

Primary Health Care (PHC) Financing and Delivery Country Profile

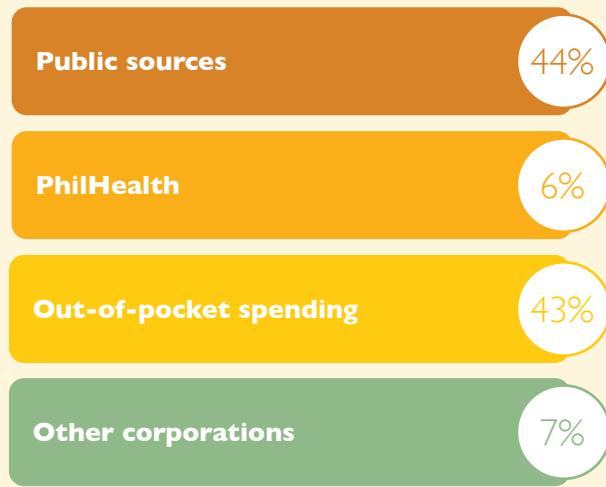


Philippines

Stronger, more effective Primary Health Care (PHC) provides a critical backbone for universal health coverage (UHC). There is consensus that public funding should be the predominant source of health funding including funding of PHC services. In this series of country profiles, we describe how public funding is allocated to the health sector (resource allocation), how those resources are transferred to health providers (provider payment) and the decision space primary care providers have to use PHC funds.

Source of PHC funds (2023)

The largest source of pooled funds are public sources through the central government budget and local government allocations. Out-of-pocket spending made up 44% of PHC spending in 2023.



Source: Philippines NHA 2024

Providers of PHC services (2023)

Source: 2023 Health Facility Profiling Systems Annual Report



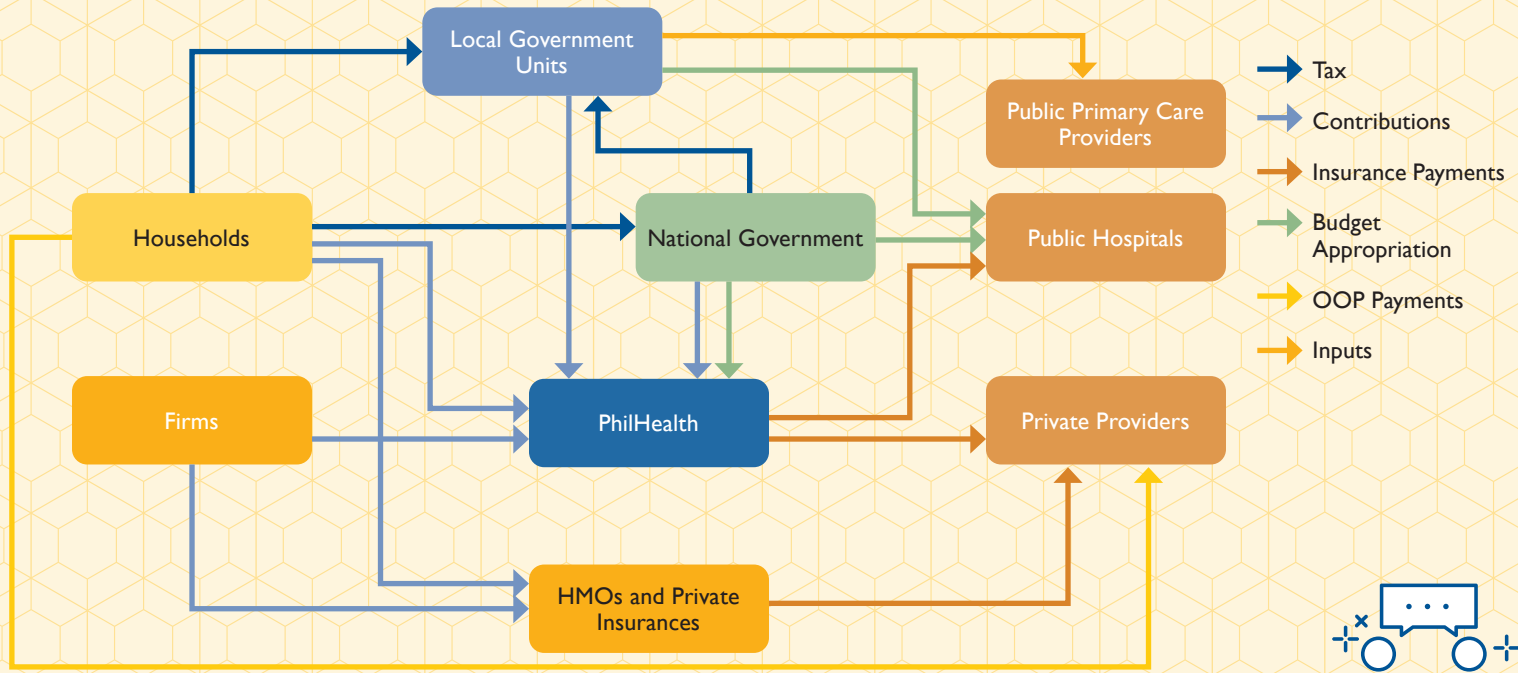
How are public funds allocated to PHC?

