



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA



CIRCULAR LETTER

No.: 2019 - 8
July 3, 2019

To : All Heads of Departments, Agencies, Bureaus and Offices of the National Government, including State Universities and Colleges (SUCs), Constitutional Offices, Government-Owned or –Controlled Corporations (GOCCs), and Government Financial Institutions (GFIs); Local Government Units (LGUs); and all Others Concerned

Subject : **EMPLOYER (GOVERNMENT) SHARE IN THE HEALTH INSURANCE PREMIUM CONTRIBUTIONS TO THE PHILIPPINE HEALTH INSURANCE CORPORATION EFFECTIVE FY 2019**

- 1.0 This Circular is issued to prescribe the guidelines on the employer (government) share in the Health Insurance Premium (HIP) contributions to the Philippine Health Insurance Corporation (PHIC) for FY 2019 as prescribed under Republic Act (RA) No. 11223 entitled, "An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor," or the "Universal Health Care Act."
- 2.0 Notwithstanding the upward adjustments in HIP contributions to support expanded benefits for more beneficiaries, and that payment for personnel benefits is considered a mandatory government expense, the following policies on HIP contributions as prescribed under previous DBM issuances are hereby reiterated to ensure that payments for employer (government) shares shall have the corresponding appropriation cover for fiscal sustainability and payments for employee shares shall correspond to the employer (government) share for equitability:
 - 2.1 Agencies should ensure that payment of government HIP contributions is supported by corresponding appropriations (**DBM Circular Letter [CL] No. 2017-3** dated January 3, 2017 – *Government Share on the Health Insurance Premium Contributions of Government Employees to the Philippine Health Insurance Corporation [PhilHealth] Effective FY 2017*);
 - 2.2 Agencies should ensure that the employee's personal share to be collected from his/her monthly basic salary (MBS) shall correspond to the government share, as provided in the budget (**DBM CL No. 2017-3**);

- 2.3 National Government Agencies (NGAs) and fully/heavily subsidized GOCCs shall always comply with the rates prescribed under the latest DBM CL for the purpose. In the event that these entities have been paying rates actually prescribed by the PHIC, i.e., higher than the latest CL-prescribed rates, they shall revert back to the rates provided under the latest CL. Unpaid contributions resulting from increases in premium rates prescribed in PHIC Circulars without the consultation/notification between DBM and PHIC cannot be considered a government liability. – DBM CL No. 2017-3; The employer (government) share in the HIP contribution to be remitted to PHIC shall be increased only upon appropriate advice or notice from the DBM. - **DBM CL No. 2012-12** dated June 29, 2012 - *Employer (Government) Share in the Premium Contribution to PhilHealth*
- 2.4 The following government entities which are already adopting/paying the latest prescribed PHIC premium rates shall not be required to adopt the latest applicable DBM CL, consistent with **DBM CL No. 2017-8** dated April 20, 2017 - *Clarification Relative to Applicability of the Prescribed Health Insurance Premium (HIP) Contributions to the Philippine Health Insurance Corporation (PhilHealth) Effective FY 2017 Pursuant to Circular Letter (CL) No. 2017-3 dated January 3, 2017:*
- 2.4.1 GOCCs which do not receive national government budgetary support (i.e., subsidy and/or equity); and
- 2.4.2 LGUs, whether for both employer/employee shares or for employer (government) share only.
- 3.0 Section 51, General Provisions (GPs) of the FY 2019 General Appropriations Act (GAA), RA No. 11260, provides that any proposed increase in government and employee compulsory contributions may only be implemented after consultation by the agency concerned with the DBM in order that the budgetary implications of such proposal shall be duly considered, and that implementation of any such increase shall be made effective only upon inclusion thereof in an appropriations law.
- 4.0 The Universal Health Care Act (RA No. 11223) provides for the adoption of the higher income ceiling in line with the expanded benefits therein. Said RA was approved last February 20, 2019 and published on February 21, 2019, prescribing the following schedule and monthly income floor and ceiling for premium contributions:

Year	Premium Rate	Income Floor	Income Ceiling
2019	2.75%	P10,000	P 50,000
2020	3.00%	P10,000	P 60,000
2021	3.50%	P10,000	P 70,000
2022	4.00%	P10,000	P 80,000
2023	4.50%	P10,000	P 90,000
2024	5.00%	P10,000	P 100,000
2025	5.00%	P10,000	P 100,000



5.0 In accordance thereto, effective the applicable month of 2019, i.e., 15 days after publication, or March 8, 2019, the monthly premium contribution shall be at the rate of **2.75%, computed straight based on the MBS, with a salary floor of P10,000 and a ceiling of P50,000**, to be equally shared by the employee and the employer (government), as follows:

Monthly Basic Salary (MBS)	Monthly Premium 2.75% x MBS	Personal Share	Employer Share
P10,000 and below	P 275.00	P 137.50	P 137.50
P10,000.01 to P 49,999.99	P 275.02 to P 1,100.00	P 137.51 to P 550.00	P 137.51 to P 550.00
P 50,000 and above	P 1,375.00	P 687.50	P 687.50

6.0 Under the FY 2019 GAA, the funding requirements for the employer (government) share of the HIP contributions are provided, as follows:

6.1 **Agency Specific Budgets** – For the existing rates of government contributions to PHIC, consistent with **authorized rates under DBM CL No. 2018-3, as applied on the salary schedule under the 4th tranche compensation adjustment**. The amount required is comprehensively released through the GAA as the Allotment Order (GAAAO); and

6.2 **Miscellaneous Personnel Benefits Fund (MPBF)** – For the amount required to adjust the employer (government) share in HIP contributions based on **authorized rates effective on the applicable month in FY 2019**, consistent with the schedule in RA No. 11223 (Universal Health Care Act).

7.0 The funding requirements for the incremental costs of the employer (government) share in HIP contribution shall be covered by agency request to be submitted to the DBM.

8.0 The DBM shall issue the corresponding Special Allotment Release Order (SARO) and cash allocation directly to the agencies/operating units which shall, in turn, remit the amounts corresponding to the employer (government) share of the HIP contributions directly to the PHIC, in accordance with the schedule in item 5.0 hereof.

9.0 The requirements for the incremental costs of the employer (government) share in HIP contributions for casual and contractual personnel shall be charged against the agency lump-sum appropriations included in the FY 2019 agency budgets.

10.0 This Circular shall take effect immediately.


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