


REPUBLIKA NG PILIPINAS  
SANGGUNIANG PANLUNGSOD  
LUNGSOD NG ORMOC

VICE MAYOR'S OFFICE	
LGU - ORMOC	
RECEIVED:	
DATE:	22 SEP 2021
TIME:	

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE  
FIFTEENTH SANGGUNIANG PANLUNGSOD NG ORMOC HELD  
AT THE SANGGUNIANG PANLUNGSOD SESSION HALL,  
ORMOC CITY HALL BUILDING  
ON SEPTEMBER 21, 2021



PRESENT:

Leo Carmelo L. Locsin, Jr.  
Benjamin S. Pongos, Jr.,  
Roiland H. Villasencio,  
Tomas R. Serafica,  
Nolito M. Quilang,  
Eusebio Gerardo S. Penserga,  
Peter M. Rodriguez,  
Vincent L. Rama,  
Gregorio G. Yrastorza III,  
Lalaine A. Marcos,  
Esteban V. Laurente,

City Vice Mayor & Presiding Officer  
SP Member, Majority Floor Leader  
SP Member, 1<sup>st</sup> Asst. Majority Floor Leader  
SP Member, Presiding Officer "Pro-Tempore"  
SP Member, 2<sup>nd</sup> Asst. Majority Floor Leader  
SP Member  
SP Member  
SP Member  
SP Member  
SP Member

Joan Marbie C. Simbajon,  
Panlungsod na Pederasyon ng mga Sangguniang Kabataan ng Ormoc

Ex-Officio SP Member, Chapter President,  
Liga ng mga Barangay ng Ormoc  
Ex-Officio SP Member, Chapter President,  
Panlungsod na Pederasyon ng mga Sangguniang Kabataan ng Ormoc

ON LEAVE:

Jasper M. Lucero,

SP Member

**PREFATORY STATEMENT**

WHEREAS, the Sangguniang Panlungsod received an urgent endorsement letter from the City Mayor's Office (CMO) dated September 9, 2021 requesting for enactment of an ordinance, creating a Special Health Fund as mandated by Republic Act No. 11223;

WHEREAS, the Philippine Constitution declares as a state policy to provide its territorial and political subdivisions genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and as effective partners in the attainment of national goals;

WHEREAS, the State likewise declares that the vesting of duty, responsibility and accountability in Local Government Units (LGU) shall be accompanied with provision for reasonably adequate resources to effectively carry out their functions;

WHEREAS, Section 20 of Republic Act (RA) No. 11223, otherwise known as the Universal Health Care (UHC) Act, provides that all health resources intended for health services to finance population-based and individual-based health services, health system operating costs, capital investments, and remuneration of additional health workers and incentives for all health workers shall be pooled to the Special Health Fund (SHF). In addition, Section 21 stipulates that all income derived from PhilHealth payments shall accrue to the SHF to be allocated by the LGUs exclusively for the improvement of the LGU health system;

WHEREAS, Section 41(d) of the same act, specifies that Local Government Units (LGUs) that commit to the integration of local health systems into Province-Wide/ City-Wide Health Systems (P/CWHS) shall exhibit managerial integration in the first three (3) years from the enactment of RA 11223, and financial integration within the next three (3) years thereafter;



WHEREAS, Section 20.5 of the Implementing Rules and Regulations of the same Act, states that the Department of Health (DOH) and PhilHealth shall require the creation of a SHF for contracting city-wide and province-wide health systems; provided, that LGU shall appropriate, through an ordinance, counterpart funding to finance the health programs based on the Local Investment Plan for Health;

WHEREAS, the City Local Health Board issued Resolution No. 2021-002 requesting the Hon. Richard I. Gomez, City Mayor, for the endorsement to the Sangguniang Panlungsod, the Creation of Special Health Fund under Trust Fund to which the City Accountant, on her comment to the said request, stated that the Special Health Fund refers to a special kind of fund which is separate from the General Fund but is also not a Trust Fund;

WHEREAS, the Special Health Fund is the most essential part of the Universal Health Care Act to provide the necessary financial resources to integrate the health management in the local government unit;

