The Philippines: Strategic purchasing strategies and emerging results
### ABOUT THE PHILIPPINES

- The Philippines is an archipelagic country in Southeast Asia, consisting of about 7,641 islands.
- The Philippines population is more than 100 million, and is expected to keep growing rapidly (1.4% annually).
- The country is facing the double-burden of communicable and non-communicable diseases.
- Although GDP is increasing (4.6% annually), many Filipinos still live below the international poverty line (6.1% of total population).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value (2019)</th>
</tr>
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<tbody>
<tr>
<td>Total population (million)</td>
<td>108.1</td>
</tr>
<tr>
<td>Population growth (annual %)</td>
<td>1.4</td>
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<tr>
<td>Population ages 0-14 (% of total)</td>
<td>30.5</td>
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<tr>
<td>Population ages 15-64 (% of total)</td>
<td>64.2</td>
</tr>
<tr>
<td>Population ages 65 and above (% of total)</td>
<td>5.3</td>
</tr>
<tr>
<td>GDP growth (annual %)</td>
<td>4.6</td>
</tr>
<tr>
<td>GDP per capita, PPP (current international $)</td>
<td>9,277.4</td>
</tr>
<tr>
<td>Poverty headcount ratio at $ 1.9 a day (% of population)</td>
<td>6.1% (2015)</td>
</tr>
</tbody>
</table>

Source: World Development Indicators Databank
FAMILY PLANNING IN THE PHILIPPINES:
SUPPLY LAGS DEMAND, INEQUITIES REMAIN

- Use of modern contraceptive methods among married women increased between 1993 & 2019.
- **BUT** modern contraceptive prevalence rate (mCPR) in the Philippines lags behind other ASEAN countries.

**Source**: Philippines DHS 2017

- In the context of the Philippines’ rapidly changing social norms, FP supply has not kept up with demand.
- Gaps in supply and demand are reflected in fertility rates across income groups, suggesting inequity.

**Source**: Sobel 2018

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![Graph showing fertility rate by wealth quintile, 2017](image)

**Number of children**

- Lowest: 2.9
- Second: 2.3
- Middle: 2.1
- Fourth: 1.7
- Highest: 1.4

**Fertility rate by wealth quintile, 2017**

**Source**: Philippines DHS 2017

**Opposition as a reason for non-use decreasing rapidly.**

**Source**: Sobel 2018
FAMILY PLANNING IN THE PHILIPPINES: SERVICE DELIVERY IS RELIANT ON OVERBURDENED PUBLIC SECTOR

- The Philippines has an imbalanced method mix, with the short-term methods dominant.
- The supply of family planning options that require service from a trained provider is concentrated in an overburdened public sector, where these services are available free of charge. These trained providers are usually located in the urban areas.
- Private sector provision of family planning services (as opposed to sales) is limited, despite comprising ~65% of the health system.
- ThinkWell’s review of barriers to private sector participation in family planning is on our website here.

Use of modern contraceptive methods (married women), 2017

- Pill: 52%
- Pill: 52%
- Injectable: 13%
- IUD: 10%
- Female sterilization: 18%
- Male condom: 5%

Sources of selected family planning methods, 2017

- Public provider
- Private provider
- Pharmacy
- Other - NGO

Source: Philippines DHS 2017
MATERNAL HEALTH IN THE PHILIPPINES

Access to maternal health services is improving

The Philippines has seen tremendous improvements in access to maternal health services over the last 20 years.

Continued inequity in access to services

Despite improvements overall, equity in access remains a challenge. Poorer quintiles are much less likely to deliver with a skilled provider or in a facility. Wealthier women choose the private sector.

Caesarean section (CS) rates - too much too soon, too little too late

Access to quality maternal health services continues to be inequitable as well. The WHO advocates for a CS rate of 10-15%. Through the years, the CS rate of the richest quintile have risen from 20.3% to 31.1% while that of the poorest quintile only increased to 3.9% from 1.7%

Mortality rates have failed to improve as hoped

Maternal mortality, and child mortality rates have declined, but remain higher than regional averages or Philippines government targets.

