anticipated that 19 EU Member States will revert to pre-pandemic growth levels in 2021 and the remainder will follow in 2022. In the last quarter, growth in the Euro area outpaced both the US and China.

Next Generation EU and the seven years multi-annual budget will invest in both short-term recovery and long-term prosperity. It will support innovative policies and will set Europe on a path to a sustainable resilient recovery. One-third of this €1800 billion budget will finance the European Green Deal, which will be the EU's lifeline out of the COVID 19 crisis. This Green Deal will transform the EU into a modern, resource-efficient competitive economy.

The EU and the Philippines have established a relationship characterized by a shared goal of peace and prosperity for our peoples. In terms of commercial relations, we have seen steady growth in the bilateral trade in goods between the EU and the Philippines over the last years. However, EU-PH trade today is far from its full potential. Likewise, the Philippines needs to attract a greater portion of EU investments in ASEAN.

Let us continue to work together to achieve a sustainable and resilient recovery for our economies. I welcome these advocacy papers as a useful contribution in our pursuit of creating a level playing field and opportunities for industries and sectors to be able to participate; provide more choices to our consumers, and promote a sustainable approach to trade.

H.E. Luc Véron
Ambassador
Delegation of the European Union to the Philippines



MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES

My warmest greetings to the **European Chamber of Commerce of the Philippines (ECCP)** as it organizes the **2021 European-Philippine Business Summit**.

This event is an opportune time to explore and pursue various programs and strategies that will enable the business community to overcome the adverse effects of the COVID-19 pandemic on our economy.

The government is one with you in this goal as it has shown in its commitment to advance free trade and to restore confidence in the Philippine economy through our landmark Tax Reform Law and the ratification of the Regional Comprehensive Economic Partnership, of which the Philippines is a party.

I hope that you will remain steadfast in promoting and attracting trade and investments to the country, especially from Europe. Together, let us revitalize our industries and boost our productivity under the new normal.

May you have a successful summit.

Rodrigo Roa Duterte

President of The Republic of the Philippines



MESSAGE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

The presence of the European Chamber of Commerce in the Philippines (ECCP) in the country is a testament to the relationship between our economies evident in the current levels of trade and investments. In 2020, Europe ranked as the Philippines' 5th trading partner, with total bilateral trade amounting to US\$13.06 billion. And as we secure the collective development of both our nations, the Department of Trade and Industry (DTI) continues to rely on the steadfast efforts of ECCP in facilitating market access and in creating a level playing field for both European and Filipino companies

Together with the holding of the **2021 European-Philippine Business Summit (EPBS)**, the launch of the **2021 ECCP Advocacy Papers** not only reflects the continued partnership of both nations that has flourished and strengthened throughout the years, but is also the fruit of the hard work and commitment of the men and women behind the successes of your organization.

Despite the challenges of the pandemic, the Philippines remains a conducive place to do business and is still considered an emerging economy for investment. This can be attributed to our strong economic fundamentals and is a result of landmark policies and programs of the Duterte administration to create an enabling business environment in the country.

Among these initiatives is the consistent pursuit of game-changing reforms such as the **Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act** and the **Financial Institutions Strategic Transfer (FIST) Act**, which are expected to bring in more investments and ensure the stability of our financial system to accelerate the country's quick and sustainable economic recovery. The Philippines is also part of the **Regional Comprehensive Economic Partnership (RCEP) Agreement**, which is intended to strengthen regional economic integration and increase economic resiliency through enhancing market access for goods, services, and investment. All of these, together with the review of other economic restrictions, have the common goal of attracting more investments that will create more jobs in the country.

As the Philippine economic situation continues to improve, this year's theme, **Amidst the Crisis: A New Decade of Growth Opportunities**, sets the tone for our continued partnership. We are counting on the private sector to harness the potential of our revitalization as we embark on pursuits that will ensure the inclusive and sustainable development of our nations. Ultimately, our goal is to make your investments in the country as profitable as possible, which will secure the development of our economies, provide better opportunities for employment, and empower our citizens to become productive members of society as we take on the greater effort of nation-building to create a better quality of life for all Filipinos.

Congratulations and *mabuhay po kayo!*

Hon. Ramon Lopez

Secretary

Department of Trade And Industry



MESSAGE FROM THE HOUSE OF REPRESENTATIVES

Our warmest felicitations to the European Chamber of Commerce of the Philippines, ECCP President Lars Wittig, ECCP Vice Presidents Amal Makhoulfi and Kavita Hans, distinguished officers and members, on the launching of the 2021 edition of ECCP Advocacy Papers.

They say that the darkest nights produce the brightest stars. We convene today at a time of great uncertainty brought about by a global pandemic. As Speaker of the House of Representatives of the Philippines, I would like to express my deep appreciation to the European Chamber of Commerce in the Philippines and the ECCP Advocacy Committees in producing the 2021 ECCP Advocacy Papers, covering the most significant areas in development policy, from agriculture, the environment and water, to education, health care, and human capital, and of recent import, defense and disaster response, and renewable and energy efficiency. These papers are vital inputs to policy formulation, can serve to enhance Philippine development road maps, and be our springboard for continued discussion and engagement between the ECCP and our government in forging sustainable means of collaboration.



On the part of the House of Representatives, we intend to move towards a more resilient, more inclusive, and more sustainable post-pandemic economy with reforms which seek the following: one, to liberalize foreign investments into the country; two, to promote greater competition in key industries; three, to enhance governance in key infrastructure agencies; and four, to remove restrictions on foreign equity, thereby making economic policies more attuned to the realities in both local and international landscapes.

The opportunity to build a better economy is before us and should indeed, be seized. Through cooperation and collaboration, let us together bring into fulfillment a decade of renewal and growth.

Thank you.

Lord Allan Jay Q. Velasco
House Speaker District Representative Marinduque



WHERE ARE WE NOW?

THE PHILIPPINES

The Philippines prides itself in its dynamic and robust economy, transforming into one of the region's top economic performers and attracting companies to invest and expand their operations. In the last decade, the country was able to sustain an average annual growth of 6.4% between 2010-2019 from an average of 4.5% between 2000-2009.¹ Among its neighboring countries in the Association of Southeast Asian Nations (ASEAN), the Philippines was ranked 4th in terms of Gross Domestic Product (GDP) growth rate with 6.1% in 2019 (Table 1).

