ISSN-1655-8936

# PHILIPPINE NATIONAL HEALTH ACCOUNTS

# 2004

Republika ng Pilipinas
PAMBANSANG LUPON SA UGNAYANG PANG-ESTADISTIKA
(NATIONAL STATISTICAL COORDINATION BOARD)
http://www.nscb.gov.ph
April 2006

**The Philippine National Health Accounts (PNHA)**
is a publication prepared by the Social Sectors A Division of the Social Statistics Office (SSO)
of the NATIONAL STATISTICAL COORDINATION BOARD (NSCB).
For technical inquiries, please contact us at: (632) 890-9678 or email us at info@nscb.gov.ph.



ISSN 1655-8936

Published by the
National Statistical Coordination Board
Midland Buendia Building
403 Sen. Gil Puyat Avenue
Makati City 1200
Philippines.

March 2006

# FOREWORD

The Philippine National Health Accounts (PNHA) is a framework for the compilation of information on the country's health expenditures. It consists of a set of statistics that systematically presents national health spending for a given year. Specifically, it tells: (a) how much is being spent on health care; (b) who pays for health care; (c) what health care services are being provided; and (d) how much it costs to administer health financing schemes. It provides insights on the efficiency and effectiveness of health care financing and helps determine appropriate interventions to improve the delivery of health care.

The PNHA is an annual publication of the Social Statistics Office (SSO) of the National Statistical Coordination Board (NSCB). Major data inputs are provided by the following source agencies: Department of Budget and Management (DBM), Commission on Audit (COA), Department of Health (DOH), National Economic and Development Authority (NEDA), Social Security System (SSS), Government Service Insurance System (GSIS), Overseas Workers and Welfare Administration - Medical Care Program (OWWA-Medicare), Employees Compensation Commission (ECC), Philippine Health Insurance Corporation (PhilHealth), National Statistics Office (NSO), Insurance Commission (IC), Securities and Exchange Commission (SEC), Department of Education (DepEd), Commission on Higher Education (CHED), Department of Social Welfare and Development (DSWD), and the Association of Health Maintenance Organizations in the Philippines, Inc. (AHMOPI).

The 2004 Philippine National Health Accounts is the seventh to be released for the PNHA series. It covers the PNHA estimates for 1993 to 2004. In this edition, the 2003 figures on out of pocket expenditures were revised as a result of the availability of data on total household expenditure from the 2003 Family Income and Expenditure Survey (FIES) final results. In addition, data on the share of health expenditures to GNP and GDP were changed based on the revised GNP and GDP figures for 2003. Meanwhile, figures for 2003 national government expenditures were changed due to corrections in 2003 data for some government agencies. Likewise, estimates for HMOs benefit payments were corrected for computational errors.

This publication contains analyses, tables and graphs depicting the levels and patterns of health care spending in the country. The data presented would help determine whether the aggregate health care spending from all sources is adequate to meet basic minimum requirements and identify probable areas of inefficiencies in allocating health care resources.

The PNHA Framework as discussed in Section 4 includes concepts and definitions, while the Technical Notes in Section 5 provides information on data sources and estimation procedures.

We hope that policy makers, planners, researchers, and the general public will find this publication useful.

**ROMULO A. VIROLA**
Secretary General

April 2006

# NSCB Publications

Regular Publications

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- Statistical Indicators for Philippine Development
- StatWatch
- Compendium of Philippine Social Statistics
- *Economic Indicators*
  - Economic Indicators
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  - Food Balance Sheet of the Philippines
- *Social Indicators*
  - Women and Men in the Philippines
  - Statistical Report on Children and Women
  - Report on the Philippine Human Development Index
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  - Philippine Provincial Poverty Statistics

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- Gross Regional Domestic Expenditure
- Input-Output Accounts
- Philippine National Health Accounts
- National Education Expenditure Accounts

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  - Enhancing the Relevance of the PSNA
  - Challenges in the Compilation of Official Poverty Statistics
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- Philippine Standard Industrial Classification (PSIC)
  - PSIC Ammendment 1997
- Philippine Standard Commodity Classification (PSCC), Rev. 2 1993
  - PSCC Ammendment 1999
- Philippine Standard Commodity Classification (PSCC) 2004
- Philippine Standard Classification for Education (PSCEd)
- Philippine Standard Occupational Classification (PSOC)
  - PSOC Update 2003
- Philippine Central Product Classification (PCPC)

Proceedings of Conventions

- National Convention on Statistics
- Asian Regional Section, International Conference on Statistical Computing

Reference Materials

- Inventory of Airports
- Inventory of Ports
- Philippine Statistical Development Program
- Profile of Censuses and Surveys conducted by the PSS
- Directory of Statistical Services in the Philippines
- Catalogue of Philippine Statistical Publications
- Directory of Selected Statistical Terms
- Manual on the Preparation of Statistical Project Proposals
- A Guide to Statistics for Business Planning
- Framework for the Development of Environment Statistics
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- Compendium of Philippine Environment Statistics
- State of the Philippine Land and Soil Resources
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2. The Philippine Statistical Development Program (PSDP) to serve as blueprint of priority programs and activities to be undertaken to improve the PSS in the Medium Term

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    - Regional Accounts
    - Input-Output (I-O) Accounts
    - National Health Accounts
    - National Education Accounts

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    - Environment statistics
    - Food balance sheet
    - Indicators on children and women
    - Gender and development statistics
    - Quarterly economic indices
    - Foreign direct investments
    - Leading economic indicators
    - Economic and social impact analysis indicators
    - Human development index

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    - Philippine Standard Commodity Classification (PSCC)
    - Philippine Standard Industrial Classification (PSIC)
    - Philippine Standard Geographic Code (PSGC)
    - Philippine Standard Classification of Education (PSCED)
    - Philippine Classification of Commodities by Broad Economic Categories (PCCBEC)
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6. On-line statistical service through the internet (www.nscb.gov.ph)
7. Servicing data requests
8. Technical services
9. Advocacy for statistical awareness
    - National Statistics Month
    - National Convention on Statistics
    - Government Statistics Accessibility Program
    - Hosting of international conferences in statistics

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## 2004 Matrix

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# LIST OF ACRONYMS

| | |
|---|---|
| AFP | Armed Forces of the Philippines |
| AFP-GHQ | General Headquarters of the Armed Forces of the Philippines |
| AFP-PN | Philippine Navy of the Armed Forces of the Philippines |
| AFP-PAF | Philippine Air Force of the Armed Forces of the Philippines |
| AHMOPI | Association of Health Maintenance Organizations of the Philippines, Inc. |
| BCOR | Bureau of Corrections |
| BESF | Budget of Expenditures and Sources of Financing |
| BFP | Bureau of Fire Protection |
| BHS | Barangay Health Station |
| BLR | Bureau of Licensing and Regulations of DOH |
| CO | Capital Outlay |
| DBM | Department of Budget and Management |
| DBM-BISS | Budget Information System Service of DBM |
| DBM-BPRS | Bureau of Planning and Research Service of DBM |
| DDB | Dangerous Drugs Board |
| DepEd-OSEC | Office of the Secretary of the Department of Education |
| DOH-OSEC | Office of the Secretary of the Department of Health |
| DOLE-OSEC | Office of the Secretary of the Department of Labor and Employment |
| DSWD | Department of Social Welfare and Development |
| CE | Census of Establishments |
| CHCA | Community Health Care Agreement |
| CHED | Commission on Higher Education |
| COA | Commission on Audit |
| CPI | Consumer Price Index |
| DepEd | Department of Education |
| DFA | Department of Foreign Affairs |
| DOH | Department of Health |
| DOH-FACS | Foreign Assistance Coordination Service of DOH |
| DND | Department of National Defense |
| EC | Employees' Compensation |
| ECC | Employees Compensation Commission |
| FAPs | Foreign-Assisted Projects |
| FIES | Family Income and Expenditures Survey |
| FNRI | Food and Nutrition Research Institute |
| FS | Financial Statement |
| GAA | General Appropriations Act |
| GNP | Gross National Product |
| GOCC | Government-Owned and Controlled Corporation |
| GSIS | Government Service Insurance System |
| HIP | Hospitalization Insurance Plan |
| HMO | Health Maintenance Organization |
| HFDP | Health Finance Development Project |
| HPDP | Health Policy Development Program |
| IC | Insurance Commission |
| LCP | Lung Center of the Philippines |
| LGU | Local Government Unit |

***List of Acronyms (cont'd) …***

| | |
|---|---|
| MOOE | Maintenance and Other Operating Expenses |
| NAPOLCOM | National Police Commission |
| NBI | National Bureau of Investigation |
| NEDA | National Economic and Development Authority |
| NEDA-PMS | Project Monitoring Staff of NEDA |
| NEP | National Expenditure Program |
| NCWDP | National Council for the Welfare of Disabled Persons |
| NGO | Non-Government Organization |
| NKTI | National Kidney and Transplant Institute |
| NMIC | National Meat Inspection Commission |
| NNC | National Nutrition Council |
| NPISH | Non-Profit Institutions Serving Households |
| NSCB | National Statistical Coordination Board |
| NSO | National Statistics Office |
| NSO-ITSD | Industry and Trade Statistics Department of NSO |
| OFW | Overseas Filipino Workers |
| OP | Office of the President |
| OP-Proper | President's Office of the Office of the President |
| OWWA | Overseas Workers and Welfare Administration |
| PA | Philippine Army |
| PAF | Philippine Air Force |
| PCE | Personal Consumption Expenditure |
| PCHRD | Philippine Council for Health Research and Development |
| PCMC | Philippine Children's Medical Center |
| PHC | Philippine Heart Center |
| PhilHealth | Philippine Health Insurance Corporation |
| PHDP | Philippine Health Development Project |
| PMCC | Philippine Medical Care Commission |
| PN | Philippine Navy |
| PNHA | Philippine National Health Accounts |
| PNP | Philippine National Police |
| POPCOM | Commission on Population |
| PPA | Program/Project/Activity |
| PS | Personal Services |
| PSIC | Philippine Standard Industry Classification |
| PVAO-VMMC | Veteran's Memorial Medical Center of the Philippine Veterans Affairs Office |
| RHU | Regional Health Unit |
| SAM | Social Accounting Matrix |
| SEC | Securities and Exchange Commission |
| SSS | Social Security System |
| UPSE | University of the Philippines School of Economics |
| WHO | World Health Organization |

Philippine National Health Accounts
**SOURCES OF REVISIONS**

| SOURCE OF FUNDS | Growth rate 2002-2003 | | Reasons for Revisions |
|---|---|---|---|
| | As of July 2005 | As of March 2006 | |
| **GOVERNMENT** | **28.2%** | **30.8%** | |
| National | 23.1% | 29.8% | Corrected 2003 data from DBM and COA |
| Local | 33.5% | 31.9% | Updated 2003 data from DBM and COA |
| **SOCIAL INSURANCE** | **22.3%** | **22.4%** | |
| Medicare | 23.8% | 23.8% | No change |
| Employees' Compensation | -36.8% | -32.2% | Updated 2003 data from GSIS |
| **PRIVATE SOURCES** | **8.8%** | **25.9%** | |
| Out-of-Pocket | 9.1% | 26.3% | Availability of final results from 2003 FIES |
| Private Insurance | 0.6% | 0.0% | Corrected for computational errors |
| HMOs | 11.4% | 27.3% | Corrected for computational errors |
| Employer-Based Plans | 4.0% | 4.0% | No change |
| Private Schools | 25.3% | 21.4% | Updated 2003 data on number of schools |
| **OTHERS** | **9.1%** | **9.1%** | No change |
| **ALL SOURCES** | **16.0%** | **26.8%** | |

# EXECUTIVE SUMMARY

An analysis of the 2004 PNHA reveals the following:

- **Total health expenditure grew by 6.2% in 2004**

  The total health expenditure of the country reached ₱165.2 billion in 2004, indicating an 11.2 percent annual increase from a 14-year high of 26.9 percent growth registered in 2003 at current prices. In real terms, total health expenditure increased to ₱41.3 billion from ₱38.9 billion the previous year, which translates to a 6.2 percent growth.

- **Per capita health spending increases**

  With the total health expenditure growth surpassing the population growth, per capita health spending at current prices was ₱162 higher, from ₱1,817 in 2003 to ₱1,979 in 2004. Health expenditure per capita at constant prices showed a ₱19 increase or 4.0 percent from last year's ₱475 to this year's ₱494.

- **Share of health expenditure to GNP almost the same**

  The share of health expenditure to GNP has not improved, decreasing slightly from 3.24 percent in 2003 to 3.20 percent in 2004. Thus, the Philippines is still way below the 5 percent standard set by the World Health Organization (WHO) for developing countries.

- **Health benefit payments from medicare and private insurance show biggest growth**

  Health benefit payments from medicare and private insurance outpaced all other sectors at 21.3 and 20.5 percent growth, respectively. Medicare benefit payments grew from P12.8 billion in 2003 to P15.5 billion in 2004. Likewise, health benefit payments from private insurance increased from P3.4 billion in 2003 to P4.1 billion in 2004.

- **Slight improvement in the social health insurance, but still far from the HSRA target**

  The share of social insurance payments improved only slightly from 8.7 to 9.5 percent. However, this is still way off the 30 percent target in the Health Sector Reform Agenda (HSRA). On the other hand, out-of-pocket expenditures remained at 47 percent of total health expenditures, more than double the 20 percent HSRA target.

# 1. HIGHLIGHTS OF THE 2004 PNHA RESULTS

## 1.1 HEALTH EXPENDITURE

### 1.1.1 Total health expenditure grew by 6.2 percent in 2004

The total health expenditure of the country at current prices reached P165.2 billion in 2004, indicating an 11.2 percent annual increase from a 14-year high of 26.9 percent registered in 2003. In real terms, total health expenditure increased to P41.3 billion from P38.9 billion the previous year, which translates to a 6.2 percent growth.

| STATISTICS | 2003 [1/] | 2004 |
|---|---|---|
| Total Health Expenditure (in billion pesos, at *current* prices) | 148.7 | 165.2 |
| Health Expenditure Growth Rate (%) at current prices | 26.9 | 11.2 |
| Total Health Expenditure (in billion pesos, at *1985* prices) | 38.9 | 41.3 |
| Health Expenditure Growth Rate (%) at 1985 prices | 19.6 | 6.2 |

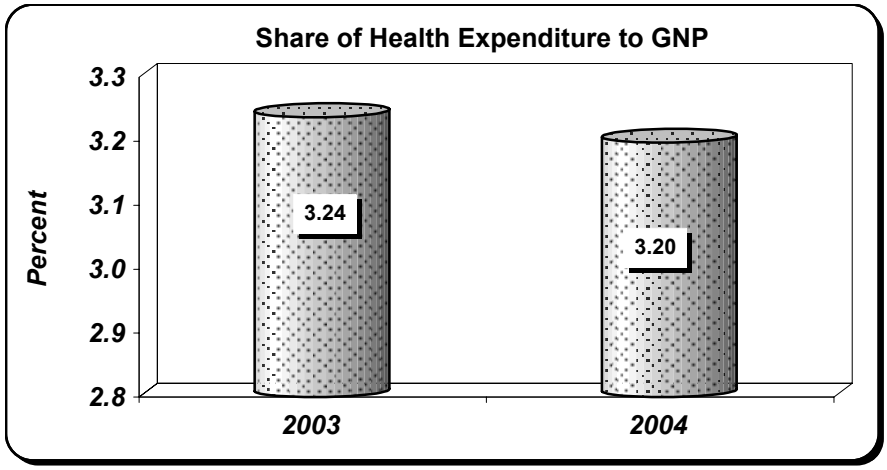
[1/] *Revised*

### 1.1.2 Per capita health spending also increases

| STATISTICS | 2003 | 2004 |
|---|---|---|
| Health Expenditure Per Capita (in pesos, at *current* prices) | 1816.9 | 1978.8 |
| Health Expenditure Per Capita (in pesos, at *1985* prices) | 475.1 | 494.1 |
| Population (million) | 81.8 | 83.5 |
| Population Growth Rate (%) | 2.1 | 2.1 |

With the total health expenditure growth surpassing the population growth, per capita health spending at current prices was P162 higher, from P1,817 in 2003 to P1,979 in 2004. Health expenditure per capita at constant prices showed a P19 increase or 4.0 percent from last year's P475 to this year's P494.

### 1.1.3 Share of health expenditure to GNP almost the same




The share of health expenditure to GNP has not improved, decreasing slightly from 3.24 percent in 2003 to 3.20 percent in 2004. Thus, the Philippines is still way below the 5 percent standard set by the World Health Organization (WHO) for developing countries.

## 1.2 SOURCES OF FUNDS FOR HEALTH

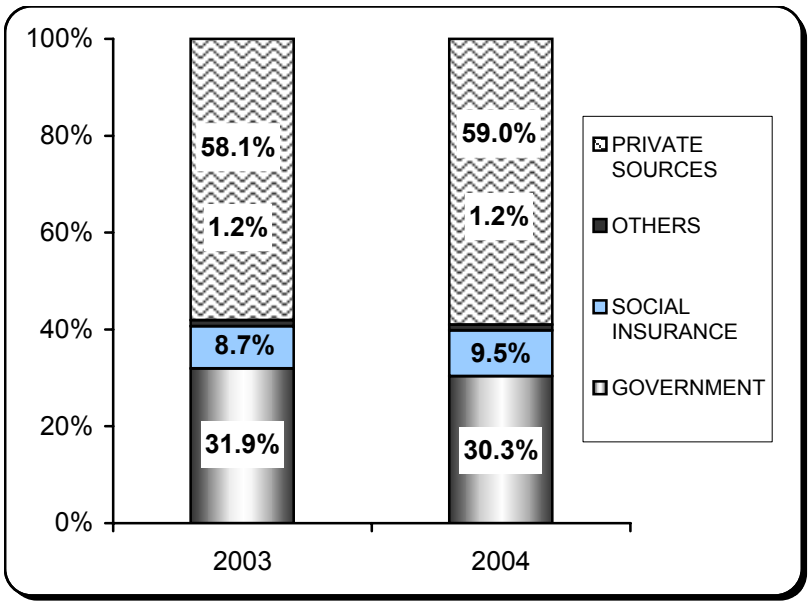
### 1.2.1 Health benefit payments from medicare and private insurance show biggest growth

Health benefit payments from medicare and private insurance outpaced all other sectors at 21.3 and 20.5 percent growth, respectively. Medicare benefit payments grew from P12.8 billion in 2003 to P15.5 billion in 2004. Likewise, health benefit payments from private insurance increased from P3.4 billion in 2003 to P4.1 billion in 2004.

Local government expenditure showed the least growth at 1.0 percent increase from 2003 to 2004. Employees' compensation payments and health NGO's (other sources), the smallest contributors to health expenditure, exhibited single-digit growth.

| SOURCE OF FUNDS | AMOUNT (in billion pesos) | | Growth Rate (in percent) |
|---|---|---|---|
| | 2003 | 2004 | |
| **GOVERNMENT** | **47.5** | **50.1** | **5.5** |
| National | 24.0 | 26.3 | 9.9 |
| Local | 23.5 | 23.8 | 1.0 |
| **SOCIAL INSURANCE** | **12.9** | **15.7** | **21.1** |
| Medicare | 12.8 | 15.5 | 21.3 |
| Employees' Compensation | 0.2 | 0.2 | 5.7 |
| **PRIVATE SOURCES** | **86.4** | **97.5** | **12.8** |
| Out-of-Pocket | 69.2 | 77.5 | 12.0 |
| Private Insurance | 3.4 | 4.1 | 20.5 |
| HMOs | 7.0 | 8.0 | 14.0 |
| Employer-Based Plans | 5.0 | 5.9 | 18.1 |
| Private Schools | 1.8 | 2.0 | 12.9 |
| **OTHERS** | **1.8** | **2.0** | **8.3** |
| **ALL SOURCES** | **148.7** | **165.2** | **11.2** |

### 1.2.2 Share of private sources in health expenditure slightly increased




Private sources' share to the country's total health expenditure improved at 59.0 percent from last year's 58.1 percent. On the other hand, government share decreased from 31.9 percent in 2003 to 30.3 percent in 2004. Social insurance hiked its share from 8.7 percent in 2003 to 9.5 percent in 2004 as it sustained its annual growth at above 20 percent for the past three years. This is so far the largest contribution of the social insurance sector since 1993.

## 1.3 GOVERNMENT EXPENDITURE FOR HEALTH

### 1.3.1 Per capita health expenditure still increasing

At current prices, the country spent around P1,987 per person for health care in 2004, an increase of P163 per person from the previous year, or an 8.9 percent growth. More than half of the amount (P1,168) comes from out-of-pocket of the private households, while P600 is provided by the government and P188 from social insurance.

