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A Framework to Promote Good Governance in Healthcare

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ABSTRACT

This paper aims to give an overview of the corruption and ethical dilemmas in the Philippine healthcare system and to provide a framework of strategies and solutions in order to promote good governance in the health sector. In its complexity, our healthcare system is full of vulnerable areas for corruption; as such, inefficiencies affect both the delivery and cost of healthcare. The key to combat this hounding dilemma is to ensure transparency, create accountability, and improve governance in the health sector.

The contents of this paper is limited to the results of the two Good Governance in Health (GGH) Fora that AIM Dr. Zuellig Center for Asian Business Transformation and the Hills Program on Governance through the Ramon V. del Rosario, Sr. - C.V. Starr Center for Corporate Governance jointly conducted last May 10, 2011 and March 26, 2012, respectively. The first forum focused on mapping corruption cases and ethical dilemmas in healthcare, while the second forum involved the formulation of solutions and identification of best practices in response to the cases. This paper serves as the final output of these activities.

* The paper is a product of independent research work commissioned by the authors, which were also based on the findings and results of the two GGH Fora. The authors are grateful to Atty. Angela G. Garcia, JD for her invaluable insights in the development of this paper. They also extend their thanks to Ms. Liza M. Constantino for editorial assistance and to all the participants and resource speakers of the GGH Fora. The views expressed in this paper do not necessarily reflect the views and policies of the Asian Institute of Management.

A FRAMEWORK TO PROMOTE GOOD GOVERNANCE IN HEALTHCARE

THE PHILIPPINE HEALTH SYSTEM

The Local Government Code of 1991 mandated what is now known as the devolution of health services from the Department of Health (DOH) to local government units (LGUs). From a district health system, which was focused on providing primary and secondary health service provision from the central health level to the local district level (Dorotan and Mogyorosy, 2004), the Code has devolved the operation of provincial and municipal hospitals, rural health units, barangay health stations, and almost all public health programs to locally elected officials.

With the devolution of healthcare, the DOH retained control over specialized and tertiary hospitals, as well as regulatory and supervisory functions over LGUs and private healthcare providers through its units and attached agencies. However, the Philippine health sector was not prepared for this transfer of power, which did not take into account the heterogeneity of local units and institutions in terms of need and capability. Thus, a few years after the Code was implemented, the Philippine healthcare system continued to be fragmented and plagued with lack of accountability and transparency.

It must be noted that although the early implementation of the devolution of Philippine health system led to its disintegration, the DOH opted eventually to reintegrate the systems by "making the devolution work". "Making the devolution work through reintegration of health system then remained the only logical policy alternative" (J. Perez, 1998). This led to the creation of the Inter Local Health Zones (ILHZs) in 1998 as a mechanism to foster greater collaboration and coordination for health. Also established was the Health Covenant, which was entered into by DOH and the Department of Interior and Local Government in 1999 to achieve universal integrated healthcare system based on inter-LGU approach. The Presidential Executive Order 205, which was issued by President Estrada in January 2000, mandated the establishment of ILHZ and Integrated (inter-LGU) Health Planning to encourage and facilitate inter-LGU cooperation for basic health service delivery. The Health Sector Reform Agenda (HSRA) was also launched by then Hon. Secretary of Health Alberto Romualdez in mid-2000 to guide the DOH in supporting the efforts of LGUs (Grundy, Healy, Gorgolon, and Sandig, 2003).

Beyond the enactment of the Code, the complex interactions and lack of coordination among institutions that constitute the Philippine health sector, compounded by leakages in the

system and weak monitoring mechanisms, are perceived to have led to significant levels of corruption within the health sector and to the ethical dilemmas faced by health sector actors and stakeholders.