Table 1. ASEAN GDP Year-on-Year Growth Rates, 2019 and 2020 (% per year)

Country	2019	2019 ranking	2020	2020 ranking
Brunei Darussalam	3.9	8th	1.2	3rd
Cambodia	7.1	1st	-3.1	6th
Indonesia	5.0	5th	-2.1	5th
Lao People's Dem. Rep.	4.7	6th	-0.5	4th
Malaysia	4.3	7th	-5.6	8th
Myanmar	6.8	3rd	3.3	1st
Philippines	6.1	4th	-9.6	10th
Singapore	1.3	10th	-5.4	7th
Thailand	2.3	9th	-6.1	9th
Vietnam	7.0	2nd	2.9	2nd

Asian Development Bank. *Asian Development Outlook 2021*²

However, the onset of the unprecedented COVID-19 pandemic has resulted in a drastic decline of economic activity around the world. In the Philippines, like in many other countries, the government had to implement huge fiscal support programs and impose strict quarantine measures to mitigate the spread of the virus, which in return restricted economic activity. Specifically in the Philippines, the recessionary impacts of the pandemic contracted the GDP growth rate by 9.6% for the year 2020 (Table 1). The Philippine Statistics Authority (PSA), which has been collecting annual data since 1947, records this decline as the first annual contraction since the Asian Financial Crisis seen in 1998. It also surpassed the prior record of 7.0% contraction in 1984.³

The annual preliminary figures from the PSA show that the unemployment rate rose to 10.3% in 2020, accounting for 4.5 million unemployed Filipinos in the labor force, which is significantly higher compared to the previous year's 5.1% rate. Likewise, the country's employment rate dropped from 94.9% in 2019 to 89.7% in 2020, with the Services sector accounting for 56.9% share, followed by the Agriculture sector with 24.8%, and the Industry sector with 18.3%.⁴

Currently, unemployment rate for July 2021 is estimated at 6.9%, the lowest recorded rate since in April 2020. The country also recorded a significant increase in terms of employment rate at 93.1% for the same month.⁵

On the other hand, headline inflation rose further to 3.5% in December 2020, from 3.3% in November 2020, primarily due to the increase in the inflation of heavily-weighted food and non-alcoholic beverages at 4.8% during the month. Additionally, annual increments were higher in terms of health (2.6%); transport (8.3%); and restaurant and miscellaneous goods and services (2.5%).⁶ The Bangko Sentral ng Pilipinas (BSP) posted a slight increase in the average headline inflation for 2020 at 2.6%, but remained well within the government's target range of 2-4% for the year.⁷ Subsequently, the PSA recorded a 4.9% headline inflation rate for August 2021, from 4.0% of the previous month, which is the highest inflation recorded since January 2019. The uptrend was mainly brought about by the higher annual increment in the index of the heavily-weighted food and non-alcoholic beverages at 6.5% during the month, from 4.9% in July 2021.⁸

In the 2021 World Competitiveness Ranking compiled by the Institute for Management Development (IMD), the Philippines ranked 52nd out of 64 countries, slipping down seven spots from the previous ranking. Specifically, the report noted the country's rankings dropping in three of the factors with Economic Performance falling 13 places to 57th; Government Efficiency slipping three spots to 45th; and Business Efficiency dropping from 33rd to 37th. Meanwhile, the Infrastructure category retained its ranking at 59th.⁹

In terms of the country's Foreign Direct Investments (FDI), the BSP officially recorded USD 6.5 billion net inflows for 2020, which is a 24.6% contraction from the USD 8.7 billion net inflows in 2019. The contraction was primarily driven by the fluctuation of supply chains and business outlooks that had affected investor decisions. Majority of the equity capital placement came from Japan, the Netherlands, United States of America (USA) and Singapore wherein these capital were channeled to manufacturing, real estate and the financial and insurance industries.¹⁰

On the other hand, total FDI net inflows from January to June 2021 registered at USD 4.3 billion. Specifically, the top source country is Singapore with USD 519.88 million, followed by Japan with USD 259.85 million and USA with USD 69.87 million. Investments were channeled mainly to manufacturing, financial and insurance, and electricity, gas, steam, and air-conditioning industries.¹¹



1 World Bank. (07 April 2021). Philippines: Overview. Retrieved from <https://www.worldbank.org/en/country/philippines/overview>
 2 Asian Development Bank. (April 2021). Asian Development Outlook 2021. Retrieved from <https://data.adb.org/dataset/gdp-growth-asia-and-pacific-asian-development-outlook>
 3 Nikkei Asia. (28 January 2021). Philippines GDP shrinks 9.5% in 2020, worst since 1947. Retrieved from <https://asia.nikkei.com/Economy/Philippines-GDP-shrinks-9.5-in-2020-worst-since-1947>
 4 Philippine Statistics Authority. (08 March 2021). 2020 Annual Preliminary Estimates of Labor Force Survey. Retrieved from <https://psa.gov.ph/content/2020-annual-preliminary-estimates-labor-force-survey-lfs>

5 Philippine Statistics Authority. (07 September 2021). Unemployment Rate in July 2021 is Estimated at 6.9 percent. Retrieved from <https://psa.gov.ph/content/unemployment-rate-july-2021-estimated-69-percent>
 6 Philippine Statistics Authority. (05 January 2021). Summary Inflation Report Consumer Price Index (2012=100): December 2020. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-december-2020>
 7 Bangko Sentral ng Pilipinas. (2020). BSP Inflation Rate Report. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/Inflation%20Report.aspx>
 8 Philippine Statistics Authority. (07 September 2021). Summary Inflation Report Consumer Price Index (2012=100): August 2021. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-august-2021>
 9 IMD World Competitiveness Center. (2021). World Competitiveness Ranking. Retrieved from <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>
 10 Bangko Sentral ng Pilipinas. (10 March 2021). FDI Registers US\$509 Million Net Inflows in December 2020; Full-Year Level Reaches US\$6.5 Billion. Retrieved from <https://iro.ph/articledetails.php?articleid=3547&catid=4>
 11 Bangko Sentral ng Pilipinas. (10 September 2021). FDI Net Inflows Up by 60.4 Percent YoY in June 2021; H1 2021 Level Reaches US\$4.3 Billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?Itemid=5926>

At the European level, FDI net inflows registered at USD 38.42 million with Germany accounting for USD 29.02 million, followed by the United Kingdom (USD 4.52 million), Sweden (USD 3.88 million), France (USD 1.99 million), and Luxembourg (USD 1.66 million).¹²

The total external trade of the country in terms of goods was recorded at USD 155.03 billion in the year 2020, which is lower by 15.1% compared to the USD 182.52 billion recorded during 2019. Among the main trading partners are the People's Republic of China, Japan, and the USA.¹³ The European Union (EU) followed as the fourth largest trading partner, accounting for 8.4% of the country's total trade in 2020. Meanwhile, as for the Philippines' bilateral trade with the EU member countries, Germany ranked as the top trading partner.¹⁴ Likewise, in 2019, Germany ranked as the highest trading partner with a total trade of USD 5.55 billion or 31.5 percent of EU's total trade, followed by the Netherlands, France, the United Kingdom, and Italy.¹⁵

Over the past years, the Philippines was able to maintain its credit ranking at 'BBB' with a stable outlook from various agencies. However, the recent negative outlook from Fitch reflects the increasing risks to the credit profile from the impact of the pandemic and its aftermath.¹⁶ The table below shows the latest ratings from various agencies:

Table 2. Philippine Credit Ratings

Date	Agency	Rating
July 2020	Moody's	Baa2 Stable
May 2021	Standard & Poor	BBB Positive
July 2021	Fitch	BBB Negative

Source: Moody's, Standard and Poor, Fitch

Without a doubt, the adverse impacts of the global crisis hampered the country's long-term notable gains. However, recent reports also show a promising growth forecast for the country as global recovery sustains its momentum. Particularly, the country posted a strong rebound in the second quarter of 2021 with a GDP growth of 11.8% compared to the -16.9% rate of the same period last year. Categorically, the main contributors are manufacturing (22.3%); construction (25.7%); and wholesale and retail trade; repair of motor vehicles and motorcycles (5.4%). Among the major economic sectors, Industry and Services posted positive growths of 20.8% and 9.6%, respectively.¹⁷ GDP growth is also expected to increase 4.5% in 2021 and 5.5% in 2022; while inflation rates are forecasted at 4.1% in 2021 and 3.5% in 2022. However, the country continues to be vulnerable given the emergence of new variants of the virus and hiccups on the vaccine rollout. With this, substantial reforms on key economic policies, ease of doing business, investment on digital infrastructure, and strengthening the public health system have a pivotal role for the country to address the adverse impacts caused by the pandemic as well as boost economic recovery and competitiveness.

