Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

POLICY NOTES

ISSN 2508-0865 (electronic) No. 2022-06 (March 2022)

Help reduce cancer burden in the Philippines through an improved cancer financing model

Jose Ramon Albert, Sherneca Clarke-Melville, Marian Cuevas, Allan Marx Ancheta, and Eric Sajor

The cancer burden

Cancer is one of the leading causes of death globally, with nearly 10 million (1 in 6) deaths in 2020 (WHO 2021). In the Philippines, cancer is also the second leading cause of death (DOH 2019). As of 2020, there were over 153,000 new cancer cases, 354,398 prevalent cases over five years, and over 92,000 cancer deaths (WHO 2021).

The cancer burden is increasing in the Philippines. For breast and lung cancer alone, cases increased annually by 5.9 percent and 7.2 percent, respectively, between 2012 and 2018. The increasing trend is projected to continue until 2040 (WHO 2020). The most common types of cancer in the Philippines are breast, lung, colorectum, liver, prostate, and cervix uteri (Figure 1), with the highest share of deaths from lung, liver, and breast cancers.

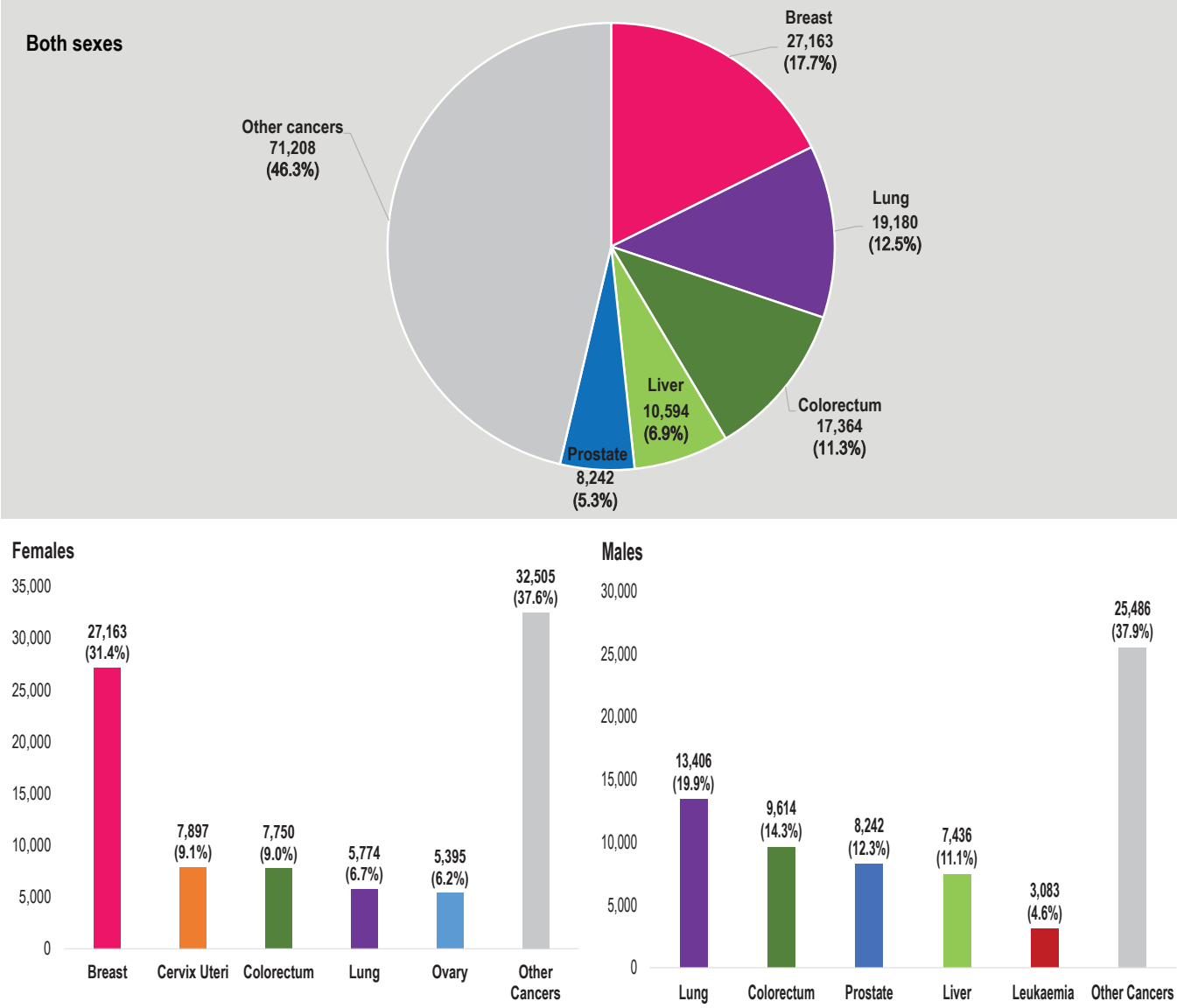
If implemented well, the Universal Health Care (UHC) Act or Republic Act (RA) 11223 and the National Integrated Cancer Control Act (NICCA) or RA 11215 can ensure equitable and rational delivery and financing of the cancer care continuum. The UHC law provides a solid foundation upon which the NICCA agenda can be built and strengthened. The implementation of these laws, however, has been delayed due to challenges from the coronavirus disease 2019 (COVID-19) pandemic.

