



HEALTH ECONOMICS AND FINANCE PROGRAM

Rising income levels will drive an increase in demand for high-quality healthcare services.

The rising middle class expects:

- Greater access to healthcare
- Higher quality
- More Responsive
- More institutionalized

The government is set to become the dominant source of health spending

Healthcare as an entitlement of citizens

Healthcare as a priority political agenda.

Changing epidemiologic and demographic patterns will change how healthcare must be delivered and financed.

Projected Bed-Days for All Hospital Levels, by Disease Category

**Primary
Healthcare**

**Integrated
delivery of
services**



**Infectious
Diseases**



**Maternal Newborn &
Child Health and
Nutrition**



**Noncommunicable
Diseases**

Source: Philippine Health Facility Development Plan

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REPUBLIC ACT NO. 11975

GENERAL APPROPRIATIONS ACT JANUARY 1 - DECEMBER 31, 2024

RA 11975

PIDS Board Resolution



PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

*Service
through
policy research*

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Resolution No. 2024-14
Series of 2024

**APPROVING THE PROPOSED PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES (PIDS)
PROGRAM ON HEALTH ECONOMICS AND FINANCE AND AUTHORIZING THE PIDS
MANAGEMENT TO DESIGNATE THE EXISTING PLANTILLA OF THE INSTITUTE AS
MANPOWER FOR THE IMPLEMENTATION OF THE PROGRAM**

Focus area



Financing

Provider Payment System



Governance

Health sector performance measurements



Delivery

Impact evaluation & sectoral assessment of health programs



Strategic and institutionalized partnership with key implementing agencies.



**Avenue for policy and economic researchers.
Build critical mass.**



HEALTH ECONOMICS AND FINANCE PROGRAM



**Focus area #1
(Financing)**

**Provider Payment
Reforms**



PhilHealth
Your Partner in Health

Financial protection remains poor among Filipinos

Declining financial leverage of PhilHealth in hospitals.

Weaknesses of the current provider payment system of PhilHealth



Costing practices



Provider payment design



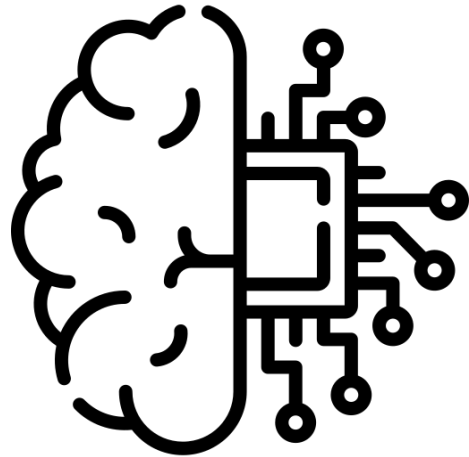
Transparency in rate-setting

**Inaccurate
payment rates**

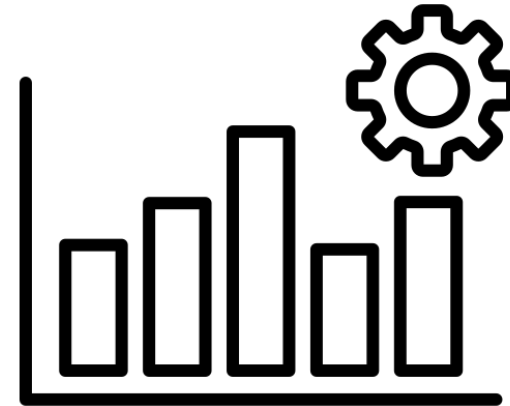
**Unpredictability
of healthcare
cost**

**Institutional
mistrust**

HFEP aims to conduct data-driven and independent research to inform the PhilHealth payment system.



**Develop and update
the Diagnosis-
Related Groupings
(DRGs)**



**Conduct innovative
research on provider
payment system
reforms**

The Universal Healthcare Act (R.A. 11223, Section 18, b) mandates the shift to Diagnosis Related Grouping (DRG)

DRGs accounts for case complexity and will lead to fairer rates

Example: Juan and Lolo have Dengue without Warning Signs (A97.0)

In a DRG regime, a governance structure with clear processes and stakeholder roles must be present



Research Institution/s



1. Policy Direction

2. Stakeholder Inputs

3. PPM Analytics

5. Policy Implementation

**RA 11223
UHC Law**



Payment Weights



Expert TWGs

4. Iterative Consultations

Philippine DRGs

- ✓ Fair rates
- ✓ Transparent methodology

Moving towards DRG requires continuous and sustained technical work. The work never stops.