¹² Bangko Sentral ng Pilipinas. (n.d.) Net Foreign Investment Flows. Retrieved from <https://www.bsp.gov.ph/statistics/external/Tables/10.pdf>

¹³ Philippine Statistics Authority. (August 2021). 2020 Foreign Trade Statistics of the Philippines. Retrieved from https://psa.gov.ph/default/files/2020%20FTS%20Publication_signed-compressed.pdf

¹⁴ European Commission. (2021). Countries and Regions: The Philippines. Retrieved from <https://ec.europa.eu/trade/policy/countries-and-regions/countries/philippines/>

¹⁵ Philippine Statistics Authority. (28 April 2020). Highlights of the 2019 Annual Report on International Merchandise Trade Statistics of the Philippines. Retrieved from <https://psa.gov.ph/content/highlights-2019-annual-report-international-merchandise-trade-statistics-philippines>

¹⁶ FitchRatings. (12 July 2021). Fitch Revises Philippines' Outlook to Negative; Affirms at 'BBB'. Retrieved from <https://www.fitchratings.com/research/sovereigns/fitch-revises-philippines-outlook-to-negative-affirms-at-bbb-12-07-2021>

¹⁷ Philippine Statistics Authority. (10 August 2021). GDP posted double digit growth of 11.8 percent in the second quarter of 2021, the highest since fourth quarter of 1988. Retrieved from <https://psa.gov.ph/national-accounts>

¹⁸ Asian Development Bank. (n.d.). Economic indicators for the Philippines. Retrieved from <https://www.adb.org/countries/philippines/economy>



HEALTHCARE ADVOCACY PAPER 2021

INTRODUCTION

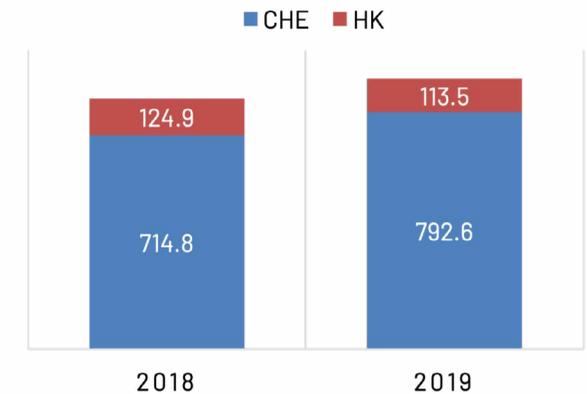
The healthcare sector remains central to an economy, with the health of the public being a primary element in the conduct of activities across all supply chain levels. With the various factors that have influenced the healthcare sector, most especially the global health crisis that is the COVID-19 pandemic, the optimum public health objective is further underscored: provide access to quality and affordable health care products and services for every Filipino.

In the past years, key sector developments have been witnessed, which includes those in the areas of financing, health service delivery, and overall health market.

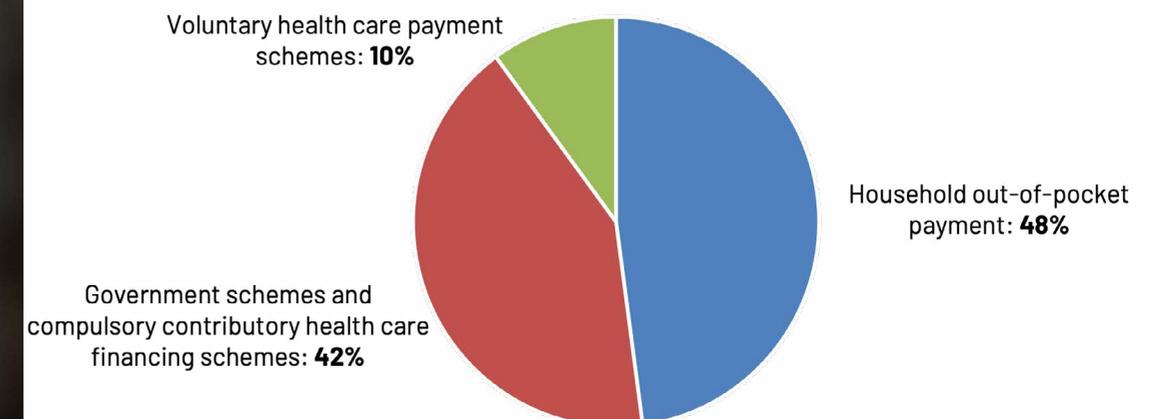
According to latest data from the Philippine Statistics Authority, total health expenditure (THE) grew by 7.9%, from PhP 839.7 billion in 2018 to PhP906 billion in 2019, translating a share of 4.6% to the country's Gross Domestic Product (GDP). Out of the total THE, current health expenditure (CHE) was at 87.5% or PhP 792.6 billion, while Health Capital Formation Expenditure (HK) was at 12.5% or PhP 113.5 billion.¹ It has also been recorded that health expenditure per capita was at PhP 6,662.2, an increase by 7.4% from the previous year's PhP 6,200.3.

Breaking down the CHE health financing schemes, household out of pocket (OOP) remains to hold the most significant share at 47.9%, followed by government schemes and compulsory contributory health financing schemes at 42%, and voluntary health care payment schemes at 10.1%. PhP 345.5 billion or 43.6% of the OOPs were received by general hospitals, while pharmacies came in as second largest beneficiary at PhP 239.8 billion or 30.3%, followed by health care system administration and financing providers at PhP 58.9 billion or 7.4%.²

Total health expenditure by type levels (in billion Php), 2019



Current Health Expenditure by Health Care Financing Scheme (2019)



¹ Philippine Statistics Authority. (October 2020). Philippine National Health Accounts. Retrieved from <https://psa.gov.ph/pnha-press-release/node/163258>.

² Ibid.

