



GCG MEMORANDUM CIRCULAR NO. 2019-01

SUBJECT : SELECTION AND NOMINATION PROCESS FOR THE APPOINTIVE DIRECTORS OF THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) GOVERNING BOARD IN ACCORDANCE WITH THE UNIVERSAL HEALTH CARE ACT¹

DATE : APR 01 2019

WHEREAS, Republic Act No. 10149, otherwise known as the "*GOCC Governance Act of 2011*," declares it a policy for the State, as an active owner of GOCCs, to ensure that "[t]he governing boards of every GOCC and its subsidiaries are competent to carry out its functions, fully accountable to the State as its fiduciary, and act in the best interest of the State,"² and thereby mandates that "[a]ll members of the Board, the CEO and other officers of the GOCCs, including appointive directors in subsidiaries and affiliate corporations, shall be qualified by the Fit and Proper Rule"³ which defines "the standards for determining whether a member of the Board of Directors/Trustees or CEO is fit and proper to hold a position in a GOCC which shall include, but not limited to standards of integrity, experience, education, training and competence;"⁴

WHEREAS, R.A. No. 11223 or the "*Universal Health Care Act*"⁵ reconstituted the Philippine Health Insurance Corporation (PhilHealth) Board of Directors and provided for specific qualifications for the Appointive Directors of the Board;

WHEREAS, Section 13 of R.A. No. 11223 provided that "[w]ithin thirty (30) days following the effectivity of the Act, the Governance Commission for Government-Owned or -Controlled Corporations (GCG) shall, in accordance with the provisions of Republic Act No. 10149, promulgate the nomination and selection process for appointive members of the Board with a clear set of qualifications, credentials and recommendation from the concerned sectors."

NOW, THEREFORE, the Commission hereby formally promulgates the selection and nomination process for the appointive members of the PhilHealth Board of Directors:

ARTICLE 1. Composition of the PhilHealth Board of Directors. – Based on Section 13 of R.A. No. 11223, the PhilHealth Board of Directors shall be composed of the following:

- (a) Secretary of Health as *ex officio* nonvoting Chairperson;
- (b) Secretary of Social Welfare and Development as *ex officio* Member;
- (c) Secretary of Budget and Management as *ex officio* Member;
- (d) Secretary of Finance as *ex officio* Member;
- (e) Secretary of Labor and Employment as *ex officio* Member;

¹ R.A. No. 11223

² Sec. 2(e), R.A. No. 10149.

³ Sec. 16, R.A. No. 10149.

⁴ Sec. 3(j), R.A. No. 10149.

⁵ Signed by the President on 20 February 2019 and became effective on 08 March 2019.

- (f) Three (3) expert panel members with expertise in public health, management, finance, and health economics;
- (g) Five (5) sectoral panel members representing the following:
 - (i) Direct contributors
 - (ii) Indirect contributors
 - (iii) Employers Group
 - (iv) Health care providers to be endorsed by their national associations of health care institutions and health care professionals
 - (v) Representative of the elected local chief executives to be endorsed by the League of Provinces of the Philippines, League of Cities of the Philippines and the League of Municipalities of the Philippines.

Provided, that at least one (1) of the expert panel members and at least two (2) of the sectoral panel members are women.

ARTICLE 2. *Nomination and Appointment of Appointive Directors of PhilHealth.* – In accordance with Section 15 of R.A. No. 10149, all non-*ex officio* Members of the PhilHealth Board of Directors shall be appointed by the President of the Philippines from a shortlist prepared by the GCG. All nominees included in the list shall meet the Fit and Proper Rule and the specific qualifications provided under R.A. No. 11223. Such shortlist shall exceed by 50% of the number of directors/trustees to be appointed.

ARTICLE 3. *Minimum Qualifications.* – As provided under R.A. No. 11223 and the Fit and Proper Rule⁶ of the GCG, every Appointive Director and CEO of the PhilHealth Board of Directors, must:

- (a) Be a Filipino citizen;
- (b) Be at least thirty (30) years of age at the time of appointment to the Governing Board;
- (c) Be of good moral character, of unquestionable integrity, and of known probity;
- (d) Have a college degree except for the sectoral panel members who only need to be a *bona fide* member of the indicated sector or the association being represented as provided for in R.A. No. 11223;
- (e) Possess management skills and competence preferably relating to the operations of the GOCC to which he/she is appointed; and
- (f) Have attended, or will attend within three (3) months from the date of appointment, a special seminar on public corporate governance for Directors conducted by the GCG or any individual or entity accredited by the GCG; *Provided*, this requirement shall apply only for the Appointive Director or CEO's initial appointment to a GOCC and, having already been complied with, shall no longer apply for his or her reappointment or any subsequent appointment to the same position, whether in the same or to any other GOCC.

ARTICLE 4. *Disqualifications.* – The disqualification rules under Article 6 of the Fit and Proper Rule apply to the nomination and appointment of Members of the PhilHealth Board of Directors.

⁶ GCG Memorandum Circular No. 2012-05.



ARTICLE 5. Additional Qualifications for the Expert Panel Members. – In addition to the qualifications provided in Article 3 of this Circular, the expert panel members must:

- (a) Be of recognized probity and independence and must have distinguished themselves professionally in public, civic or academic service;
- (b) Be in the active practice of their professions for at least seven (7) years; and
- (c) Not be appointed within one (1) year after losing in the immediately preceding elections, whether regular or special.

ARTICLE 6. Training Requirement for Appointive Directors. – Within six (6) months from the date of appointment, an Appointive Director is required to undergo training in health care financing, health systems, costing health services and health technology assessment. The PhilHealth Board of Directors, through the Corporate Secretary and/or Compliance Officer shall submit a report to the GCG regarding compliance of the Appointive Directors to this training requirement. Noncompliance to this training requirement shall be a ground for dismissal.⁷

ARTICLE 7. Nomination and Appointment of Appointive Directors of PhilHealth. – In accordance with Section 14 of R.A. No. 11223, and R.A. No. 10149, the President of the Philippines, upon recommendation of the PhilHealth Board of Directors, shall appoint the President and CEO of PhilHealth from the Board's non-*ex officio* members.

ARTICLE 8. Additional Qualifications for the President and CEO of PhilHealth. – The PhilHealth Board of Directors cannot recommend a President and CEO of PhilHealth unless the member is a Filipino citizen and must have at least seven (7) years of experience in the field of public health, management, finance, and health economics or a combination of any of these expertise.

ARTICLE 9. Effectivity. – This Circular shall be effective immediately after it is published in the Official Gazette or in a newspaper of general circulation in the Philippines, and a formal copy is received by the UP Law Center.

SAMUEL G. DAGPIN, JR.
Chairman


MICHAEL P. CLORIBEL
Commissioner


MARITES CRUZ-DORAL
Commissioner

⁷ Section 13(c), R.A. No. 11223.