Salient Points:

- *Cancer was the second leading cause of death in the Philippines from 2016 to 2018. Despite this, total expenditures on cancer decreased from PHP 23 billion in 2018 to to PHP 18.8 billion in 2019.*
- *In 2019, the Philippines enacted laws, such as the Universal Health Care (UHC) Act and the National Integrated Cancer Control Act (NICCA), to improve health service delivery and health financing. While these laws have the potential to transform cancer care in the country, their impact is yet unknown given that their implementation is still in the early stages.*
- *Oncology financing in the country requires systemic change. Effective implementation of the UHC law and NICCA is necessary to mitigate the cancer burden and provide a more equitable and rational access to cancer care in the country.*

This *Policy Note*, based largely on Apostol et al. (2019), describes oncology financing in the Philippines, and how this ultimately impacts access and outcomes.

Figure 1. Estimated number of new cancer cases in 2020 in the Philippines by type and sex (all ages)



Source: WHO (2020)

Finally, it presents recommendations to ensure equitable access to quality care for patients in the pursuit of the Sustainable Development Goal (SDG) 3 on good health and well-being.

Policy insights

The Philippine health system is in a period of transition with the passage of the UHC Act and the NICCA. These laws aim to improve equitable and effective health coverage for all, following the devolution of the Philippine health system in the 1990s. The UHC law mandates the Philippine Health Insurance Corp. (PhilHealth), which has a 98-percent population coverage, to provide universal health insurance for Filipinos. It also mandates PhilHealth to pool funds and deposit them in a single unified fund called the National Health Insurance Fund. Likewise, the UHC mandates the Department of Health (DOH) to set the national targets and identify costs to be financed. It also reiterates that local government units (LGUs) must have full fiscal autonomy over health

programming as mandated by the Local Government Code of 1991.