As for budget allocation, on 2021, a total of PhP 242.2 billion was allotted for the Department of Health – Office of the Secretary (DOH-OSEC) and Philippine Health Insurance Corporation (PhilHealth),³ an augmentation by 27% from the 2020 budget of PhP 166.5 billion.⁴ Newly created budget lines in the 2021 DOH-OSEC budget are Procurement and Supply Chain Management Service, and Health Technology Assessment, that have been assigned PhP 486.41 million and PhP 6.35 million, respectively.⁵

The Agency has also stated that it is reviewing the implementation of the devolution of a number of Executive Branch functions to local governments⁶, including the computation of the Internal Revenue Allotment for Local Government Units.⁷

Meanwhile, as for latest PhilHealth data, 90.44% of the country’s population have been registered in 2019,⁸ while in terms of contribution, around PhP 147 billion has been recorded for premium contributions of members in 2020.⁹

On human capital, under the Health Systems Strengthening Program of the DOH-OSEC, 2019 figures show that there was an overall increase in deployment of health professionals. On the other hand, it is seen that there has been considerable decrease in the number of Health Facilities Enhancement Program (HFEP) projects that have started implementation.¹⁰

Health Systems Strengthening Program, 2018-2019		
Performance Indicator	CY 2018	CY 2019
Number of doctors deployed	456	511
Number of nurses deployed	17,856	18,166
Number of midwives deployed	5,022	4,600
Number and Percent of HFEP-projects that started implementation	5,773 (92.24% of 6,259)	4,902 (94.07% of 5,211)

Relatively, as part of the government’s COVID-19 response measures, temporary deployment cap¹¹ has been imposed with the aim to ensure enough supply of medical workers in the country. The Department of Labor’s April 2021 data shows that there are only 183,491 nurses are currently practicing their profession in the country, in contrast to the current need of 303,080 practitioners.¹²

In terms of healthcare products, the pharmaceutical market of the Philippines is considered to be the third largest in the ASEAN region and is seen to further expand by 4.5% in the coming years. At 14 out of 20 companies, a significant number of top pharmaceutical firms also have manufacturing plants in the country.¹³ Additionally, pharmaceutical sales in the country was at around USD 3.2 billion in 2019, which converts to a 0.92% GDP share.¹⁴

3 Department of Budget and Management. (August 2021). DBM Submits P5.024 Trillion FY 2022 National Expenditure Program to Congress. Retrieved from <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1931-dbm-submits-p5-024-trillion-fy-2022-national-expenditure-program-to-congress>.

4 DBM. (n.d.). 2020 National Budget: Continuing the Journey to a More Peaceful and Progressive Philippines. Retrieved from https://www.dbm.gov.ph/images/pdf/files/2020_Quick_Glance_FINAL_v1.pdf.

5 Department of Health. (2020). Budget Briefer 2021. Retrieved from <https://doh.gov.ph/sites/default/files/publications/2021-Budget-Briefer.pdf/>

6 Official Gazette. (June 2021). Executive Order No. 138. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/06jun/20210601-EO-138-RRD.pdf>.

7 Department of Health. (2020) Budget Briefer 2021.

8 Ibid.

9 Statista. (July 2021). Value of premium contributions of members of PhilHealth in the Philippines 2020, by category. Retrieved from <https://www.statista.com/statistics/1115245/philippines-premium-contributions-of-philhealth-members/>.

10 Department of Health. (2020) Budget Briefer 2021.

11 A cap of 5,000 that was set in December 2020 was expanded by 1,500 more in June 2021.

12 Gita-Carlos, R. (June 2021). Health workers’ deployment cap raised to 6,500. Retrieved from <https://www.pna.gov.ph/articles/1144116>.

13 CPhI Insights. (July 2020). ASEAN Pharma Report: Opportunities & Threats 2020 and Beyond. Retrieved from <https://www.cphi.com/content/dam/Informa/cphi/sea/en/2020/pdf-files/HLN20CPS-VK-De-Facto-Report-ASEAN-pharma-report.pdf>.

14 Statista. (2021). Pharmaceutical market in the Philippines – statistics and facts. Retrieved from <https://www.statista.com/topics/7369/pharmaceutical-market-in-the-philippines/>.

As for the medical devices sub-sector, in 2020, the Food and Drug Administration (FDA) recorded that 14,443 medical devices and in-vitro diagnostics registered in the country. In terms of local capacity, production remains limited, with almost a hundred percent of equipment and half of disposable medical products being sourced from other countries.¹⁵ However, crediting the escalated demand in medical devices due to the pandemic, its industry has been identified by the Department of Trade and as a growing industry that is projected to be valued at USD 744.7 million.¹⁶ Fitch Solutions has also estimated a 8.8% growth, equating to USD 884.3 million, in the sector by 2024.¹⁷

Innovations and other developments continue to play a key role in the delivery of health services and production of health products. There remain opportunities for the sector to further expand its role and contribution to the country’s socioeconomic agenda. While it goes without saying that the government plays a big role in realizing this objective, multi-sectoral cooperation is manifestly imperative in the process.



15 Andaman Medical. (n.d.). The Philippines’ Medical Device Market. Retrieved from <https://andamanmed.com/target-markets/philippines/>.

16 Lopez, R. (2020). Speech delivered at the Make it Happen Philippines Campaign soft launch.

17 Healthcare Asia. (2020). Philippine medical device market to grow 9% by 2024: Fitch. Retrieved from <https://healthcareasiamagazine.com/healthcare/news/philippine-medical-device-market-grow-9-2024-fitch>.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- **Executive Order No. 104¹⁸** was signed in February 2020, followed by a March 2020 **Memorandum¹⁹** from the Department of Health, which implements Phase II of Maximum Drug Pricing by 2 June 2020. The list of drugs subjected under price regulation shall be reviewed by the DOH in consultation with the DTI, within 6 months from the effectivity and every 6 months thereafter.
- Food and Drug Administration (FDA) issued **Circular No. 2020-001²⁰** which implements the initially-issued Circular No. 2018-002 on the New Medical Device Rules. This measure provides the classification of medical devices, as well as guidance on the required Certificates of Medical Device Registration (CMDR), of Medical Device Notification (CMDN), of Product Registration (CPR), and of Exemption (COE).
- FDA **Circular No. 2020-037²¹** reissued the guidelines on the implementation of the use of electronic prescription of drugs by individuals vulnerable to COVID-19, as well as physicians authorised to prescribe drugs to said individuals. The said Circular is effective until 12 September 2020. The Agency implemented the same measure (through Circular No. 2020-007²²) in March 2020, as a response to meet healthcare needs amidst the quarantine measures imposed at the onset of the pandemic.
- The Dangerous Drugs Board implemented a similar measure which applied for special prescriptions for dangerous drugs through an **Advisory²³** issued in March 2020 and amended in May 2020.²⁴
- The Philippine Health Insurance Corporation (PhilHealth) issued **Circular No. 2020-0005²⁵** which operationalises the “Individual-based health services” for the National Health Insurance Program’s Direct Contributors. The measure provides the premium contributions for employed individuals according to monthly basic salary and premium rates, which increases from 3% in 2020 to 4.5% in 2023. Its implementation, however, **has been suspended** in early 2021^{26,27} to help manage the impact of COVID-19 to PhilHealth members.
- **PhilHealth Circular No. 2020-0022²⁸** extends the primary healthcare benefit to Filipinos as a form of their enhanced and comprehensive approach towards delivering primary health care. It aims to adapt a responsive financing mechanism in providing primary services to the people and define the PhilHealth *Konsulta* benefit package. There are specific guidelines that have been outlined on this circular

particularly with regards to acquiring the PhilHealth *Konsulta* packages such as on registration to primary care provider, availing the benefit, payment mechanism and provider performance assessment.

