

Patient-level experience of health care financing

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The patient-level experience of health care financing in the Philippines is complex and challenging. While almost all citizens of the Philippines are now covered by the Philippine Health Insurance Corporation (PhilHealth), in practice, not all health care expenses are covered during an episode of illness. Consequently, individuals facing illness might be compelled to seek alternative financial sources to pay for health care costs. This can result in high out-of-pocket (OOP) expenses for patients, which can be financially devastating,

especially for those who are already struggling to make ends meet.¹

In 2022, government schemes and compulsory contributory health care financing schemes accounted for 44.8% of the Philippines' current health expenditure, while household OOP payments contributed a close 44.7%.² Multiple studies evaluating PhilHealth coverage have highlighted the insufficiency of case rates to meet the complete cost of hospitalization.³⁻⁶ This is especially true for high-cost procedures and treatments. As a result, patients with large hospital bills may be left with a significant financial burden, even after they have received PhilHealth reimbursement.

Beyond the OOP costs that admitted patients are required to settle, which are reflected in the hospital bill after applying discounts, PhilHealth coverage, and other financial aid, patients often incur additional health care expenses that are not included in the bill. These non-billed OOP costs can encompass a variety of expenses, such as those for medications and diagnostics that are not available in the hospital, and for living allowances, transportation fees, and salaries of private duty nurses, caregivers, and/or patient watchers. These costs are typically borne by the patients themselves and are not usually reimbursed by insurance or the hospital.

To cope with these expenses, many patients seek financial aid from various government schemes designed to provide medical assistance. These include programs—such as the Malasakit Program⁷ and the Medical Assistance for Indigent Patients program⁸—and the services offered by medical social workers. However, these schemes often do not cover everything in the excess bill, and the distance between offices, coupled with extended waiting times, could discourage patients from pursuing financial aid. Moreover, the paperwork required for PhilHealth coverage and

government assistance, especially for patients from outside the city, who must travel home to get the necessary documents, poses significant challenges.

Despite seeking financial help, many patients continue to grapple with OOP expenses due to insufficient assistance. This can lead to financial hardship, debt, and even bankruptcy. In some cases, it can also push patients into poverty.

In addition to the challenges of inadequate PhilHealth coverage and limited financial assistance, there is also the question of cost efficiency in health care delivery and the reasonableness of professional fees. Are the diagnostics requested really warranted? Is there judicious use of therapeutics? Are the professional fees fair and proportionate to the health care services provided, taking into account the complexity of the case, the time spent, the risks involved, the physician's professional standing, and the patient's financial capacity?⁹ Unwarranted or unjustified use of diagnostics and therapeutics, and disproportionate professional fees, increase health care spending and ultimately put the financial burden on patients. In practice, while the PhilHealth Z Benefit Packages do outline a list of acceptable diagnostic and therapeutic interventions, as well as professional fees for specific packages,¹⁰⁻¹² much of the practice of determining diagnostics, therapeutics, and professional charges in health care is largely left to the discretion of the health care providers.

There are a number of things that can be done to improve the patient-level experience of health care financing in the Philippines. First, there needs to be more research on the adequacy of PhilHealth case rates. These studies will help improve the financial protection that PhilHealth provides to patients.

Second, interventions in clinical practice should be aimed at optimizing patient diagnostic and therapeutic management. These measures can both improve patient outcomes and reduce health care costs.

Third, professional fees should be efficiently managed to ensure that they are balanced and equitable. A compre-

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hensive and thoughtful approach to fee management can foster transparency in health care spending and greater public trust in the health care system.

Fourth, the government should implement mechanisms to address the barriers in availing PhilHealth and other financial assistance schemes. These mechanisms should make it easier for patients to access the funds they need to pay for their health care. One such mechanism is the Malasakit Centers Act,^{7 13} which

encourages public hospitals to establish one-stop shops within their premises, where patients and their families can seek medical assistance from various agencies. This law should be efficiently enforced, as it simplifies the process of obtaining medical assistance.

Future interventions should be geared towards reducing OOP expenses. This can be done by making the diagnostic and therapeutic management of patients cost-efficient, ensuring that

professional fees are justifiable, expanding the coverage of PhilHealth, and making it easier for patients to access affordable health care services. While PhilHealth and other government schemes have made strides towards universal health coverage, significant gaps in practice still exist. These need to be addressed in order to improve the experiences of patients procuring health care services and make health care truly universal and accessible to all.

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