



**DEPARTMENT OF HEALTH
DEPARTMENT OF BUDGET AND MANAGEMENT**

**JOINT CIRCULAR NO. 2022 -0003
DECEMBER 23, 2022**

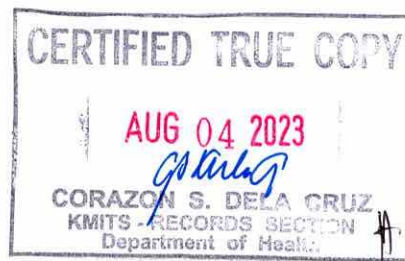
TO : Directors of the Centers for Health Development, Chief of Hospitals and Other Health Facilities, Chief of Finance and Management Services, Chief Accountants/Heads of Accounting units and Budget Officers of the Department of Health (DOH), Auditors of the Commission on Audit (COA), Officials and Technical Staff of the Department of Finance (DOF) and the Department of Budget and Management (DBM), the Presidents of Land Bank of the Philippines, Development Bank of the Philippines and Philippine Veterans Bank, and All Others Concerned

SUBJECT : Guidelines on the Retention and Use of Income by DOH Hospitals and Other Health Facilities Pursuant to Special Provision No. 2 of the DOH Appropriations under the General Appropriations Act (GAA), Republic Act No. 11639 and GAAs Thereafter, and as Applicable

1. BACKGROUND

This Joint Circular (JC) is issued to prescribe the guidelines relative to the implementation of Special Provision No. 2, "Hospital and Other Health Facilities Income" of the appropriations of the Department of Health (DOH) of the Fiscal Year (FY) 2022 General Appropriations Act (GAA), and to prescribe the required reports covering the receipt and utilization of income by the subject hospitals and other health facilities. Special Provision No. 2 provides:

"Hospital and Other Health Facilities Income. In addition to the amounts appropriated herein, all income generated from the operation of specialized hospitals, medical centers, institutes for disease prevention and control, including drug abuse treatment and rehabilitation centers and facilities, blood center facilities (blood stations, blood collection units, blood banks, blood centers), national, subnational and regional reference laboratories, public health laboratories, and other hospitals under the DOH shall be deposited in an authorized government depository bank and used to augment the hospitals' and other health facilities' MOOE and Capital Outlay requirements, to ensure the delivery of people-centered



quality healthcare services and patients' and health workers' safety as a major contributor to the achievement of the Universal Health Care goals, with priority in the Universal Health care sites and GIDAs, subject to the guidelines to be issued jointly by the DBM and DOH."

In 2003, DOH - Department of Finance (DOF) - Department of Budget and Management (DBM) Joint Circular No. 2003-1 was issued for the implementation of the special provision on the retention and use of hospital income pursuant to Special Provision No. 6 of the appropriations of the DOH of the FY 2003 GAA. With this guideline, all DOH hospitals were able to retain and utilize their income to further improve their health services delivery. As other health facilities have been included over the years, there is a need to update the said Joint Circular.

2. COVERAGE

This JC shall cover all income collected by DOH hospitals and other DOH health facilities such as drug abuse treatment and rehabilitation centers and facilities, hospital-based and non-hospital based blood service facilities (blood collection units, blood stations, blood banks, blood centers), public health laboratories (national reference laboratories, subnational reference laboratories, and regional public health laboratories). DOH hospitals and other DOH health facilities shall be referred to collectively as "DOH health facility" in this JC.

3. GENERAL GUIDELINES

3.1 In consonance with Administrative Order 2020-0003 "Strategic Framework on the Adoption of the Integrated People-Centered Health Services (IPCCHS) in All Health Facilities" and to ensure the delivery of people-centered quality healthcare services and patients' and health workers' safety as a major contributor to the achievement of the Universal Health Care (UHC) goals, with priority in the UHC integration sites (UHC IS) and Geographically Isolated and Disadvantaged Areas (GIDAs), the utilization of the DOH health facility income shall be prioritized for the following:

3.1.1 Provision of the Quantified Free Services (QFS)

QFS shall be recorded as a contra-income account similar in nature to the Hospital Discounts provided to Senior Citizens, Person With Disabilities (PWD) and Government Employees.

3.1.2 Prioritization of investments

a. All DOH Health facilities shall use their Health Facility Development Plan as basis and official reference for the prioritization of their own investments.

b. All DOH health facilities shall allocate a budget to improve their health facility operations in line with the components of the IPCCHS Framework, namely; Strategy 1: Promote an organizational culture geared towards



responsiveness, Strategy 2: Ensure appropriate infrastructure and processes in health facilities and Strategy 3: Promote client engagement and empowerment.

c. Moreover, interventions and projects that address facility gaps highlighted in the IPCHS Framework shall be considered critical to health service delivery and are allowed for capital outlay investments, subject to existing rules and regulations.

3.2 All DOH health facilities shall maintain separate books of accounts to exclusively cover the receipt and utilization of all income collected pursuant to the guidelines prescribed in this JC.