- **PhilHealth Circular No. 2020-0024²⁹** aims to issue policies on cost-sharing schemes which include no co-payment and co-payment that will be reflected upon on the packages or coverages of PhilHealth. Along with the No Balance Billing Policy of PhilHealth that aims to reduce expenses of patients particularly those who are indigent, domestic worker, senior citizen or lifetime members, this circular emphasizes policies and conditions in which expenses can be lessened as direct payment of healthcare cost takes into place for an insured individual of the agency.
- **PhilHealth Circular No. 2021-0014³⁰** provides the guidelines and procedures in accrediting and availing the COVID-19 Home Isolation Benefit Package (CHIBP). The CHIBP applies to asymptomatic and mild COVID-19 cases, in which an individual has to be isolated. Among the services that will be extended to such individuals are home isolation consultations and home isolation kits, as well as patient monitoring and teleconsultation.
- The **Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines³¹** was issued in January 2021, which lays out the guidelines in the implementation of the country’s COVID-19 vaccine deployment and vaccination program. This document outlines the various efforts that should be taken by health stakeholders, from the national and local government to private sector, in the negotiation and procurement process of vaccines, as well as its shipment and storage, distribution, deployment, and administration, among others.
- **Memorandum Order No. 51³²** authorizes the National Task Force Against COVID-19 (NTF) and the Department of Health to make advance payments exceeding 15% of the total contract amount for the procurement of vaccines. It likewise provides that the same will apply to LGUs, provided that they are authorized to do so by the Chief Implementer.

18 Official Gazette. (2020). Executive Order No. 104, s. 2020. Retrieved from <https://www.officialgazette.gov.ph/downloads/2020/02feb/20200217-E0-104-RRD.pdf>.

19 Department of Health. (n.d.). IEC materials on MDRP and GMAP (FAQS and list of medicines). Retrieved from <https://pharma.doh.gov.ph/maximum-drug-retail-price/>

20 Food and Drug Administration. (January 2020). Circular No. 2020-001. Retrieved from <https://www.fda.gov/wp-content/uploads/2020/01/FDA-CIRCULAR-NO.2020-001.pdf>.

21 PhilHealth. (December 2020). Circular No. 2020-037. Retrieved from <https://www.fda.gov/wp-content/uploads/2020/12/FDA-Circular-No.2020-037.pdf>.

22 PhilHealth. (March 2020). Circular No. 2020-007. Retrieved from <https://www.fda.gov/wp-content/uploads/2020/03/FDA-Circular-No.-2020-007.pdf>.

23 Dangerous Drugs Board. (March 2020). Use of Electronic Prescription for Dangerous Drugs during the duration of the State of Calamity pursuant to Proclamation No. 929 of the Office of the President. Retrieved from <https://www.ddb.gov.ph/images/downloads/ElectronicPrescription.pdf>.

24 DDB. (May 2020). Amendment of Advisory dated 18 March 2020 with subject “Use of Electronic Prescription for Dangerous Drugs during the duration of the State of Calamity pursuant to Proclamation No. 929 of the Office of the President”. Retrieved from https://www.ddb.gov.ph/images/downloads/Amendment_of_Electronic_Rx.pdf.

25 Philippine Health Insurance Corporation. (February 2020). Circular No. 2020-0005. Retrieved from <https://www.philhealth.gov.ph/circulars/2020/circ2020-0005.pdf>.

26 P&A Grant Thornton. (January 2021). Suspension of PhilHealth contribution hike for 2021. Retrieved from <https://www.grantthornton.com.ph/insights/articles-and-updates/tax-notes/suspension-of-philhealth-contribution-hike-for-2021/#:~:text=Under%20the%20Universal%20Health%20Care,of%20P2%2C450%20per%20month.>

27 Philippine Senate. (March 2021). Senate Bill No. 2097: Suspension of PhilHealth Premium Contribution Increase. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=18&q=SBN-2097.

28 PhilHealth. (December 2020). PhilHealth Circular No. 2020-0022. Retrieved from <https://www.philhealth.gov.ph/circulars/2020/circ2020-0022.pdf>.

29 PhilHealth. (December 2020). PhilHealth Circular No. 2020-0024. Retrieved from <https://www.philhealth.gov.ph/circulars/2020/circ2020-0024.pdf>.

30 PhilHealth. (June 2021). PhilHealth Circular No. 2020-0024. Retrieved from

<https://www.philhealth.gov.ph/circulars/2021/circ2021-0014.pdf>.

31 DOH. (January 2021). The Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines. Retrieved from <https://doh.gov.ph/sites/default/files/basic-page/The%20Philippine%20National%20COVID-19%20Vaccination%20Deployment%20Plan.pdf>.

32 Official Gazette. (February 2021). Memorandum Order No. 51 Granting Authority to Make Advance Payments for the Procurement of COVID-19 Vaccines, Prescribing Conditions Therefor, and for Other Purposes. <https://www.officialgazette.gov.ph/downloads/2021/02feb/20210218-MO-51-RRD.pdf>.

- The **COVID-19 Prioritization Framework**³³ categorises and prioritises the groups eligible for COVID-19 vaccination to as follows:

Priority Eligible A
A1. Workers in Frontline Health Services
A2. All Senior Citizens
A3. Persons with Comorbidities; Pregnant women ³⁴
A4. Frontline personnel in essential sectors, including uniformed personnel
A5. Indigent Population
Priority Eligible B
B1. Teachers, Social Workers
B2. Other Government Workers
B3. Other Essential Workers
B4. Socio-demographic groups at significantly higher risk other than senior citizens and poor population based on the NHTS-PR
B5. Overseas Filipino Workers
B6. Other Remaining Workforce
Priority Eligible C
C. Rest of the Filipino population not otherwise included in the above groups

- Republic Act No. 11525**³⁵ was signed into law to establish the COVID-19 Vaccination Program, with the key objective of addressing the effects of the health crisis through vaccine administration, of which, a key element is the procurement of vaccines and ancillary supplies and services. The law also creates a COVID-19 National Vaccine Indemnity Fund of P500 million to shoulder the medical costs of Filipinos should they experience “adverse effects” after getting vaccinated for the coronavirus. Its Implementing Rules and Regulations was published as **Joint Administrative Order No. 2021-0001**,³⁶ by the Department of Health and the National Task Force Against COVID-19.
- In compliance with the related provisions in Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act, the Bureau of Internal Revenue issued **Revenue Regulations No. 4-2021**,^{37,38} which imposes value-added tax (VAT) exemption on certain pharmaceutical and medical device products. The **list of VAT-exempt healthcare products**³⁹ has been endorsed and published by the Food and Drug Administration in June 2021.
 - Medicines for diabetes, high cholesterol, and hypertension (effective 01 January 2020)

- Medicines for cancer, mental illness, tuberculosis, and kidney diseases (effective 01 January 2020)
- Drugs and vaccines prescribed and directly used for COVID-19 treatment (effective 01 January 2021 - 31 December 2023)
- Medical devices directly used for COVID-19 treatment (01 January 2021 - 31 December 2023)