Source: Philippines DHS 2017

Membership

PhilHealth membership has grown steadily, funded by innovative use of tax revenue (including sin tax) which now subsidizes almost 50% of members. UHC law entitles all Filipinos to PhilHealth benefits irrespective of previous membership. See ThinkWell’s brief on the progression of PhilHealth cover [here](#).

Benefits package

PhilHealth benefits have evolved to increase services covered, facility type, and price. In 2010, PhilHealth introduced no balance billing (removal of user fees) for poor (sponsored) members in govt facilities. Benefit price for CS, especially in private hospitals, is much lower than typical fees.

Impact of PhilHealth

Claims of sponsored members have expanded over the years and literature points to the link between PhilHealth coverage and improvement in facility-based deliveries. Sponsored members utilize their benefit in government and lower-level types of facilities. They also are less likely to utilize CS benefits compared to benefits for vaginal deliveries.
PURCHASING LANDSCAPE IN THE PHILIPPINES

- PhilHealth, the social health insurance program run by the government, accounts for approximately 13% of health spending in the Philippines, covering more than 90% of the population.
- PhilHealth purchases comprehensive hospital-level services and an expanding package of PHC benefits.

Current health expenditure by financing scheme, 2018

- Household out-of-pocket payment: 54%
- Government schemes and compulsory contributory health financing schemes: 34%
- Voluntary health care payment schemes: 12%

Source: Philippines NHA 2018
### Issues
- Confusing membership schemes
- Poor prioritization of public health programs
- Overburdened RHUs, doing both primary care & PH
- Lack & misdistribution of HC Professionals
- Few resources & incentives to improve facilities
- Procurement failures, High prices of medicines
- Unreliable, disconnected referral networks
- Devolved health systems have limited resources & technical know-how
- So much money, weak purchasing power
- High out of pocket despite High health expenditures

### UHC Law
- Guaranteed PhilHealth Membership for all
- Effective & well-resourced public health programs
- Primary Care Provider for each Filipino
- Enough, competent Health Professionals
- Good, adequate facilities
- Sustainable supply of quality Medicines
- Reliable referral network that is easy to navigate
- Effective planning, leadership & monitoring
- Government as strategic purchaser of affordable, quality services

### Goals of UHC
- Every Filipino...
- ...is prevented from being sick.
- ...is managed well if sick, which means:
  - Seen by an HCP
  - Seen at a facility
  - Treated sufficiently
  - Provided meds
- ...with Good health outcomes
- ...and protected financially from being poor
### A UNIQUE OPPORTUNITY: PHILIPPINE UHC LAW 2019 (RA 11223)

#### INTEGRATION

<table>
<thead>
<tr>
<th>SIMPLIFIED Membership Types</th>
<th>UHC LAW</th>
<th>GOALS of UHC</th>
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<tbody>
<tr>
<td>Provincial Synergy in the Delivery of PH Services</td>
<td>Guaranteed PhilHealth Membership for all</td>
<td>Every Filipino…</td>
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<td></td>
<td>Effective &amp; well-resourced public health programs</td>
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<td></td>
<td>Primary Care Provider for each Filipino</td>
<td>Health Promotion</td>
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<tr>
<td></td>
<td>Enough, competent Health Professionals</td>
<td>...is managed well if sick, which means:</td>
</tr>
<tr>
<td>Province-wide Health Care Provider Networks open to private sector participation</td>
<td>Good, adequate facilities</td>
<td>• Seen by an HCP</td>
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<td></td>
<td>Sustainable supply of quality Medicines</td>
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<td>Reliable referral network that is easy to navigate</td>
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<tr>
<td>Provincialize health systems leadership and administration</td>
<td>Effective planning, leadership &amp; monitoring</td>
<td></td>
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<td>MANAGERIAL INTEGRATION</td>
<td>Government as strategic purchaser of affordable, quality services</td>
<td>...with Good health outcomes</td>
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<td>Pooling of money into a Special Health Fund</td>
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<tr>
<td>FINANCIAL INTEGRATION</td>
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SP4PHC strategies in the Philippines
KEY CONSIDERATIONS THAT HAVE INFORMED THE EVOLUTION OF OUR STRATEGIES

#1
Despite improved access, PhilHealth has yet to deliver promised improvements in maternal health outcomes or, especially, in FP choice.