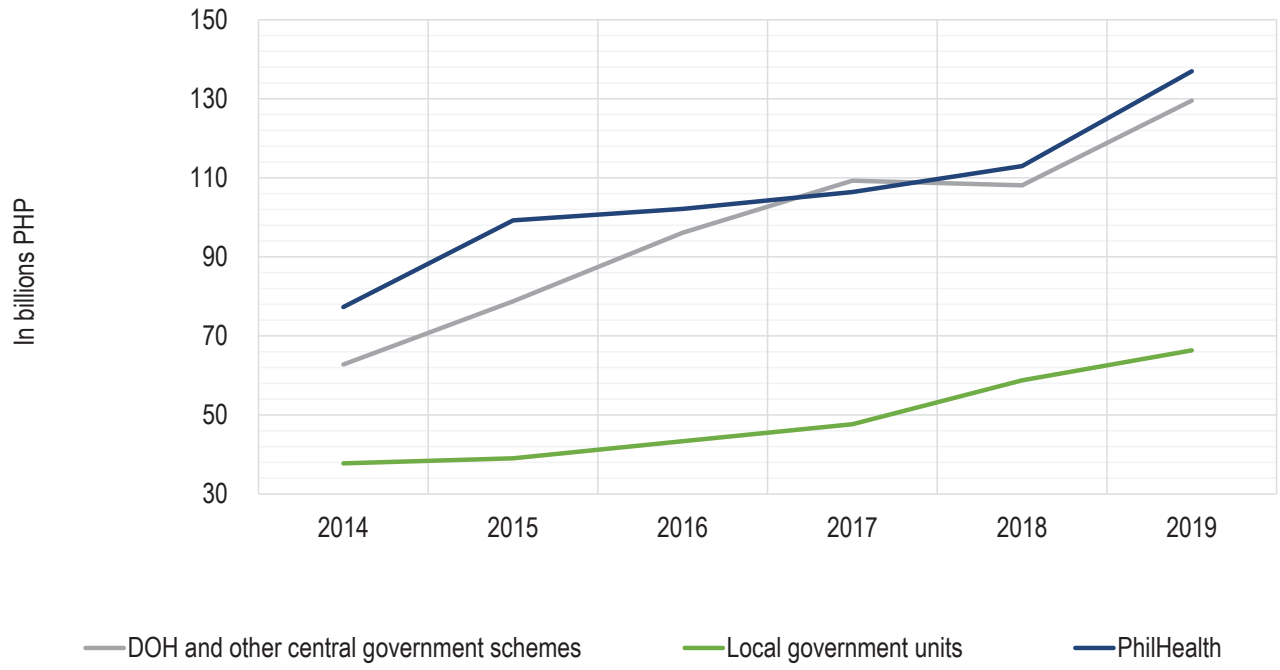
Under the draft guidelines of the UHC Act and NICCA, the roles of LGUs and DOH have evolved, such that they shall be responsible for the provision of population-based services and public infrastructure development, the extent of which is still unknown in the wake of the Mandanas ruling (Manasan 2020). These laws also mandate PhilHealth to expand its coverage to include outpatient services.

Although public spending on health has been increasing, budget allocations for DOH, PhilHealth, and LGUs have been variable (Figure 2), with PhilHealth expenditures (42.2%) driving most of government health expenditures (PSA 2020). Further, from 2014 to 2020, the share of cancer spending to total public health expenditures in the country had been relatively flat until 2020, when the share more than doubled from 2019 (Table 1).

Main challenges facing the country's health system

The Philippines has enacted various laws to improve health coverage for all, however, challenges with implementation have decreased the effectiveness of these regulations. For example, although 98 percent of the population is enrolled in PhilHealth's universal health coverage, only 66 percent of health interventions were covered (PhilHealth 2019). Additionally, while LGUs were envisioned to make the health system more responsive to local communities, in practice, however, it has resulted in a highly fragmented health sector consisting of many autonomous local health systems with weak ties to the DOH and its priorities. Therefore, the DOH has little influence on how resources are allocated to health at the local level. Meanwhile, richer LGUs have been shown to have more advanced health systems than other LGUs, with allocations and priorities to health being highly variable across them (Capuno et al. 2018).