- Administrative Order No. 2021-0038**⁴⁰ was issued by the DOH, which seeks to (1) To establish a standard system and methods for creating and maintaining a database of essential medical devices, (2) set the price reference index for medical device as the recommended prices for all DOH health facilities, and (3) to provide guidelines on the enforcement, implementation, and monitoring of the price reference index system across DOH End-User Units.
- Department Memorandum No. 2021-0223**⁴¹ was issued as an amendment to the previously issued Memorandum No. 2021-0197 and in pursuance of the Price Act. It contains a comprehensive list of the updated suggested retail price (SRP) on emergency medicines and devices that are utilized in the COVID-19 response. The establishment of SRP would protect consumers from sudden price increases on these products along with the Department of Trade and Industry-Fair Trade and Enforcement Bureau (DTI-FTEB) that will assist in monitoring and handling violations on the updated list of SRP as stated in this memorandum. These suggested retail prices must be the one to be implemented and followed by industries, hospitals and pharmacies that provide the products used in response to the pandemic.
- Department Circular No. 2021-0376**⁴² was released to provide the interim requirements for Health Technology Assessment in the absence of medical devices’ Certificate of Product Registration or Certificate of Product Notification.
- Through **Advisories Nos. 2021-027**⁴³ and **2021-028**,⁴⁴ the PhilHealth reiterated its system for coverage of the COVID-related health concerns. For instance, COVID-10 patients with severe illnesses can be covered by the in-patient benefit for mild pneumonia, which is PhP 43,997; moderate pneumonia, PhP 143,267; severe pneumonia, PhP 333,519; and critical pneumonia at PhP 786,384. Moreover, an intermediate package benefit for those that are probable COVID-19 patients but still have negative results on their swab test or RT-PCR test will be receiving a coverage of PhP 18,000 for moderate pneumonia and PhP 38,000 for severe or critical pneumonia.⁴⁵
- PhilHealth Circular No. 2021-0007**⁴⁶ indicates that there will be specific coverage for those who are experiencing severe adverse effects after being vaccinated by the Covid-19 vaccine which leads to hospitalization, disability, or even death. This coverage package will be coming from the COVID-19 National Vaccine Indemnity Fund with PhilHealth as its fund administrator and responsible for the creation and implementation of the guidelines for the compensation of those who experience severe adverse reactions from the vaccine.

³³ DOH. (n.d.) When will the COVID-19 vaccines be available to me?. Retrieved from <https://doh.gov.ph/Vaccines/when-will-the-COVID-19-available-to-me>.

³⁴ Included as of August 2021

³⁵ Official Gazette. (February 2021). Republic Act No. 11525. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/02feb/20210226-RA-11525-RRD.pdf>.

³⁶ DOH. (March 2021). Joint Administrative Order No. 2021-0001. Retrieved from <https://doh.gov.ph/sites/default/files/health-update/DOH-NTFjao2021-0001.pdf>.

³⁷ Bureau of Internal Revenue. (April 2021). Revenue Regulations No. 4-2021. Retrieved from https://www.bir.gov.ph/images/bir_files/internal_communications_1/Full%20Text%20RR%202021/RR%20No.%204%20-%202021.pdf.

³⁸ Amendments to several provisions have been laid out in the later-issued RR No. 8-2021, https://www.bir.gov.ph/images/bir_files/internal_communications_1/Full%20Text%20RR%202021/RR%20No.%208-2021.pdf

³⁹ BIR. (July 2021). List of VAT-Exempt Products. Retrieved from https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2021%20RMCs/RMC%20No.%2081-2021%20List%20of%20VAT-Exempt%20Products.pdf.

⁴⁰ Asia Actual. (June 2021). Administrative Order No. 2021-0038. Retrieved from <https://asiaactual.com/wp-content/uploads/2021/06/Philippines-Notification-A02021-0038.pdf>.

⁴¹ DOH. (May 2021). Department Memorandum No. 2021-0223. Retrieved from <https://doh.gov.ph/sites/default/files/health-update/dm2021-0223.pdf>.

⁴² DOH. (August 2021). Department Circular No. 2021-0376. Retrieved from <https://dmas.doh.gov.ph:8083/Rest/GetFile?id=692023>.

⁴³ PhilHealth. (2021). Reiteration of Provision of PhilHealth Circular No. 35 S.2013 for Admitted Patients Staying in Emergency Room Pending Availability of Rooms. Retrieved from <https://www.philhealth.gov.ph/advisories/2021/adv2021-027.pdf>.

⁴⁴ PhilHealth. (2021). PhilHealth Coverage of Health Services Admitted in Tents within the Hospital Compound. Retrieved from <https://www.philhealth.gov.ph/advisories/2021/adv2021-028.pdf>.

⁴⁵ PhilHealth. (2021). PhilHealth assures coverage of patients admitted in ERs, tents. Retrieved from https://www.philhealth.gov.ph/news/2021/assures_coverage.pdf.

⁴⁶ PhilHealth. (2021). PhilHealth Circular No. 2021-0007. Retrieved from <https://www.philhealth.gov.ph/circulars/2021/circ2021-0007.pdf>.

- **Joint Memorandum Circular No 2021-001⁴⁷** was issued by the Department of Health along with the National Task Force against COVID-19. As the government targets to achieve at least 70% of the eligible population to be vaccinated along with the private sector it has been with in order to procure vaccines and vaccinate private employees. This Joint Memorandum provides guidelines for vaccine procurement and administration by the private.
- **Joint Administrative Order No. 2021-0001⁴⁸** was issued together by the various departments of Department of Information and Communications Technology (DICT), Department of Health (DOH), Department of Interior and Government Local (DILG) and Food and Drug Administration (FDA). It aims to define the standard, guidelines and mechanisms used towards implementing the country's Covid-10 Vaccine Information Management System in order to ensure efficient distribution and administration of the vaccine. Moreover, it is also directed towards providing information on the processing of data and the responsibilities of government agencies on personal data protection. This order is being issued so that the LGU based digital system on vaccination will be guided upon by the design and guidelines in accordance with the Philippine Covid-19 Vaccine Information Management System (VIMS) to ensure privacy, cybersecurity, and monitoring of the program in the process of procurement and administration of the vaccines.
- **House Bill (HB) No. 9559⁴⁹** seeks to establish a virology institute that will focus on research on viruses through a modern approach, development of vaccines, international cooperation on building databases of virus and operation of virus gene bank, genome laboratory and high containment laboratory. This shall provide bases for treatment of viral diseases and formulation of response policies in accordance to the type of virus as detected. HB No. 9559 was approved on third reading at the House of Representatives in July 2021, and transmitted to the Senate. The key provisions of this bill are as follows:
 - **Creation of Virology Science and Technology Institute of the Philippines (VIP)** which will be connected to the Department of Science and Technology and serve as the premier research and development institute in the field of virology which will study viruses and viral diseases in plants, animals and humans.
 - **International Cooperation** will be done through partnerships through entering a memorandum of agreement with international partners that will conduct innovative and pioneering research which will advance the field of virology in the country.
 - **Promotion of Knowledge-transfer and Research in the Academe** that will focus on state universities and colleges in order to create virology courses and programs, internships, scholarships and creation of virology research centers.
- **House Bill No. 9560⁵⁰** seeks to create a center for disease prevention and control that will be looking upon the development of public health and emergency preparedness. It aims to ensure that the health sector of the country is well-prepared to forecast, prevent, monitor and control diseases that are of importance within and outside the country. As with HB No. 9559 , HB No. 9560 was approved on third reading at the House of Representatives in July 2021, and transmitted to the Senate The key provisions of this bill are as follows:
 - **Creation of the Philippine Center for Disease Prevention and Control.** Will work with the Department of Health in order to create policies and coordinate programs that will address urgent concerns on diseases and emergency responses. There will also be Regional Centers for Disease Prevention and Control that will be established in all regions of the country to focus on prevention, control, and surveillance of diseases that may be present in that region.

