

## Magna Carta of Public Health Workers: does it really fulfill its intent?

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**J**n previous *Policy Notes* written by this author, issues surrounding the utilization of financial resources of public hospitals left under the management of the Department of Health (DOH) after the Philippines' health sector was decentralized had been noted. One of these issues relate to the inefficiencies in the utilization of funds in DOH hospitals as partly abetted by the burden of paying the benefits mandated under the Magna Carta of Public Health Workers.<sup>1</sup>

The Magna Carta of Public Health Workers (Republic Act or RA 7305) was enacted to ensure that health workers are properly compensated, which will in turn benefit patients through the delivery of quality health care service. Thus, its intention was supposed to be for the benefit of the overall health care delivery service. But as it stands now, does the law really fulfill its original intent? Or does it cause more damage than good?

This *Policy Notes* probes into this issue by examining the manner and source by which the Magna Carta benefits are being funded and paid. It looks at the financial data, including those related to the provision of Magna Carta benefits, in certain specialty hospitals in Metro Manila, and identifies the funding gaps. It then offers an option that may be explored in addressing the issue.

### **Magna Carta of Public Health Workers: good intention gone wrong?**

Under RA 7305, public health workers are entitled to a host of benefits, including subsistence

<sup>1</sup> R.F. Lavado, A.B. Sanglay-Dunleavy, J. Jimenez, and Y. Matsuda (2010), How are government hospitals performing? A study of resource management in DOH-retained hospitals, PIDS Discussion Paper Series No. 2010-02 (Makati City: Philippine Institute for Development Studies).

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allowance, laundry allowance, longevity pay, hazard pay, and higher salary grade upon retirement, among others. Since its passage in 1992, however, successive governments have failed to fully provide for the payment of all the benefits prescribed in the law in the public hospitals' budget. Only the subsistence and laundry allowances<sup>2</sup> are provided and only partially, for subsistence allowance. Of the PHP 1,500 under the Implementing Rules and Regulations (IRR) of the Magna Carta, only PHP 900 per month was funded from the General Appropriations Act (GAA) while the balance of PHP 600 per month was sourced from hospital savings; for laundry allowance, only PHP 125 per month was funded from the GAA while the balance was sourced from savings. Hazard allowances were also budgeted but only for x-ray technicians. The rest of the benefits prescribed in the Magna Carta were not funded at all.<sup>3</sup>

Since the Magna Carta law was vague in specifying the sources of funds for payment of all the benefits, there is no real accountability on who should fund it. For instance, the law stated that payment must be based on "LGU capacity," yet the PIDS study on local services delivery had shown that there is no real logic to the compliance

<sup>2</sup> Subsistence allowance or meal stipend of at least PHP 50 per meal or PHP 1,500 per month; laundry allowance equivalent to PHP 150 per month; and hazard pay of 25 percent of actual present salary for SG 19 and below and PHP 4,989.75 for SG 20 and above.

<sup>3</sup> Drs. M. Garcia and E. Cabegin (2008), An assessment of the implementation and budgetary requirements of the Magna Carta for government workers (Draft Final Report).

<sup>4</sup> Philippine Institute for Development Studies (2009), Improving local service delivery for the MDGs in Asia: the case of the Philippines. PIDS Discussion Paper No. 2009-34 (Makati City: PIDS).

by local government units (LGUs) on the payment of Magna Carta benefits.<sup>4</sup> Differences in the LGUs' capacity to pay have resulted in differences in benefits received by health workers, even among those of equal ranks. These differences in pay and benefits have an adverse effect of sowing discontent rather than empowerment of health workers.

Since the DOH does not also provide in the hospitals' budgets the funding to fully finance the benefits under the law, public hospitals have no choice but to derive payment of Magna Carta allowances from their own savings. Unfortunately, the current financial status of most hospitals suggests that they are already overstretched in meeting hospital operational expenses. Giving them the additional burden of shouldering the expenses to pay for Magna Carta benefits results in unequal compensation of hospital workers among public hospitals.

### **Data on the ground: funding for Magna Carta benefits**

In Metro Manila (MM), where government hospitals are arguably better financed, the distortion in the ability to meet all obligations mandated under the Magna Carta law is very telling. Based on the total figures gathered from the Statement of Allotments, Obligations and Balances (SAOB) of MM specialty hospitals, it appears that only 11 percent of the obligated hazard pay and 92 percent of obligated subsistence and laundry allowances were covered by appropriations in 2007 (Table 1). On the whole, the budget may have only covered 65 percent of the implemented Magna Carta

benefits while the rest of the funding requirements were sourced through savings.

