



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



CIRCULAR LETTER

No. **2020-4**
February 27, 2020

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 : **PRESCRIBED HEALTH INSURANCE PREMIUM (HIP) CONTRIBUTIONS OF GOVERNMENT EMPLOYEES TO THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHIC) CONSISTENT WITH R.A. NO. 11223 (AN ACT INSTITUTIONALIZING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS, PRESCRIBING REFORMS IN THE HEALTH CARE SYSTEM, AND APPROPRIATING FUNDS THEREFOR) FOR FISCAL YEAR 2020**

- 1.0 Pursuant to R.A. No. 11223, or the Universal Health Care Act, specifically under Section 10 (Premium Contributions), Chapter III (National Health Insurance Program) thereof, expanded benefits are being made available to more beneficiaries. To support the provision of such benefits, the adjustments in premium rates based on monthly income, for both the employer-share and the employee-share in the Health Insurance Premium (HIP) contributions, are prescribed under the aforecited law. The adjustment in HIP contributions for FY 2020 is consistent with Item V of PhilHealth Circular No. 2019-009 dated October 25, 2019.
- 2.0 Relative thereto, the following are reiterated:
 - 2.1 As a matter of government policy, government premium contributions to be remitted to the PHIC shall be subject to advice or notice by the DBM to ensure that such contributions are duly covered by corresponding appropriations.
 - 2.2 The funding requirements for the employer (government) share in the HIP contributions of government employees of national government agencies concerned are provided through the following:

- 2.2.1 **Agency-Specific Budgets** – cover the requirements based on the FY 2019 existing rates of government contributions to PHIC, which are included in the comprehensive release of allotments through the GAA as the Allotment Order; and
 - 2.2.2 **Miscellaneous Personnel Benefits Fund (MPBF)** – the special purpose fund which provides the required amounts to adjust the employer share in the HIP contributions effective January 1 of this year, based on the rates indicated in this Circular.
- 2.3 In the case of GOCCs and LGUs, the following shall be observed as applicable:
- 2.3.1 GOCCs shall charge, against their respective Corporate Operating Budgets under the Personnel Services expense, the amounts required for the adjustment in the employer (government) share in the HIP contributions of government employees. GOCCs are prohibited to source the payment for the purpose from loans and subsidy from the NG for the GOCC's operations, except for subsidy income or subsidy given by the DBM for the adjustment of HIP contributions.
 - 2.3.2 LGUs are enjoined to:
 - 2.3.2.1 Implement the adjusted employer (government) share in the HIP contributions of government employees to the PHIC provided in this Circular;
 - 2.3.2.2 Adopt the appropriate measures in their respective FY 2020 annual budgets and onwards, subject to the provisions of RA No. 7160 or the Local Government Code of 1991, and other existing pertinent budgeting rules and regulations.
- 3.0 For purposes of computing the **premium contribution in FY 2020, to be equally shared between the employer and the employee**, the following shall be observed:
- 3.1 For government employees receiving a **Monthly Basic Salary (MBS) not exceeding P10,000**, the monthly premium is fixed at **P300.00**;
 - 3.2 For those with **MBS exceeding P10,000 but less than P60,000**, the prescribed rate of 3.00% is applied, **as computed based on the Monthly Basic Salary (MBS)**; and
 - 3.3 For those with **MBS above P60,000**, the monthly premium is fixed at **P1,800.00**.

The monthly premium shall be rounded off to the nearest hundredths, e.g., if the computed monthly premium is P309.375, then it shall be rounded off to the nearest hundredth as P309.38.

In case of an excess centavo when dividing the computed monthly premium between the personal and the employer shares, the employer will shoulder the bigger share.

- 4.0 The funding requirements for the incremental costs of the employer (government) share in HIP contribution for regular employees shall be covered by agency request to be submitted to the DBM. The DBM shall issue the corresponding Special Allotment Release Order (SARO) and cash allocation directly to 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 item 3.0 hereof.
- 5.0 The corresponding requirements for casual and contractual employees shall be charged against the agency lumpsum appropriations included in the FY 2020 agency budgets.
- 6.0 This Circular shall only apply for the period/s and purpose/s specified herein.
- 7.0 All issuances inconsistent with this Circular are hereby repealed or modified accordingly.
- 8.0 Cases not covered in this Circular shall be referred to the DBM for resolution.
- 9.0 This Circular shall take effect immediately.


WENDEL E. AVISADO
Secretary
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and Management

0SEC-2020-14516