47 DOH. (2021). Joint Memorandum Circular No. 2021-001. Retrieved from <https://doh.gov.ph/sites/default/files/health-update/jmc2021-0001%20DOH-NTF.pdf>.

48 DOH. (2021). Joint Administrative Order No. 2021-0001. Retrieved from <https://dmas.doh.gov.ph:8083/Rest/GetFile?id=691099>.

49 House of Representatives. (2021). House Bill No. 9559. Retrieved from https://congress.gov.ph/legisdocs/third_18/HBT9559.pdf.

50 House of Representatives. (2021). House Bill No. 9560. Retrieved from https://congress.gov.ph/legisdocs/third_18/HBT9560.pdf.

- **Strengthening Epidemiology, Public Health Surveillance and Research Capacities.** It will help prioritize investments on ICT in the field of research on epidemiology, public health surveillance and clinical research as well as a premier facility for these matters. It would also provide assistance to LGUs in establishing and managing surveillance systems and data management while also implementing training and research to create more experts and practitioners in the field of epidemiology.
- **National Reference Laboratories.** Will be unified into one main facility which will combine the biological, chemical, nuclear and radiological emergencies together. It will provide technical recommendations, laboratory services, training, external quality assurance, outbreak management and research while overseeing the performance of subnational laboratories.

ADVOCACY RECOMMENDATIONS

1. Achieve Universal Health Care for All

The COVID-19 health crisis has indeed magnified the critical role that health care plays in world systems. With an understanding that public health is a foundation to economic health, efforts to pursue a robust and reinforced health architecture must be present.

For this reason, the ECCP emphasizes that **implementing the Universal Health Care Act** plays a critical role not only to further improve the living standards in the country, but also support its economic recovery and stability.

- **Expand PhilHealth Coverage and Strengthen its Capacity to Support the Provision of Health Services and Products**

As the country's primary health care provider, the PhilHealth plays a crucial role in bridging the gap in access to essential, innovative, and life-saving health services and products. Its significant part in the healthcare ecosystem has been further underscored with the increased demand for health services and products due to the COVID-19 pandemic. In this light, we recognise the recent policies and programs that have been introduced by the PhilHealth, including the *Konsulta* Package, as well as the expansion of coverage for diseases.

Despite these developments, however, the adoption of some critical policies remain to be seen. In this regard, the ECCP puts forth its long-standing advocacy to expand PhilHealth coverage, particularly in the areas of preventive and primary care services, along with outpatient expenditures. In particular, we propose that elements such as differential pricing, co-payment, as well as enhanced reimbursement mechanisms be made available.

We also enjoin the provision of support to local governments, to strengthen their capacity to adapt to and implement such measures. We believe that in doing so, a holistic approach to providing healthcare in the can be further promoted.

- **Strengthen Delivery of Primary Health Care Services**

Primary health care, as the first point of interaction between patients and health providers, is an important element in ensuring the timely response to communities' healthcare needs. Therefore, it has a significant role in ensuring the availability of continuous, comprehensive, as well as preventive care, which ultimately leads to a more efficient and inclusive health delivery system.

In this context, the ECCP continues to advocate for the effective implementation of the UHC Act provisions that promote the enhancement of the Philippines' primary health care system. These include:

- (1) Mandatory registration of Filipinos to public or private primary health care provider of choice;
- (2) Accessibility of patient records to primary health care providers; and
- (3) Capacity-building for health professionals on the provision of primary care services

Additionally, among the COVID-19 response measures is the implementation of quarantine protocols, which has restricted mobility and transportation. This has affected many individuals' access to health services, most especially face-to-face medical treatments and consultations. This has led to the evident rise of digital and mobile healthcare, which has also become one of the key priorities of the Philippine government.⁵¹

On this note, we welcome the implementation of policies and programs that support the improvement of access and contact between healthcare practitioners and patients. However, we also recognise that there remain to be disparities lie in terms of access to connectivity. It is for this reason that we strongly advocate for the development of healthcare infrastructure that will help bridge the gap in terms of accessibility to the increasingly digitalized health services.

- **Improve Distribution and Implement Measures Towards the Retention of Health Professionals Across the Country**

Healthcare professionals are among the key actors in the healthcare sector. In this regard, we believe that a key element in the provision of enhanced health care services is the equitable distribution of health professionals in the country. Furthermore, especially in these challenging times, it is important that healthcare practitioners are likewise adequately supported and equipped to provide the best care possible.

It is for this reason we look forward to the effective implementation of, as well as submit recommendations to the relevant measures and initiatives by the Philippine government, among which stipulated in the UHC Act.

- (1) The establishment of a National Health Human Resource Master Plan that will look into employment permanency and provision of competitive salaries
- (2) The development and expansion of health-related training and degree programs and scholarship opportunities
- (3) The development and maintenance of a registry of medical professionals that will include records the number of practitioners and their designated areas
- (4) The capacity development of health workers, especially in providing primary care services
- (5) The prioritization of geographically isolated and disadvantaged areas (GIDAs) in the dispersion of health professionals through the establishment of a (a) National Health Workforce Support System, and a (b) Return Service Agreement

The ECCP likewise calls for the overall improvement of quality of life in GIDAs, to help encourage health professionals to conduct their practice in these areas.

We also continue to advocate for preservation of ethics in public health policy and practice in the delivery of health services, as also stipulated in the UHC Act.⁵² In relation to this, we likewise recommend the stricter implementation of the FDA Adoption of the Mexico City Principles,⁵³ including the establishment of mechanisms that will pave way to the oversight of industry players' compliance, as well as further encourage ethical relationships between health practitioners and patients.

51 DOH. (2020). DOH boosts telemedicine services for NCR; service to expand to other regions soon. Retrieved from <https://doh.gov.ph/doh-press-release/DOH-BOOST-TELEMEDICINE-SERVICES-FOR-NCR-SERVICE-TO-EXPAND-TO-OTHER-REGIONS-SOON>.

52 "All manufacturers of drugs, medical devices, biological and medical supplies registered by the FDA shall collect and track all financial relationships with healthcare professionals and healthcare providers and report these to the DOH, which shall then make this list publicly available in accordance with existing laws."

53 FDA. (2013). FDA Circular 2013-024. Retrieved from <https://www.slideshare.net/saviorlava/fda-memorandum-circular-adoption-of-mexico-city-principles>

- **Strengthen National Health Information Systems**

The availability of a centralized health data management is highly beneficial in the provision of health care services in the country. For this reason, the ECCP recommends the strengthening of the national health information systems, that will manage the submission and compilation of relevant health-related information, in compliance with the Data Privacy Act and other relevant laws. We also then advocate for the strengthened capacity to gather and integrate data in an efficient and secure manner.

