

# Health Devolution in the Philippines: Lessons and Insights

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*Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas*

# Outline of Presentation

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1. Introduction/Background of the Study
2. Objectives of the Study
3. Health Devolution in the Philippine context
4. Implications of Health Devolution: Issues and Challenges
5. DOH's Response to Health Devolution: Making It Work
6. Lessons and Insights from the Health Devolution Experience

# 1. Introduction

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- One of 3 essays for my PhD thesis titled Fiscal Decentralization and Health Service Delivery: The Philippine Case

Two other essays:

- Fiscal Decentralization and Health Service Delivery: An Assessment
- Efficiency of Local Governments in Health Service Delivery: A Stochastic Frontier Analysis

# 1. Introduction (2)

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- Enactment of the Local Government Code of 1991 changed the way basic government health services are delivered at the local level.

*From a highly centralized system of health service delivery with DOH as the sole provider to a devolved system with LGUs as providers of health services*

\* to achieve efficiency and effectiveness of health service delivery by reallocating decision-making capability and resources to LGUs

## 2. Objectives of the Study

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- The study attempts to document the country's experience in health devolution with focus on DOH's efforts to make it work.

In the process, it aims to draw lessons and insights that are critical in assessing the country's decentralization policies and also, in informing future policymaking.

# 3. Health Devolution in the Philippine context

**Table 1. Devolved Functions by Level of Government**

LGU	Devolved Health Services	Reference
Barangay	Maintenance of barangay health center	Section 17.b.1.ii.
Municipality	Implementation of programs and projects on primary health care, maternal and child care, and communicable and non-communicable disease control services;  Access to secondary and tertiary health services  Purchase of medicines, medical supplies, and equipment needed to carry out the said services	Section 17.b.2.iii.
Province	Hospitals and other tertiary health services	Section 17.b.3.iv.
City	All the services and facilities of the municipality and province	Section 17.b.4.

Source: Local Government Code of 1991

# 3. Health Devolution in the Philippine context (2)

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Primary health services in RHUs and BHS include:

- ❖ health education
- ❖ control of locally endemic diseases such as malaria, dengue, and schistosomiasis
- ❖ immunization against TB, polio, measles, and tetanus, among others
- ❖ maternal and child health and family planning
- ❖ environmental sanitation and provision of safe water supply
- ❖ nutrition
- ❖ treatment of common diseases
- ❖ supply of essential drugs

### 3. Health Devolution in the Philippine context (3)

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- Secondary health services refer to medical services that are accessible in some RHUs, infirmaries, district hospitals, and outpatient departments of provincial hospitals.
- Tertiary health services include medical and surgical diagnostics, treatment, and rehab care provided by medical specialists in a hospital setting

NB. DOH takes on the residual powers and functions that include oversight or general supervision of the health sector, monitoring and evaluation functions, formulation of standards and regulation, and provision of technical and other forms of assistance.