In real terms, per capita expenditure increased by only 4.2 percent in two years. At 1985 prices, total health care spending increased by only P21 to P507 per person in 2004. Government expenditures, on the other hand, decreased by 1.3 percent.

| SOURCE OF FUNDS | Amount (in peso) | | Growth rate (in percent) |
|---|---|---|---|
| | 2003 | 2004 | |
| *At Current Prices* | 1,824 | 1,987 | 8.9 |
| Government | 580 | 600 | 3.4 |
| Social Insurance | 158 | 188 | 18.6 |
| Private Sources | 1,056 | 1,168 | 10.6 |
| Others | 29 | 31 | 8.3 |
| *At 1985 Prices* | 486 | 507 | 4.2 |
| Government | 152 | 150 | -1.3 |
| Social Insurance | 41 | 47 | 13.3 |
| Private Sources | 276 | 292 | 5.6 |
| Others | 17 | 18 | 8.3 |

### 1.3.2 DOH spending slows; decrease in loans noted

Total national government health expenditure growth slowed down to 9.9 percent in 2004 from 29.8 percent in 2003 (see Table 2.7 on page 16).

Much of the growth came from grants which showed the highest growth at 63.5 percent from 2003 to 2004. This was brought about by projects such as the Creation of a National Eye Referral Center, Local Enhancement and Development for Health, Global Fund, Prevention and Control of Severe Acute Respiratory Syndrome, and the Development of Sub-Specialty Capabilities for Heart, Lung, and Kidney Diseases in selected Regional Hospitals Medical Centers in Luzon, Visayas and Mindanao. Meanwhile, loans decreased by 25.2 percent primarily due to the reduction in budget for some projects like the Hospital Development Program, Upgrading of Medical Equipment of Zamboanga Medical Center, Early Childhood Development and Southern Philippines Irrigation Sector Project.

The DOH continued to provide the biggest share, funding more than half the national government expenditure for health care, despite a relatively slow growth of 1.1 percent from the previous year.

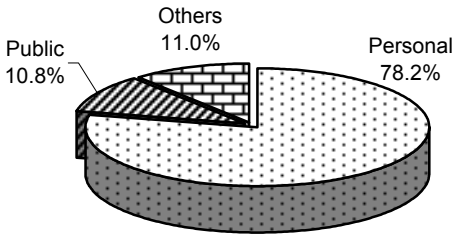
| YEAR | AMOUNT (in billion pesos) | | | | | PERCENT SHARE | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DOH | Other National Agencies | Loans | Grants | Total | DOH | Other National Agencies | Loans | Grants |
| 2003 | 15.3 | 3.8 | 2.4 | 2.5 | 24.0 | 63.6 | 15.9 | 9.8 | 10.6 |
| 2004 | 15.4 | 5.0 | 1.8 | 4.2 | 26.3 | 58.6 | 19.0 | 6.7 | 15.8 |
| 2003-2004 Growth Rate | 1.1 | 31.0 | -25.2 | 63.5 | 9.9 | | | | |

## 1.4 USES OF FUNDS FOR HEALTH

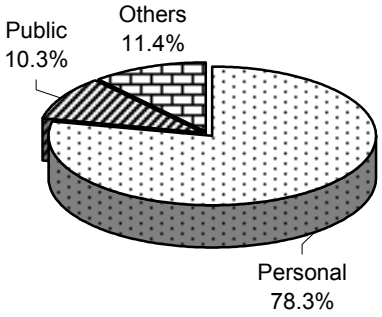
### 1.4.1 Health spending pattern remains unchanged

Spending for Personal health care continued to lead the three categories of health care services. with a meager increase of 0.1 percentage point from 78.2 percent in 2003 to 78.3 percent in 2004. On the other hand, Public health care spending decreased by 0.5 percentage points, due to decrements in loans expenditure.

**Health Expenditure by Use of Funds, 2003**




**Health Expenditure by Use of Funds, 2004**




### 1.4.2 Slight improvement in the social health insurance, but still far from the HSRA target

The table below shows the targets based on the Health Sector Reform Agenda (HSRA) vis-vis the actual health care spending patterns for 2003 to 2004.

The share of social insurance payments improved only slightly from 8.7 to 9.5 percent. However, this is still way off the 30 percent target in the Health Sector Reform Agenda (HSRA). On the other hand, out-of-pocket expenditures remained at 47 percent of total health expenditures, more than double the 20 percent HSRA target.

| USE OF FUNDS | SOURCE OF FUNDS | | | | | | | | | | | | TOTAL BY USE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GOVERNMENT | | | SOCIAL INSURANCE | | | PRIVATE SECTOR | | | | | | | | |
| | | | | | | | Out of Pocket | | | Others | | | | | |
| | Target | Actual | | Target | Actual | | Target | Actual | | Target | Actual | | Target | Actual | |
| | | 2003 | 2004 | | 2003 | 2004 | | 2003 | 2004 | | 2003 | 2004 | | 2003 | 2004 |
| | (in percent) | | | | | | | | | | | | | | |
| Personal Health Care | **10** | 15 | 14 | **25** | 8 | 8 | **20** | 47 | 47 | **7** | 9 | 11 | **62** | 79 | 80 |
| Public Health Care | **20** | 10 | 10 | **0** | 0 | 0 | **0** | 0 | 0 | **0** | 0 | 0 | **20** | 10 | 10 |
| Others | **10** | 7 | 7 | **5** | 1 | 1 | **0** | 0 | 0 | **3** | 3 | 3 | **18** | 11 | 11 |
| TOTAL BY SOURCE | **40** | 32 | 31 | **30** | 9 | 9 | **20** | 47 | 47 | **10** | 12 | 14 | **100** | 100 | 100 |

Note: To allow for comparison with HSRA targets, the percentage distribution of actual expeditures by source of funds was adjusted by excluding the "other" sources of funds. Therefore, this is not exactly the same as with the percentage share in table 2.5 of page 14 and 2.8 of page 17.

### 1.4.3 Government allocation for personal health, public health and other uses unchanged

The allocation of government spending for personal, public and other health care services remained unchanged.

Of the P50.1 billion government spending on health in 2004, P22.6 billion was spent on personal health care - the bulk (P22.1 billion or 97.9 percent) of which was spent on government hospitals. The remaining P477 million was spent for the operation and maintenance of non-hospital medical clinics (see Table 3.1 on page 25).

The bulk of government spending in 2004 for "other services" went to general administration and operating costs. Of the P11.3 billion total expenditures on "other services", P10.1 billion went to administrative costs while the remaining P1.1 billion was devoted to research, training and other activities (see Table 3.1 on page 25).

**Government Health Expenditure by Use of Funds**

| YEAR | AMOUNT (in billion pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | TOTAL | Personal | Public | Others |
| 2003 | 22.0 | 15.3 | 10.2 | 47.5 | 46.3 | 32.3 | 21.4 |
| 2004 | 22.6 | 16.3 | 11.3 | 50.1 | 45.1 | 32.5 | 22.5 |
| 2003-2004 Growth Rate | 2.7 | 6.1 | 10.6 | 5.5 | | | |

#### 1.4.3.1 Reduced DOH spending for personal and public health care; increased allocation for general administration

DOH spending in 2004 slightly increased by 1.1 percent from P15.3 billion in 2003 to P15.4 billion in 2004. Spending for personal health care and public health care categories registered negative growths of 3.8 and 14.6 percent, respectively. These decreases were offset by a two-digit growth rate of 41.0 percent in the "others" category mainly due to the 7-fold increase in General Management and Supervision at the DOH Central Office from P127.3 million in 2003 to P1,035.1 million in 2004. This resulted in increased allocation of DOH expenditure for "other" health care expenditures.

**DOH Expenditure by Use of Funds**

| YEAR | AMOUNT (in billion pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | TOTAL | Personal | Public | Others |
| 2003 | 10.6 | 2.4 | 2.3 | 15.3 | 69.6 | 15.6 | 14.8 |
| 2004 | 10.2 | 2.0 | 3.2 | 15.4 | 66.2 | 13.2 | 20.7 |
| 2004-2004 Growth Rate | -3.8 | -14.6 | 41.0 | 1.1 | | | |

*Note: DOH agencies are the Office of the Secretary - DOH, Dangerous Drugs Board, Lung Center of the Philippines, National Kidney and Transplant Institute, Philippine Children's Medical Center, and Philippine Heart Center*

## 1.4.3.2 More than two-thirds of public health expenditures from local governments

In 2004, local government spending reached P23.8 billion which was 14.4 percent of the country's total health expenditures (see Table 2.5 on page 14). Almost half or 47.1 percent of local government expenditures in 2004 was spent on public health, while personal health care and "other" services had shares of 26.6 percent and 26.3 percent,

**Local Government Health Expenditures by Use of Fund**

| YEAR | AMOUNT (in billion pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | TOTAL | Personal | Public | Others |
| 2003 | 6.3 | 11.2 | 6.0 | 23.5 | 26.8 | 47.6 | 25.6 |
| 2004 | 6.3 | 11.2 | 6.3 | 23.8 | 26.6 | 47.1 | 26.3 |
| 2003-2004 Growth Rate | 0.0 | 0.0 | 3.9 | 1.0 | | | |

Local governments continued to be the biggest source of public health spending as its P11.2 billion public health expenditures accounted for 65.7 percent of the country's 2004 total public health expenditures of P17.0 billion (see Table 2.8 on page 17). Local government facilities, especially rural health units run by municipalities are the main channels for delivering services of national public health programs. It must be noted however that most of local government's public health care expenditure are spent on personal services as will be seen in the succeeding section.

## 1.4.3.3 Local governments spent for most of public health care expenditures

The DOH and other national agencies with health-related activities spent more for personal than public health care. These national agencies allocated a slightly larger portion of personal health care spending for 2004 on personal services (PS) such as salaries and wages (55.0 and 65.9 percent, respectively). However, in terms of public health expenditures, DOH spent more on maintenance and other operating expenses such as health care goods (MOOE, 79.8 percent).

The local governments spent for most of public health expenditures, accounting for P11.2 billion or 81.3 percent of total public health expenditures of government. A larger proportion (69.4 percent) of this amount went to public health care services.

**2004 Government Health Expenditures by Use of Fund and by Type of Expenditure**

| SOURCE OF FUND | AMOUNT (in million pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | PS | MOOE | CO | Total | PS | MOOE | CO |
| **DOH** | **7,544** | **7,179** | **494** | **15,217** | **49.6** | **47.2** | **3.2** |
| Personal Health Care | 5,462 | 4,143 | 323 | 9,928 | 55.0 | 41.7 | 3.2 |
| Public Health Care | 399 | 1,695 | 29 | 2,123 | 18.8 | 79.8 | 1.4 |
| Others | 1,683 | 1,341 | 142 | 3,166 | 53.1 | 42.4 | 4.5 |
| Gen. Admin. & Operating Cost | 1,577 | 1,296 | 142 | 3,016 | 52.3 | 43.0 | 4.7 |
| Research and Training | 106 | 45 | 0 | 150 | 70.2 | 29.8 | 0.0 |
| **Other National Agencies** | **2,555** | **1,454** | **12** | **4,022** | **63.5** | **36.2** | **0.3** |
| Personal Health Care | 2,350 | 1,201 | 12 | 3,563 | 65.9 | 33.7 | 0.3 |
| Public Health Care | 206 | 253 | 0 | 459 | 44.8 | 55.2 | 0.0 |
| Others | 0 | 0 | 0 | 0 | - | - | - |
| Gen. Admin. & Operating Cost | 0 | 0 | 0 | 0 | - | - | - |
| Research and Training | 29 | 8 | 0 | 36 | 78.4 | 21.5 | 0.1 |
| **Local Government** | **12,029** | **7,307** | **507** | **19,843** | **60.6** | **36.8** | **2.6** |
| Personal Health Care | 4,256 | 4,229 | 165 | 8,650 | 49.2 | 48.9 | 1.9 |
| Public Health Care | 7,772 | 3,078 | 342 | 11,193 | 69.4 | 27.5 | 3.1 |
| Others | | | | | | | |
| Gen. Admin. & Operating Cost | | | | | | | |
| Research and Training | | | | | | | |

## 1.5 Government Health Expenditure of Asean Countries

### 1.5.1 Health spending in the Philippines comparable with other Asian countries in terms of share to GDP

In 2002, the share of total health expenditure to GDP in the Philippines reached 3.4 percent. Among the 10 ASEAN countries, three countries spent less share to GDP than the Philippines. However, compared with the previous year, the country's health spending relative to GDP increased slightly, similarly with the other countries except for Lao PDR.

The proportion of the country's general government expenditure on health to total health expenditure was 30.3 percent. Only four other governments spent for more than half of their respective total health expenditures. Meanwhile, Philippine government funds had a reduced share of total health resources in 2002 than in 2001, as did the governments of Brunei Darussalam, Lao PDR and Singapore.

In the case of private expenditures on health in the Philippines, its share to total health expenditure remained at more than 50 percent. Four of the Asean counterparts reflected lower shares than the Philippines, namely, Brunei Darussalam, Lao PDR, Malaysia and Thailand.

**Selected National Health Accounts Indicators for the Philippines and the Asean Countries, 2001-2002** [1/]

| Member State | Total expenditure on health as % of GDP | | General government expenditure on health as % of total expenditure on health | | Private expenditure on health as % of total expenditure on health | | External resources for health as % of total expenditure on health | |
|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 |
| Brunei Darussalam | 3.1 | 3.5 | 79.4 | 78.2 | 20.6 | 21.8 | n/a | n/a |
| Cambodia | 11.8 | 12.0 | 14.9 | 17.1 | 85.1 | 82.9 | 19.7 | 4.9 |
| Indonesia | 2.4 | 3.2 | 25.1 | 36.0 | 74.9 | 64.0 | 6.5 | 1.8 |
| Lao People's Democratic Rep. | 3.1 | 2.9 | 55.5 | 50.9 | 44.5 | 49.1 | 21.1 | 9.6 |
| Malaysia | 3.8 | 3.8 | 53.7 | 53.8 | 46.3 | 46.2 | 0.0 | 0.0 |
| Myanmar | 2.1 | 2.2 | 17.8 | 18.5 | 82.2 | 81.5 | 0.2 | 1.0 |
| **Philippines - WHO** | **3.3** | **2.9** | **45.2** | **39.1** | **54.8** | **60.9** | **3.5** | **2.8** |
| **Philippines** [2/] | **3.2** | **3.4** | **36.2** | **30.3** | **54.5** | **59.0** | **3.7** | **0.0** |
| Singapore | 3.9 | 4.3 | 33.5 | 30.9 | 66.5 | 69.1 | 0.0 | 0.0 |
| Thailand | 3.7 | 4.4 | 57.1 | 69.7 | 42.9 | 30.3 | 0.1 | 0.2 |
| Viet Nam | 5.1 | 5.2 | 28.5 | 29.2 | 71.5 | 70.8 | 2.6 | 1.8 |

1/ The World Health Report 2004, WHO website (Date: March 14, 2006).
2/ 2004 PNHA, NSCB.

4/ Exchange rate from Bangko Sentral ng Pilipinas (http://www.bsp.gov.ph/statistics/sefi/P$MonAnn.htm), Date: March 2, 2006 and National Accounts Link Series, Annual, Economic Statistics Office, NSCB.

n/a - not available

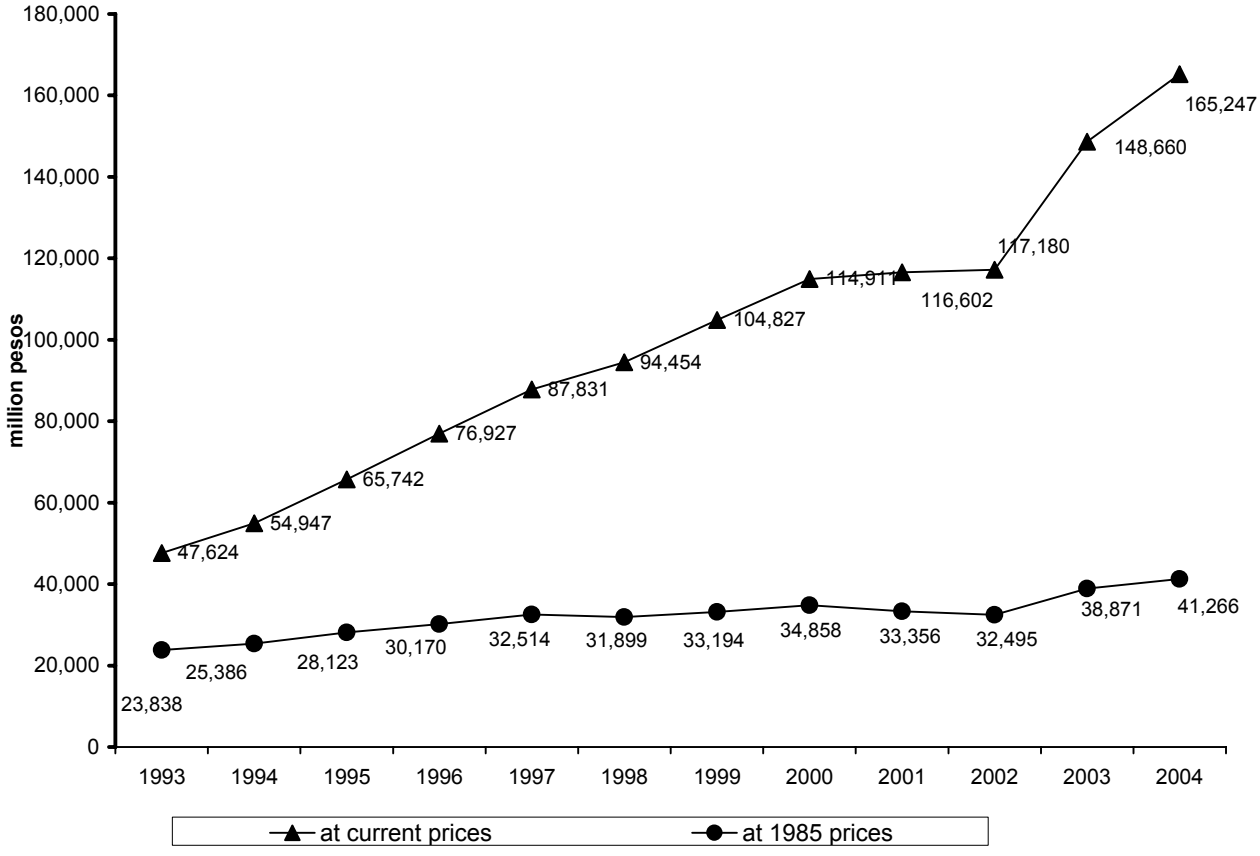
# 2. HISTORICAL TABLES AND CHARTS, 1993-2004

## 2.1 TOTAL HEALTH EXPENDITURE, 1993-2004

| STATISTICS | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Average Annual Growth Rate (1993-2004) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Health Expenditure (in million pesos, at *current* prices) [1/] | 47,624 | 54,947 | 65,742 | 76,927 | 87,831 | 94,454 | 104,827 | 114,911 | 116,602 | 117,180 | 148,660 | 165,247 | |
| Health Expenditure Growth Rate (%) at current prices | 19.5 | 15.4 | 19.6 | 17.0 | 14.2 | 7.5 | 11.0 | 9.6 | 1.5 | 0.5 | 26.9 | 11.2 | 12.0 |
| Total Health Expenditure (in million pesos, at *1985* prices) | 23,838 | 25,386 | 28,123 | 30,170 | 32,514 | 31,899 | 33,194 | 34,858 | 33,356 | 32,495 | 38,871 | 41,266 | |
| Health Expenditure Growth Rate (%) at 1985 prices | 11.8 | 6.5 | 10.8 | 7.3 | 7.8 | -1.9 | 4.1 | 5.0 | -4.3 | -2.6 | 19.6 | 6.2 | 5.1 |

