Medicine Benefits in PhilHealth: Evolution, Issues, Next Steps

International Expert Consultation on

Medicines as a Key Component of Universal Health Coverage

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Outline

1. Evolution of medicines benefits in PhilHealth

2. Current issues

3. Moving forward

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Implementing the National Health Insurance Program

1969 creation of the predecessor organization (Medicare) of PhilHealth, which provided health insurance to the formal sector (public and private employees)

1995 PhilHealth was established by law, taking over from Medicare and expanding its membership to the indigent and the informal sector.

2013 PhilHealth membership = 81% of the total population (2010 Philippine population= 92.3 million)

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Increasing access to medicines

- Since Medicare time until initial years of PhilHealth, benefits paid fee-for-service subject to a ceiling per cost item:
  - ✓ medicines
  - ✓ diagnostics and medical supplies, others
  - ✓ room and board
  - ✓ professional fees
  - ✓ operating room fee
- Ceilings depend on the case type (A, B, C and D), level of hospital (1, 2, 3) and specialty certification of the physician
  - ✓ Medicines comprised 30% of total payments
  - ✓ PhilHealth cannot procure medicines or provide direct health care to its members

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Increasing access to medicines

- Only drugs included in the essential drugs list (PNDF) are covered.
  - Eventually, a “positive list” of additional drugs were included after passing health technology assessment; later discontinued
- Conform with Generic Act requirements (generic terminology, no brand specified)
- No price ceiling for individual drugs except those put by the DOH under maximum drug retail price (MDRP), which partly implements the Cheaper Medicines Act (amlodipine, azithromycin, cytarabine, doxorubicin)

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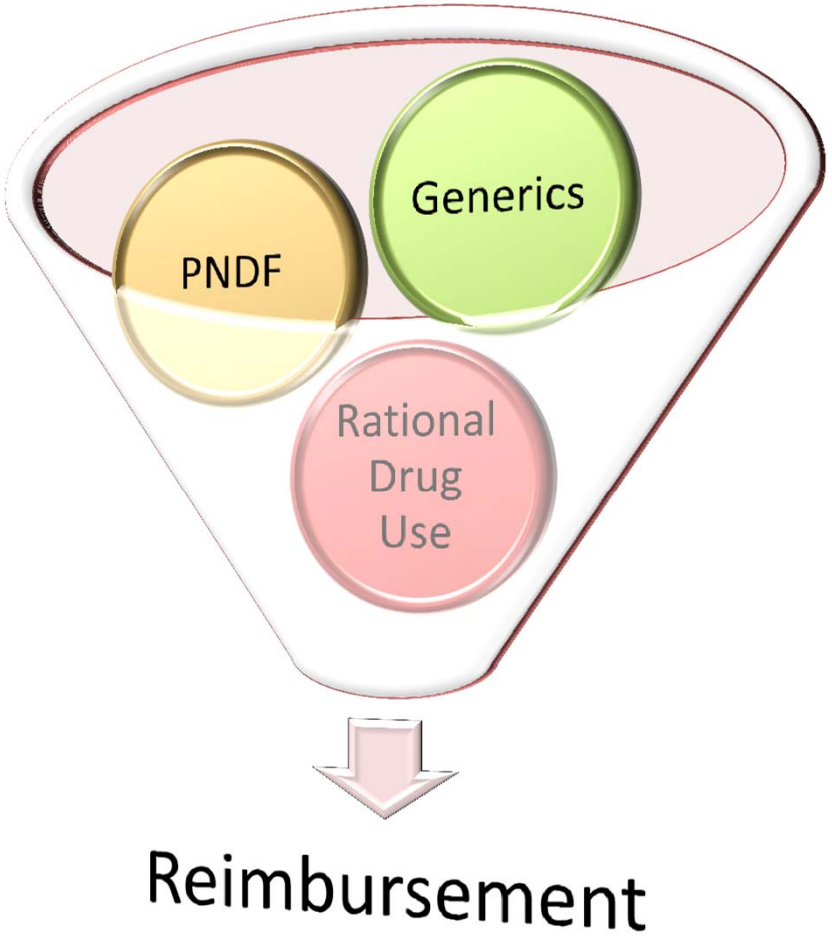
Reimbursement of medicines



Changing the way we do business with providers

- The challenge for PhilHealth is to increase provider efficiency in order to increase financial risk protection.

- This would entail changing the way we pay health care providers.

- Shifting to prospective payment mechanisms such as case payment, capitation and global budget may increase efficiency and promote the use of cheaper quality medicines such as generic medicines.