Data support

- DRG grouper,
- Pilot of calculations
- New claims form

Policy Readiness Analysis

Shadow billing data collection

Stakeholder consultation

Costing (institutionalize costing sites)

DRG clinical algorithm revisions (with medical societies)

DRG Relative Weights Analysis

Calculations and decisions for:

- Global Budget
- Cost-sharing

Pilot

DRG- Global Budget in select hospitals and evaluate

Transition to actual payment DRG-Global Budget



Philippine Diagnosis Related Groups Implementation Manual

Details of the DRG Groupers

Version 1

Prepared by The Philippine Institute for Development Studies
for the Philippine Health Insurance Corporation
February 2025



How do we work together to succeed?

**Medical
Societies
and
Academia**

**Healthcare
Providers**

**Patient
Groups**

**PhilHealth
and DOH**

**Focus area #2
(Governance)**

**Health sector
performance
measurements of
national and local
governments**



Insufficient data to assess sectoral performance at the national and local levels.

Health outcomes and population health

Are Filipinos healthy? Are there variations in health outcomes?

Health use

Are they people using healthcare services equitably and efficiently? Are the people using PhilHealth?

Health financing

How much is the government spending on health? Are there variations across LGUs?

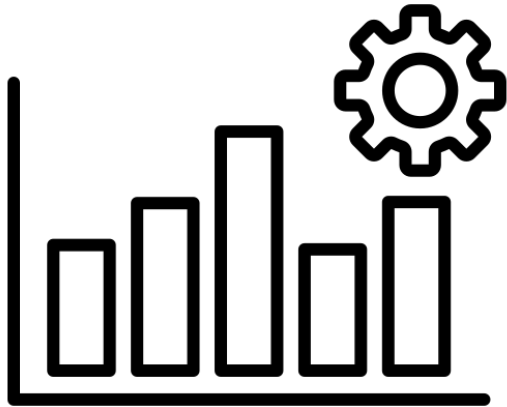
Health service delivery

How are health facilities distributed?

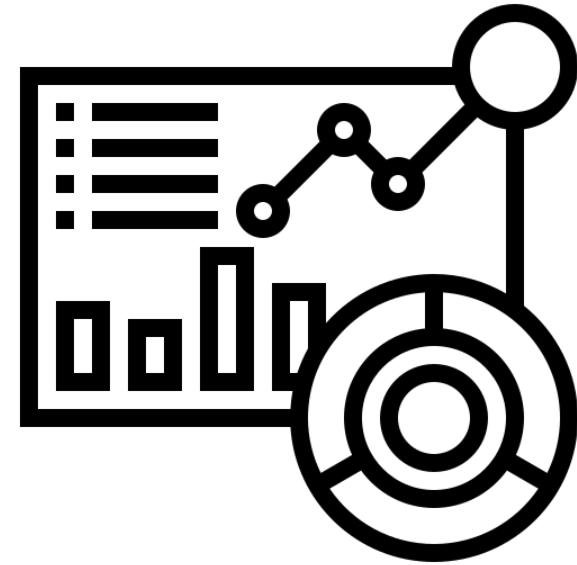
Health human resources

How are health workers distributed?

HFEP aims to independently generate data to inform the government, civil society, and the public.



Regularly collect and analyze health sector and non-health sector data.



Create data platforms/dashboard

Focus area #3 (Delivery)

Impact evaluation &
sectoral assessment
of health programs



FEBRUARY 2021

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Valerie Gilbert T. Ulep and Jhanna Uy



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CONTACT US:

RESEARCH INFORMATION DEPARTMENT
Philippine Institute for Development Studies
18th Floor, Three Cyberpod Centris - North Tower
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Valerie Gilbert T. Ulep, Nina Ashley O. Dela Cruz,
Alfredo Jose C. Ballesteros, Alyssa Cyrielle B. Villanueva,
and Clarisa Joy A. Flaminiano



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This article/report reflects the points of view of the authors, and the information, conclusions, and recommendations presented are not to be misconstrued as those of the Department of Health. Furthermore, this article/report has not yet been accepted by the DOH at the time of writing. The material presented here, however, is done in the spirit of promoting open access and meaningful dialogue for policy/plans/program improvement, and the responsibility for its interpretation and use lies with the reader.

CONTACT US:

RESEARCH INFORMATION DEPARTMENT
Philippine Institute for Development Studies
1 Floor, Three Cyberpod Centris - North Tower
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publications@pids.gov.ph
(+632) 8877-4000

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This study was carried out with support from the United Nations Children's Fund (UNICEF).



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Philippine Institute for Development Studies
18th Floor, Three Cyberpod Centris - North Tower
EDSA corner Quezon Avenue, Quezon City, Philippines

publications@pids.gov.ph
(+632) 8877-4000

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