WHEREAS, this Sanggunian finds the aforementioned request justified and deemed reasonable and meritorious as it will vastly improve the over-all health status of the population and ultimately, their general quality of life, most deserving of prompt favorable action;

WHEREFORE, FOREGOING PREMISES CONSIDERED, on joint motion of SP Member Eusebio Gerardo S. Perseraga, Chairman, Committee on Health & Sanitation and SP Member Peter M. Rodriguez, Chairman, Committee on Finance & Appropriation, severally seconded by SP Members Rolland H. Villasencio, Tomas R. Serafica, Gregorio G. Yrastorza III, Vincent L. Rama, Lalaine A. Marcos, Joan Marbie C. Simbajon and Esteban V. Laurente; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to enact:

**ORDINANCE NO. 073**  
**(Series of 2021)**

**AN ORDINANCE INSTITUTIONALIZING GUIDELINES ON  
THE ALLOCATION, UTILIZATION, AND MONITORING  
OF, AND ACCOUNTABILITY FOR THE SPECIAL  
HEALTH FUND (SHF), THIS CITY.**

BE IT ORDAINED, by the Fifteenth Sangguniang Panlungsod of Ormoc in Regular Session assembled, that:

**SECTION 1. SHORT TITLE.** - This ordinance shall be known as the "**SPECIAL HEALTH FUND OF ORMOC CITY.**"

**SECTION 2. DECLARATION OF POLICIES.** - It is the policy of the City Government of Ormoc to protect and promote the right to health of the people and instill health consciousness among them. Towards this end, the city shall adopt the principles of Republic Act No. 11223 to guarantee equitable access to a comprehensive set of quality and affordable, promotive, preventive, curative, rehabilitative and palliative health care services for all Filipinos without causing financial hardship and prioritize the needs of the population who cannot afford such services.



### **SECTION 3. DEFINITION OF TERMS.**

- a) **Annual Operational Plan (AOP)** - refers to the yearly translation of the Local Investment Plan for Health, which details the Programs, Plans and Activities (PPAs) and systems interventions that are to be implemented in City-Wide Health System (CWHS) in a particular year.
- b) **City-Wide Health System (CWS)** - refers to Highly Urbanized City (HUC) and Independent Component City (ICC)-wide health system. This includes the City Health Office, facilities and services, human resources, and other operations relating to health under this administrative and technical supervision of the Local Health Board (LHB).
- c) **Individual-Based Health Services** - refer to services which can be accessed within a health facility or remotely that can be definitively traced back to one recipient, have limited effect at the population level, and do not alter the underlying cause of illness such as ambulatory and inpatient care, medicines, laboratory tests and procedures, among others.
- d) **International Health Partner (IHP)** - refers to multilateral and bilateral international organizations, international development banks, international NGOs, global health initiatives and international philanthropic organizations, with a formal agreement with the Philippine government, supporting and contributing to the implementation of health programs, projects and activities in achieving the health sector goals and priorities.
- e) **Local Health System (LHS)** - refers to all health offices, facilities and services, human resources, and other operations relating to health under the management of the LGUs to promote, restore or maintain health.
- f) **Local Investment Plan for Health (UPH)** - refers to a medium-term public investment plan for health that specifies the strategic direction of the concerned LGU for the next three years in terms of improving health service delivery, strengthening the health systems operations and addressing social determinants of health, and specifies actions and commitments of different local stakeholders.
- g) **Population-Based Health Services** - refer to services intended to be received by a population or identified groups of people of which outcomes contribute to the general public health, safety and protection, and/or rendered in response to a public health emergency or disaster or any circumstances of equal magnitude that has affected or can potentially affect a population. These refer to interventions such as health promotion, disease surveillance, and vector control.
- h) **Special Fund** - refers to funds maintained in every city treasury pursuant to Section 309 of Republic Act No. 7160 which shall be deemed automatically appropriated for purposes indicated therefor.
- i) **Special Health Fund (SHF)** - refers to a pool of financial resources at the Citywide Health System (CWHS) intended to finance population-based and individual-based health services, health system operating costs, capital investments, and remuneration of additional health workers and incentives for all health workers.