*1/ Estimates for 1992-1994 were prepared by the UP School of Economics.*

## Figure 1: Total Health Expenditure, 1993-2004

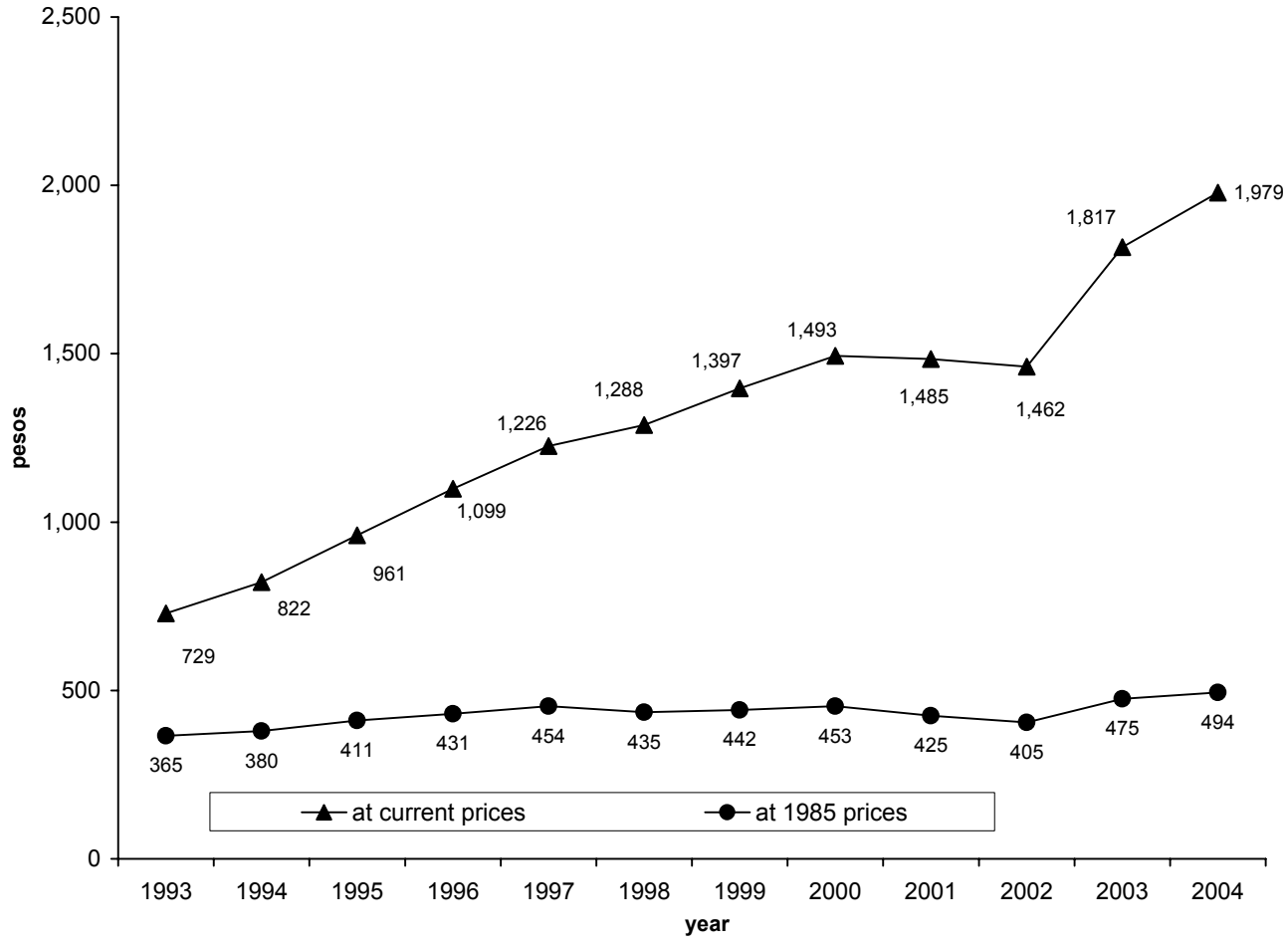


**2.2 HEALTH EXPENDITURE PER CAPITA, 1993-2004**

| STATISTICS | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Average Annual Growth Rate (1993-2004) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Health Expenditure Per Capita (in pesos, at *current* prices) | 729 | 822 | 961 | 1,099 | 1,226 | 1,288 | 1,397 | 1,493 | 1,485 | 1,462 | 1,817 | 1,979 | 9.5 |
| Health Expenditure Per Capita (in pesos, at *1985* prices) | 365 | 380 | 411 | 431 | 454 | 435 | 442 | 453 | 425 | 405 | 475 | 494 | 2.8 |
| Population (million) 1/ | 65.3 | 66.8 | 68.4 | 70.0 | 71.6 | 73.3 | 75.0 | 76.9 | 78.5 | 80.2 | 81.8 | 83.5 | 2.3 |
| Total Health Expenditure Growth Rate (%) | 19.5 | 15.4 | 19.6 | 17.0 | 14.2 | 7.5 | 11.0 | 9.6 | 1.5 | 0.5 | 26.9 | 11.2 | |
| Population Growth Rate (%) | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.5 | 2.1 | 2.1 | 2.1 | 2.1 | |

*1/ 2000-based population projection (NSCB Resolutiion No. 1, Series of 2005)*

**Figure 2: Health Expenditure per Capita (in pesos), 1993-2004**

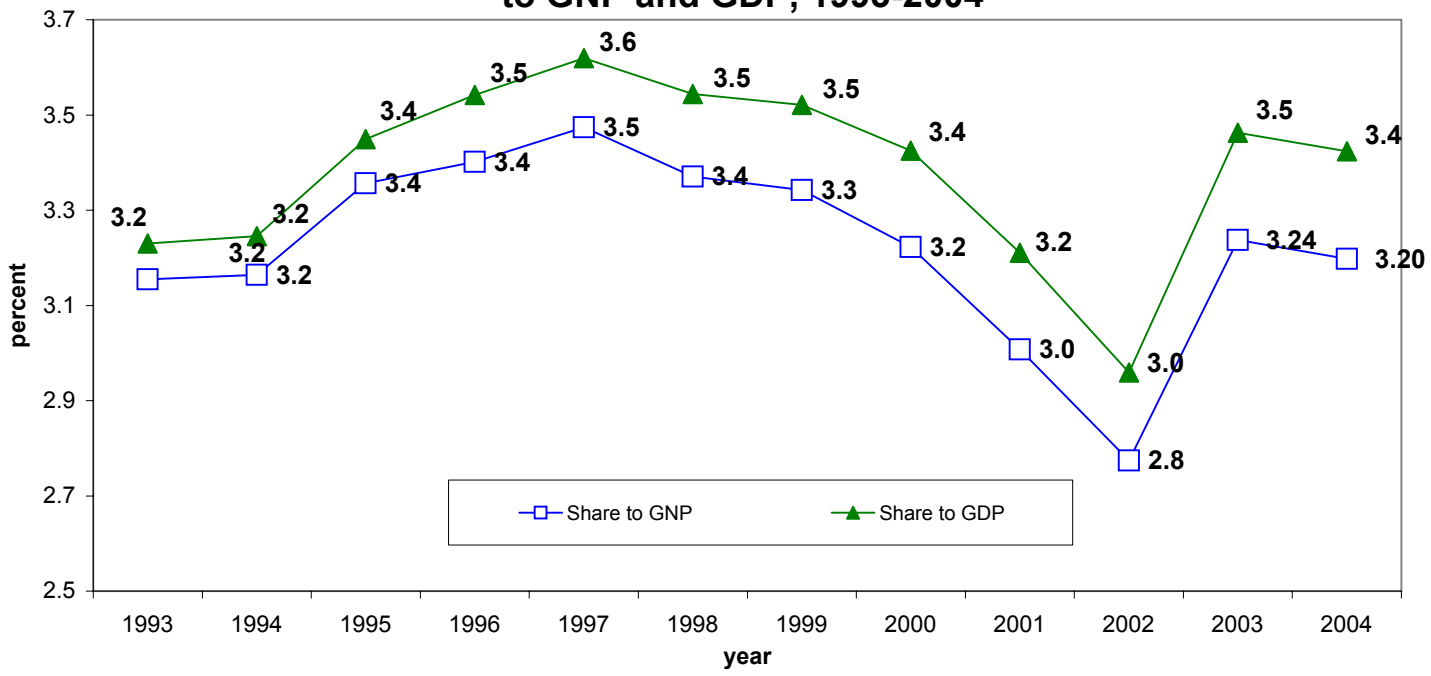


## 2.3 SHARE OF HEALTH EXPENDITURE TO GNP, 1993-2004

| STATISTICS | 1991 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Average Annual Growth Rate (1993-2004) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Health Expenditure (in billion pesos, at *current* prices) | 36.0 | 47.6 | 54.9 | 65.7 | 76.9 | 87.8 | 94.5 | 104.8 | 114.9 | 116.6 | 117.2 | 148.7 | 165.2 | 12.0 |
| GNP (in billion pesos, at current prices) 2/ | 1,254.6 | 1,509.5 | 1,736.4 | 1,958.6 | 2,261.3 | 2,528.3 | 2,802.1 | 3,136.2 | 3,566.1 | 3,876.6 | 4,223.3 | 4,591.4 | 5,167.6 | 11.8 |
| GDP (in billion pesos, at current prices) 2/ | 1,248.0 | 1,474.5 | 1,692.9 | 1,906.0 | 2,171.9 | 2,426.7 | 2,665.1 | 2,976.9 | 3,354.7 | 3,631.5 | 3,959.6 | 4,293.0 | 4,826.3 | 11.4 |
| Total Government Expenditure (in billion pesos)3/ | 293.2 | 313.7 | 327.8 | 327.1 | 416.1 | 491.8 | 537.4 | 580.4 | 535.5 | 573.5 | 588.6 | 650.1 | 704.2 | |
| Government Health Expenditure (in billion pesos)3/ | 9.2 | 7.0 | 7.9 | 8.4 | 11.3 | 14.2 | 13.5 | 15.0 | 12.9 | 12.3 | 13.2 | 11.3 | 12.6 | |
| Exchange Rate4/ | | 27.1 | 26.4 | 25.7 | 26.2 | 29.5 | 40.9 | 39.1 | 44.2 | 51.0 | 51.6 | 54.2 | 56.0 | |
| Share of Health Expenditure to GNP (%) | 2.9 | 3.2 | 3.2 | 3.4 | 3.4 | 3.5 | 3.4 | 3.3 | 3.2 | 3.0 | 2.8 | 3.2 | 3.2 | |
| Share of Health Expenditure to GDP (%) | 2.9 | 3.2 | 3.2 | 3.4 | 3.5 | 3.6 | 3.5 | 3.5 | 3.4 | 3.2 | 3.0 | 3.5 | 3.4 | |

*1/ Revised*
*2/ National Accounts Link Series, Annual, Economic Statistics Office, NSCB as of January 2006*
*3/ 1995-2006 Budget of Expenditures and Sources of Finacing (BESF), Table A.4 Sectoral Distribution of Public Expenditures for National Governmer*
*4/ Exchange rate from Bangko Sentral ng Pilipinas, http://www.bsp.gov.ph/statistics/sefi/P$MonAnn.htm, Date: March 2, 2006*

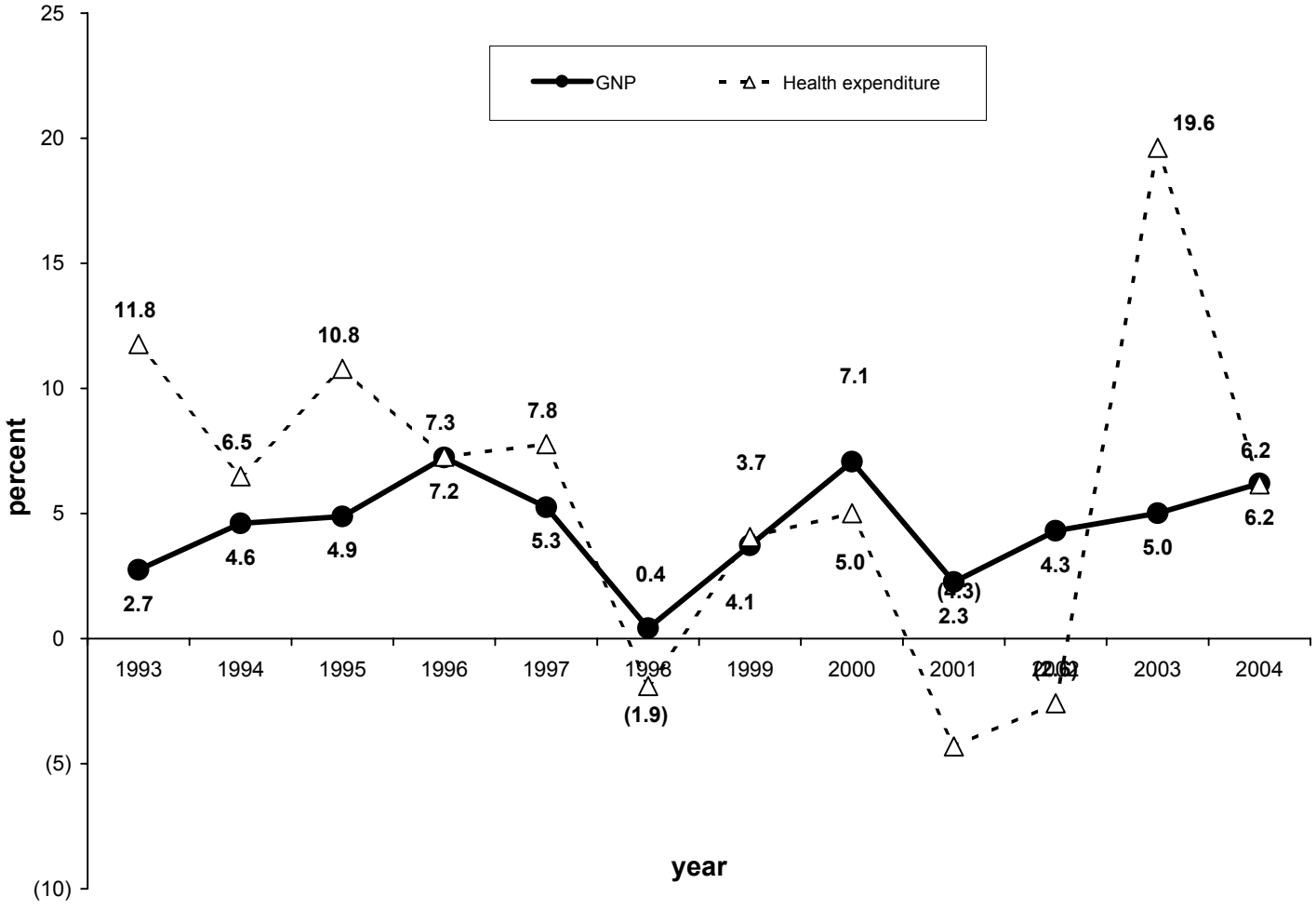
**Figure 3: Share of Health Expenditure to GNP and GDP, 1993-2004**



### 2.3.1 COMPARISON OF GROWTH RATES OF HEALTH EXPENDITURE AND GNP, 1993-2004

| STATISTICS | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Average Annual Growth Rate (1993-2004) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Health Expenditure (in billion pesos, at *1985* prices) | 23.8 | 25.4 | 28.1 | 30.2 | 32.5 | 31.9 | 33.2 | 34.9 | 33.4 | 32.5 | 38.9 | 41.3 | 5.1 |
| Health Expenditure Growth Rate (%) at 1985 prices | 11.8 | 6.5 | 10.8 | 7.3 | 7.8 | -1.9 | 4.1 | 5.0 | -4.3 | -2.6 | 19.6 | 6.2 | |
| GNP (in billion pesos, at 1985 prices) | 751.5 | 786.1 | 824.5 | 884.2 | 930.7 | 934.5 | 969.3 | 1,037.9 | 1,061.3 | 1,107.0 | 1,162.5 | 1,234.6 | 4.6 |
| GNP Growth Rate (%) at 1985 prices | 2.7 | 4.6 | 4.9 | 7.2 | 5.3 | 0.4 | 3.7 | 7.1 | 2.3 | 4.3 | 5.0 | 6.2 | |

## Figure 4: Growth Rates of Health Expenditure and GNP (at 1985 prices), 1993-2004

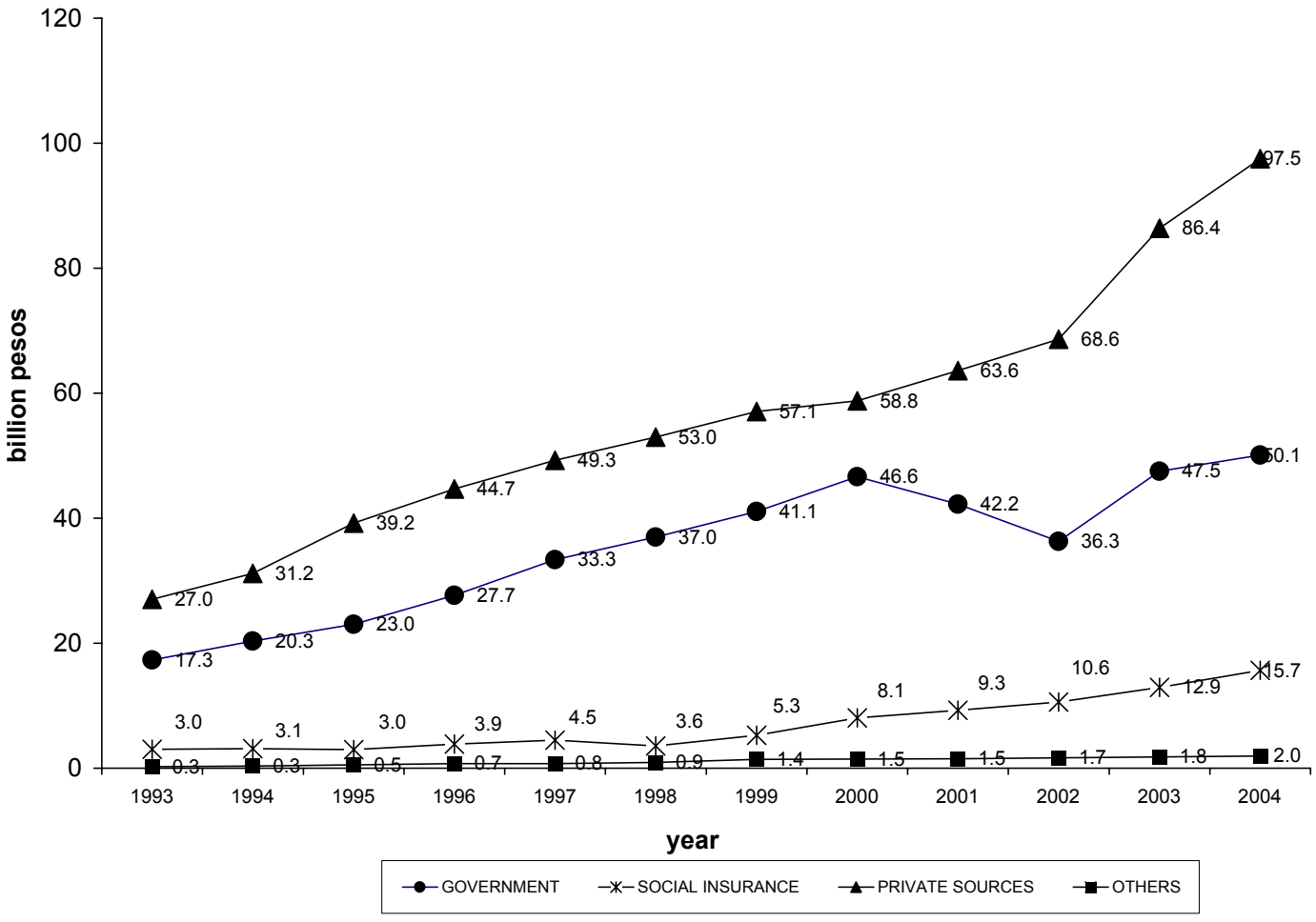


### 2.4 AMOUNT OF HEALTH EXPENDITURE BY SOURCE OF FUNDS, 1993-2004

| SOURCE OF FUNDS | AMOUNT (in million pesos) | | | | | | | | | | | | Growth Rate (2003-2004) | Average Annual Growth Rate[2/] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | | |
| **GOVERNMENT** | **17,334** | **20,333** | **23,033** | **27,669** | **33,347** | **36,975** | **41,075** | **46,610** | **42,246** | **36,301** | **47,494** | **50,104** | **5.5** | **9.0** [3/] |
| National | 11,400 | 11,607 | 12,603 | 15,191 | 17,865 | 19,636 | 21,725 | 24,404 | 19,988 | 18,463 | 23,970 | 26,345 | 9.9 | 8.5 [4/] |
| Local | 5,935 | 8,726 | 10,430 | 12,479 | 15,482 | 17,339 | 19,351 | 22,206 | 22,258 | 17,838 | 23,525 | 23,760 | 1.0 | 9.6 [5/] |
| **SOCIAL INSURANCE** | **3,014** | **3,115** | **2,958** | **3,854** | **4,465** | **3,572** | **5,263** | **8,059** | **9,259** | **10,580** | **12,949** | **15,675** | **21.1** | **16.2** |
| Medicare | 2,874 | 2,931 | 2,773 | 3,650 | 4,241 | 3,311 | 4,996 | 7,800 | 8,994 | 10,309 | 12,765 | 15,481 | 21.3 | 16.5 |
| Employees' Compensation | 140 | 184 | 185 | 204 | 224 | 261 | 267 | 258 | 265 | 270 | 183 | 194 | 5.7 | 3.0 |
| **PRIVATE SOURCES** | **27,010** | **31,154** | **39,215** | **44,683** | **49,267** | **52,971** | **57,085** | **58,785** | **63,593** | **68,646** | **86,414** | **97,516** | **12.8** | **12.4** |
| Out-of-Pocket | 22,615 | 25,920 | 32,880 | 37,118 | 40,826 | 43,737 | 45,409 | 46,536 | 51,134 | 54,811 | 69,237 | 77,524 | 12.0 | 11.9 |
| Private Insurance | 1,140 | 1,139 | 1,156 | 1,278 | 1,689 | 1,894 | 2,316 | 2,305 | 2,910 | 3,368 | 3,389 | 4,085 | 20.5 | 12.3 |
| HMOs | 673 | 896 | 1,293 | 1,740 | 2,174 | 2,751 | 4,142 | 4,381 | 3,666 | 4,182 | 6,996 | 7,979 | 14.0 | 25.2 |
| Employer-Based Plans | 2,147 | 2,670 | 3,250 | 3,853 | 3,846 | 3,775 | 4,184 | 4,271 | 4,527 | 4,806 | 4,997 | 5,903 | 18.1 | 9.6 |
| Private Schools | 434 | 530 | 635 | 695 | 732 | 814 | 1,035 | 1,292 | 1,356 | 1,479 | 1,795 | 2,026 | 12.9 | 15.0 |
| **OTHERS** | **265** | **345** | **536** | **720** | **753** | **935** | **1,403** | **1,458** | **1,504** | **1,653** | **1,803** | **1,953** | **8.3** | **19.9** |
| **AL ALL SOURCES** | **47,624** | **54,947** | **65,742** | **76,927** | **87,831** | **94,454** | **104,827** | **114,911** | **116,602** | **117,180** | **148,660** | **165,247** | **11.2** | **12.0** |