Figure 2. Government health expenditures by healthcare financing scheme, 2014–2019



DOH = Department of Health; PhilHealth = Philippine Health Insurance Corporation
Source: PSA (2020)

Table 1. Share of cancer spending to total health expenditures in the Philippines, 2014–2020

	2014	2015	2016	2017	2018[r]	2019[r]	2020
Spending on neoplasms (in million PHP)	14,195.35	15,861.92	17,381.18	14,768.62	23,948.05	19,370.12	46,634.53
Total current health expenditures (in million PHP)	489,066.90	543,581.63	598,461.98	655,714.20	722,172.57	795,638.92	895,880.56
Share of cancer spending (in %) to total health expenditures	2.90	2.92	2.90	2.25	3.32	2.43	5.21

PHP = Philippine peso; r = revised from estimates released by PSA in the previous year
Source: PSA (2021)

The national cancer program

Despite efforts to update the Cancer Control Program, the Philippines ranked low in cancer preparedness among countries in the Western Pacific (*The Economist* 2020). In a 2020 study of Western Pacific countries, the Philippines ranked last in policy, planning, and care delivery; and 9th out of 10 countries for health system governance. In recognition of the growing cancer burden in the country, the government has established the National Cancer Control Committee, which formulated and launched the National Cancer Prevention and Control Action Plan 2015–2020. Among the plan's core elements is the introduction of the Z-Benefit package, which provides financial risk protection against catastrophic illnesses, and the recommendation that DOH provides cervical cancer screening and human papillomavirus vaccination programs.

To strengthen the Philippine Cancer Control Program, the NICCA (RA 11215) was passed in 2019. Under this law, DOH shall fund the implementation of cancer programs. However, no funding was allocated for NICCA's first year of implementation in 2020,[1] effectively reducing the total budget for the prevention and cure of noncommunicable diseases (NCDs) as well as the funding for the Cancer Medical Assistance Program in 2020. Some limited funding for CMAP, however, is available under the DOH budget for treating NCDs. Currently, the draft for the National Integrated Cancer Control Strategic Plan for 2021–2030 is under consultation, although strategic planning remains in a very nascent stage due to the COVID-19 pandemic.

Health spending on cancer care

Based on 2019 estimates, the government funds just over 40 percent of total cancer expenditures, with out-of-pocket payments and private insurance making up the remainder (PSA 2020). Cancer medicines amounted to PHP 3.84 billion in 2019, accounting for around 55 percent of public expenditures on cancer, with key informants suggesting that the number might be closer to 60–70 percent (Apostol et al. 2019). Figure 3 summarizes the oncology fund flow in the Philippines. While the UHC Act mandates an increase in resources for health, the guidelines on transition and interagency transfers from revenues of government-owned and controlled corporations have not been released.