Table 2 also shows that unobligated allotments of salaries and wages from unfilled plantilla positions in the hospitals are the main sources of “savings” for payment of Magna Carta benefits. Data on filled and unfilled positions reveal that those with high funding gaps are those that

have higher than average level of unfilled plantilla positions. For example, unfilled positions account for 17.6 percent of the total plantilla positions at the National Center for Mental Health (Table 3). This means that 349 positions were vacant at this hospital and this would have allowed them to accrue savings for payment of Magna Carta benefits. It is also possible that savings from maintenance and other operating

**Table 1. Comparison of appropriations and obligations for provision of Magna Carta benefits for Metro Manila specialty hospitals, 2007 (in thousand pesos)**

Name of Hospital	Appropriations			Obligations			Difference		
	Hazard	Subsistence and Laundry	Total	Hazard	Subsistence and Laundry	Total	Hazard	Subsistence and Laundry	Total
Jose R. Reyes Memorial Medical Center	877	14,504	15,381	3,422	19,307	22,728	(2,545)	(4,803)	(7,347)
Rizal Medical Center	438	7,213	7,651	1,090	6,039	7,129	(652)	1,174	522
East Avenue Medical Center	803	10,566	11,369	-	18,036	18,036	803	(7,470)	(6,667)
Quirino Memorial Medical Center	321	7,337	7,658	321	7,337	7,658	-	-	-
Tondo Medical Center	292	5,097	5,389	292	5,097	5,389	-	-	-
Dr. Jose Fabella Memorial Hospital	877	12,884	13,761	18	17,062	17,080	859	(4,178)	(3,319)
National Children's Hospital	365	5,351	5,716	365	5,351	5,716	-	-	-
National Center for Mental Health	1,607	24,412	26,019	44,122	21,644	65,766	(42,515)	2,768	(39,747)
Philippine Orthopedic Center	877	13,553	14,430	17,183	17,153	34,336	(16,306)	(3,600)	(19,906)
San Lazaro Hospital	657	10,987	11,644	657	10,987	11,644	-	-	-
Research Institute for Tropical Medicine	219	5,541	5,760	219	-	219	-	5,541	5,541
"Amang" Rodriguez Medical Center	-	4,247	4,247	-	4,247	4,247	-	-	-
Total	7,333	121,692	129,025	67,690	132,259	199,948	(60,357)	(10,567)	(70,923)

Sources: Department of Budget and Management, General Appropriations Act; and Department of Health Reports

**Table 2. Funding gap in the provision of Magna Carta benefits for Metro Manila hospitals, 2007 (in million pesos)**

	Funding Gap	Possible Source of Funds	Amount of Unobligated Allotment
Jose R. Reyes Memorial Medical Center	(7,347)	Salaries and wages - Regular	19,907
East Avenue Medical Center	(6,667)	Salaries and wages - Regular	9,706
Dr. Jose Fabella Memorial Hospital	(3,319)	Figures presented in the SAOB were not broken down	Not available
National Center for Mental Health	(39,747)	Salaries and wages - Regular	41,432
Philippine Orthopedic Center	(19,906)	Data on allotments not consistent with DBM	Not available

Sources: Department of Budget and Management, General Appropriations Act; and Department of Health Reports

**Table 3. Filled and unfilled positions of Metro Manila specialty hospitals, 2007**

Hospital	Number of Positions			% Unfilled to Total
	Filled	Unfilled	Total	
Jose R. Reyes Memorial Medical Center	1,108	64	1,172	5.5
Rizal Medical Center	546	57	603	9.5
East Avenue Medical Center	1,024	57	1,081	5.3
Quirino Memorial Medical Center	530	19	549	3.5
Tondo Medical Center	377	37	414	8.9
Dr. Jose Fabella Memorial Hospital	917	143	1,060	13.5
National Children's Hospital	398	41	439	9.3
National Center for Mental Health	1,632	349	1,981	17.6
Philippine Orthopedic Center	990	112	1,102	10.2
San Lazaro Hospital	815	76	891	8.5
Research Institute for Tropical Medicine	411	61	472	12.9
Amang Rodriguez Medical Center	338	12	350	3.4
Total	9,086	1,028	10,114	10.2

Sources: Department of Budget and Management, General Appropriations Act; and Department of Health Reports


expenses (MOOE) were used to cover for these benefits as well. But because of the different ways these MM specialty hospitals record their SAOBs, it is difficult to ascertain if indeed this has been the case.

These data, however, are very troublesome. This means that public hospitals, under pressure to provide for all benefits mandated in the Magna Carta of Public Health Workers, are deriving

funding from savings on the number of manpower. The result is a substantial number in unfilled positions in hospitals (Table 3). This cost-cutting practice aggravates the already poor health worker-to-patient ratio in the country and puts the ability of public hospitals to provide quality health care at risk.

### Conclusion and recommendations

Mandating hospitals to provide Magna Carta benefits without giving them the appropriate budget and restricting them on the uses of funds might push the hospitals to resort to “gaming” such as report manipulation or deliberate understaffing to generate “savings” for benefit payments to the existing staff.

Since the law is already enacted, though, and it has long been recognized that hospital workers are undercompensated, Magna Carta benefits should indeed be paid but through other means that would not affect the ability of the government to provide quality and affordable health care. Given that the national government budget cannot afford to pay for these benefits, a possible source is the professional fee reimbursement from PhilHealth. Currently, these are used by some hospitals to provide honoraria to their workers; in other hospitals, however, it is not clear where these funds are spent for. As opposed to the current practice of funding the benefits from personal services or MOOE “savings,” an option worth exploring is earmarking these PhilHealth professional fee reimbursements for Magna Carta benefits. This will also provide an incentive for hospital workers to encourage patients to enroll in PhilHealth. 

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