### **SECTION 4. PURPOSES OF THE SPECIAL HEALTH FUND. -**

- a) Ensure a more strategic and efficient pooling and management of health resources to reduce fragmentation in health financing, promote the integration of local health systems, and improve equity in access to health services;
- b) Provide appropriate incentives and financing mechanism to achieve and sustain managerial, technical and financial integration; and



- c) Ensure transparency and proper accountability on the use of health resources

**SECTION 5. FUND CLASSIFICATION.** - The Special Health Fund shall be treated as a separate type of Special Fund and is deemed automatically appropriated for health expenditures.

**SECTION 6. MANAGEMENT OF THE SPECIAL HEALTH FUND.** - The Local Health Board (LHB) shall assume full responsibility in the management of the SHF, subject to existing pertinent budgeting, accounting and auditing rules and regulations. It shall ensure that the SHF is optimally utilized to help achieve the desirable health outcomes of the population within the territorial jurisdiction of Ormoc City.

A Management Support Unit (MSU) shall be created under the direct supervision of the concerned health board to serve as its administrative secretariat and to assist in its operations. The functions of the MSU, which shall be performed in close coordination with the City Budget Officer, Treasurer, Accountant and Health Officer, shall include, but not limited to, provision of administrative and technical support, coordination with the necessary CWHS stakeholders and provision of assistance in the management of the SHF. Its fund management support function shall include, among others:

- a. Ensuring the timely submission of required information to PhilHealth for the assessment and review of performance of the CWHS as bases for release of future branches and renewal of contract;
- b. Preparation of the health board resolution on SHF budget;
- c. Ensuring that budgetary documents are approved and signed by the Budget Officer, Treasurer and Accountant;
- d. Preparation, submission and reporting of financial status and physical accomplishments; and
- e. Coordination with concerned component Budget Officer, Treasurer, Accountant and/ or Health Officer for the purpose of planning, budgeting, utilization and liquidation.

To ensure proper accountability, the Board may either designate personnel as part of the MSU. At the minimum, the MSU shall be composed of an Accountant, an Administrative Officer and Liaison Officer to assist the Board in the management of the SHF.

**SECTION 7. SOURCES OF SPECIAL HEALTH FUND (SHF).** - The City-Wide Health System shall pool and manage all resources intended for health services through a SHF. Sources of the SHF shall include, among others:

- a) Financial grants and subsidies from national government agencies;
- b) All income derived from PhilHealth payments shall accrue to the Special Health Fund to be allocated by the Local Government Unit exclusively for the improvement of the LGU health system;



- c) All financial grants and donations from non-governmental organizations, faith-based organizations and official development assistance from international Health Partner (IHP); and
- d) Other fund sources which may include, among others, city budget intended for health through a mechanism of cooperative undertakings as provided under Section 33 of RA No. 7160.

**SECTION 8. MECHANISM TO FACILITATE THE FLOW OF FUNDS.**

- Mechanisms to facilitate the flow of funds from each source to the SHF shall be as follows:

- a) Terms of Partnership (TOP) from financial grants and subsidies from the DOH',
- b) Contractual agreements for income from PhilHealth payments; provided that, pertinent provisions of the contractual agreements are consistent and within the guidelines prescribed under Joint Memorandum Circular 2021-0001;
- c) Memorandum of Agreement for donations and financial grants from Civil Society Organizations (CSOs) and International Health Partners (IHPs), related guidelines; and
- d) Memorandum of Agreement for funds from the City Government.

**SECTION 9. ALLOWABLE EXPENSES CHARGEABLE AGAINST THE**

**SHF.** - The Special Health Fund shall be used to augment LGU funds for health for the following expenditure items as determined and approved by the Local Health Board (LHB), consistent with the provisions of Section 20.2 of the IRR of Republic Act No. 11223.