To this end, the ECCP also lauds the inclusion of provisions that aim to strengthen the national health information system under the UHC Act.

- **Institutionalization of an Effective and Efficient Health Technology Assessment System (7)**

The promotion of the use of a fair and transparent Health Technology Assessment (HTA) system for the improved delivery of health goods and services is one of the key features of the UHC Act, recognizing the value that technologies such as drugs, vaccines, and medical devices bring to the Philippine health sector.

We laud the establishment of the Health Technology Assessment Council in accordance with the provision in the UHC Act. On this note, we highly urge that health policies, such as the procurement of health products, the creation of PhilHealth benefit packages, as well as other investments in health systems, be included in the HTAC's recommendations.

2. Facilitation of Access to Medicines and Medical Devices

- **Implementation of Pooled Procurement and Price Negotiation for Health Products**

Healthcare financing and pricing are important factors in providing increased access to medicines and medical devices, which translates to an inclusive and enhanced health care system. This will help guarantee that high-quality health goods are available in sufficient quantity and at reasonable prices.

For this reason, we highly recommend the broadening of the scope of pooled procurement to essential and innovative pharmaceutical products and medical equipment, making them more accessible and affordable in the Philippine market.

We also underscore the critical role that adequate healthcare funding plays in the improvement of the overall health system, which will also help address the high out-of-pocket spending in the country. Ultimately, this will benefit the Filipino people as equitable access to health services and products will be achieved.

- **Strengthen Market Competition and Use Price Regulation Only as a Last Resort**

Access to medicines has been a key priority in the healthcare sector. With the objective to pursue this, the Philippine government implemented the Maximum Retail Price in 2009, which has been followed by a recent issuance in 2020. Such, policy measure, however, has not resulted in a significant increase in Filipino's ability to purchase medicines.⁵⁴

On this note, the ECCP strongly advises that efforts strengthening competition in the health sector must be focused on, and price control is used solely as a reserve mechanism and a temporary solution. We further suggest that the procedures outlined in the UHC Act, such as pooled procurement, price negotiation, and medicine reimbursement, are efficiently implemented.

The ECCP also emphasizes the important role that stakeholder dialogue plays in the advancement of a strengthened healthcare market. For this reason, we advocate for the active engagement between the government and industry in the determination of prices of pharmaceutical products and medical devices. In addition, elements such as indirect and societal costs, procurement structure, and resource

54 Philippine Institute for Development Studies. (2017). Access to Medicines in the Philippines: Overcoming the Barriers. Retrieved from <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidspn1723.pdf>

allocation must be carefully looked into and considered as price determinants.

3. Establish Regular Dialogue Between the Government and Private Sector

A dynamic and innovative cooperation among all health stakeholders is a key element in the development of health policies that will benefit the lives of all. This requires strengthening partnership between and among the Philippine government, private sector, and other actors that share the common vision of creating an equitable and inclusive healthcare system.

Healthcare continues to be high in ECCP's agenda, and together with its Healthcare Committee members and partners, the Chamber remains committed to supporting the Philippine government in the advancing the country's health agenda. For this reason, the ECCP seeks to establish a regular dialogue with the Philippine government, as well as further strengthen its partnership with relevant health stakeholders. We believe that these dialogues can serve as platforms for health stakeholders to strengthen their partnership, exchange best practices, and support the implementation of much needed health interventions that will bolster the Philippine healthcare system.



ASSESSMENT OF 2019 RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED / SUBSTANTIAL PROGRESS	SOME PROGRESS	NO PROGRESS / RETROGRESSION
<p>Achieve Universal Healthcare for all Filipinos</p> <p>Implementation of Measures in Support of Increased Energy Capacity</p> <p>Employment of Integrated Recycling Plants in Support of Increased Energy Production</p>	Expand PhilHealth Coverage		<p>Overall, while there have been expansions in PhilHealth coverage, these are mostly in response to patients that require support for COVID-19 treatments.</p> <p>The expansion for preventive and primary care services, outpatient expenditures, as well as the development of payment and financial mechanisms also remain to be seen.</p>	
	Strengthen Delivery of Primary Health Care Services		<p>The COVID-19 has led to a significant limitation in face-to-face consultations, primary care or otherwise. The development in the increased availability of tele-consultation are welcome developments.</p> <p>However, mandatory registration to health care providers as well as the disparity in access to health services are among the bottlenecks that</p>	
	Improve Distribution and Implement Measures Towards the Retention of Health Professionals Across the Country			<p>While benefits and incentives are offered to healthcare practitioners in the Geographically Isolated and Disadvantaged Areas (GIDAs), the overall quality of life in is seen as a deterrent in the deployment of individuals in these areas.</p>
	Strengthen National Health Information Systems			X
	Institutionalization of an Effective and Efficient Health Technology Assessment System			<p>The Health Technology Assessment Council has been formed, in which review of some healthcare products have been undertaken. Several engagements and other consultations have also occurred in the recent months.</p>
	Further Develop Health and Wellness Tourism			<p>The COVID-19 pandemic has led to the reprioritization of the national and local governments, as well as the healthcare industry and individuals towards addressing the health crisis.</p>

Facilitation of Access to Medicines and Medical Devices	Implementation of Pooled Procurement and Price Negotiation for Health Products		Pooled procurement has been practiced in purchasing COVID-19 vaccine doses, although it yet to be implemented for most non-COVID-19 health products.	
	Strengthen Market Competition and Use Price Regulation Only as a Last Resort			Maximum Retail Price has been put in place in 2020, which places price caps on pharmaceutical devices. A similar measure has also been introduced to the medical devices market.
Strengthening the Regulatory Management	Enhance Anti-Counterfeit Surveillance and Enforcement		While there have been steps taken to strengthen anti-counterfeit surveillance and enforcement, said activities in the health supply chain continue to persist, especially due to the increased demand in health products.	
	Ensure the Effective Implementation of the Standards in the Medical Devices Sector		The FDA Circular No. 2020-001 was issued in 2020, which implements the New Medical Device Rules introduced in 2018.	
	Uphold Ethics in Public Health Policy and Practice			X
Effective Implementation of Laws and Institutionalization of Policies that Govern the Mobile and Telehealth Services in the Philippines			Due to mobility restrictions brought about by the pandemic response efforts, the demand for mobile and telehealth services has increased. This has led to healthcare providers shifting their health service delivery mechanisms through online or remote means. The same trend has been seen in terms of purchasing health products, which likewise been supported by the implementation of several policies by the government.	
Establish Regular Dialogue Between the Government and Private Sector			Several engagements have been made with Philippine government officials and other health stakeholders. However, a regular dialogue is yet to be established.	



EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES

 19th Floor, Philippine AXA Life Center Bldg.,
Sen. Gil Puyat Ave. cor. Tindalo Street,
Makati City, Metro Manila, Philippines, 1200

 8845-1324 to 26

 info@eccp.com

 www.eccp.com