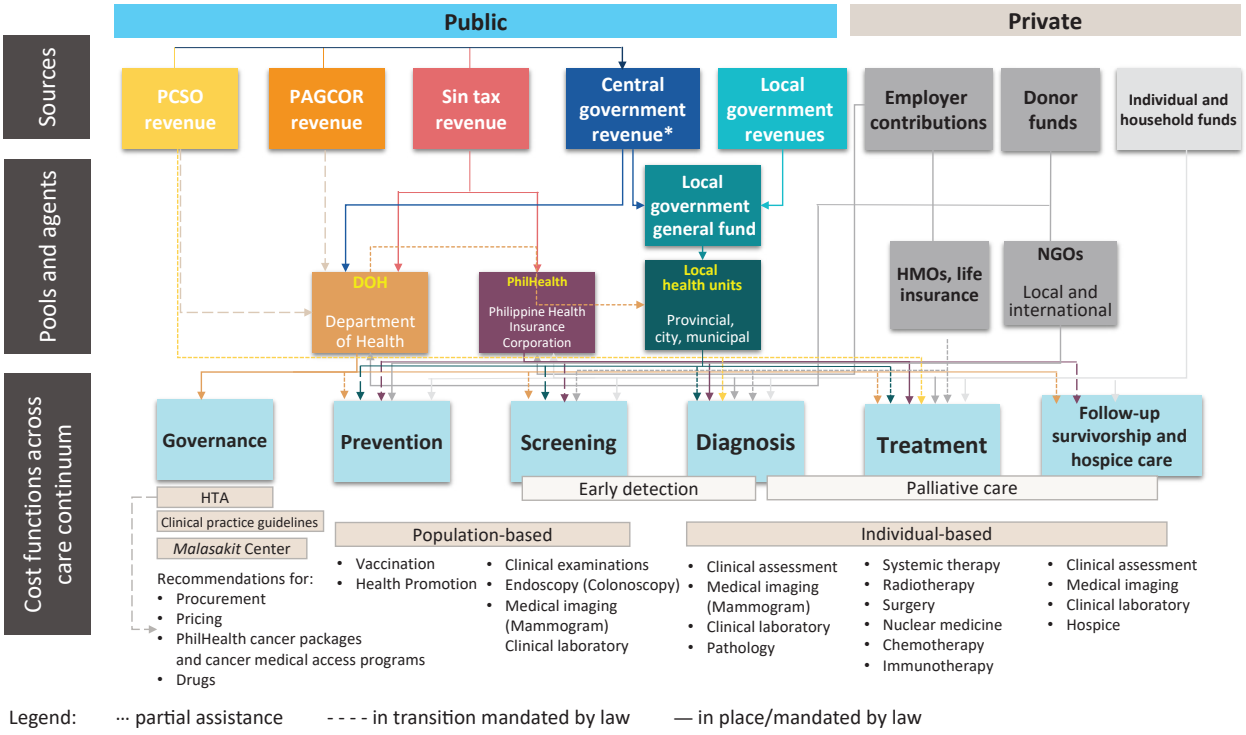
Purchasing of services across the continuum of care

Individual-based payments

PhilHealth reimburses accredited public and private healthcare facilities for a focused set of cancer care

[1] Clarito Cairo, program manager, National Integrated Cancer Control Program, Cancer Control Division, Disease Prevention and Control Bureau, Department of Health (interviewed on December 2, 2020 by Apostol et al. [2019]).

Figure 3. Oncology fund flow, Philippines (UHC and NICCA laws in transition 2020–2025)



DOH = Department of Health; PhilHealth = Philippine Health Insurance Corporation
Source: PSA (2020)

services using two payment modalities: case-rate system and benefit packages.

In 2012, PhilHealth developed the Z-Benefit package to cover catastrophic illnesses, with those eligible for the package paying close to zero out-of-pocket expenses in public hospitals that are heavily subsidized by the government. However, Z-Benefit packages have limitations:

- The development of the Z-Benefit package was not done systematically across cancer types and stages and was limited to only six cancer sites: breast, cervical, colon, rectum, prostate, and leukemia.[2]
- Participation from private providers is low because of low reimbursement rates and the narrow list of cancers and treatments covered.
- The Z-Benefit packages are underutilized (Figure 4)[3] and do not serve their purpose of preventing catastrophic health spending on cancer.