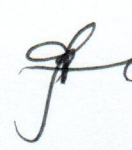
**SECTION 10. EXPENSES CHARGEABLE AGAINST THE CITY GOVERNMENT MANDATORY COUNTERPART FUNDING.**

- The Local Government Unit participating in the Local Investment Plan for Health (LIPH) shall appropriate mandatory counterpart funding to finance health programs based on LIPH and its corresponding Annual Operation Plan (AOP). The following expenditure items, among others, shall be charged against the LGU mandatory counterpart funding not pooled to the Special Health Fund:

- a) Mandatory expenses of the health facilities, offices and services under the supervision and control of the LGU;
- b) Remuneration of existing human resources for health personnel under civil service positions;
- c) Physical office and administrative expenses of the local health board and its MSU; and
- d) Land acquisition and development for the construction/upgrading of health facilities and services

**SECTION 11. CREATION OF SPECIAL HEALTH FUND DEPOSITORY BANK ACCOUNT**

- An SHF depository bank account shall be created in accordance with the existing Department of Finance-Bureau of Local Government Finance Guidelines on Authorized Government Depository Banks and other relevant issuances.





A separate SHF book of accounts with complete financial reporting obligations shall be created and maintained at the city level. Subsidiary ledgers shall likewise be created for each identified fund source.

**SECTION 12. PLANNING AND BUDGETING FOR THE SPECIAL HEALTH FUND. –**

- a) The Local Health Board, through the City Health Office, shall facilitate the formulation of the Local Health Investment Plan (LHIP) and AOP of the CWHS. These plans shall be aligned with the Local Development Plan, and Medium-Term and Annual Investment Program of the city. The DOH shall provide the guidelines and procedures in the development of the LHIP and AOP, including forms and tools to be utilized.
- b) The Local Health Board shall use the LHIP and AOP as bases for the contractual arrangement with the DOH and PhilHealth. The LHIP, AOP and contracts shall then serve as the bases for the SHF budget preparation, Project Procurement and Management Plan (PPMP) and Annual Procurement Plan (APP) to support the requirements and/or cost estimates of the different expenditure items, as embodied in the proposed budget.
- c) The SHF Budget shall be prepared by PPAs and by allotment class using SHF Budget Preparation Form No.1 (Annex A). The allocation of the SHF shall be decided upon by the Local Health Board based on the investment plan for health of the city.
- d) A Local Health Board Resolution approving the budget for priority health programs, projects and activities within the CWHS shall be formulated using the SHF Budget Authorization Form No.1 (Annex B).
- e) The Local Health Board Resolution on the SHF budget, as well as the LHIP, AOP and annual budgetary proposals, shall be deliberated, endorsed and/or approved by the chairperson, the vice-chairperson and a majority of the members of the Local Health Board.
- f) Timeline for the SHF planning and budget, as well as the preparation and approval thereof, shall be in accordance with the city planning and budgeting guidelines issued by the Department of Budget and Management (DBM) and/or Department of Finance (DOF), and/or Department of Health (DOH) and/or DILG and such other concerned national government agencies.

The City Health Board shall consider the timelines of the local budget process so as to effectively integrate in its annual budget the local counterpart funds of the participating LGUs.

**SECTION 13. DISBURSEMENT AND UTILIZATION OF THE SHF.-**

- a) In addition to existing government budgeting, accounting, and auditing rules and regulations, all disbursements from the SHF shall be in accordance with:
  - i. Allowable expenses chargeable against the SHF;
  - ii. The LHIP and AOP;



- iii. Contractual arrangement between the DOH and the Local Health Board;
  - iv. Contractual arrangement between the PhilHealth and the Local Health Board; and
  - v. Contractual arrangement between the CSO/IHP, and the Local Health Board.
- b) Copy of approved Local Health Board resolution on the use of the SHF shall be furnished to the City Budget Officer, City Treasurer, and City Accountant as basis for the certification of availability of funds, disbursement and recording.
  - c) The authorized signing official(s) for the disbursement of funds shall be in accordance with the Local Government Code and the Universal Health Care Act.
  - d) Any procurement chargeable against the SHF shall be in accordance with Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act", its IRR as amended, Government Procurement Policy Board guidelines and other related issuances.