*1/ Revised*
*2/ - Average annual growth rates presented are from 1993 to 2004 except for GOVERNMENT where figures presented are the average annual growth rates during the post devolution years, i.e., from 1995 to 2004 since the government*
*3/ - Average annual growth rate presented is from 1995 to 2004. Average annual growth rate from 1991 to 1994 is 13.8 percent.*
*4/ - Average annual growth rate presented is from 1995 to 2004 Average annual growth rate from 1991 to 1994 is -2.3 percent.*
*5/ - Average annual growth rate presented is from 1995 to 2004. Average annual growth rate from 1991 to 1994 is 84.9 percent.*

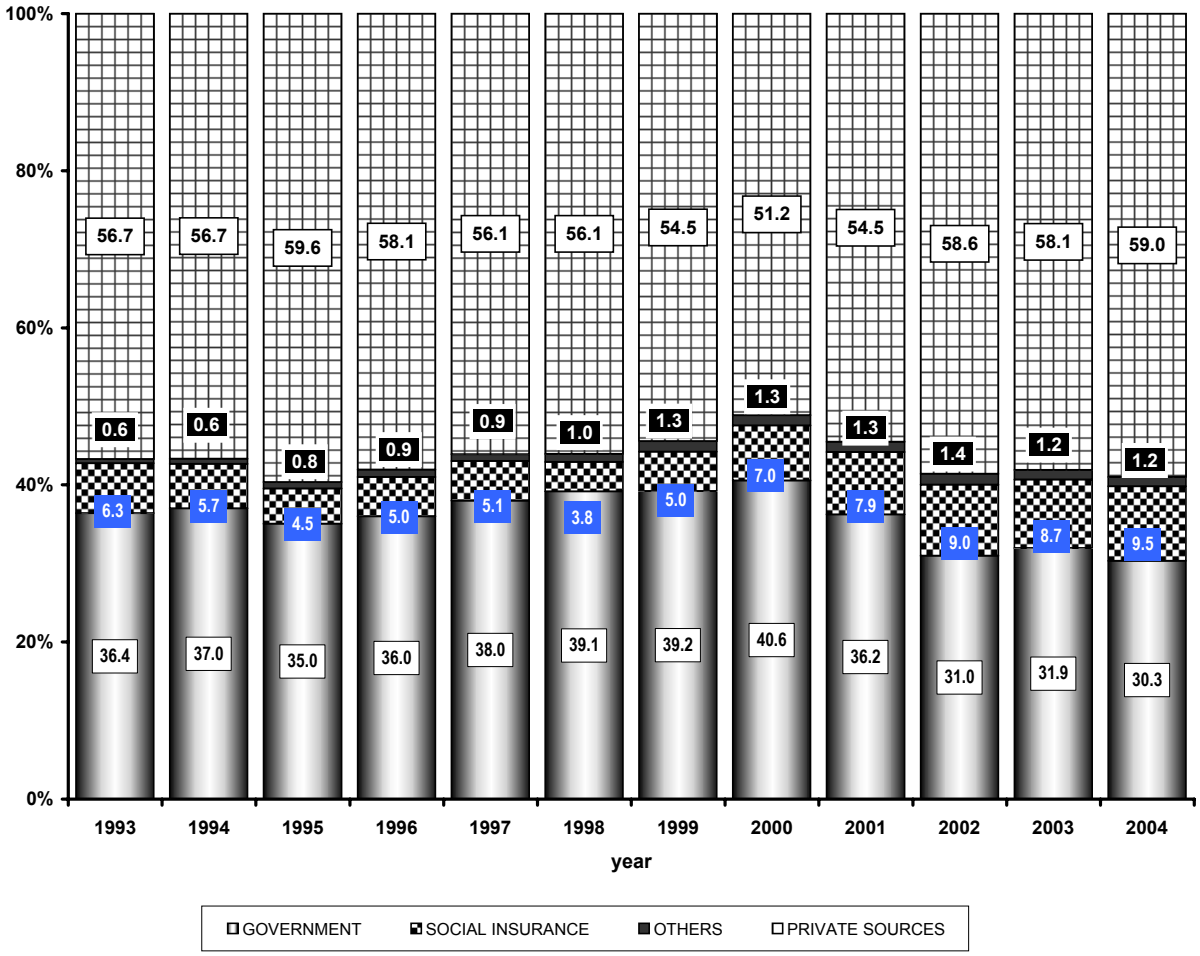
**Figure 5: Health Expenditure by Source of Funds (in billion pesos), 1993-2004**



## 2.5 DISTRIBUTION OF HEALTH EXPENDITURE BY SOURCE OF FUNDS, 1993-2004

| SOURCE OF FUNDS | PERCENT SHARE | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| **GOVERNMENT** | **36.4** | **37.0** | **35.0** | **36.0** | **38.0** | **39.1** | **39.2** | **40.6** | **36.2** | **31.0** | **31.9** | **30.3** |
| National | 23.9 | 21.1 | 19.2 | 19.7 | 20.3 | 20.8 | 20.7 | 21.2 | 17.1 | 15.8 | 16.1 | 15.9 |
| Local | 12.5 | 15.9 | 15.9 | 16.2 | 17.6 | 18.4 | 18.5 | 19.3 | 19.1 | 15.2 | 15.8 | 14.4 |
| **SOCIAL INSURANCE** | **6.3** | **5.7** | **4.5** | **5.0** | **5.1** | **3.8** | **5.0** | **7.0** | **7.9** | **9.0** | **8.7** | **9.5** |
| Medicare | 6.0 | 5.3 | 4.2 | 4.7 | 4.8 | 3.5 | 4.8 | 6.8 | 7.7 | 8.8 | 8.6 | 9.4 |
| Employees' Compensation | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |
| **PRIVATE SOURCES** | **56.7** | **56.7** | **59.6** | **58.1** | **56.1** | **56.1** | **54.5** | **51.2** | **54.5** | **58.6** | **58.1** | **59.0** |
| Out-of-Pocket | 47.5 | 47.2 | 50.0 | 48.3 | 46.5 | 46.3 | 43.3 | 40.5 | 43.9 | 46.8 | 46.6 | 46.9 |
| Private Insurance | 2.4 | 2.1 | 1.8 | 1.7 | 1.9 | 2.0 | 2.2 | 2.0 | 2.5 | 2.9 | 2.3 | 2.5 |
| HMOs | 1.4 | 1.6 | 2.0 | 2.3 | 2.5 | 2.9 | 4.0 | 3.8 | 3.1 | 3.6 | 4.7 | 4.8 |
| Employer-based Plans | 4.5 | 4.9 | 4.9 | 5.0 | 4.4 | 4.0 | 4.0 | 3.7 | 3.9 | 4.1 | 3.4 | 3.6 |
| Private Schools | 0.9 | 1.0 | 1.0 | 0.9 | 0.8 | 0.9 | 1.0 | 1.1 | 1.2 | 1.3 | 1.2 | 1.2 |
| **OTHERS** | **0.6** | **0.6** | **0.8** | **0.9** | **0.9** | **1.0** | **1.3** | **1.3** | **1.3** | **1.4** | **1.2** | **1.2** |
| **ALL SOURCES** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

### Figure 6. Distribution of Health Expenditure by Source of Funds, 1993-2004



## 2.6 PER CAPITA HEALTH EXPENDITURE BY SOURCE OF FUNDS, 1993-2004

| SOURCE OF FUNDS | AMOUNT | | | | | | | | | | | | Growth rate (2003-2004) | Average Annual Growth Rate (1993-2004) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | | |
| ***At Current Prices*** | | | | | | | | | | | | | | |
| Government | 265.4 | 304.2 | 336.7 | 395.2 | 465.4 | 504.3 | 547.4 | 605.8 | 537.9 | 452.8 | 580.5 | 600.0 | 3.4 | 7.7 |
| Social Insurance | 46.1 | 46.6 | 43.2 | 55.1 | 62.3 | 48.7 | 70.1 | 104.7 | 117.9 | 132.0 | 158.3 | 187.7 | 18.6 | 13.6 |
| Private Sources | 413.5 | 466.1 | 573.2 | 638.2 | 687.6 | 722.4 | 760.7 | 764.0 | 809.7 | 856.4 | 1,056.2 | 1,167.7 | 10.6 | 8.9 |
| Others | 4.3 | 5.5 | 8.6 | 11.6 | 12.1 | 15.0 | 22.5 | 23.4 | 24.1 | 26.5 | 28.9 | 31.3 | 8.3 | 19.9 |
| ***At 1985 Prices*** | | | | | | | | | | | | | | |
| Government | 132.8 | 140.5 | 144.0 | 155.0 | 172.3 | 170.3 | 173.3 | 183.8 | 153.9 | 125.6 | 151.8 | 149.8 | (1.3) | 1.1 |
| Social Insurance | 23.1 | 21.5 | 18.5 | 21.6 | 23.1 | 16.5 | 22.2 | 31.8 | 33.7 | 36.6 | 41.4 | 46.9 | 13.3 | 6.6 |
| Private Sources | 207.0 | 215.3 | 245.2 | 250.3 | 254.6 | 244.0 | 240.9 | 231.8 | 231.6 | 237.5 | 276.2 | 291.6 | 5.6 | 3.2 |
| Others | 2.5 | 3.2 | 5.0 | 6.7 | 7.0 | 8.7 | 13.1 | 13.6 | 14.0 | 15.4 | 16.8 | 18.2 | 8.3 | 19.9 |

**Figure 7.1 Per Capita Health Expenditure by Source of Funds (at current prices), 1993-2004**

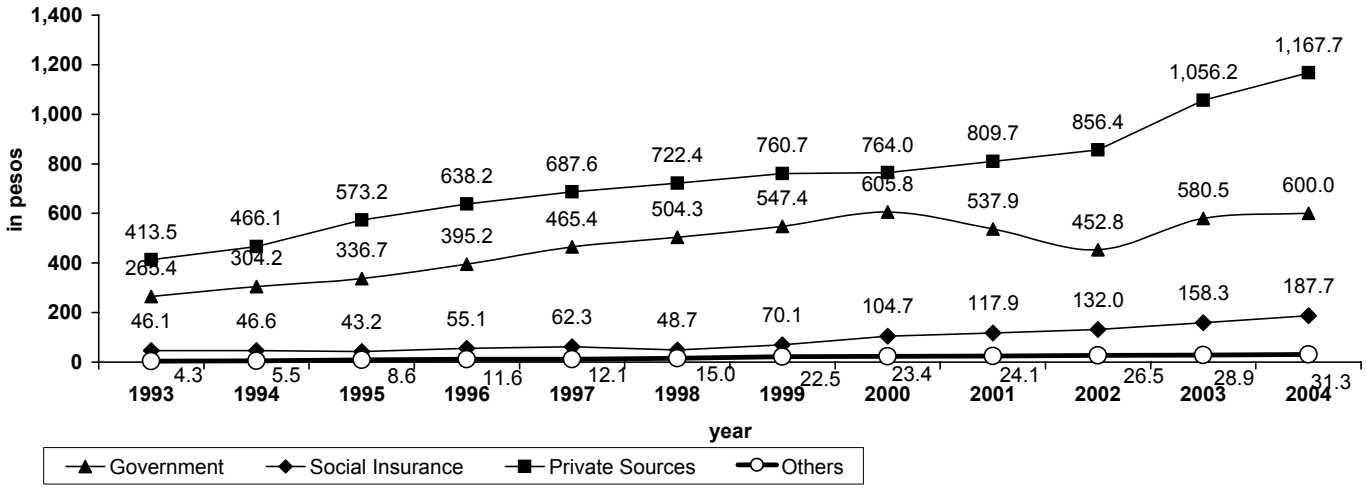
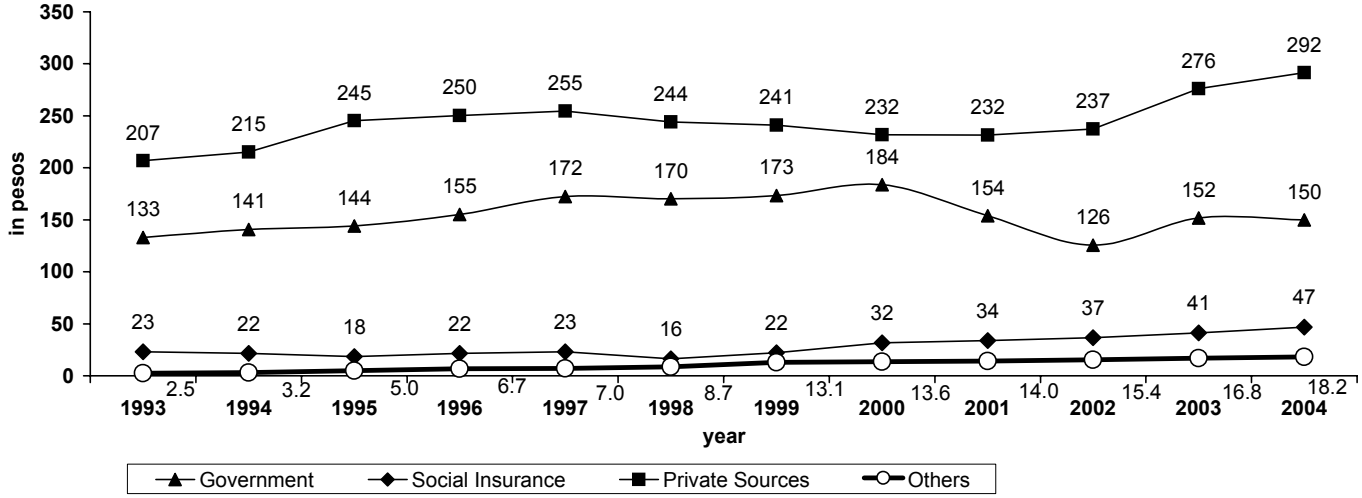



**Figure 7.2 Per Capita Health Expenditure by Source of Funds (at 1985 prices), 1993-2004**



## 2.7 DETAILS OF NATIONAL GOVERNMENT HEALTH EXPENDITURE, 1993-2004

| YEAR | AMOUNT (in million pesos) | | | | | PERCENT SHARE | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DOH[1/] | Other National | Loans | Grants | Total | DOH[1/] | Other National | Loans | Grants |
| 1993 | 7,498.8 | 2,387.1 | 580.9 | 932.8 | 11,399.6 | 65.8 | 20.9 | 5.1 | 8.2 |
| 1994 | 7,703.7 | 2,379.8 | 490.8 | 1,032.5 | 11,606.8 | 66.4 | 20.5 | 4.2 | 8.9 |
| 1995 | 8,231.2 | 3,171.3 | 309.3 | 890.8 | 12,602.6 | 65.3 | 25.2 | 2.5 | 7.1 |
| 1996 | 9,660.7 | 3,581.1 | 821.7 | 1,127.2 | 15,190.8 | 63.6 | 23.6 | 5.4 | 7.4 |
| 1997 | 12,139.7 | 3,949.8 | 378.1 | 1,397.4 | 17,865.0 | 68.0 | 22.1 | 2.1 | 7.8 |
| 1998 | 12,478 | 4,545 | 1,204 | 1,409 | 19,636 | 63.5 | 23.1 | 6.1 | 7.2 |
| 1999 | 12,447 | 5,449 | 2,335 | 1,494 | 21,725 | 57.3 | 25.1 | 10.7 | 6.9 |
| 2000 | 15,255 | 5,158 | 1,870 | 2,120 | 24,404 | 62.5 | 21.1 | 7.7 | 8.7 |
| 2001 | 11,111 | 4,533 | 1,339 | 3,006 | 19,988 | 55.6 | 22.7 | 6.7 | 15.0 |
| 2002 | 12,003 | 3,210 | 2,263 | 986 | 18,463 | 65.0 | 17.4 | 12.3 | 5.3 |
| 2003 | 15,257 | 3,821 | 2,351 | 2,541 | 23,970 | 63.6 | 15.9 | 9.8 | 10.6 |
| 2004 | 15,425 | 5,007 | 1,758 | 4,154 | 26,345 | 58.6 | 19.0 | 6.7 | 15.8 |
| 2003-2004 Growth Rate | 1.1 | 31.0 | -25.2 | 63.5 | 9.9 | | | | |
| 1995-2004 Growth Rate | 7.2 | 5.2 | 21.3 | 18.7 | 8.5 | | | | |
| 1992-94 Growth Rate | -6.9 | 7.8 | -8.1 | 23.8 | -2.5 | | | | |

Note: Government health service provision and financing underwent a transition in the period 1992 to 1994 as devolution was gradually being implemented. 1992-1994 is pre-devolution period while 1995 onwards is post devolution period.