#2
The UHC law is an unprecedented opportunity for the Philippines to address many key issues facing the health sector towards health systems strengthening.

#3
ThinkWell is effectively positioned to provide practical and responsive technical support to key policy makers as UHC Law implementation takes shape.

#4
UHC implementation sites (UIS) in Region 6 are driving application of the new law. Working with local government is an opportunity to learn and share lessons.

#5
PhilHealth FP benefits are an opportunity for the private sector to offer increased access to FP, if UHC reforms can be leveraged to facilitate engagement.
SP4PHC IN THE PHILIPPINES: KEY STRATEGIES

Strategy 1: Catalyze PhilHealth’s impact through an expanded PHC benefit package

- Develop financing strategies and provider payment mechanisms that drive coordinated care
  - Performance-based, prospective payment to leverage strategic purchasing
  - Contracting of HCPNs to provide comprehensive care
- Strengthening PHC service delivery
  - Development of a comprehensive primary care benefit (disease agnostic) with increased capitation rates
  - Integration of outpatient specialist services to the comprehensive primary care benefit
  - Engagement strategies with private providers to expand access points

Strategy 2: Harness and harmonize government actions to better engage private providers of FP and MNCH services

- Conducted research to gain a comprehensive understanding of current barriers/bottlenecks and drivers of private provider engagement on primary care, especially FP and MNCH.
- Liaising with key stakeholders, including PhilHealth, to identify, establish, monitor, and achieve goals for engaging private providers of primary care services, with a special focus on FP and MNCH services.

Strategy 3: Provide support in the design and operationalization of healthcare provider networks (HCPNs) to promote PHC

- Providing technical support to the Department of Health (DOH) in crafting policies and guidelines in setting up and managing HCPNs as a key integration component in the roll out of the UHC law provisions;
- Assisting the DOH in the progressive rollout of UHC law provisions through:
  - Providing technical assistance and supporting the roll out of two UIS provinces: Antique and Guimaras (in Region 6)
  - Documenting lessons learned and providing feedback to DOH to integrate learning in policy formulation

Learning agenda:
- Provide support in the design and operationalization of healthcare provider networks (HCPNs) to promote PHC
- Harness and harmonize government actions to better engage private providers of FP and MNCH services
- Catalyze PhilHealth’s impact through an expanded PHC benefit package
STRATEGIC DECISION SUPPORT FOR THE DOH REGIONAL OFFICE AND PROVINCIAL HEALTH TEAMS FOR ALIGNMENT WITH UHC AND LOCAL HEALTH SYSTEM INTEGRATION PROGRESS

Learning and recommendations on the integration progress and technical advisories produced are shared with the regional DOH office and provincial health teams to facilitate discussions.

RECOMMENDATIONS

PARTNERING WITH UIS PROVINCES - ANTIQUE AND GUIMARAS
10 February 2020

BREAKING NEW GROUND

The provinces of Antique and Guimaras began preparations for UHC roll out in the last quarter of 2019. Even prior to the MOU signing in December, a series of orientation meetings had already been conducted through the efforts of CHD 6. ThinkWell Philippines undertook its Strategic Purchasing for Primary Health Care project committed to assist Antique and Guimaras provinces as its development partner for UHC roll out. In addition, assistance and support is also provided to CHD 6 in its effort to achieve regional synergy for UHC in the 6 provinces of the region.

For the initial months, the accomplishments of the two provinces largely focused on the conduct of a series of UHC orientations to different stakeholders, particularly the municipal local chief executives and health workers, as well as on revisiting and redefining the roles, functions and structure of the provincial health office in light of the enhanced functions it is projected to have under UHC. The LHIs and AOPs of the provinces were also carefully appraised to ensure inclusion of items necessary for the effective roll-out of the UHC. Consequently, the provinces also initiated the creation of different committees through various executive orders. In all of these efforts, ThinkWell Philippines played a significant facilitative role in bridging information and addressing some of the knowledge gaps with
HCPN: 3 CLUSTERS IN ANTIQUE

— Visualization of the holistic HCPN as differentiated from the current idea of a vertical service delivery network

— From this analysis, it was also found out that more health human resources are needed (specifically primary care physicians and nurses) and private clinic complementation can be considered

— Similar analysis is under way in the smaller island province of Guimaras, where only one HCPN is planned.