Procurement of medicines

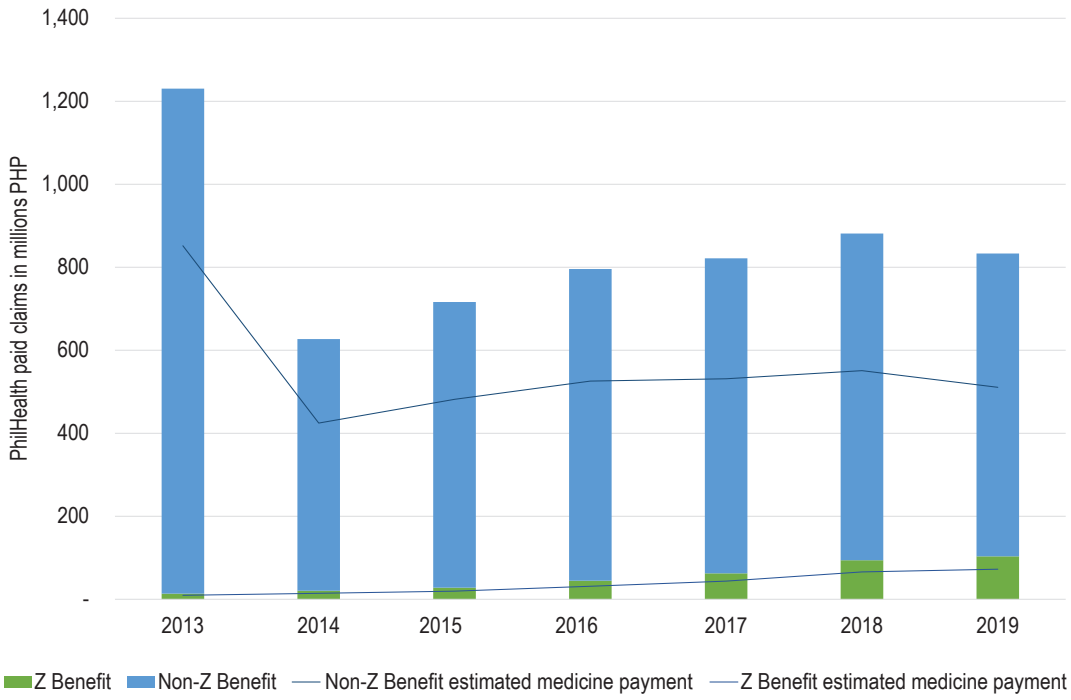
DOH healthcare facilities, supervised by the hospital director, can procure medicines. This means that facilities can sell oncology medicines with prescribed markups.

As mandated by the UHC law, DOH is accountable for establishing a price negotiation board to lower the prices of inputs and services. Hence, all services and technologies must undergo health technology assessment (HTA) for safety and cost-effectiveness before price negotiations. However, the role of HTA

[2] Melanie Santillan and Merla Reyes of PhilHealth's Benefits Development and Research Department (interviewed on December 16, 2020 by Apostol et al. [2019]).

[3] The estimated medicine payment is computed as 70 percent of case-based payments, based on estimates by AC Health (Apostol et al. 2019).

Figure 4. Case-based versus Z-Benefit payments under PhilHealth



PhilHealth = Philippine Health Insurance Corporation; PHP = Philippine peso
Source: PhilHealth (2019) and Apostol et al. (2019)

councils (HTACs) is only recommendatory, and the price negotiation board has not been established. This results in medicine procurement being approved despite the lack of evidence for cost-effectiveness and safety.

Population-based services

One of the goals of the UHC law is to make information on health goods and services up to date and accessible to the public. However, challenges in the interoperability of electronic medical records (EMRs) and technological infrastructure limit the impact of collected data on oncology service information. Despite efforts by PhilHealth to harmonize EMRs and health information system guidelines, most patient data and forms remain paper-based.[4]

Meanwhile, the health functions devolved to LGUs include the authority over local health facilities and the direct provision and management of health services, such as public health programs, health promotion, and preventive health care. However, the varying resources and prioritization of health services result in mixed performance at the local level. Preventive healthcare programs include tobacco restriction laws and vaccination against cancer-causing viruses, but hitherto, guidelines on how to implement these programs are still missing. For instance, the National Integrated Cancer Control Council (NICCC) still has no guidelines on how LGUs and DOH will share responsibility for investing in population-based cancer services. Therefore, much of the Philippine population still lack access to affordable cancer care.

How can oncology financing be improved?

Addressing the myriad challenges in oncology financing requires systemic change. Using a strategic purchasing lens (Mathauer et al. 2019), three dimensions play a key role in improving oncology financing for better healthcare service delivery: (1) design of benefits, (2) provider payments, and (3) governance.

[4] Melanie Santillan and Merla Reyes of PhilHealth's Benefits Development and Research Department (interviewed on December 16, 2020 by Apostol et al. [2019]).