*Data Sources: UPSE (1992-1994); NSCB (1995-2003)*

*1/ - DOH includes the following agencies: DOH-OSEC, Dangerous Drugs Board, Philippine Heart Center, National Kidney Institute, Lung Center of the Philippines, Philippine Children's Medical Center.*

## 2.8 HEALTH EXPENDITURE BY USE OF FUNDS, 1993-2004

| YEAR | AMOUNT (in million pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | Total | Personal | Public | Others |
| 1993 | 36,172 | 5,931 | 5,520 | 47,624 | 76.0 | 12.5 | 11.6 |
| 1994 | 42,501 | 6,667 | 5,779 | 54,947 | 77.3 | 12.1 | 10.5 |
| 1995 | 50,584 | 7,774 | 7,384 | 65,742 | 76.9 | 11.8 | 11.2 |
| 1996 | 59,222 | 9,649 | 8,057 | 76,927 | 77.0 | 12.5 | 10.5 |
| 1997 | 64,905 | 11,975 | 10,950 | 87,831 | 73.9 | 13.6 | 12.5 |
| 1998 | 70,965 | 12,824 | 10,664 | 94,454 | 75.1 | 13.6 | 11.3 |
| 1999 | 77,947 | 13,874 | 13,006 | 104,827 | 74.4 | 13.2 | 12.4 |
| 2000 | 83,919 | 16,530 | 14,462 | 114,911 | 73.0 | 14.4 | 12.6 |
| 2001 | 86,474 | 16,490 | 14,462 | 117,426 | 73.6 | 14.0 | 12.3 |
| 2002 | 90,542 | 12,710 | 13,928 | 117,180 | 77.3 | 10.8 | 11.9 |
| 2003 | 116,260 | 16,038 | 16,361 | 148,660 | 78.2 | 10.8 | 11.0 |
| 2004 | 129,332 | 17,045 | 18,871 | 165,247 | 78.3 | 10.3 | 11.4 |

**Figure 8.1: Percentage Distribution of Health Expenditure by Use of Funds, 2003**

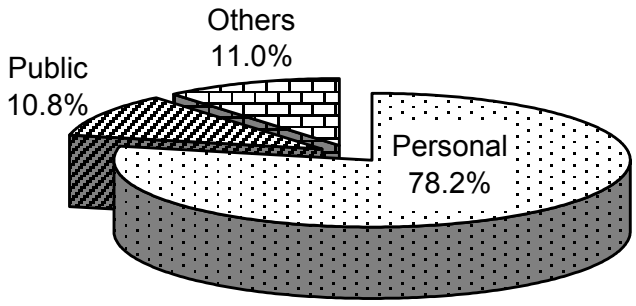
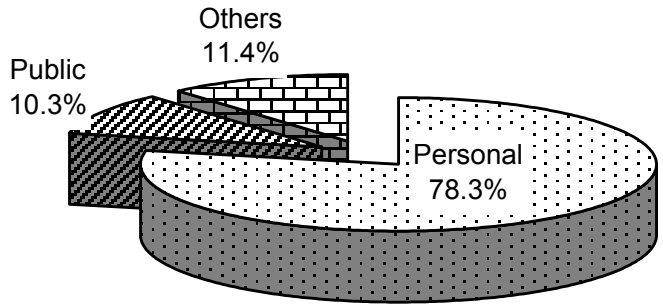



**Figure 8.2: Percentage Distribution of Health Expenditure by Use of Funds, 2004**



## 2.9 TARGET[1/] vs ACTUAL HEALTH CARE SPENDING PATTERNS (in percent), 2002-2004

| USE OF FUNDS | SOURCE OF FUNDS | | | | | | | | | | | | | | | TOTAL BY USE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GOVERNMENT[2/] | | | | SOCIAL INSURANCE[3/] | | | | PRIVATE SECTOR | | | | | | | | | | |
| | | Actual | | | | Actual | | | Out of Pocket | | | | Others[4/] | | | | | | |
| | Target | 2002 | 2003 | 2004 | Target | 2002 | 2003 | 2004 | Target | Actual 2002 | Actual 2003 | Actual 2004 | Target | Actual 2002 | Actual 2003 | Actual 2004 | Target | Actual 2002 | Actual 2003 | Actual 2004 |
| **Personal Health Care** | **10** | 14 | 15 | 14 | **25** | 8 | 8 | 8 | **20** | 47 | 47 | 47 | **7** | 9 | 9 | 11 | **62** | 78 | 79 | 80 |
| **Public Health Care** | **20** | 10 | 10 | 10 | **0** | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **20** | 10 | 10 | 10 |
| **Others** | **10** | 7 | 7 | 7 | **5** | 1 | 1 | 1 | **0** | 0 | 0 | 0 | **3** | 3 | 3 | 3 | **18** | 11 | 11 | 11 |
| **TOTAL BY SOURCE** | **40** | 31 | 32 | 31 | **30** | 9 | 9 | 9 | **20** | 47 | 47 | 47 | **10** | 12 | 12 | 14 | **100** | 100 | 100 | 100 |

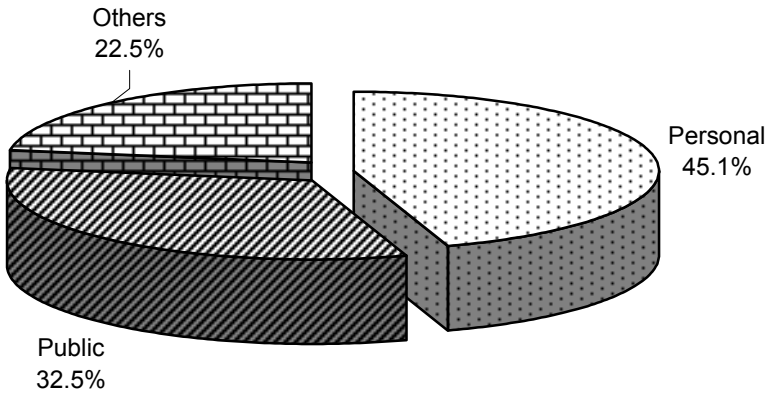
*1/ - Based on the Health Sector Reform Agenda for the period 1999-20004.*
*2/ - Government includes national government agencies (including DOH), foreign-assisted projects and local government*
*3/ - Social Insurance includes medicare (PhilHealth and OWWA) and medical/health coverage of EC.*
*4 / - Others of Private Sector include HMOs, private insurance, private schools, and employer-based plans.*
*5 / - Revised*

Note: To allow for compparison with HSRA targets, which does not include "other" sources of funds, the percentage distribution of actual expeditures by source of funds was adjusted by excluding the "other" sources of funds. Therefore, this is not exactly the same as with the percentage share in table 2.5 of page 14 and 2.8 of page 17.

## 2.10 GOVERNMENT EXPENDITURE BY USE OF FUNDS, 1993-2004

| YEAR | AMOUNT (in million pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | TOTAL | Personal | Public | Others |
| 1993 | 7,303 | 5,876 | 4,155 | 17,334 | 42.1 | 33.9 | 24.0 |
| 1994 | 9,459 | 6,580 | 4,295 | 20,333 | 46.5 | 32.4 | 21.1 |
| 1995 | 9,842 | 7,663 | 5,528 | 23,033 | 42.7 | 33.3 | 24.0 |
| 1996 | 12,416 | 9,490 | 5,763 | 27,669 | 44.9 | 34.3 | 20.8 |
| 1997 | 13,594 | 11,762 | 7,991 | 33,347 | 40.8 | 35.3 | 24.0 |
| 1998 | 16,816 | 12,521 | 7,639 | 36,975 | 45.5 | 33.9 | 20.7 |
| 1999 | 18,991 | 13,317 | 8,767 | 41,075 | 46.2 | 32.4 | 21.3 |
| 2000 | 20,917 | 15,857 | 9,837 | 46,610 | 44.9 | 34.0 | 21.1 |
| 2001 | 17,658 | 15,905 | 8,683 | 42,246 | 41.8 | 37.6 | 20.6 |
| 2002 | 15,839 | 12,060 | 8,402 | 36,301 | 43.6 | 33.2 | 23.1 |
| 2003 | 21,992 | 15,323 | 10,180 | 47,494 | 46.3 | 32.3 | 21.4 |
| 2004 | 22,576 | 16,265 | 11,264 | 50,104 | 45.1 | 32.5 | 22.5 |
| 2003-2004 Growth Rate | 2.7 | 6.1 | 10.6 | 5.5 | | | |

**Figure 9: PERCENTAGE DISTRIBUTION OF GOVERNMENT EXPENDITURE BY USE OF FUNDS, 2004**



## 2.11 DOH[1/] EXPENDITURE BY USE OF FUNDS, 1993-2004

| YEAR | AMOUNT (in million pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | TOTAL | Personal | Public | Others |
| 1993 | 3,874 | 2,251 | 1,374 | 7,499 | 51.7 | 30.0 | 18.3 |
| 1994 | 5,397 | 1,350 | 956 | 7,704 | 70.1 | 17.5 | 12.4 |
| 1995 | 4,866 | 1,859 | 1,506 | 8,231 | 59.1 | 22.6 | 18.3 |
| 1996 | 6,197 | 2,110 | 1,354 | 9,661 | 64.1 | 21.8 | 14.0 |
| 1997 | 6,648 | 3,014 | 2,478 | 12,140 | 54.8 | 24.8 | 20.4 |
| 1998 | 8,184 | 2,555 | 1,739 | 12,478 | 65.6 | 20.5 | 13.9 |
| 1999 | 8,406 | 2,093 | 1,947 | 12,447 | 67.5 | 16.8 | 15.6 |
| 2000 | 10,353 | 2,646 | 2,257 | 15,255 | 67.9 | 17.3 | 14.8 |
| 2001 | 7,874 | 1,691 | 1,545 | 11,111 | 70.9 | 15.2 | 13.9 |
| 2002 | 8,135 | 1,794 | 2,075 | 12,003 | 67.8 | 14.9 | 17.3 |
| 2003 | 10,613 | 2,384 | 2,259 | 15,257 | 69.6 | 15.6 | 14.8 |
| 2004 | 10,205 | 2,035 | 3,186 | 15,425 | 66.2 | 13.2 | 20.7 |
| 2003-2004 Growth Rate | -3.8 | -14.6 | 41.0 | 1.1 | | | |
| 1993-2004 Average Annual Growth Rate | 9.2 | 0.0 | 7.9 | 6.8 | | | |

*1/ - DOH includes the following agencies: DOH-OSEC, Dangerous Drugs Board, Philippine Heart Center, National Kidney Institute, Lung Center of the Philippines, Philippine Children's Medical Center.*

**Figure 10.1**
**PERCENTAGE DISTRIBUTION OF DOH EXPENDITURE BY USE OF FUNDS, 2003**

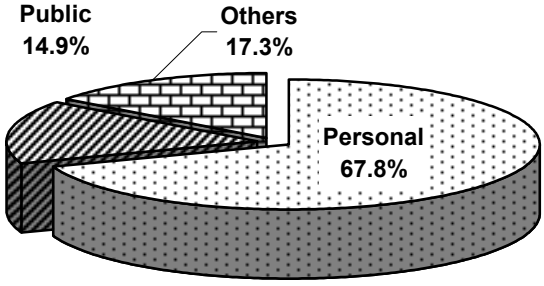
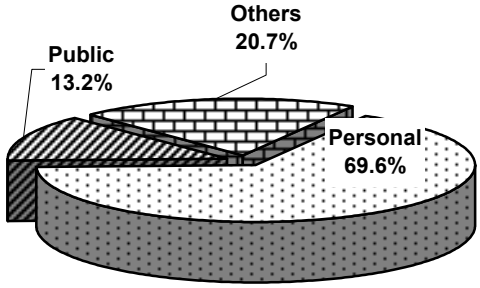



**Figure 10.2**
**PERCENTAGE DISTRIBUTION OF DOH EXPENDITURE BY USE OF FUNDS, 2004**



## 2.12 LOCAL GOVERNMENT EXPENDITURE BY USE OF FUNDS, 1993-2004

| YEAR | AMOUNT (in million pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | Personal | Public | Others | Total | Personal | Public | Others |
| 1993 | 1,659 | 2,855 | 1,421 | 5,935 | 27.9 | 48.1 | 23.9 |
| 1994 | 2,266 | 4,372 | 2,088 | 8,726 | 26.0 | 50.1 | 23.9 |
| 1995 | 2,808 | 5,218 | 2,404 | 10,430 | 26.9 | 50.0 | 23.1 |
| 1996 | 3,417 | 6,100 | 2,962 | 12,479 | 27.4 | 48.9 | 23.7 |
| 1997 | 3,922 | 7,876 | 3,684 | 15,482 | 25.3 | 50.9 | 23.8 |
| 1998 | 4,736 | 8,427 | 4,176 | 17,339 | 27.3 | 48.6 | 24.1 |
| 1999 | 5,098 | 9,171 | 5,082 | 19,351 | 26.3 | 47.4 | 26.3 |
| 2000 | 5,431 | 10,733 | 6,042 | 22,206 | 24.5 | 48.3 | 27.2 |
| 2001 | 5,874 | 10,726 | 5,657 | 22,258 | 26.4 | 48.2 | 25.4 |
| 2002 | 4,367 | 8,093 | 5,378 | 17,838 | 24.5 | 45.4 | 30.2 |
| 2003 | 6,310 | 11,193 | 6,022 | 23,525 | 26.8 | 47.6 | 25.6 |
| 2004 | 6,310 | 11,193 | 6,257 | 23,760 | 26.6 | 47.1 | 26.3 |
| 2003-2004 growth rate | 0.0 | 0.0 | 3.9 | 1.0 | | | |
| 1995-2004 growth rate | 9.4 | 8.8 | 11.2 | 9.6 | | | |
| 1992-94 growth rate | 161.0 | 123.6 | 100.1 | 124.7 | | | |

***Note:*** *Government health service provision and financing underwent a transition in the period 1991-1994 as devolution to local government was gradually implemented.*

**Figure 11: LOCAL GOVERNMENT HEALTH EXPENDITURE BY USE OF FUNDS, 1993-2004**

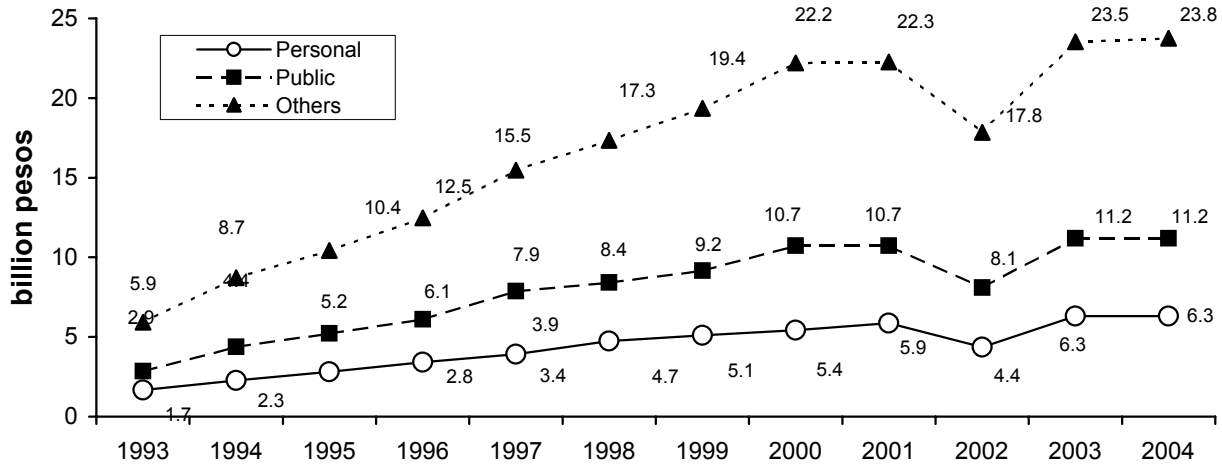
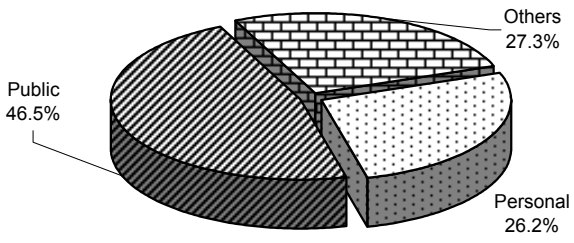



**Figure 12: PERCENTAGE DISTRIBUTION OF LOCAL GOVERNMENT HEALTH EXPENDITURE BY USE OF FUNDS, 2004**



## 2.13 GOVERNMENT HEALTH EXPENDITURE[1/] BY USE OF FUNDS and BY TYPE OF EXPENDITURE, 2003-2004

| SOURCE OF FUND | AMOUNT (in million pesos) | | | | PERCENT SHARE | | |
|---|---|---|---|---|---|---|---|
| | PS | MOOE | CO | Total | PS | MOOE | CO |
| **2003** | | | | | | | |
| **DOH** | **8,762** | **6,355** | **165** | **15,282** | **57.3** | **41.6** | **1.1** |
| Personal | 6,626 | 3,864 | 162 | 10,652 | 62.2 | 36.3 | 1.5 |
| Public | 409 | 1,947 | 3 | 2,359 | 17.4 | 82.5 | 0.1 |
| Others | 1,727 | 543 | 1 | 2,271 | 76.0 | 23.9 | 0.0 |
| *General Administration & Operating Cost* | 1,610 | 495 | 1 | 2,106 | 76.5 | 23.5 | 0.0 |
| *Research and Training* | 117 | 48 | 0 | 165 | 70.9 | 29.1 | 0.0 |
| **Other National Agencies** | **2,350** | **1,175** | **132** | **3,658** | **64.2** | **32.1** | **3.6** |
| Personal | 2,144 | 1,013 | 124 | 3,282 | 65.3 | 30.9 | 3.8 |
| Public | 206 | 162 | 8 | 376 | 54.7 | 43.2 | 2.1 |
| Others | 0 | 0 | 0 | 0 | - | - | - |
| *General Administration & Operating Cost*[2/] | 0 | 0 | 0 | 0 | - | - | - |
| *Research and Training* | 27 | 9 | 0 | 37 | 75.1 | 24.9 | - |
| **Local Government** | **12,029** | **4,229** | **507** | **16,765** | **71.7** | **25.2** | **3.0** |
| Personal | 4,256 | 4,229 | 165 | 8,650 | 49.2 | 48.9 | 1.9 |
| Public | 7,772 | 0 | 342 | 8,115 | 95.8 | 0.0 | 4.2 |
| Others | 0 | 0 | 0 | 0 | - | - | - |
| *General Administration & Operating Cost*[2/] | 0 | 0 | 0 | 0 | - | - | - |
| *Research and Training* | 0 | 0 | 0 | 0 | - | - | - |
| **2004** | | | | | | | |
| **DOH** | **7,544** | **7,179** | **494** | **15,217** | **49.6** | **47.2** | **3.2** |
| Personal | 5,462 | 4,143 | 323 | 9,928 | 55.0 | 41.7 | 3.2 |
| Public | 399 | 1,695 | 29 | 2,123 | 18.8 | 79.8 | 1.4 |
| Others | 1,683 | 1,341 | 142 | 3,166 | 53.1 | 42.4 | 4.5 |
| *General Administration & Operating Cost* | 1,577 | 1,296 | 142 | 3,016 | 52.3 | 43.0 | 4.7 |
| *Research and Training* | 106 | 45 | 0 | 150 | 70.2 | 29.8 | 0.0 |
| **Other National Agencies** | **2,555** | **1,454** | **12** | **4,022** | **63.5** | **36.2** | **0.3** |
| Personal | 2,350 | 1,201 | 12 | 3,563 | 65.9 | 33.7 | 0.3 |
| Public | 206 | 253 | 0 | 459 | 44.8 | 55.2 | 0.0 |
| Others | 0 | 0 | 0 | 0 | - | - | - |
| *General Administration & Operating Cost*[2/] | 0 | 0 | 0 | 0 | - | - | - |
| *Research and Training* | 29 | 8 | 0 | 36 | 78.4 | 21.5 | 0.1 |
| **Local Government** | **12,029** | **7,307** | **507** | **19,843** | **60.6** | **36.8** | **2.6** |
| Personal | 4,256 | 4,229 | 165 | 8,650 | 49.2 | 48.9 | 1.9 |
| Public | 7,772 | 3,078 | 342 | 11,193 | 69.4 | 27.5 | 3.1 |
| Others | 0 | 0 | 0 | 0 | - | - | - |
| *General Administration & Operating Cost*[2/] | 0 | 0 | 0 | 0 | - | - | - |
| *Research and Training* | 0 | 0 | 0 | 0 | - | - | - |

*1/ - In this particular table, government health expenditures does not include foreign-assisted projects (FAPs) since available data on FAPs spending has no breakdown by type of expenditure (i.e., whether PS, MOOE, CO).*

*2/ - No attempt was made to disaggregate general administration and operating costs for other national government agencies and for local government since said costs/expenditures are merely imputed/estimated based on share of health expenditures to total expenditures.*