### 3. Health Devolution in the Philippine context (4)

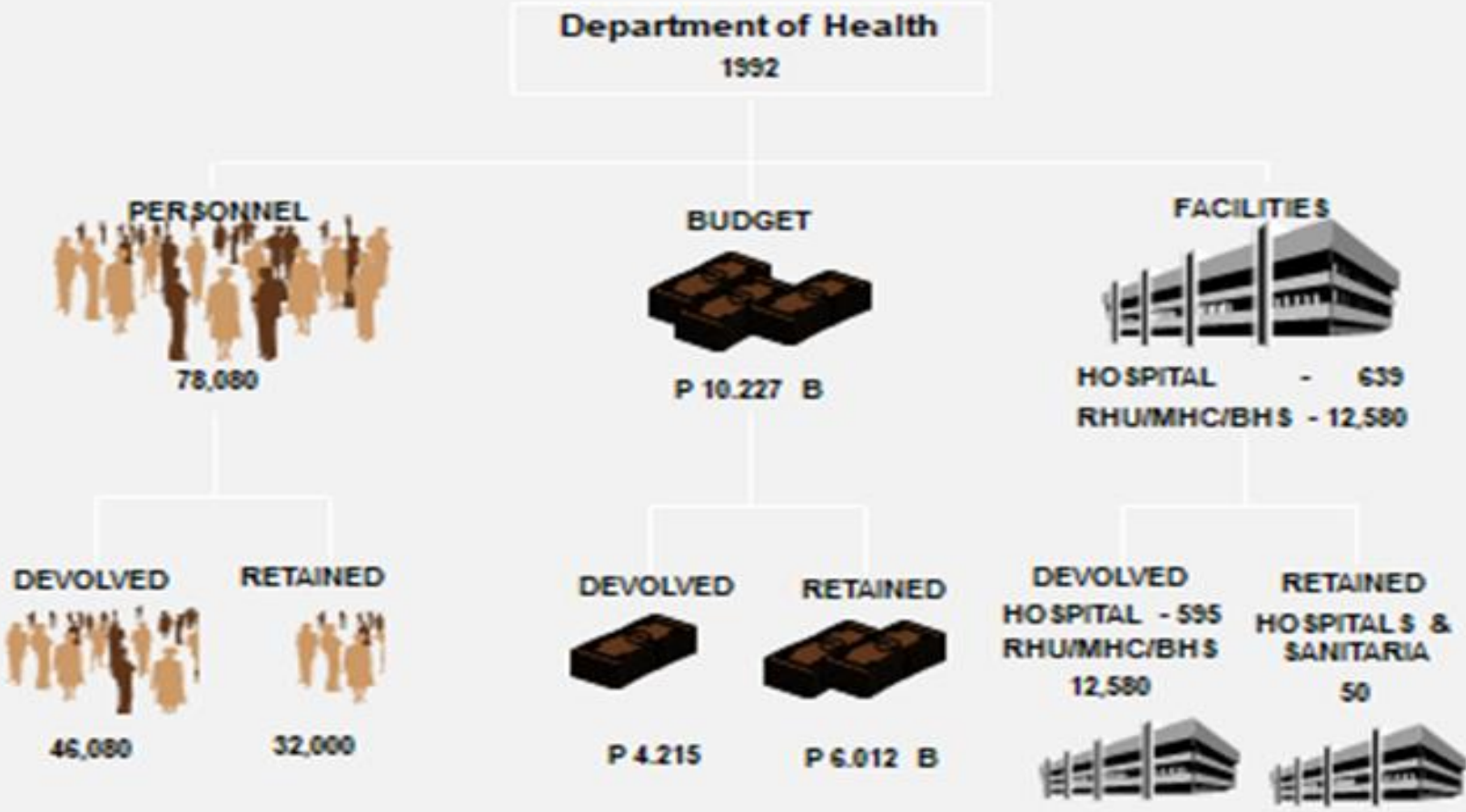
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- Section 17.f. of the Code states that...

“the national government or the next higher level of local government unit may provide or augment the basic services and facilities assigned to a lower level of local government unit when such services or facilities are not made available or, if made available, are inadequate to meet the requirements of its inhabitants.”

# 3. Health Devolution in the Philippine context (5)

**Figure 1. Personnel, Budget and Facilities Devolved from the Department of Health**



Source: Overview of the Philippine Health System, BLHD

### 3. Health Devolution in the Philippine context (6)

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- The massive transfer of personnel, health facilities, and budget had an overwhelming effect on the health sector, thus making health devolution “the most dynamic and complex” scheme in the entire decentralization process (Mercado et al. 1996, p.5).
- The Philippine health devolution experience can be considered as “the most ambitious health decentralization initiatives ever undertaken in Asia (World Bank 1994, p.i).”

NB.1. There are only limited direct references to health services and its organization in the Code and such treatment for the “largest and most complex” basic government service indicates little regard for technical aspects that are crucial to the delivery of basic health services (Perez 1998a, p.8).

NB.2. Health service delivery is the toughest technical challenge for LGUs (ARDI 1998).