3.3 The following retained income referred to as "DOH health facility income" in this JC shall no longer be remitted to the Bureau of the Treasury (BTr), but shall be constituted as trust fund to be deposited in any authorized government depository bank (AGDB):

3.3.1 PhilHealth reimbursements

3.3.2 Hospital and other health facilities fees;

3.3.3 Medical, dental, and laboratory and other diagnostic examination fees;

3.3.4 Rent income derived from the use of hospital and other health facilities' equipment/facilities. As such, these rent income shall not be part of the revolving fund; and

3.3.5 Proceeds from the sale of hospital therapeutic products, prosthetics appliances or artificial limbs, and other medical devices. This also includes proceeds from the collection of Maximum Allowable Blood Service Fees stated in the policy and guidelines issued by DOH, and the proceeds from public health laboratory services such as but not limited to screening and confirmatory testing, evaluation of medical devices, training, and provision of quality assurance programs. Proceeds from the sale of products made by DATRC residents and training fees are also included.

3.4. All other collections not enumerated in Section 3.3 and the following income which are not classified as health facility's retained income and other kinds of income required to be in the BTr by GAA General Provision, shall be deposited with the BTr in compliance to Treasury No. 2-2022 dated 31 May 2022 (Guidelines and Procedures in Depositing National Collections):

3.4.1 All interest income earned from current account deposits of DOH health facility in any AGDB as income of the general fund;

3.4.2 Grant proceeds treated as Special Accounts in the General Fund (SAGF);



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- 3.4.3 Receipts/ Inter-Agency transfer of funds from any government agency and GOCC to DOH health facility to facilitate project/program implementation;
 - 3.4.4 Trust Receipts from other sources, including other government agencies, private persons, non-government organizations, or foreign institutions, such as donations, affiliation fees, medical fees, professional fees, performance bonds, bid docs for payment of honorarium, guarantee/security deposit, and other receipts for the fulfillment of some obligations;
 - 3.4.5 Proceeds from the sale of non-serviceable, obsolete, or unnecessary equipment, including motor vehicles, as income of the General Fund pursuant to Section 44, Chapter 5 Book VI of EO. No. 292; and
 - 3.4.6 Balances of all close and reverted dormant accounts, unnecessary SAGF, and Trust funds to the BTr as General Funds and for other purposes pursuant to Section 10 of the General Provisions of RA No. 11639, the FY 2022 General Appropriations Act.
- 3.5. Revolving Fund for drugs, medicines, and medical/laboratory supplies shall continue to be utilized subject to the provisions of National Budget Circular No. 321 dated February 6, 1980, Re – General Guidelines and related Procedures for the Establishment of Fund for Medicines and Drugs in Hospitals/Sanitaria, and subsequent issuances issued thereafter.
- 3.6. The DOH health facility income shall be used to augment the requirements of DOH Hospitals and Other Health Facilities for Maintenance and Other Operating Expenses and Capital Outlays, including Equipment and Infrastructure Projects, to ensure the delivery of people-centered quality healthcare services and patients and health workers’ safety as a major contributor to the achievement of the Universal Healthcare goals, with priority in the UHC IS and GIDAs.
- 3.7. The DOH health facility income shall not be used for payment of salaries and other allowances and benefits, whether in cash or in kind.

4. PROCEDURAL GUIDELINES

- 4.1. Opening of accounts with AGDBs is subject to DOF Department Circular No. 002-2022 dated May 2022 or the “Revised Guidelines on Authorized Government Depository Banks.”

However, those income that have been erroneously deposited with the BTr prior to the release of these guidelines shall be released to DOH Health Facilities by the DBM in accordance with the following guidelines or procedures:

- 4.1.1 DOH health facility, through a journal entry voucher (JEV), shall reclassify the income (under Section 3.3) as deposited with the BTr and recorded in their respective general fund books into a trust fund.



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4.1.2 DOH health facility shall submit a request letter supported by the copy of JEV to the BTr to reclassify the income referred to in Section 4.1.1 from the general fund to trust liabilities.

Pursuant to Treasury Circular No.2-2022 dated May 31, 2022, adjustment/reclassification related to prior years' deposited collections which were erroneously deposited/remitted to the BTr under the General Fund instead of Trust receipts and/or SAGF account which were closed to Accumulated Surplus/Deficit in the NG books at year-end and already part of the Appropriated Surplus of the NG for that particular year, shall be recognized and charged against the current year General Fund collections of the DOH health facility.

4.1.3 BTr shall issue a confirmation letter supported by the BTr JEV attesting to the reclassification of the subject DOH health facility income.

4.1.4 The DOH health facility shall request DBM to issue a Notice of Cash Allocation (NCA), supported by their latest trial balance, a copy of the BTr certification, and JEV.