Therefore, to improve oncology financing in the Philippines, the following are recommended:

- *Improve evidence-based decisionmaking through investments in technological infrastructure.* Investing in technological infrastructures to solve interoperability problems and digitization of paper-based data can contribute to the near-real-time estimation of demand and supply of inputs. Stronger generation and use of expenditure and pricing data can help reduce pricing variation.

  Contractual obligations and (non)financial incentives can be explored and developed to influence provider behavior in shifting to better health information systems. Good practices can be replicated on system design and interoperability from private-driven initiatives, such as the Cancer CARE Registry Philippines or CARE PH.

- *Leverage available evidence to review cancer care benefits under PhilHealth packages and the Cancer Assistance Fund (CAF).* Data sharing on procurement, service delivery, and monitoring of health outcomes is essential to update costing and appropriations of Z-Benefits for the CAF. While HTAC reviews the existing benefit packages, PhilHealth can already adjust all Z-Benefit packages based on medical inflation rates. Likewise, DOH can supplement cancer medicines and treatment under the CAF while its review is ongoing. Meanwhile, data sharing between public and private entities must abide by the Data Privacy Act of 2012. Finally, monitoring the effectiveness of innovative cancer drugs over chemotherapy is important.

- *Centralize decisionmaking on all public cancer interventions and enable a holistic approach to oncology financing, including primary care.* Active and strategic purchasing through the UHC law must be enforced. DOH must be accountable for price negotiations while the NICCC, as mandated by the NICCA, must be charged with policy setting. Fragmentation in financing weakens the financial leverage of the national purchaser to negotiate optimal prices. Further, a holistic approach to oncology financing by funding primary care, including services such as health promotion, must be encouraged.

  While a cancer council is yet to be established, tactics to streamline all purchasing of inputs and drugs must be implemented. In addition, price negotiations based on volume will ultimately bring prices down.

- *Leverage the NICCA implementation to put oncology financing on the national agenda by strengthening public-private partnerships.* The passage of the UHC Act and NICCA reflected a successful collaboration between the government and the private sector. The inclusion of private players, experts, and advocates can fast-track the formulation of necessary guidelines for NICCA implementation.

  DOH, PhilHealth, and private actors can use the NICCA as motivation to increase overall cancer financing. Continuous engagement of the executive branch and the private sector with legislators can ensure that the NICCA is progressing as envisioned.

Cancer care is underfunded in the Philippines, and the current financing model requires systemic improvement. The entire government, alongside public and private stakeholders, can work together to guide the effective implementation of the UHC Act and NICCA. Ultimately, the Philippines can provide more access to cancer care in the pursuit of SDG 3, and relieve the burden of cancer.

References

Apostol, V.C., M.E. Yap, and D. Loncar. 2019. Oncology financing in the Philippines. Unpublished document. Quezon City, Philippines: ThinkWell LLC.

Capuno, J., A.M.R. Rivadaneria, I. Beazley, A. Maeda, and C. James. 2018. Health financing and budgeting practices for health in the Philippines. *OECD Journal on Budgeting* 18(2):93–149.

Department of Health (DOH). 2019. *The 2018 Philippine health statistics*. Manila, Philippines: DOH. https://doh.gov.ph/sites/default/files/publications/2018%20Philippine%20Health%20Statistics.pdf (accessed on October 1, 2021).

Supreme Court of the Philippines. 2018. Mandanas et al. vs. Ochoa et al. (G.R. Nos. 199802 and 208488). Manila, Philippines: Supreme Court of the Philippines. https://sc.judiciary.gov.ph/3726/ (accessed on October 1, 2021).

Manasan, R.G. 2020. Fiscal sustainability, equity, and allocative efficiency in the light of the 2019 Supreme Court ruling on the LGUs' share in national taxes. PIDS Discussion Paper Series 2020-18. Quezon City, Philippines: Philippine Institute for Development Studies. https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2018.pdf (accessed on October 1, 2021).