Resource Allocation describes the rules and criteria to distribute public funds to various sectors including health.

- » The Philippines has two levels of allocation of public resources for health, from the national government to the (1) Department of Health (DOH) and (2) Local Government Units (LGUs) including the Provincial, City, Municipal, and Barangay Health Boards.
- » The Department of Health (DOH) allocates resources using disease burden, health needs assessments, national priorities, historical spending and population indicators. DOH balances resources between PHC and higher-level services, with a focus on strengthening PHC under the Universal Health Care Law.
- » Allocation to LGUs is based on (1) the type of the LGU (Province, City, Municipality, Barangay), (2) population size, (3) land area, (4) equity indices.
- » There is no legislation prescribing how much LGUs should earmark for health, but the DOH provides guidance which may be considered by LGUs. Generally LGUs allocate resources to health based on local health priorities, population demographics, and the availability of local funds to supplement their national government allocation.



How do PHC funds flow to the primary care providers?



Main provider payment mechanisms used for primary care services

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|---|------------------|--|---|
| Department of Health (DOH) | Line-item budget | PhilHealth (National Health Insurance Program) | Capitation with performance-based payment |
| Local Government Units (LGUs) allotment from national government and any additional resources from LGUs | Line-item budget | Development Partners/ Donors | Line-item budget and in-kind inputs |
| | | Individuals/Households | Fee-for-service |

Primary care facilities autonomy for financial management

- » Primary care is delivered in public health facilities (Health Centres and Barangay Health Stations); and private health facilities.
- » Public primary care facilities do not receive funds directly. Instead, the Local Government Unit (LGU) receives and manages PHC funds including reimbursements from PhilHealth. DOH and PhilHealth provide guidelines to LGUs to use funds for health services, but the LGUs have the discretion to decide how they use their funds.
- » In 2024, the DOH provided guidance for a special health fund that includes appropriations from national and local governments, donors, reimbursements from PhilHealth and fees received from users to ringfence resources specifically for health including PHC.
- » Although primary care providers do not manage PHC funds directly, they do have a say in how PHC resources are prioritized through their local investment plans for health (LIPH) which are incorporated in the LGU LIPH in the budgeting process.

Accountability mechanisms for public primary care providers

- » Guidelines for budget preparation, budget execution, and financial reporting are issued by the DOH, LGUs, and/or specific funding agencies for each source.
- » Primary care providers input their LIPH in the LIPH Information System which is consolidated at the regional and national level for consideration in the budget of the DOH.
- » The Department of Finance has a Financial Information System with an in-built performance monitoring system for financial indicators such as revenue generation, expenditure management, debt and investment management. This system is used for all sectors and expenditures of the LGUs.
- » Primary care providers submit regular financial reports to the LGU and DOH, depending on the source of the funds.
- » Audits may also be conducted by the Commission on Audit to ensure funds are spent according to regulations.