ANTIQUE SOUTHERN HCPN (2020 PROJECTED POP’N: 287,831)

ANTIQUE CENTRAL HCPN (2020 PROJECTED POP’N: 147,250)

ANTIQUE NORTH HCPN (2020 PROJECTED POP’N: 183,263)
Guimaras and Antique have raised queries about what resources are expected from PhilHealth given the UHC reforms, and how much the local government should contribute.

To assist ThinkWell partner provinces, a costing tool was developed to fully understand their financial landscape and needs.

KONSULTA interventions and indicators are also being consolidated to get a picture of the status and readiness of the provinces.
WHAT ARE THE FACTORS THAT HINDER PRIVATE PROVIDERS IN PROVIDING PHILHEALTH’S FAMILY PLANNING PACKAGES?

RESULTS OF A THINKWELL PHILIPPINES SCOPING REVIEW

Key Results

- **Low profitability of Packages**
- **Arduous contracting processes**
- **Delays in payment of Claims**
- **Misaligned Professional Identity**

**Strategy 2**

- **NO CARROT**: Most private providers do not find value in undergoing the requisite contracting processes because the underlying costs are not commensurate to the profitability of offering PhilHealth packages.
- **NO STICK**: Because regulatory bodies do not routinely monitor compliance with licensing requirements, providers may freely operate (and maintain profitability) without the benefit of a license to operate.

“I am a midwife; I was meant to facilitate birth, not prevent it. Giving birth is our bread and butter”
LAUNCH OF THE PRIVATE SECTOR SERIES  
(FEB 27, 2020)

Attended well by a good mix of stakeholders from the public and private sector

Affirmed that private sector sees itself as a having a strategic role in UHC

Note: Currently being recalibrated due to continued challenges due to the COVID-19 pandemic

Strategy 2

PRIVATE SECTOR in PUBLIC HEALTH SERIES | Cycle 1, Series 1
Our Common Ground: Towards a shared understanding of the UHC Law and its opportunities and challenges for the private sector in the Philippines
February 27, 2020 | OLDC Classroom, Asian Institute of Management

Photo credit: Geminn Apostol

Session proceedings and Learning briefs

1 week post-session

Draft Policy Brief

2 weeks post-session

Final Policy Brief

3 weeks post-session, to be shared to DOH and PhilHealth and other concerned agencies
MAPPING FUND FLOWS FOR FAMILY PLANNING

Results of a ThinkWell study in 2019 and a UNFPA-funded project in 2020

- This Sankey Diagram maps out the flow and estimated volume of financing—both direct and indirect—from sources of funds available for family planning (FP) in the Philippines, as they are allocated to key financing agents that utilize these funds across a variety of FP functions and services.
- The purpose of the FP fund flow map is to illustrate a simplified but comprehensive schematic of FP financing arrangements, highlighting the relationships between key actors, and potentially identifying areas of underfinancing, overlap, and potential complementation. The map, and the collaborative process of developing it, supports sustainable FP policy and planning.

### RESOURCE AND FUND FLOWS FOR FAMILY PLANNING SERVICES – PHILIPPINES

- Central government revenue
- Local government general fund
- Employer contributions
- Donor funds
- Individual and household funds
- Governance
- Monitoring, Evaluation, & Research
- Human Resource Capacity Building
- Behavioral Change Communication
- Private Sector FP Services
- Individual
- Private Contraceptive Sales

### Source
- Individual funds translated to out-of-pocket spending for both public and private services are the main source of FP financing in 2018-2019.
- Underfunding of budgeted funds for FP by public sector agents is apparent; this diagram represents only government revenue that is spent, which is approximately 63% of budgeted amounts.
- Donor funds—flowing through local and international non-government organizations (NGOs)—continue to contribute significantly to FP.

### Agent
- PhilHealth, the national health insurance program, exerts relatively weak purchasing power over both public and private services.
- Out-of-pocket (OOP) payments are still made for public sector services, which in principle should be covered fully by PhilHealth financing.
- Other public sector agents including the Department of Social Welfare and Development (DSWD) and the Commission on Population and Development (PCPD) control significant funds.