Mathauer, I., E. Dale, M. Jowett, and J. Kutzin. 2019. Purchasing health services for universal health coverage: How to make it more strategic? Health Financing Policy Brief 6. Geneva, Switzerland: World Health Organization. https://apps.who.int/iris/handle/10665/311387 (accessed on October 1, 2021).

Philippine Health Insurance Corporation (PhilHealth). 2019. PhilHealth annual report 2019. Pasig City, Philippines: PhilHealth. https://www.philhealth.gov.ph/about_us/annual_report/ar2019.pdf (accessed on October 1, 2021).

Philippine Statistics Authority (PSA). 2021. Philippine National Health Accounts 2014–2020. Quezon City, Philippines: PSA. https://psa.gov.ph/sites/default/files/%28for%20%20%20sig%29_3.-2020-PNHA-Report_ao12Oct2021_rev_protected_signed_0.pdf (accessed on October 1, 2021).

Republic Act 7160. 1991. Local Government Code of 1991. Manila, Philippines: Congress of the Philippines. https://www.officialgazette.gov.ph/1991/10/10/republic-act-no-7160/ (accessed on October 1, 2021).

Republic Act 9184. 2003. Government Procurement Reform Act. Manila, Philippines: Congress of the Philippines. https://www.officialgazette.gov.ph/2003/01/10/republic-act-no-9184/ (accessed on October 1, 2021).

Republic Act 10173. 2012. Data Privacy Act. Manila, Philippines: Congress of the Philippines. https://www.officialgazette.gov.ph/2012/08/15/republic-act-no-10173/ (accessed on October 1, 2021).

Republic Act 11215. 2019. National Integrated Cancer Control Act. Manila, Philippines: Congress of the Philippines. https://www.officialgazette.gov.ph/downloads/2019/02feb/20190214-RA-11215-RRD.pdf (accessed on October 1, 2021).

Republic Act 11223. 2019. Universal Health Care Act. Manila, Philippines: Congress of the Philippines. https://www.officialgazette.gov.ph/downloads/2019/02feb/20190220-RA-11223-RRD.pdf (accessed on October 1, 2021).

The Economist. 2020. Cancer preparedness in Asia-Pacific: Progress towards universal cancer control. https://worldcancerinitiative.economist.com/pdf/Roche-cancer-preparedness-in-asia/Roche_Cancer_White_paper.pdf (accessed on October 1, 2021).

World Health Organization (WHO). 2020. Cancer country profile 2020: Philippines. Geneva, Switzerland: WHO. https://www.who.int/cancer/country-profiles/PHL_2020.pdf (accessed on October 1, 2021).

———. 2021. Cancer: Key facts. Geneva, Switzerland: WHO. https://www.who.int/news-room/fact-sheets/detail/cancer (accessed on October 1, 2021).

Contact us

Address: **Research Information Department**
Philippine Institute for Development Studies
18/F Three Cyberpod Centris - North Tower
EDSA corner Quezon Avenue, Quezon City
Telephone: (+63-2) 8877-4000
Email: publications@pids.gov.ph
Website: www.pids.gov.ph

PIDS Policy Notes are analyses written by PIDS researchers on certain policy issues. The treatise is holistic in approach and aims to provide useful inputs for decisionmaking. The views expressed are those of the authors and do not necessarily reflect those of the PIDS or any of the study's sponsors.

This *Policy Note* was written in collaboration with **Merck Sharp & Dohme (I.A.) LLC-Philippine Branch** (PH-NON-00629 Mar/2022; EXP January 01, 2023). Jose Ramon Albert is a senior research fellow at PIDS, while Sherneca Clarke-Melville, Marian Cuevas, Allan Marx Ancheta, and Eric Sajor are associate director of global oncology policy, communications lead, director, and associate director of market access, respectively, at Merck Sharp & Dohme (I.A.) LLC-Philippine Branch. Dr. Albert declares no conflict of interest.