### 3. Health Devolution in the Philippine context (7)

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To facilitate the implementation of health devolution:

- DOH Task Force on Decentralization drafted in August 1992 the “DOH Rules and Regulations Implementing the Local Government Code of 1991,” which provides guidance on devolution of health functions, transfer of DOH personnel, assets, and appropriations to local governments, and DOH regulatory functions, among others (Perez 1998b, p.3).
- DOH created in December 1992 the Local Government Assistance and Monitoring Service (LGAMS), an initially ad hoc unit but in 1994 became a line item in the DOH budget to serve as liaison between the DOH and LGUs (Perez 1998b).
- DILG, through the Bureau of Local Government Development formulated the Master Plan for the Code to sustain the momentum of decentralization process.

# 3. Health Devolution in the Philippine context (8)

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## Phases of Health Devolution

- Changeover phase (period 1992 -1993) – the phase wherein the formal transfer of functions and responsibilities from DOH to LGUs occurred, along with the corresponding personnel and assets and liabilities
- Transition phase (period 1994 -1996) – the phase wherein the DOH and LGUs attempted to institutionalize their adjustments to the major innovations introduced by the Code
- Stabilization phase (1997 onwards) – the phase wherein LGUs were expected to have developed capabilities in managing local affairs (i.e., LGUs were fully autonomous that they manage local health services) and DOH provided constant support and technical assistance to LGUs

*Source: Perez (1998b)*

## 4. Implications of Health Devolution: Issues and Challenges

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Before health devolution, DOH recognized that many of the LGUs might be facing resource constraints.

Policy dilemma: whether or not to devolve health services to LGUs

But there is wisdom in doing it because of the urgency of local action in providing health services without seeking top-level intervention (DOH 1997).

NB.1. The fact remained that many LGUs were not ready for the devolution in terms of both financial and human resource. Fiscal capacity of LGUs and managerial capability of local chief execs (LCEs) were not considered prior to devolution.

NB.2. There was no sufficient preparation that would enable all those affected by health devolution to cope with the tremendous change it brought. Orientations, particularly on LHB, were conducted in 1994, i.e., a year after actual devolution (Perez 1998a).

NB.3. A strategic plan for the introduction of health devolution was lacking (Grundy et al. 1993).

# 4. Implications of Health Devolution: Issues and Challenges (2)

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- Financing for health – mismatch between IRA and the cost of devolved functions (CODEF); cost of implementing the Magna Carta for public health workers (PHWs) as mandated in RA 7305 of 1992 was not factored in the CODEF estimation which put more strain on LGUs' limited budget
- Health personnel – resistance from devolved DOH personnel and LGUs (i.e., to absorb the cost of devolved staff), and geographical job displacement due to political differences between the LCEs and health personnel, at the early stage of health devolution (Perez 1998b); Magna Carta for PHWs has perverse impact on the relationship between the LGU health office and the rest of LGU personnel.  
(NB. Health workers' compensation is higher relative to others because of Magna Carta, not to mention the additional pay/benefits (i.e., in terms of training) they get from PhilHealth capitation fund or PhilHealth Trust Fund for Per Family Payment.)
- Organization/structural change – issue on whether the LHBs and ILHZs are functional; issue on fragmentation of health services because health devolution disintegrated the chain of health care delivery system when the administration of health facilities was transferred from the provinces to different jurisdictions such as barangays, municipalities, and cities (DOH 2001; DOH 2002; Romualdez et al. 2011) → separation of admin control between primary health care and secondary/tertiary health care (referred to in DOH 1999b as technical fragmentation of local health systems)



# 5. DOH's Response to Health Devolution

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## 1. Early stage of health devolution