## 2.14 SELECTED NATIONAL HEALTH ACCOUNTS INDICATORS for the PHILIPPINES and OTHER ASIAN COUTNRIES, 2002 - 2004 [1/]

| Member State | Total expenditure on health as % of GDP | | | General government expenditure on health as % of total expenditure on health | | | Private expenditure on health as % of total expenditure on health | | | General government expenditure on health as % of total government expenditure [2/] | | | External resources for health as % of total expenditure on health | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 |
| Bangladesh | 3.1 | | | 25.2 | | | 74.8 | | | 4.4 | | | 13.5 | | |
| Bhutan | 4.5 | | | 92.2 | | | 7.8 | | | 12.0 | | | 18.7 | | |
| Brunei Darussalam | 3.5 | | | 78.2 | | | 21.8 | | | 4.7 | | | n/a | | |
| Cambodia | 12.0 | | | 17.1 | | | 82.9 | | | 18.6 | | | 4.9 | | |
| China | 5.8 | | | 33.7 | | | 66.3 | | | 10.0 | | | 0.1 | | |
| India | 6.1 | | | 21.3 | | | 78.7 | | | 4.4 | | | 1.0 | | |
| Indonesia | 3.2 | | | 36.0 | | | 64.0 | | | 5.4 | | | 1.8 | | |
| Japan | 7.9 | | | 81.7 | | | 18.3 | | | 17.0 | | | - | | |
| Lao People's Democratic Republic | 2.9 | | | 50.9 | | | 49.1 | | | 8.7 | | | 9.6 | | |
| Malaysia | 3.8 | | | 53.8 | | | 46.2 | | | 6.9 | | | - | | |
| Maldives | 5.8 | | | 87.7 | | | 12.3 | | | 12.5 | | | 3.4 | | |
| Mongolia | 6.6 | | | 70.4 | | | 29.6 | | | 10.6 | | | 0.7 | | |
| Myanmar | 2.2 | | | 18.5 | | | 81.5 | | | 2.3 | | | 1.0 | | |
| Nepal | 5.2 | | | 27.2 | | | 72.8 | | | 7.5 | | | 9.0 | | |
| Pakistan | 3.2 | | | 34.9 | | | 65.1 | | | 3.2 | | | 1.8 | | |
| Papua New Guinea | 4.3 | | | 88.6 | | | 11.4 | | | 13.0 | | | 34.3 | | |
| **Philippines** [1/] | 2.9 | | | 39.1 | | | 60.9 | | | 4.7 | | | 2.8 | | |
| **Philippines** [4/] | **3.0** | **3.5** | **3.4** | **31.0** | **31.9** | **30.3** | **58.6** | **58.1** | **59.0** | **6.2** | **7.3** | **7.1** | **2.8** | **3.3** | **3.6** |
| Republic of Korea | 5.0 | | | 52.9 | | | 47.1 | | | 10.7 | | | - | | |
| Singapore | 4.3 | | | 30.9 | | | 69.1 | | | 5.9 | | | - | | |
| Thailand | 4.4 | | | 69.7 | | | 30.3 | | | 17.1 | | | 0.2 | | |
| Viet Nam | 5.2 | | | 29.2 | | | 70.8 | | | 6.1 | | | 1.8 | | |

| Member State | Social security expenditure on health as % of general government expenditure on health | | | Out-of-Pocket expenditure as % of private expenditure on health | | | Private Prepaid plans as % of private expenditure on health | | | Per capita Total expenditure on health at average exchange rate (US$) [3/] | | | Per capita Government expenditure on health at average exchange rate (US$) [3/] | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 |
| Bangladesh | - | | | 85.9 | | | 0.1 | | | 11.0 | | | 3.0 | | |
| Bhutan | - | | | 100.0 | | | - | | | 12.0 | | | 11.0 | | |
| Brunei Darussalam | - | | | 100.0 | | | - | | | 430.0 | | | 336.0 | | |
| Cambodia | - | | | 85.2 | | | - | | | 32.0 | | | 5.0 | | |
| China | 50.8 | | | 96.3 | | | 0.4 | | | 63.0 | | | 21.0 | | |
| India | 4.6 | | | 98.5 | | | 0.7 | | | 30.0 | | | 6.0 | | |
| Indonesia | 9.3 | | | 76.1 | | | 5.2 | | | 26.0 | | | 9.0 | | |
| Japan | 80.5 | | | 89.8 | | | 1.5 | | | 2,476.0 | | | 2,022.0 | | |
| Lao People's Democratic Republic | n/a | | | 80.0 | | | n/a | | | 10.0 | | | 5.0 | | |
| Malaysia | 1.0 | | | 92.8 | | | 7.2 | | | 149.0 | | | 80.0 | | |
| Maldives | 23.8 | | | 100.0 | | | - | | | 120.0 | | | 105.0 | | |
| Mongolia | 40.0 | | | 74.0 | | | - | | | 27.0 | | | 19.0 | | |
| Myanmar | 1.2 | | | 99.7 | | | - | | | 315.0 | | | 58.0 | | |
| Nepal | - | | | 92.2 | | | - | | | 12.0 | | | 3.0 | | |
| Pakistan | 42.9 | | | 98.3 | | | n/a | | | 13.0 | | | 5.0 | | |
| Papua New Guinea | - | | | 83.3 | | | 9.4 | | | 22.0 | | | 19.0 | | |
| **Philippines** [1/] | 23.4 | | | 77.9 | | | 17.9 | | | 28.0 | | | 11.0 | | |
| **Philippines** [4/] | **29.1** | **27.3** | **31.3** | **79.8** | **80.1** | **79.5** | **6.1** | **8.1** | **8.2** | **28.3** | **33.5** | **35.3** | **8.8** | **10.7** | **10.7** |
| Republic of Korea | 81.0 | | | 82.3 | | | 4.2 | | | 577.0 | | | 305.0 | | |
| Singapore | 26.1 | | | 97.3 | | | - | | | 898.0 | | | 277.0 | | |
| Thailand | 21.8 | | | 75.8 | | | 14.2 | | | 90.0 | | | 63.0 | | |
| Viet Nam | 10.3 | | | 87.6 | | | 4.2 | | | 23.0 | | | 7.0 | | |

*1/ The World Health Report 2004, WHO website (http://www.who.int/whr/2005/annex/annex5.xls, Date: March 14, 2006).*
*2/ 2003, 2004 and 2005 Budget of Expenditures and Sources of Finacing*
*3/ Exchange rate from Bangko Sentral ng Pilipinas (http://www.bsp.gov.ph/statistics/sefi/P$MonAnn.htm), Date: March 2, 2006 and National Accounts Link Accounts Link Series, Annual, Economic Statistics Office, NSCB.*
*4/ 2004 PNHA, NSCB.*
*n/a - not available*

## 2.15 HEALTH EXPENDITURE and HEALTH STATUS, 1993-2004

| STATISTICS | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Health Expenditure Per Capita (in pesos, at *1985* prices) | 365 | 380 | 411 | 431 | 454 | 435 | 442 | 453 | 425 | 405 | 475 | 494 |
| Share of Health Expenditure to GNP, % | 3.2 | 3.2 | 3.4 | 3.4 | 3.5 | 3.4 | 3.3 | 3.2 | 3.0 | 2.8 | 3.2 | 3.2 |
| Life Expectancy at Birth (in years) [1/] | | | | | | | | | | | | |
| Male | n.a. | | 64.8 | 65.1 | 65.4 | 65.7 | 66.0 | 66.3 | 66.6 | 66.9 | 67.2 | 67.5 |
| Female | n.a. | | 70.1 | 70.4 | 70.7 | 71.0 | 71.3 | 71.6 | 71.9 | 72.2 | 72.5 | 72.8 |
| Crude Birth Rate (births per 1,000 population) [2/] | 31.9 | | 29.5 | 28.9 | 28.4 | 27.9 | 27.3 | 26.8 | 26.2 | 25.7 | 25.2 | 24.6 |
| Crude Death Rate (deaths per 1,000 population) [2/] | 7.1 | | 6.2 | 6.1 | 6.1 | 6.0 | 6.0 | 5.9 | 5.8 | 5.8 | 5.7 | 5.7 |
| Infant Mortality Rate (per 1,000 livebirths) [3/] | 52 | 50 | 49 | n.a. | n.a. | 35 | n.a. | n.a. | n.a. | n.a. | 30 | n.a. |
| Maternal Mortality Rate (per 1,000 livebirths) [3/] | 191 | 186 | 180 | n.a. | n.a. | 172 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Fertility Rate (no. of children per woman) [4/] | 4.1 | n.a. | 3.8 | 3.7 | 3.6 | 3.7 | 3.5 | 3.4 | 3.3 | 3.2 | 3.5 | 3.1 |
| Morbidity Rates (per 100,000 population) for the leading causes of morbidity [5/] | | | | | | | | | | | | |
| Diarrhea | 1,949 | 2,006 | 1,352 | 1,475 | 1,257 | 1,274 | 1,190 | 1,135 | 1,085 | 914 | 786 | n.a. |
| Bronchitis | 1,317 | 1,672 | 1,618 | 891 | 892 | 868 | 939 | 917 | 892 | 792 | 771 | n.a. |
| Pneumonia | 686 | 890 | 1,048 | 1,004 | 940 | 884 | 908 | 829 | 837 | 924 | 861 | n.a. |
| Influenza | 888 | 1,225 | 1,182 | 828 | 803 | 771 | 674 | 659 | 642 | 609 | 551 | n.a. |
| Tuberculosis, all forms | 232 | 245 | 187 | 245 | 336 | 207 | 190 | 166 | 142 | 144 | 118 | n.a. |
| Malaria | 72 | 85 | 89 | 101 | 97 | 97 | 89 | 67 | 52 | 50 | 37 | n.a. |
| Diseases of the heart | 167 | 206 | 173 | 90 | 89 | 99 | 83 | 69 | 60 | 66 | 39 | n.a. |

*Souces of Data :*

*1/ - NSO (1995-2003 were taken from the 1995 Census-Based Population Projections , Vol. II)*

*2/ - NSO (1992-1994 are based on the 1990 Census on Population and Household; 1995-2003 were taken from the 1995 Census-Based Population Projections, Vol. II)*

*3/ - For 1993 to 1995, source is the NSCB Technical Working Group on Maternal and Child Mortality (infant mortality rates are estimated using the best fitting regression models while maternal mortality rates are indirectly estimated following Boerma's procedure; 1998 and 2003 data: National Demographic and Health Survey of National Statistics Office*

*4/ - 1993 figure is based on the 1993 National Demographic Survey, 1998 figure is based on the 1998 National Demographic and Health Survey, 2003 is based on the 2003 NDHS while the 1995 - 1997 and 1999 - 2002 are projected figures based on medium assumption by the Technical Advisory Group and NSO Population Projections Unit and in 2004 is 1995-based projections*

*5/ - National Epidemiology Center, DOH and DOH website: http://www.doh.gov.ph*

*n.a. - not available*

# 3. 2004 MATRIX

# 4. THE PNHA FRAMEWORK

# 4. The PNHA Framework

## 4.1 Concepts and Definitions

### 4.1.1 Health Care Expenditure

The PNHA covers total health care expenditures in a given year for the country as a whole. As defined in the PNHA, health care expenditures refer to expenditures on goods and services for the preventive, curative, therapeutic and rehabilitative care of the human population for the primary purpose of improving health. These include

(a) health care goods and services provided by

- government hospitals and medical clinics
- private for profit hospitals and medical clinics
- private non-profit hospitals and medical clinics
- school-based and business establishment-based hospitals and medical clinics
- own-account physicians
- dentists
- non-MD health practitioners
- traditional health attendants

(b) health care goods prescribed or consumed for home or self-care;

(c) government expenditure on:

- various programs such as the immunization, nutrition, disease control, vector control and health information and education
- construction of government hospitals and facilities for use in public health programs[1]
- health policy-formulation and program planning activities, biomedical and operations research and non-degree training of health manpower[2]
- overall administration of public health programs

(d) administration expenditure of public and private health insurance operations and other health care financing schemes

[1] Cost of private sector capital investments are assumed to be recovered through revenues obtained from products sold and is therefore not reported in the PNHA under a separate category.

[2] Cost of private sector research and training are assumed to be recovered through revenues obtained from products sold and is therefore not reported in the PNHA under a separate category.

Excluded are large programs which have health effects, but whose primary goal is not health improvement. Examples are: general food subsidies, pollution abatement, sewerage and water supply projects. However, targeted supplemental feeding, water quality testing and water treatment projects are included in the PNHA when the primary purpose for the activities is to improve health.

### 4.1.2 Health Care Goods and Services

For both goods and services, the *type of product consumed* and/or the *type of establishment providing the product* determine the product's inclusion or exclusion in the PNHA. For both goods and services, one taxonomy used is the Philippine Standard Industrial Classification (PSIC)**.** The PSIC is a scheme that groups together businesses producing like products. A second classification scheme used is the commodity grouping used by the National Statistics Office (NSO) for the Consumer Price Index (CPI). However, no attempt was made to use the concept of characteristic and connected goods and services as described in the 1993 SNA.

#### 4.1.2.1 Health Care Goods

Using the commodity groupings of the CPI, health care goods include the following:

| Commodity Code | Commodity Description |
|---|---|
| 524 | Drugs and Medicines |
| 5241 | antacid-antispasmodic |
| 5242 | anti-allergy |
| 5243 | antibiotics |
| 5244 | antipyretic-analgesic |
| 5245 | common colds and cough medicines |
| 5246 | vitamins |
| 525 | Other Medical and Health Goods |
| 525111 | merthiolate |
| 525112 | medicated strip |
| 525113 | absorbent cotton |
| 525114 | rubbing alcohol |
| 525115 | dextrose |
| 525116 | adhesive plaster |
| 525117 | bandage (sterile gauze) |
| 525118 | feeding bottle |
| 525119 | hot water bag |
| 525120 | Eye-Mo |
| 525121 | hydrogen peroxide |
| 525122 | Listerine |
| 525123 | Lysol |

Note that medical non-durables and durables are lumped together in the CPI category for "other medical and health goods". Most of the commodities listed above are produced by the following establishments[3]:

| PSIC Code | Establishment Description |
|---|---|
| 24241 | Manufacture of drugs and medicines including biological products such as bacterial and virus vaccines, sera and plasma |
| 24242 | Manufacture of surgical dressings, medicated wadding, fracture bandages, catgut and other prepared sutures |
| 33201 | Manufacture of optical instruments and lenses |

Specific items such as rubbing alcohol, thermometers and wheelchairs are produced by various other establishments outside of the three listed above.[4] Direct purchases by households only of goods listed in the table above are included in the PNHA.

#### 4.1.2.2 Health Care Services (Provider-Based)

Using the commodity groupings of the CPI, health care services include the following:

| Commodity Code | Commodity Description |
|---|---|
| 521 | Hospital services |
| 522 | Dental services |
| 523 | Medical (physician) services |

Using the PSIC, provider-based health care services are identified as those produced by the following establishments:

| PSIC Codes | Establishment Description |
|---|---|
| 8511 | public medical, dental and other health services |
| 8512 | private medical, dental and other health services |
| | |

[3] Not all goods produced by establishments coded 33201, however, are classified as health care goods and examples of these are optical instruments like binoculars, other optical telescopes and optical astronomical instruments.

[4] Producers of these other health and medical goods include the following industry groups: 24114 - manufacture of alcohol except ethyl; 15512 – production of ethyl alcohol; 33123 – manufacture of temperature measuring and controlling hygrometric instruments; 35921 – manufacture of invalid carriages, motorized and non-motorized.

| PSIC Codes | Establishment Description |
|---|---|
| 8519 | other hospital activities and medical and dental practices |

Direct purchases by household and other final consumers of services provided by establishments listed above are included in the PNHA.

4.1.2.3 Other Health Services (Non-Provider Based)

Services provided by the DOH (other than those by DOH health care facilities) are all classified as health care service. Services provided by non-DOH government agencies (over and above those provided by agency-based health care facilities) such as nutrition programs, health information campaigns and drinking water testing are also classified as health care services.

## *4.2 Design/Matrix*

The PNHA framework consists of a matrix of operational categories classifying and defining the sources and uses of funds for health care goods and services. It is similar to that of the U.S. in that it is two-dimensional where the columns are the sources of funds and the rows are the uses (types of providers and services) of funds. The entries along each of the dimension of the PNHA matrix reflect characteristics of the system of health care delivery and financing in the Philippines

The PNHA tells: (a) how much was spent for health care in the country; (b) who paid for health care (sources of funds); and (c) what was paid for (uses of funds). An illustration of the matrix is shown in Figure 13 below:

**Figure 13. Conceptual PNHA Framework**

| **USE OF FUNDS** | **SOURCE OF FUNDS** | | | | | TOTAL |
|---|---|---|---|---|---|---|
| | Government | | Social Insurance | Private | Others | |
| | National | Local | | | | |
| Personal | | | | | | |
| Public | | | | | | |
| Other | | | | | | |
| TOTAL | | | | | | |

### *4.2.1 Uses of Funds*

In principle, all health care goods and services can be classified by who receives the benefits of their provision. At one extreme end of the continuum are ***purely private goods and services*** for which all benefits are captured by the person who receives the health care (e.g., a cast for a broken bone). At the other extreme are ***pure public goods and services***, for which the benefit are equally received by everyone in the community (e.g., spraying for malaria control). Many

health care goods and services are mixed public/private goods that fall somewhere in the middle of the continuum. A vaccination for polio, for example, provides a private immunization benefit to the individual who receives it, and many others receive benefit because they are less likely to be exposed to polio from the person who was immunized. ***Mixed public/private goods*** have effects that are external to the individual, and are simply referred to as *goods with externalities*.

For purpose of the PNHA, health care goods/services or uses of health funds are classified into three main types: ***personal health care, public health care*** and ***others***.

**Personal health care** includes pure private health goods and services.

**Public health care** includes both pure public health goods and services and goods/services with externalities (e.g., information/education campaigns or IEC, safety and standards regulation, spraying for malaria control and other vector control activities, immunization, programs providing personal care services combined with information and education services like primary health care, maternal and child health care, control of diarrheal diseases and control of acute respiratory infections).

**"Others"** include all health-related uses of funds that are not direct health care provision but which support, enhance and facilitate the production, provision, delivery, payment and consumption of the two main categories of health care goods and services. Thus, it can be described as the indirect cost of providing health goods and services. Included under this third category are: (1) central administration by government of health activities, by PhilHealth, ECC, SSS and GSIS of social insurance operations and by private insurance companies for private health insurance operations; and (2) health-related research and training.[5]

### *4.2.2 Sources of Funds*

The payors identified in the Philippines and adopted as PNHA sources of funds categories are the ***government, social insurance, private sources*** and ***other sources***.

The categories along the "sources" dimension of the PNHA matrix answer the questions: who and how health services are financed. Thus, the sources of health expenditures refer to the person or institution that directly pays the health care providers. Payors are not necessarily the consumer of the goods or services. For example, medical services provided by an NGO to a group of people (i.e., consumers) for free are, under the PNHA, paid for by the NGO entity (i.e., the payor), even if NGO funds originally came from community donations, international donors and other various sources. Thus the NGO is the ultimate financing unit rather than the household or the rest of the world. Payor for health care received by persons fully covered by medical insurance is the insurer. Payor for health care received by persons for free from public facilities is the government.

[5] Earlier versions of the PNHA included net income and additions to reserves for insurance operations.

## 4.3 The PNHA Operational Framework

### 4.3.1 Uses of Funds

Existing data sources do not allow perfect classification of health care expenditures according to the two main categories (personal vs. public health care) defined above. As proxy measure for source (row) categories, a "facility-based" definition is adopted. A "facility" is defined as any establishment or institution that provides health care goods or services or undertakes activities that support and enhance health care service provision.

Because nearly all health care facilities provide a mix of personal and public health care, as well, as support/enhancement services, the row assignment is dictated by the primary (majority) activity provided by the facility. Thus, services received from hospitals and dental clinics are classified as personal health service. Goods and services provided by Rural Health Units (RHU), Barangay Health Stations (BHS), puericulture centers and other government clinics such as social hygiene clinics, chest clinics, and floating clinics are classified as public health care because these are, in general, characterized to have positive economic externalities. For example, vaccinations provided by these facilities protect immunized individuals and, at the same time, also prevent the spread of disease to the community. Purely personal health care services, however, are also provided by these facilities but current data sources do not provide sufficient information to allow the separation of expenditures for purely personal services from those for services with externalities.

#### 4.3.1.1 Categories of Uses of Fund

The sub-categories for each category of uses of funds are given below:

Uses Categories (Rows)

1. Personal Health care
   - 1.1 Government Hospitals
   - 1.2 Private Hospitals
   - 1.3 Non-hospital Medical Care Facilities
   - 1.4 Dental Care Facilities
   - 1.5 Other Professional Care facilities
   - 1.6 Traditional Health Care
   - 1.7 Retail Outlets: Drugs and Other Non-Durables (self-care)
   - 1.8 Retail Outlets: Vision Products and Other Medical Durables (self-care)
2. Public Health Care
3. Others
   - 3.1 General Administration and Operating Cost
   - 3.2 Research and Training

#### *4.3.1.2 Operational Definition for Uses of Fund*

##### *4.3.1.2.a* **Personal Health Care**

Government Hospitals. In general, hospital expenditures are measured by total revenue from all sources including government budgetary allocation – but because government hospitals do not retain insurance payments and patient fees (except for payments for drugs which go into a hospital revolving fund), total expenditures included in the PNHA are basically paid out of and limited to the amount of revenues net of Medicare benefit payments, EC payments, private insurance payments, household out-of-pocket expenditures and any non-retained fees from other sources. Revenues of government hospital from sources other than the government budget are generally small.

Private Hospitals. Total expenditures at private hospitals, including profit, non-profit and charitable (philanthropic) hospitals, are measured by public and private health insurance benefit payments, patient fees, subsidies by government and any other non-patient revenues, including gifts and donations.

Non-hospital MD facilities. Includes expenditures for all goods obtained from and all services rendered in non-hospital facilities operated by medical doctors. Included are expenditures at offices and clinics of private physicians, dermatologists, psychiatrists, opthalmologists.

Dental care facilities. Includes expenditures for all goods obtained from and all services rendered in dental facilities, including separate private dental X-ray facilities. Also included in this category are expenditures for activities under the DOH special program for dental care. (Note that dental surgery, if conducted in a hospital is included under hospital health care). Additionally, purchases of health care goods from sources outside of dental facilities but bought as prescribed or as advised during a dental visit are included here.

Other professional care facilities. Includes expenditures for goods obtained from services rendered in establishments of health professionals not already captured by the above categories such as services of private-duty nurses, midwives (i.e., lying-in clinics), medical officers, chiropractors, podiatrists, physical therapists (i.e., rehabilitation centers), optometrists, clinical psychologists and laboratory/medical technicians (i.e., diagnostic laboratories and x-ray facilities).