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Shifting to case payment

- Since September 2011, case-based payment mechanism adopted for 23 medical conditions and procedures, which comprised 50% of benefit payments at baseline
  - Encourages use of cheaper quality generic drugs
  - Attached “no balance billing” policy for the indigent members admitted in public hospitals

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Assessment of Case Rates Policy

GIZ, 2012:

- Increased overall support value for both private and public hospitals (3 hospitals)
  - Higher mean support value for case rate patients than those availing of fee-for-service benefits
  - Median support value for case rate sponsored patients= 75% vs. case rate non-sponsored= 64%
  - Median support value for the 2 public hospitals=79% and 89% (below the 100% for NBB)

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Capitation Covering Medicines (Primary Care Benefit 1)

- Asthma including nebulisation services
- Acute Gastroenteritis (AGE) with no or mild dehydration
- Upper Respiratory Tract Infection
- URTI)/Pneumonia (minimal and low risk)
- Urinary Tract Infection (UTI)

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Z Benefits (Catastrophic Benefits)

- cover disease conditions that are **economically** and **medically** catastrophic.
- patient-focused; support from diagnosis to completion of treatment/rehabilitation, not per episode of care
- development involved engagement of professional medical societies, hospital associations, pharmaceutical companies, academic institutions, patient groups and non-governmental organizations, among others
- paid through case payment
- 100% support value for indigent members and at least 50% support value for regular members

1. Breast CA
2. Acute lymphocytic leukemia
3. Prostate CA
4. Kidney transplantation
5. CABG
6. TOF
7. VSD
8. Cervical CA
9. Z MORPH

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Medicine Issues

- Unreliable medicine access in government facilities
  - LGU prioritization and budget issues
  - Procurement process
    - Governance issues

- Physician behavior
  - Preference for certain brands
  - Susceptibility to pharma marketing strategies
  - Irrational drug use

- Poor compliance to no balance billing policy as many public hospitals routinely ask patients to buy drugs and supplies outside

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Profile of Out-of-Pocket Expenditures of Sponsored Members (June 2013)

ITEMS	National hospitals (n^1=1575)		
	YES (With OOP)	NO (without OOP)	NOT APPLICABLE
Drugs	**1,031 (65%)**	**544 (35%)**	
Blood (n^2=670)	171 (26% of n^2)	**499 (74% of n2)**	905 (57%)
Supplies	752 (48%)	**823 (52%)**	
Labs (n^2=1491)	548 (37% of n^2)	**943 (63% of n^2)**	84 (5%)
PF	106 (7%)	**1469 (93%)**	

ITEMS	LGU hospitals (n^1=5082)		
	YES	NO	NOT APPLICABLE
Drugs	**3,554 (70%)**	**1,528 (30%)**	
blood (n^2=1432)	341 (24% of n^2)	**1091 (76% of n^2)**	3650 (72%)
supplies	2494 (49%)	**2588 (51%)**	
labs (n^2=4793)	1541 (32% of n^2)	**3252 (68% of n^2)**	289 (6%)
PF	293 (6%)	**4789 (94%)**	

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Next steps

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1. Outpatient Drugs for HPN, DM and Dyslipidemia

Primary Care Benefit 2

1) hydrochlorothiazide 25 mg tablet
2) metoprolol tartrate 50 mg tablet
3) enalapril maleate 20 mg tablet
4) amlodipine 5 mg tablet
5) metformin hydrochloride 500 mg tablet
6) glibenclamide 5 mg tablet
7) aspirin 80 mg tablet
8) simvastatin 40 mg tablet

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2. Adopting case payment for all conditions and procedures (All case rates)

- Shift to case payment for all cases/procedures (from the existing 23)
- incentive for efficiency → rational drug use, favor generic over branded
- “More health for the money.”
- Effectivity by October 2013

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3. Improving NBB Compliance

- Incorporation in the accreditation standards (Benchbook) measures of financial risk protection:

  - ✓ Hospitals to develop NBB packages corresponding to the case-rate packages of PhilHealth in order to ensure that the resources, especially medicines necessary for each package are pre-determined, available and easily quantifiable in relation to demand

  - ✓ Hospital formulary- to limit medicine use and rein in the prescribing behavior of physicians

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Bawat Pilipino **MIYEMBRO**
Bawat miyembro **PROTEKTADO**
Kalusugan natin **SEGURADO**

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Initial Case Rates

Procedures
Radiotherapy
Hemodialysis
Maternity Care Package (MCP)
NSD Package in Level 1 Hospitals
NSD Package in Levels 2 to 4 Hospitals
Cesarean Section
Appendectomy
Cholecystectomy
Dilatation & Curettage
Thyroidectomy
Herniorrhapy
Mastectomy
Hysterectomy
Cataract Surgery

Medical Cases
Dengue I (Dengue Fever and DHF Grades I & II)
Dengue II (DHF Grades III & IV)
Pneumonia I (Moderate Risk)
Pneumonia II (High Risk)
Essential Hypertension
Cerebral Infarction (CVA I)
Cerebro-Vascular Accident (hemorrhage)(CVA II)
Acute Gastroenteritis (AGE)
Asthma
Typhoid Fever
Newborn Care Package