4.1.5 DBM shall issue the NCA corresponding to the income certified by BTr, to be credited to the regular account under the Modified Disbursement System (MDS) of the individual DOH health facility

4.1.6 Upon receipt of the NCA, the DOH health facility concerned shall draw an MDS check to transfer the amount to the current account which was opened for this purpose.

4.2. The DOH health facility shall advise the AGDB where the current account referred to in Section 4.1.1 of this JC to automatically transfer to the BTr any interest income accruing to the said current account within five (5) banking days after the end of each quarter and furnish the BTr with the credit advice for purposes of recording such interest income. The DOH health facility shall also be furnished with copies of the credit advice for reference purposes.

5. REPORTING REQUIREMENTS

The DOH health facility shall post the Semi-Annual and Annual Report of Estimated Income Collection and Utilization and A Status of Actual Semi-Annual Annual Income Collection and Utilization, through its website, 15 days after the end of six months/one year of utilization, as indicated in the attached Forms A and B certified correct by the Budget Officer and the Chief Accountant and approved by the Head of the DOH Health facility.



6. RESPONSIBILITY OF HEAD OF DOH HEALTH FACILITY

The Head of DOH Health Facility shall strictly implement the provisions of this Joint Circular subject to sanctions provided for under applicable laws.

7. APPLICABILITY CLAUSE

The provisions of this Joint Circular shall be applicable until such time that the Special Provision on the use of DOH health facility income in the General Appropriations Act is deleted and/or superseded.

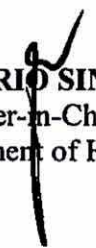
8. RESOLUTION OF ISSUES

Issues and concerns that may arise in the implementation of this JC, shall be resolved by the DBM and/or DOH, whichever is applicable.

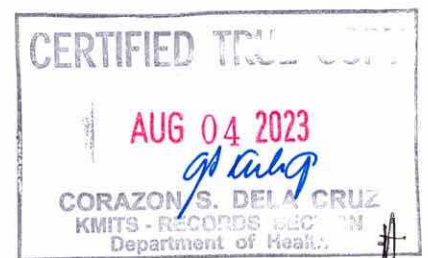
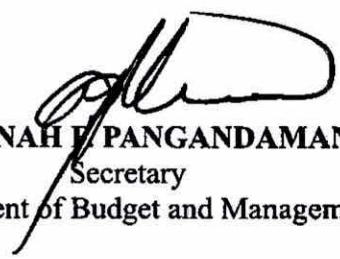
9. EFFECTIVITY

This Joint Circular shall take effect immediately after its publication in a newspaper of general circulation or in the Official Gazette.

MARIA ROSARIO SINGH-VERGEIRE
Officer-in-Charge
Department of Health



AMENAH P. PANGANDAMAN
Secretary
Department of Budget and Management



Semi-Annual/ Annual Estimate of Income Collection and Utilization

For the months/ year of _____, _____

Name of Hospital/Health Facility: _____

Particulars	Account Code	Amount
<i>Estimated Collections:</i>		
1.		P _____
2.		P _____
3.		P _____
Total Available for Utilization		P _____
<i>Less: Proposed Utilization</i>		
1. Health Facility Medical Equipment		P _____
2. Drugs and Medicines		P _____
3. Supplies and Materials		P _____
4. Travelling Expenses		P _____
5. Training Expenses		P _____
6. Water		P _____
7. Electricity		P _____
8. General and Janitorial Services		P _____
9. Taxes, Duties and Licenses		P _____
10. Repairs and Maintenance		P _____
11. Other MOOE		P _____
12. Office Equipment		P _____
13. Infrastructure Projects		P _____
14. Vehicle		P _____
15. Furniture and Fixtures		P _____
<i>Total Estimated Utilization</i>		P _____
Ending Balance		P _____

Certified Correct:

Certified Correct:

Budget Officer

Chief Accountant

Approved by

Head of Health Facility

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Actual Semi-Annual/ Annual Income Collection and Utilization

For the months/ year of _____ , _____

Name of Hospital/Health Facility: _____

Particulars	Account Code	Amount
Beginning Balance		
<i>Add: Collections</i>		
1.		P _____
2.		P _____
3.		P _____
Total Available for Utilization		P _____
<i>Less: Utilization</i>		
1. Hospital Medical Equipment		P _____
2. Drugs and Medicines		P _____
3. Supplies and Materials		P _____
4. Travelling Expenses		P _____
5. Training Expenses		P _____
6. Water		P _____
7. Electricity		P _____
8. General and Janitorial Services		P _____
9. Taxes, Duties and Licenses		P _____
10. Repairs and Maintenance		P _____
11. Other MOOE		P _____
12. Office Equipment		P _____
13. Infrastructure Projects		P _____
14. Vehicle		P _____
15. Furniture and Fixtures		P _____
<i>Total Amount Utilized</i>		P _____
Ending Balance		P _____

Certified Correct:

Certified Correct:

Budget Officer

Chief Accountant

Approved by

Head of Health Facility

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