- Creation in December 1992 of the Local Government Assistance and Monitoring Service (LGAMS), an initially ad hoc unit but in 1994 became a line item in the DOH budget to serve as liaison between the DOH and LGUs (Perez 1998b).
- DOH's partnership with LGUs through Comprehensive Health Care Agreement (CHCA) on the implementation of health programs (i.e., DOH to provide support to LGUs; LGUs commit to satisfy the necessary conditions for program implementation)
- DOH Health Development Fund – an anti-poverty investment package for health to provide support to LGUs, NGOs, and POs
- Integrated Community Health Services Project – a collaborative six-year project among DOH, ADB, AusAID, and provincial government of Kalinga, Apayao, Guimaras, Surigao del Norte, South Cotabato, and Palawan; geared towards strengthening of primary health system through upgrade of basic health facilities, provision of quality essential drugs, and training of health personnel, among others



## 5. DOH's Response to Health Devolution (2)

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2. 1999-2004 Health Sector Reform Agenda (HSRA) – includes hospital system reforms, public health program reforms, local health system reforms, health regulatory reforms, and health financing reforms
3. 2005-2010 Fourmula One for Health – includes health financing, health regulation, health service delivery, and good governance in health (NB. Province-wide Investment Plan for Health or PIPH used as instrument in forging DOH-LGU partnership in achieving better health outcomes, more responsive health system, and more equitable health care financing)
4. Aquino Health Agenda (AHA) – meant to improve, streamline and scale up reform interventions adopted in the HSRA and Fourmula One; AHA's implementation framework is Kalusugan Pangkalahatan with focus on the poor to ensure that nobody will be left behind; strategic thrusts include financial risk protection through expansion in NHIP enrolment and benefit delivery; improved access to quality hospitals and health care facilities; and attainment of the health-related MDGs

# 6. Lessons and Insights

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1. "In retrospect, the present reality in the health sector is brought by several factors affecting the delivery of health services. One of these is the devolution of health services to the local government units (LGUs). Passing on the big responsibility of health care to LGUs was done with noble intentions, but unfortunately, with inadequate preparation resulting in inappropriate and ineffective health service implementation (DOH 1999a, p.i)."
  - This statement highlights the importance of a well-planned and well-designed government policy to minimize, if not avert, unintended consequences.
  - "Hasty and unplanned decentralization, sometimes purely in response to political pressures, can create new problems (World Bank 1993, p.12). This insight is deemed useful in crafting any public policy in the future.
2. "A highly decentralized public delivery system brought about by the devolution of health services" is regarded as a structural weakness based on Solon and Herrin (2017, p. 87). The implementation of the various health reforms has been "challenged by the decentralized environment...(Romualdez et al. 2011. p.xvii)."
  - In this light, one cannot help but wonder whether health devolution was the right thing to do. Nevertheless, Solon and Herrin (2017) clarify that it is the way health devolution was implemented that fragmented public health service delivery and financing. This concerns the design of health devolution.
  - "The most appropriate level of decentralization in the health system is an important unresolved policy debate (Regmi 2014, p.4-5)."

## 6. Lessons and Insights (2)

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3. Some LGUs are better able to reap the benefits of health devolution. Existing literature points to success stories or good practices. The interesting questions to ask are: “Why is this so? What are the factors that make health devolution work for these LGUs? Insights/lessons can be drawn from their experience and thus, it would be useful to take a closer look at their experience and find out how good practices can be replicated in other LGUs, with modifications to adapt to specific LGU context, if necessary.
4. A number of health reforms have already been initiated to achieve national objectives for health. However, the effectiveness of these reforms is constrained by the varying priorities/thrusts of political leaders and even DOH secretaries through time. Sustainability of health reforms is not assured in every change of political administration unless they are mainstreamed (i.e., passed into law). By the time that some health reforms take root and reap the expected benefits, they are replaced by new ones due to change in political administration and/or lack of (political) traction. Mainstreaming of health policy reforms through enactment of national laws can ensure sustainability of these reforms.
5. Very few studies have attempted to do review and assessment of these health reforms. Insights/lessons can be drawn from the country’s experience with these reforms and they can inform future public policies. It is noteworthy that health devolution *per se* is a health reform to improve health service delivery and thus, it also needs to be assessed, especially that it has been in effect for 27 years now.




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# Thank you!

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