### Function
- Even with a devolved system, financing of local FP services and functions remain highly dependent on central agencies financing personnel and commodities.
- ‘Double-dipping’ financing of public sector services between agencies and levels points to unclear delineation of roles.
- OOP spending for FP in 2018-2019 was mainly spent on pharmacy-bought contraceptives.
- Limited funds were channelled to Monitoring and Evaluation, Supply chain management, HR capacity building and Behavioural Change Communication.

### Strategy 2

**Strategic Purchasing for Primary Health Care**
STRATEGY 3: RESULTS TO DATE

Current Output

— Participation in the implementing rules and regulations discussion on service delivery of the UHC law and Primary Care TWG discussion
  — Contributed towards delineation of individual vs population-based services

— Administrative Order on Primary Care drafted

— Early technical work on “Transition of Commodities”

— Provision of technical support towards the design of the KONSULTA Benefit Package
  — Accreditation and Implementing Guidelines already released
  — Pilot implementation up to Q2 2021 to assess implementation issues especially due to COVID-19 situation

— Early technical work on the benefits of PhilHealth for Network
  — Preparation of technical materials for discussion

Lessons

— “Strategy” is important in strategic purchasing
— Internal and external system readiness is important as well as having the “package”
Proposed Payment for Public vs. Private

**Differential Rate**
- PhP1500 for private facilities + PhP500 maximum co-payment (to be paid on the 2nd visit)
- PhP1000 for public facilities

**Public facilities are subsidized; rationalized government funding (PhilHealth, DOH, LGUs)**

**Single Rate**
- PhP 1500 for all facility types

**Easier communication**
- Lessen incentive for LGUs to contribute to budget for health

**Proposed Differential Payment**

- **Private**
  - PhP 1500 per capita rate
  - PhP1500 for private facilities + PhP500 maximum co-payment
  - PhP1000 for public facilities

- **Public**
  - PhP 500 per capita rate
  - PhP1000 for public facilities

**Source:** PhilHealth Presentation of the Konsulta Benefit
STRATEGY 3: LONG RUNNING TASKS (IN THE PIPELINE)

Key work items & current outputs (ongoing)

- Policy declaring guiding principles and implementation guidelines at different stages (published, drafted or ongoing management approval) for the following work streams:
  - Global budget payment
  - Diagnosis related groups (DRGs)
  - Fixed co-payment
  - Costing methodology and framework

- Provide support in research, evidence generation, analytics, and policy development

- Ongoing linking and transitioning of provider payment reforms in relation with the COVID-19 response

Source: Various PhilHealth presentations
STRATEGY 3: LONG RUNNING TASKS (IN THE PIPELINE)

Key work items and current outputs

- **Special Health Fund**
  - Development of policy: Special Health Fund Guidelines
  - Technical resource person / moderator in consultations and technical planning workshops
  - Guidelines have already been released early 2021

Lessons

- **Big reforms must be strategically phased in**
  - “Bite size/Manageable Bites” movements toward vision
  - Introduce nudges that bring relevant stakeholders towards vision
  - Set clear progression plan with learning agenda for all stakeholders

- **Consistent correspondence helps build champions, especially at top levels**
Conclusion
FINAL REFLECTIONS: SP4PHC’S CONTRIBUTION

Providing key technical inputs and support to implementing rules and regulations and other policies around the UHC law, always focusing on improving access and quality in primary care. Directly influencing the design of the Konsulta primary care package, provincial special health fund, health care provider networks, and PhilHealth policy for contracting private providers.

Link field experience in Region 6 to national level discussions, and vice versa, to ensure policy makers appreciate the challenges of implementation, and the way that local government politics interact with national policy.

Influence national dialogue around greater coherence in the purchasing eco-system, especially as it relates to improving the delivery of FP and MNCH services.
Pivoting to the Pandemic

As the COVID-19 pandemic rapidly spread around the world in 2020, the SP4PHC project pivoted to incorporate activities to respond to the crisis even as it continued to work towards its original mission.

In all five project countries, ThinkWell staff responded to government requests for support and more information on our COVID-related activities and learnings can be found [here](#).

To stay updated on all the latest insights and events from the SP4PHC team, visit our [Latest News page](#).
Thank you

https://thinkwell.global/projects/sp4phc/philippines/