Traditional Health Care. Includes payments made to “hilots”, “herbolarios” and other traditional practitioners for in-home or office facility health care goods and services plus payments for prescribed health care supplies. Also includes the expenditures for DOH programs on traditional medicine.

Retail Outlets: Drugs and Other Non-Durables (*Self Care*). Expenditures in this category are limited to spending for products purchased from retail outlets by consumers of health care goods which were not prescribed or advised by any of the health care providers above. These include

expenditures for drugs, medicines, herbal preparations and medical sundries such as bandages, absorbent cotton, mouthwash, medicated strip, betadyne, rubbing alcohol and dextrose.

Retail Outlets: Vision Products and Other Medical-Durables *(Self Care)*. Expenditures in this category are limited to expenditures made by consumers for health care goods that were not prescribed or advised by any of the health care providers above. Included are expenditures for such items as eyeglasses, hearing aids, thermometer, sphygmomanometer, bulk and cylinder oxygen, wheelchairs, and equipment rental at retail outlets.

#### *4.3.1.2.b* Public Health Care

Covers expenditures by institutions, including DOH, non-DOH central government agencies, LGUs, donor agencies and NGOs, for the production and/or provision of health care goods and services with economic externalities or which are characterized as public goods. Specific programs and activities that are classified as public health care (and with "public goods" characteristics) include vector control activities like mosquito spraying, information and education campaigns (e.g. DOH Anti-Smoking Program) and safety/standards regulation activities. Goods and services provided by Rural Health Units (RHUs), Barangay Health Stations (BHS'), puericulture centers, and other government clinics such as social hygiene clinics, chest clinics, and floating clinics are also classified as public health care because these are, in general, characterized to have positive economic externalities. For example, vaccinations provided by these facilities protect immunized individuals and, at the same time, also prevent the spread of disease to the community. Purely personal health care services, however; are also provided by these facilities, but current data sources do not provide sufficient information to allow the separation of expenditures for purely personal services from those for services with externalities. When, and if such data become available, expenditures should be distributed by type of service, and these government facilities should then also be included among those providing personal care.

#### *4.3.1.2.c* Others

This category is defined to include expenditures for health-related activities that are not direct health care provision but which support, enhance and facilitate the provision delivery, payment and consumption of the two main categories of health care goods and services. The institution that undertakes these types of activities include the DOH, non-DOH central government agencies, PhilHealth, SSS, GSIS, private health insurance companies, HMO's, companies with employer-based plans and NGO's with community-based health programs.

General Administration and Operating Cost. In general, administration cost is defined as an overhead expense of operating an institution, i.e. over and above the total expenditures for goods and/or services provision. Included under administrative expenditures or operating costs are costs of management, finance, accounting, procurement and other such services.

Expenditures for general administration of national government included in the PNHA are expenditures for the overall management of central government health care activities more specifically by the DOH's Office of the Secretary and by other non-DOH government agencies undertaking health care activities. Expenditures for the general administration of government health care facilities such as public hospitals and RHUs, however, are considered part of service provision costs and thus, excluded from this category. As a rule, all administrative costs of health care service providers (public or private) are considered part of service provision and counted in the appropriate rows of the PNHA matrix. Health insurance activities of PhilHealth, SSS, GSIS, private insurance companies and HMO's enhance and facilitate the payment and consumption of health care goods and services by allowing risk-pooling. Thus, all costs of insurers other than health benefit payments, which are for the administration and continuing operation of health insurance activities are included in this category. These costs include payments for management, finance and other such services; payments for other underwriting costs; payments for premium and income taxes; payments for utilities, transport, supplies and materials. Administration costs of philanthropic organizations and NGO's for health-related but not direct service provision activities are included. Note again that administration costs of the health care providers are considered part of service provision costs and are, thus, excluded here.

Research and Training. Expenditures for research and training that would lead to improved medical treatment, efficient service delivery and/or effective planning and management of health care activities are classified under the "other" uses category. The institutions covered are government agencies and non-profit entities that undertake health research and training activities. Expenditures for research and training conducted by private, for-profit organizations are excluded because these expenditures are treated as intermediate consumption and are recovered through company sales. Expenditures for the following types of research by government and non-profit institutions are included: (1) bio-medical research; (2) research to improve the efficiency and effectiveness of the health care delivery system; (3) research to improve logistics systems and to improve the effectiveness of the management of health care resources; and (4) survey, monitoring and evaluation - surveys of disease incidence and immunization coverage; monitoring effectiveness of projects or programs; and evaluating alternative interventions. Only expenditures for special non-degree training of workers who are already in the health care industry are included (e.g., special training for physicians, BHWS and "hilots"). Excluded are schooling expenditures of individuals attending medical and nursing schools. Also excluded are schooling expenditures of health workers who have gone back to school to formally earn a higher degree.

### *4.3.2 Sources of Funds*

#### *4.3.2.1 Categories of Sources of Fund*

The PNHA sources of financing for health care goods and services include expenditures made by the following four main groups: (1) the government; (2)

social insurance; (3) private sources; and (4) other sources. The subcategories within each category are shown below:

Sources Categories (Columns)

1. Government
   1.1 National
   1.2 Local
2. Social Insurance[6]
   2.1 Medicare
   2.2 Employees' Compensation
3. Private
   3.1 Out-of-pocket
   3.2 Private Insurance
   3.3 Health Maintenance Organizations
   3.4 Employer-based Plans
   3.5 Private Schools
4. Others

The categories adopted for sources of funds make the PNHA useful for providing information on various dimensions: (a) public versus private roles in health care provisions; (b) the entities/organizations which manage the financing scheme and determine the level of health expenditures; (c) type of financing for health services, i.e., whether from taxation, contributions to insurance funds, household out of-pocket or foreign assistance; and (d) modes of compensating health care providers, i.e., whether fee for service (as in the case of out-of-pocket payments to provider), fixed budget for operations (funding for DOH programs and health care facilities) or cost-reimbursement (payments by health insurance companies to health care providers).

#### *4.3.2.2 Operational Definition for Sources of Fund*

##### *4.3.2.2.a* **Government**

National Government. Expenditures for health care consist of non-foreign-funded spending by the DOH and by other national government agencies undertaking health care activities, as well as spending out of health-related foreign-assisted projects implemented by national government agencies.

Local Government. Covers expenditures made by provincial, municipal and city governments for clinics, regional/provincial hospitals devolved from the DOH, Regional Health Units (RHUs), Barangay Health Stations (BHS) and various public health programs. Administration and other support service expenditures due to the provision of health care services by the local government are also included.

For both national and local government, health-related activities whose main purpose is for the provision of food, shelter and other infrastructure (*e.g.,*

[6] Earlier versions of the PNHA included Hospitalization Insurance Plan (HIP) of the GSIS under social insurance. HIP was later transferred to private insurance since it is a benefit under the Optional Life Insurance, in which membership is purely on a voluntary basis.

*building of water systems, regular water treatment, flood control, construction of toilets, construction of sewerage system, setting up of dump site, garbage collection, incremental food production, pollution control*) are excluded.

#### *4.3.2.2.b* Social Insurance

Covers health benefit payments out of the *Medicare,* and *Employees' Compensation (EC)* Funds of PHIC, SSS and GSIS, plus administration costs and research and training expenses for these three funds. Medicare covers only inpatient care. EC, on the other hand, also cover certain non-hospital services costs and other health professional fees.

#### *4.3.2.2.c* Private Sources

Out-of-Pocket. Amounts paid directly by households from out of-pocket for health care good and services net of amounts eventually reimbursed by insurance, by employer-provided benefits and by other sources of funds. Value of health care goods and services paid for or provided by government for free are excluded from this category. Premium payments for health insurance are also not included.

Private Insurance. Private insurance companies can be identified as establishments assigned by the National Statistics Office (NSO) with Philippine Standard Industrial Classification (PSIC) codes 6701 for life and 6703 for non-life. Included are expenditures for benefit payments on health/accident, administrative costs from health/accident insurance activities. Insurance schemes operated by business firms for the sole benefit of its employees are not included here and are classified as employer-based sources of health funds. Only private insurance companies that operate commercially are included here. Also included are benefit payments out of the Hospitalization Insurance Plan (HIP) under the Optional Life Insurance program of the GSIS plus administration costs of managing HIP[7].

Health Maintenance Organizations (HMOs)**.** HMO's distinguish themselves from pure insurers in that they provide managed health care; that is, besides paying for services covered by insurance, they also pursue preventive and promotive health care programs such as reminding women to undergo regular gynecological examinations and sending regular newsletters on health-related topics. A further distinction is that, HMO's unlike pure insurers, may operate their own health care facility. HMOs operated by business firms for the sole benefit of its employees are classified as employer-based sources of health funds. HMOs are registered at the DOH-Bureau of Licensing and Regulations (DOH-BLR) as a form of health care provider. Only HMOs that operate commercially are included in this category.

Employer-based Plans. Employer-based sources column in the PNHA include total expenditures by establishments for the health care of its employees but excluding Medicare/EC premium payments and premium payments made to third-party commercial insurers on behalf of employees.

[7] Ibid.

Included are payments for: (1) health expenditure allowance; (2) reimbursement of employees' health care expenditures; (3) drugs and other medical goods supplied by the company for free or at subsidized cost in the workplace; (4) prepaid arrangements with retained health care facilities; (5) operating costs of company-owned and operated health care facilities; (6) operating costs of company-owned and operated HMO and health insurance scheme; and (7) administration costs of providing health benefits.

Private Schools. Private schools column in the PNHA includes total expenditure by private schools for the health care of its students. Included are payments for: (1) wages of health manpower; (2) medical supplies and materials; (3) use of clinic space; and (4) administrative costs of providing health care.

Others – includes socially organized voluntary community health insurance schemes, community capitalization schemes for the promotion of health, mutual benefit financing schemes by people's or grassroots organizations and donors/other NGOs that directly deliver or pay for health care services

### *4.3.3 Full Operational Matrix*

Figure 14 shows the full PNHA operational matrix showing the subcategories for each main category of both sources and uses of funds.

## Figure 14. PNHA FULL OPERATIONAL MATRIX

| USES OF FUNDS | SOURCES OF FINANCING | | | | | | | | | | | | | | | TOTAL BY USE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GOVERNMENT | | | | | SOCIAL INSURANCE | | | PRIVATE SECTOR | | | | | | OTHERS | |
| | National | | | | Local | Medicare | | Employees' Compensation (SSS & GSIS) | Private Out of Pocket | Private Insurance | | HMOs | Employer-Based Plans | Private Schools | | |
| | DOH | Others | FAPS Loans | FAPS Grants | | PhilHealth | OWWA | | | Life & Non-life Insurance Companies | HIP (GSIS) | | | | | |
| **PERSONAL HEALTH CARE** | | | | | | | | | | | | | | | | |
| Government Hospital | | | | | | | | | | | | | | | | |
| Private Hospital | | | | | | | | | | | | | | | | |
| Non-Hospital MD Facilities | | | | | | | | | | | | | | | | |
| Other Professional Facilities | | | | | | | | | | | | | | | | |
| Dental Facilities | | | | | | | | | | | | | | | | |
| Traditional Health Care | | | | | | | | | | | | | | | | |
| Retail Outlets: Drugs and Other Non-Durable | | | | | | | | | | | | | | | | |
| Retail Outlets: Vision Products and Other | | | | | | | | | | | | | | | | |
| **PUBLIC HEALTH CARE** | | | | | | | | | | | | | | | | |
| **OTHERS** | | | | | | | | | | | | | | | | |
| General Administration and Operating Costs | | | | | | | | | | | | | | | | |
| Bio-Medical Research | | | | | | | | | | | | | | | | |
| Operations/Policy Research | | | | | | | | | | | | | | | | |
| Survey and Monitoring | | | | | | | | | | | | | | | | |
| Manpower Training Activities | | | | | | | | | | | | | | | | |
| Net Income | | | | | | | | | | | | | | | | |
| Additions to Reserves | | | | | | | | | | | | | | | | |
| **TOTAL BY SOURCE** | | | | | | | | | | | | | | | | |

# 5. TECHNICAL NOTES

# *5. Technical Notes - Data Sources & Estimation Procedures*

This section describes data sources and estimation procedures used in the compilation of the 1992 to 2004 Philippine National Health Accounts (PNHA) matrices. It also discusses the significant revisions/changes made since the first publication covering the 1991 to 1997 PNHA. It also describes how inadequacies in the data (with respect to PNHA needs) were handled, i.e. specific estimation rules applied, so that users can take these limitations into account when interpreting the PNHA statistics.

## 5.1 *National Government*

### 5.1.1 DOH and Other National Government Agencies

#### Data Sources

5.1.1.1 The following documents/data were used, namely: (a) COA's 1991-1999 and 2002-2004 Annual Financial Report of the National Government which reports total actual expenditure per department/office; (b) COA's special tabulation of 2000-2001 actual expenditure per agency excluding FAPs for agencies covered in the PNHA; (c) COA's 2003-2004 Annual Financial Report of the Government Owned and/or Controlled Corporations; (d) DBM's 1991-1994 General Appropriations Act (GAA) containing the appropriation per program/project/activity (PPA) per agency; and (e) DBM's 1995-2004 National Expenditure Program (NEP) files containing obligations incurred per PPA per agency.

#### Coverage and Estimation

5.1.1.2 The expenditures included in the PNHA are those for national government agencies with health-related activities. For PNHA purposes, national government agencies were broadly classified into two, namely: (a) agencies whose mandates are all health-related (i.e., "health-related" agencies); and (b) agencies also providing non-health services (i.e., "partial budget" agencies).

The entire budget/expenditures of "health-related" agencies are included in the PNHA. These are as follows: DOH-OSEC, DDB, PHC, LCP, NKTI, PCMC, PVAO-VMMC, FNRI, NMIC, AFP-Medical Center, NNC, POPCOM, PCHRD, NCWDP.

"Partial-budget" agencies, on the other hand, are those agencies which have a portion only of their expenditures for health care. These are: AFP-GHQ, AFP-PN, AFP-PA, AFP-PAF, NBI, BFP, BCOR, DepEd-OSec, OP-Proper, UP System, DOLE-OSec, PNP and NAPOLCOM.

5.1.1.3 Since COA does not report expenditures with the required PNHA breakdown (i.e. by agency and by PPA), expenditures per agency and PPA were estimated.

5.1.1.4 For the years 1992-1994, national government expenditures with the required PNHA breakdown (i.e. by agency and by PPA) were estimated based on (a) the appropriation by PPA and by agency as reported in the 1992-1994 GAA of the DBM; and (b) the agency actual expenditure-to-appropriations ratios or "utilization rates" computed from agency-level data reported in the 1992-1994 Annual Financial Report of the National Government from COA. For the 1995 to 2004 series, the estimates were based on: (a) the obligations incurred by and PPA by agency as obtained from the NEP files of the DBM and (b) the agency actual

expenditure-to-obligations incurred ratios or “utilization rates” computed from agency level data reported in the 1995-1999 and 2002-2004 Annual Financial Report of the National Government from COA and the 2000-2001 special tabulation of actual expenditure (excluding FAPs) per agency, also provided by COA.

5.1.1.5 The 2002-2004 Annual Financial Report (AFR) of the National Government from COA is the first report based on the New Government Accounting System (NGAS). The NGAS is a simplified set of accounting concepts, guidelines and procedures adopted by COA to ensure correct, complete and timely recording of government financial transactions and production of accurate and relevant financial reports. One implication of the new accounting system is the non-comparability of data on expenses by object, that is, by Personal Services (PS), Maintenance and Other Operating Expenses (MOOE) and Capital Outlay (CO). In the new summary reports from COA, the expense categories are PS, MOOE, Financial Expenses and Subsidy; thus, there is no expense category for CO. In the 2002 PNHA, expenses for CO were estimated by computing the proportion of CO to total 2001 expenditure for each agency, then applying the ratio to the total 2002 expenditure of the agency. In the 2003 PNHA, the CO estimates were computed as the net increase or decrease in the amounts of capital assets. For the 2004 PNHA, this methodology yielded unrealistic estimates, hence, was revised by assuming the CO value from the NEP as the final expenditure level for CO. This methodology is still subject to further improvement.

5.1.1.6 Expenditures of GOCCs like the National Kidney and Transplant Institute, Philippine Heart Center, Philippine Children's Medical Center and Lung Center are funded by budgetary support coming from the national government as well as by revenues from agency operations and other sources of corporate funds.

5.1.1.7 In the case of the Bureau of Corrections, health expenditures are measured only in terms of the salaries of its medical officers and chiefs of hospitals. Other operating costs of its facilities could not be estimated from the current format of expenditure reporting.

5.1.1.8 Administration cost of health services in agencies also providing non-health services (i.e. "partial budget" agencies) are estimated by multiplying (a) total general administration and support services expenditures with (b) the percentage share of health-related expenses to total expenses of the agency net of general administration expense.

**Classification by PNHA Use**

5.1.1.9 Expenditures for mixed services/facilities (e.g., payment for hospital, medical and other professional health care by NAPOLCOM) which could not be disaggregated by component are classified according to the most expensive component or that which is expected to account for most of the total. In the example cited, the mixed-uses expenditures of NAPOLCOM are classified under government hospital care. This general rule on classification is applied repeatedly on various types of expenditure mixes as described in some of the succeeding items below.

5.1.1.10 Expenditures of DOH's Dental Services are classified under personal health care since most of its budget are for dental commodities provided to RHUs through the Community Health Care Agreement (CHCA).

5.1.1.11 RHU expenditures for dental services are included under public health care because no detail on RHU/BHS budget is available. Based on service statistics reports for RHUs and BHS, however, dental cases account for about 2.14 percent of all cases seen at RHUs and BHSs. For a rough estimate of dental cost, the percentage may be applied to total DOH budget for Field Health Services, for pre-

devolution years, or to total LGU budget for Health Services, for post-devolution years.

5.1.1.12 Due to data limitations, expenditures for dental clinic services of the following agencies are lumped under either the government hospital health care or clinic care categories: AFP/General Headquarters, AFP-PAF, AFP-PA, AFP-PN, DECS-OSEC and OP-Proper.

5.1.1.13 Expenditures of the DOH for its Traditional Medicine Program and Herbal Processing Plants are classified under (personal) traditional health care.

5.1.1.14 All activities of government hospitals including those for general administration and support services are classified under government hospital care.

5.1.1.15 Terminal Leave Benefits, Personnel Economic Relief Allowance and other similar (non-salary or non-wage) personnel compensation/benefits, which were reported lump-sum under General Administration and Support from 1992-1993, were all assigned under the PNHA uses category Other-General Administration. This rule must particularly be taken into account when comparing levels of central government administration expenditures to expenditures for other PNHA uses. It should be noted that these benefits are paid not only to personnel performing administrative functions but also to those performing health care provision functions.

5.1.1.16 Starting 1994, with the reclassification of national government expenditure items, only Medicare, EC and PAGIBIG premium payments were retained lump-sum under General Administration. All other types of personnel benefits or non-salary compensation (90 percent of all benefits) were already reported as part of Personal Services for each program or activity of the agencies, i.e. transferred out of General Administration. With this new way of reporting, majority of personnel benefits have then been classified according to the program or activity to which they have been transferred, i.e. no longer General Administration. This change should be taken into account when comparing General Administration cost between the years 1993 and 1994.

### 5.1.2 Foreign-Assisted Projects

**Data Sources**

5.1.2.1 Data on health expenditures by foreign-assisted projects (FAPs) came from three basic sources (listed in the order of preference): (a) DBM's BESF; (b) DOH-Foreign Assistance Coordination Service (FACS) reports and DOH Annual Reports; and (c) NEDA Project Management Staff reports. BESF is preferred because it is the source that provides actual fund utilization by projects. The other two sources, however, are also necessary because not all FAPs are reported in the BESF.

**Coverage and Estimation**

5.1.2.2 All FAPs undertaken by the DOH (or those in which DOH is one of the implementors) are included in the PNHA. Similarly, all FAPs of other national government agencies whose mandates are entirely health-related (e.g., National Nutrition Council, Food and Nutrition Research Institute, Philippine Council for Health Research and Development, etc.) are also included.

5.1.2.3 Actual availment for the year are reported only for projects listed in the BESF and, when available, availment figures are used directly in the PNHA. For

projects with multiple implementing agencies, only the availment of the DOH and the health-related agencies are included in the PNHA.

5.1.2.4 When actual availment data are not available, as in the case for FAPS reported only in DOH-FACS or NEDA-PMS documents, an alternative estimation method is used. Three pieces of information are required: (a) total project cost, (b) project duration and (c) number/types of implementing agencies. Annual availment is then estimated as follows: divide total project cost by the duration of the project and then calculate for the share of the health agencies out of the total estimated availment assuming that each implementing agency is assumed to take equal share out of total availment. If even one piece of information is missing, annual availment was not estimated.