**SECTION 14. MONITORING, TRANSPARENCY AND ACCOUNTABILITY IN THE ALLOCATION AND UTILIZATION OF THE SPECIAL HEALTH FUND. -**

- a) The Local Health Board shall furnish the DOH and PhilHealth, through their respective regional offices, copies of the LHIP, AOP and Local Health Board resolution containing, among others, the expenditure items to be funded out of the SHF for the monitoring use of the DOH and PhilHealth.
- b) Fund allocation, utilization, monitoring and reporting shall be in accordance with the accounting and auditing rules and regulations prescribed by the COA.
- c) The DOH and PhilHealth shall establish and maintain an SHF utilization tracking system to allow real-time collection, consolidation, and analysis of data on the use of such fund. Current systems such as e-claim and electronic statement of receipts and expenditures may also be utilized until such time that the SHF utilization tracking system shall have been created.
- d) The Local Health Board shall be penalized for the utilization of the SHF for the disallowed expenditure items whether willfully or through negligence.
- e) The Department of Budget and Management may consider the integration of the guidelines on the budget process for the SHF to the future revisions of the Budget Operation Manual of the city.
- f) The Department of Finance, through the Bureau of Local Government Finance, shall issue separate guidelines on the proper reporting of the SHF receipts and disbursements in the city's Integrated Financial Tool System to generate the periodic Statement of Receipts and Expenditures (SRE).



**SECTION 15. FUNCTION OF LHB IN THE SHF.** - The Local Health Board is tasked with creating the three-year public investment plan for health to improve the city's health service delivery, as well as the annual operational plan identifying programs for short term implementation. The Board shall report the SHF-supported items to the Department of Health and PhilHealth for monitoring.

**SECTION 16. SEPARABILITY CLAUSE.** Should any part or provision of this Ordinance be held unconstitutional and declared invalid by competent court, other parts or provisions hereof are not affected thereby shall continue to be in full force and effect.

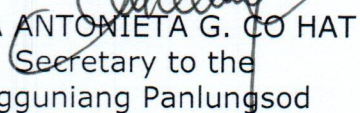
**SECTION 17. EFFECTIVITY.** This Ordinance shall take effect immediately following compliance with the publication and posting requirements in the Local Government Code of 1991.

ENACTED, September 21, 2021.


RESOLVED FURTHER, that sufficient copies of this ordinance, one each to the City Mayor Richard I. Gomez; the City Administrator; the City Legal Officer; the City Health Officer; the City Budget Officer; the City Accountant; the City Treasurer; the City Auditor; the City Planning & Development Office; Philhealth – Ormoc; the City Local Government Operations Officer-DILG; and others concerned.

CARRIED by Nine (9) Affirmative Votes.

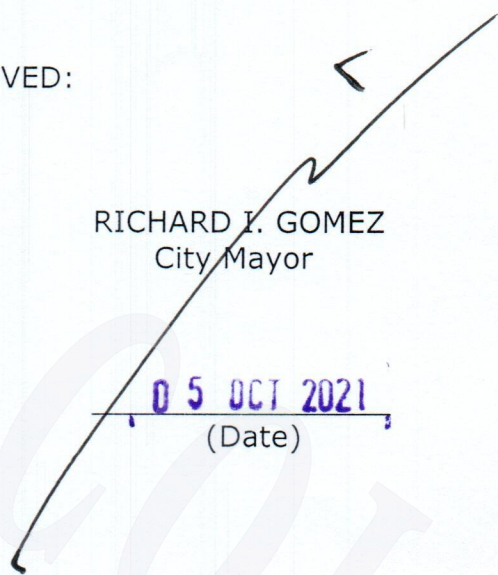
I HEREBY CERTIFY to the correctness of the above ordinance.

  
MARIA ANTONIETA G. CO HAT  
Secretary to the  
Sangguniang Panlungsod

ATTESTED:

  
LEO CARMELO L. LOCSIN, JR.  
City Vice Mayor & Presiding Officer

APPROVED:

  
RICHARD I. GOMEZ  
City Mayor

05 OCT 2021

(Date)