**Classification by PNHA Use**

5.1.2.5 Expenditures by FAPS for mixed services/facilities (e.g., Philippine Health Development Project's [PHDP] payments for hospital equipment, vector control, training of public health personnel, improvement of provincial health office planning and programming and more) which could not easily be disaggregated by component are classified according to the most expensive component or that which is expected to account for most of the total. In the case of the PHDP, most of the expenditures are for providing public health care.

### 5.1.3 *Local Government*

**Data Sources**

5.1.3.1 Health care expenditures of the Provincial, Municipal and City Governments are reported, along with all other local government expenditures, in the Commission on Audit's (COA) 1991-2004 Annual Financial Reports (AFR) of the Local Government Units.

**Coverage and Estimation**

5.1.3.2 Health expenditures of LGUs are reported under three (COA-defined) expense categories: Health, Family Planning Services[1] (under Social Welfare Services) and Education Subsidiary Services (a subcategory under Education Services).

5.1.3.3 General administration cost for health services provision was estimated by applying (a) the proportion accounted for by health services out of total cost for all LGU services (i.e., total includes health, education, labor and employment, housing, economic and others) to (b) total general administration cost of LGUs. Administration cost includes those for the following: Executive, Accounting, Auditing, Treasury, Budgeting, Administrative and General Services.

5.1.3.4 The data for education subsidiary services (under item on Non-Hospital MD Facilities) is not available from the 2002 COA AFR. Data for 2002 were therefore estimated using regression of the proportion to total local government health expenditure.

5.1.3.5 The data on the breakdown of each expenditure by item was not published in the 2004 AFR. Data is available for all expenditure items by PS, MOOE, CO. The

[1] Population Control was reported together with health services in 1991. Starting 1992, the program was renamed Family Planning Service and assigned under Social Welfare Services.

2004 breakdown by item was derived by applying the corresponding 2003 percent share by item to total for all expenditure items to the total 2004 for PS, MOOE and CO.

**Classification by PNHA Use**

5.1.3.6 LGU health expenditures were generally classified under four uses: Hospital Services under personal (hospital) care; Education Subsidiary Services under personal (non-hospital) care; Health Services, Chest Clinic, Population Control, Development Funds and Miscellaneous Health Services under public health care; and Administration Expenditures under "others".

## 5.2 *Social Insurance*

**Data Sources**

5.2.1 Most of the required data were taken from the 1992-2004 Annual Reports of the GSIS and SSS. Starting 1998, expenditures from Medicare program were obtained from PhilHealth's Statement of Revenues and Applications.

5.2.2 Expenditures of PMCC (1992 to 1995) and PhilHealth (1996-2004) were obtained from the corresponding Annual Reports, COA's Annual Financial Report of the National Government, and DBM's General Appropriations Act and National Expenditure Program (NEP).

5.2.3 For OFWs' Medicare program, expenditures were obtained from the 1995-2004 Annual Statement of Income and Expenses and Fund Balance of OWWA-Medicare Assistance Unit.

5.2.4 Data on EC benefit payments by type (to be able to segregate medical benefits) were obtained from reports of the ECC's Policy, Programs and Systems Management Division.

5.2.5 Tabulations for the 1992 and 1993 Medicare claims by type of hospital paid were generated by PMCC (Health Data Systems). Tabulations for the later years were generated directly by GSIS/SSS/PhilHealth.

**Coverage and Estimation**

5.2.6 Included are benefit payments from the Medicare Fund (SSS and GSIS for 1992 to 2004; PhilHealth for 1998 to 2004; OWWA-Medicare for OFWs from 1995 to 2004), EC Fund of SSS and GSIS (medical components only) plus operating expenses of these institutions attributable to the management of the said fund.

5.2.7 Included also are the entire expenditure of PMCC, the forerunner of PhilHealth, from 1992 to 1995.

5.2.8 General administration cost for the medical component of EC are estimated by applying the proportion accounted for by EC-medical benefit payments (out of the total benefit payments for EC) to the total general administration cost of EC.

5.2.9 Insurance expenditures of the GSIS were excluded to avoid double counting. Payments by re-insurers are accounted for in the "private insurance" column of the PNHA.

5.2.10 The first release of the PNHA (i.e., 1991-97 PNHA) *included net income* and additions to reserves among the "others" use of fund. These two items were later excluded from the PNHA concept of health expenditure as these do not represent actual expenditure. Instead, information regarding these are placed as memo items under the PNHA annual matrices. For the medicare, "n*et revenue" (*of SSS and PhilHealth*)*, "*net income before increase in reserves"* (of GSIS) and "*excess of receipts over expenses"* (of OWWA-Medicare) refers to total revenue of the medicare fund net of benefit payments, administrative and operating and other expenses. For the EC-medical component, n*et revenue (*for SSS*)* and *net income before increase in reserves* (for GSIS) were estimated by applying the proportion accounted for by EC-medical benefit payments (out of the total benefit payments for EC) to the total net revenue/net income before increase in reserves of EC.

5.2.11 Breakdown of GSIS and SSS Medicare benefit payments by type of hospital was available only for selected years. Information on the breakdown was obtained from special tabulations made by PMCC, GSIS and SSS. For the years for which no tabulations were obtained, the breakdown was estimated based on data from the nearest year(s).

5.2.12 No breakdown by type of hospital was derived for the 1998 Medicare benefit payments since PhilHealth's computer system was still in the process of enhancement and was not yet capable of extracting such data at that time. Starting 1999, however, PhilHealth was able to provide such breakdown in terms of percentage shares.

5.2.13 In the same manner, no breakdown by type of hospital was derived for OWWA-Medicare benefit payments due to lack of data.

**Classification by PNHA Use**

5.2.14 For Medicare, benefit payments cover only hospitalization cost and are therefore classified under PNHA use category personal (hospital) care.

5.2.15 EC medical benefits cover hospitalization as well as rehabilitative care and should therefore be classified under four subcategories of personal care, i.e. government hospital, private hospital, non-hospital medical clinics and other professional care, if data were available.

## 5.3 Private Sources

### 5.3.1 *Out-of-Pocket*

**Data Sources**

5.3.1.1 Data on household expenditure for health are taken from the National Statistics Office's (NSO) Family Income and Expenditure Survey (FIES) conducted every three years. The 1991, 1994, 1997, 2000 and 2003 FIES results were used directly in the PNHA estimation.

5.3.1.2 Other data/parameters used include: (a) 1992-2004 Personal Consumption Expenditures (PCE as estimated in the National Income Accounts); (b) proportion of PCE spent by non-household entities (1990 Social Accounting Matrix of NSCB); and (c) proportion of household health care expenditures truly paid for by household funds (PNHA Rider to the 1994 FIES.)

**Coverage and Estimation**

5.3.1.3 For the FIES years 1991, 1994, 1997, 2000 and 2003, household health care expenditures were estimated directly by multiplying the ratio of health care to total household expenditures (computed from the FIES) by the PCE for the current year.

5.3.1.4 During non-FIES years, household health care expenditures were estimated by multiplying (a) the ratio of health care to total household expenditures (computed from the FIES) for the closest FIES year(s) with (b) PCE for the current year.

If estimation year falls between two FIES years, the ratio used is derived by linear interpolation of the: (a) computed ratio from the FIES conducted prior to the estimation year; and (b) the computed ratio from the FIES conducted after the estimation year.

If estimation year comes after an FIES year and no FIES has been conducted after the estimation year, then the ratio computed from the most recent FIES is used and assumed to remain the same in the current year.

The 2003 PNHA estimates of out-of-pocket were updated/revised as results of the 2003 FIES and the 2003 PCE.

5.3.1.5 The PNHA Rider to the 1994 FIES provides an estimate of the percent of health care expenditures which are truly paid for by household funds, that is, excluding the value of free medical goods and services from government hospitals/clinics and value of medical goods and services paid for by employers, medicare, private health insurance and charitable or philanthropic organization.

5.3.1.6 In all the calculation involving the use of the PCE, the proportion of spending by non-profit institutions serving households (NPISH) was netted out of PCE to make PCE comparable to the composition of FIES expenditures.

5.3.1.7 Similarly, in all calculations involving the ratio of health expenditures to total household expenditures, the proportion of the spending that went into taxes, gifts/donations and miscellaneous expenditures are netted out of the FIES household expenditures for comparability with the composition of the PCE (net of non-household final consumption expenditures).

**Classification by PNHA Use**

5.3.1.8 Except for 1994 for which the PNHA Rider to that year's FIES provides household health expenditure breakdown by NHA use categories, no such breakdown are available for the other years.

## 5.3.2 Private Insurance

**Data Sources**

5.3.2.1 Data on health benefit payments and administrative plus other costs of private insurance companies were taken from the 1991-2004 Annual Reports of the Insurance Commission.

5.3.2.2 GSIS provided the data on benefit payments from the Hospitalization Insurance Plan (HIP) component of its Optional Life Insurance Fund (OLIF). The administrative and operating expenses of the OLIF were directly lifted from the

Annual Reports of GSIS. **The 2004** GSIS Annual Report contains no data for the OLIF from where the HIP component is derived.

**Coverage and Estimation**

5.3.2.3 Included are health benefit payments by both life and non-life insurance companies and the administrative costs attributable to the health insurance activities. Health benefits are reported in the IC Annual Report and these are used directly in the PNHA.

5.3.2.4 Included also are benefit payments from the Hospitalization Insurance Plan (HIP) under the Optional Life Insurance program of GSIS**. The 2004** HIP expenditures were estimated using regression.

5.3.2.5 General administrative expenses and other costs of health and accident insurance activities were estimated using the assumption that for any company, the average cost per peso of any type of insurance benefit paid is the same. Thus, general administrative cost for health insurance was estimated by multiplying the proportion of health and accident benefit payments (to total benefit payments of a company) with the total general and other operating expenditures of the same company.

5.3.2.6 General administration cost for the HIP component of the Optional Life Insurance of GSIS are estimated by applying the proportion accounted for by HIP benefit payments (out of the total benefit payments for Optional Life Insurance) to the total general administration cost of Optional Life Insurance**.**

5.3.2.7 The first release of the PNHA (i.e., 1991-97 PNHA) *included net income* and additions to reserves among the “others” use of fund. These two items were later excluded from the PNHA concept of health expenditure as these do not represent actual expenditure. Instead, information regarding these is placed as memo items under the PNHA annual matrices. For private life and non-life insurance companies, the net income of a company was estimated by multiplying the proportion of health and accident benefit payments (to total benefit payments from all insurance activities of a company) with the total net income from all insurance activities of the same company. Likewise, additions to reserves of a company was estimated by multiplying the proportion of health and accident benefit payments (to total benefit payments from all insurance activities of a company) with the additions to reserves from all insurance activities of the same company. Only life insurance companies reported additions to reserves. For HIP, *net income before increase in reserves* (for GSIS) was estimated by applying the proportion accounted for by HIP benefit payments (out of the total benefit payments for the Optional Life Insurance) to the total net income before increase in reserves of the Optional Life Insurance**.**

**Classification by PNHA Use**

5.3.2.8 All health and accident benefit payments are classified under personal health care. Expenditures cannot further be classified according to the specific type of facility due to lack of data.

5.3.2.9 All other expenses are classified under the PNHA uses category "others" (i.e. general administration, additions to reserves and net income).

### 5.3.3 *Health Maintenance Organizations (HMOs)*

**Data Sources**

5.3.3.1 Data on health benefit payments and operating costs of HMOs are taken from Financial Statements (FS) submitted to the Securities and Exchange Commission and to the Association of Health Maintenance Organizations of the Philippines, Inc (AHMOPI). For those HMOs for which no FS were obtained from the SEC or the AHMOPI, the FS were obtained, as much as possible, directly from the HMOs themselves.

5.3.3.2 The consumer price index for medical goods and services for the years 1991 to 2004 were obtained from the NSO.

**Coverage and Estimation**

5.3.3.3 Included in the PNHA are expenditures of entities that have been confirmed to be HMOs: (a) confirmed through brochures obtained from the organization; and (b) confirmed through the listing provided by the DOH Bureau of Health Facilities and Services)

5.3.3.4 The first release of the PNHA (i.e., 1991-97 PNHA) *included net income* among the “others” use of fund. Net income was later excluded from the PNHA concept of health expenditure as it does not represent actual expenditure. Instead, information regarding net income earned by HMOs is placed as one of the memo items under the PNHA annual matrices. Net income of HMOs refers to total revenue net of benefit payments, administrative and operating and other expenses.

5.3.3.5 For HMOs with missing financial statement, expenditures for that year may be estimated by one of three ways: (a) using CPI for the medical sector, deflate succeeding year's expenditures; (b) using CPI for the medical sector, inflate past year's expenditures; and (c) using a past year's and a succeeding year's expenditures, interpolate expenditures for the year that falls between the two years. Of the three, the third method is preferred if data permits. In any of these approaches, only benefit payments and operating expenses are estimated. No attempt was made to estimate additions to reserves and net income as these do not seem to follow distinct patterns of change over the period covered.

5.3.3.6 **For the years 1992-2004, all three methods were invariably applied.**

5.3.3.7 For HMOs that report premium collections in "net" format (i.e., net premium equals premium collected minus benefit payments) and for which benefit payments data are not available, benefit payments are estimated by calculating the industry average for all HMOs with complete data for the year of the ratio of net premium to benefit payments and then applying the average industry ratio to the specific HMO's reported net premium; or (b) for HMOs with complete data for the year, calculate the industry average of administrative or operating cost per peso of benefits paid and then apply the industry average operating cost to the specific HMO's reported total operating cost.

**Classification by PNHA Use**

5.3.3.8 All HMO benefit payments are classified under personal health care. Expenditures cannot further be classified according to the specific type of facility due to lack of data.

5.3.3.9 All other expenses are classified under the PNHA uses category "others" (i.e. commission expense, general operating expense, taxes paid and net income).

### 5.3.4 *Employer-Based Plans*

**Data Sources**

5.3.4.1 The average expenditure (excluding Medicare premium payments, EC premium payments, cash advances, premium payments to external private insurance or HMO) for the health care of employees per establishment, by employment size and by industry type, were estimated using results of the PNHA Rider to the 1994 Census of Establishments.

5.3.4.2 The number of establishments by employment size and by industry type from 1992-1994 were obtained from NSO's Yearbooks of Labor Statistics (various years). The 1995-1996, 1999-2003 data were obtained from unpublished tables from the Industry and Trade Statistics Department (ITSD) of NSO.

5.3.4.3 The consumer price index for medical goods and services for the years 1991 to 2004 were obtained from the NSO.

**Coverage and Estimation**

5.3.4.4 Included in the PNHA are expenditures by establishments for the following: (a) health expenditure allowance/reimbursements; (b) in-house provision of health care (personnel and other facility costs); (c) in-house provision of drugs and medicines; (d) pre-paid (retained) health care providers; and (e) fitness/health programs.

5.3.4.5 Total health care expenditures for all establishments in 1994 was estimated by multiplying (a) the 1994 average health care expenditure per establishment by size of employment and type of industry (PNHA Rider to the 1994 CE) with (b) the number of establishments for each size and industry type in 1994. For the other years, the 1994 average health cost per establishment were similarly multiplied by the number of establishments for the current year; and then the total expenditure obtained was adjusted for inflation using the CPI for medical goods and services.

5.3.4.6 A complete listing of establishments was conducted by the NSO in 1988 and 1996. During intervening years, the NSO generates the annual number of establishments (by employment size and by industry) by updating the previous year's list only for sample areas. When a complete listing was conducted again in 1996, the total number compared to the previous year (1995) almost doubled. Therefore, it was assumed that data for intervening years are underestimated due to the fact that updating is conducted only in sample areas. To correct for underestimation/undercoverage, the 1992 to 1995 annual number of establishments (by employment size and by industry) were estimated by applying the straight line method to the 1991 and 1996 data (*Ideally, it would have been better if the 1988 data was used instead of the 1991 data since 1988 was the year when a complete listing was also conducted. However, the 1988 data was no longer available from the NSO*). Further, no updating activities were done in 1997 and 1998. Instead, the next updating was conducted in 1999 based again on sample areas. Thus, the 1997 and 1998 number of establishments were likewise estimated by applying the straight line method to the 1996 and 1999 data.

~~5.3.4.7 Data for 2004 were estimated using the consumer price index for medical goods and services.~~

5.3.4.8 Administration cost of providing health care was not estimated due to lack of data.

**Classification by PNHA Use**

5.3.4.8 All expenditures for establishments (as estimated above) are classified under personal health care. No breakdowns by PNHA use categories are available.

### 5.3.5 *Private Schools*

**Data Sources**

5.3.5.1 The average expenditure (1991-1993) for the health care of students per private school, by enrollment size, were estimated using results from the PNHA Survey conducted by the Commission on Higher Education (CHED) in 1995.

5.3.5.2 The total number of private schools by year was obtained from the Department of Education (DepEd) and CHED. The distribution of private schools by enrollment size were obtained from: (a) PNHA Survey by CHED (for higher education institutions 1991-1993), from (b) DepEd (for pre-elementary, elementary and secondary schools 1991-1993, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002); and (c) CHED (for higher education institutions 1995-1996, 1996-1997, 1997-1998, 1998-2000, 2000-2001, 2001-2002, 2002-2003). Since data are usually available one school-year late for the year being estimated, current data are estimated based on linear trend of past data. Estimates for which data were not previously available are updated using the new data from DepEd or CHED, as the case may be.

5.3.5.3 The consumer price index for medical goods and services for the years 1991 to 2004 were obtained from the NSO.

**Coverage and Estimation**

5.3.5.4 Included in the PNHA are expenditures by private schools for providing medical and dental care to students. Expenditures are basically for salaries and wages of health personnel and drugs and supplies.

5.3.5.5 Total health care expenditures for all private schools from 1991-1993 were estimated by multiplying: (a) 1991-1993 average health care expenditure per school by size of enrollment (PNHA Survey by CHED) with (b) number of schools for each enrollment size for the years 1991-1993. For other years, the 1993 average costs were similarly multiplied by the number of schools for the current year; and then the total expenditure obtained was adjusted for inflation using the CPI for medical goods and services.

~~5.3.5.6 The 2003-2004 distributions of private tertiary schools by enrollment size were not yet available from CHED at the time of the compilation. Thus, the 2002-2003 distribution was applied to the 2002-2003 total number of private tertiary schools to estimate the 2002-2003 distribution and applied the consumer price index (CPI) for the succeeding years. For the distributions of pres-school and elementary by enrollment size for 2002-2003 and 2003-2004, the 2001-2002 distribution was applied.~~

5.3.5.8 The administration cost of providing health care was not estimated due to lack of data.

**Classification by PNHA Use**

5.3.5.9 All expenditures for establishments (as estimated above) are classified under personal health care. No breakdowns by PNHA use categories are available.

## 5.4 Others

**Data Sources**

5.3.6.1 Data on health expenditures by "others" came from health care expenditures of all social welfare agencies licensed/ accredited with the DSWD, and who submitted their respective Annual Financial Statements. Data for 1991-2002 are taken from special unpublished tabulations prepared by the DSWD specifically for the PNHA. Data for succeeding years were extrapolated using linear regression of the available time series.

5.3.6.2 Data from the Philippine Charity Sweepstakes Office (PCSO) on various health expenditures from its charity fund is not available for all years.

**Coverage and Estimation**

5.3.6.3 All processed annual financial statements submitted to DSWD by the NGOs are included in the PNHA.

5.3.6.4 The special tabulation from DSWD from 2001-2002 included only 38 NGOs. The resulting health expenditure was therefore adjusted based on a blowing up factor N/n.

5.3.6.5 Included in the PNHA are expenditures of the licensed/accredited NGOs for the medical and dental care of their beneficiaries. Expenditures are basically hospitalization, medication, drugs, supplies and other health programs.

**Classification by PNHA Use**

5.3.6.6 Medical expenses; laboratory exams; medical assistance; medical equipment; doctor's fee; hospitalization and medication are classified under personal health care.

5.3.6.7 All expenditure like Immunization; Pulmonary Tuberculosis (PTB) Treatment; Psychological Testing; Counseling Session: Blood Program; Free Consultation/Distribution of Medicines; Nutritional Assistance; Outside Medical Help Program; Hygiene Kit; Annual Medical Check-up; Special Medical Assistance; Community Health and Nursing Department; Health and Sanitation; Hepatitis Vaccination; Therapy Counseling; Safety Services; Medical and Health Mission; Health Program; Medical/Dental/Psychiatric and Social Hygiene; Rehabilitation Services for Person with Disabilities (PWD); Health and Physical Development; and Psychological Testing are classified under public health care.

5.3.6.8 Research activities; Health and Hygiene Education; Promotion and Health Issue; Health and Physical Development; Training of Health Workers; and Advancement and Promotion are classified under Others.

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