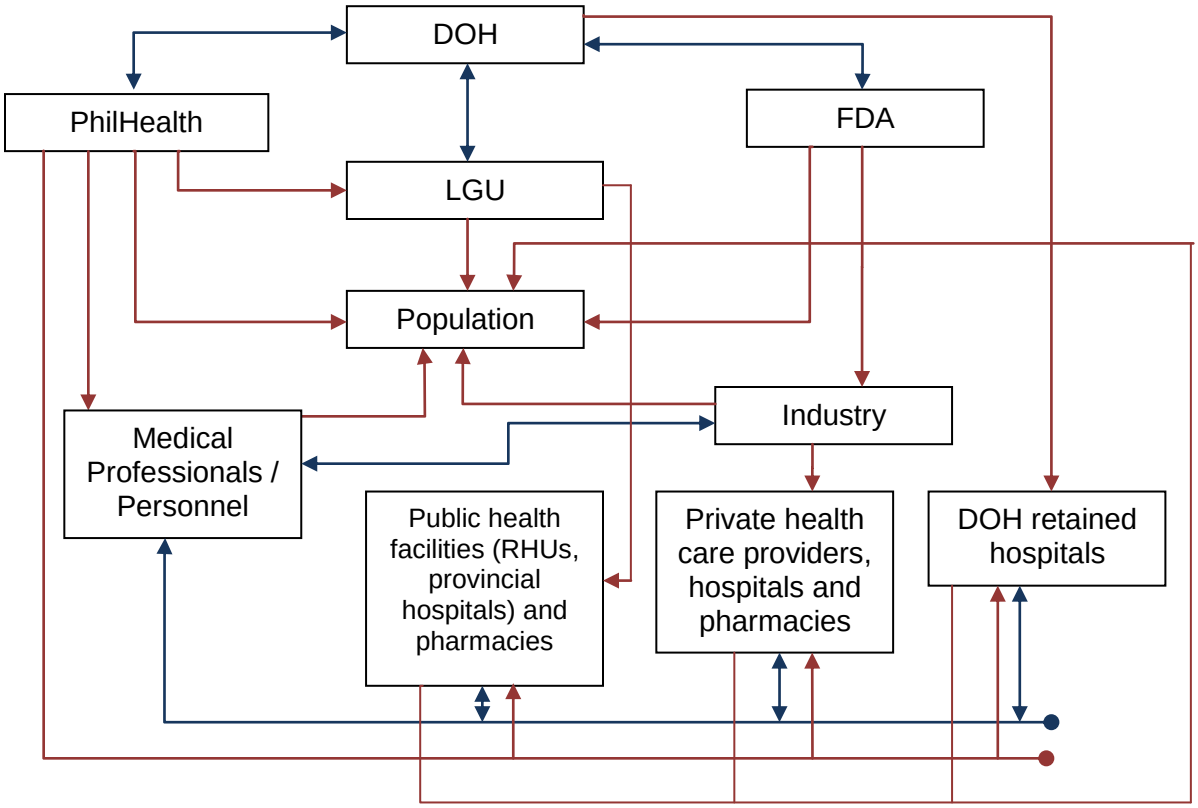
MAPPING OF STAKEHOLDER RELATIONSHIPS

There are four major government institutions responsible for the delivery of healthcare goods and services in the Philippines. They are as follows:

The Department of Health is the principal health agency in the country, responsible for ensuring access to basic public health services for all Filipinos. The DOH is composed of 24 units and central bureaus under the Central Office, 8 attached agencies, 16 regional Centers for Health Development (CHD), and 72 retained specialized and tertiary hospitals. The main function of the DOH is to organize programs that will promote health, formulate solutions to emerging health situations, develop national plans, technical standards and guidelines on health, and regulate all health services and products.

The Food and Drugs Administration (FDA) is the lead DOH unit responsible for the protection of Filipino's right to health through the establishment and maintenance of an effective health products regulatory system. The FDA Act of 2009 combined the Bureau of Food and Drugs and the Bureau of Health Devices and Technology, giving the FDA regulatory functions over food, drugs, medical devices, cosmetics, household hazardous substances, as well as radiation devices and facilities. The Act also granted the director of the FDA quasi-judicial powers to confiscate goods, shut down operations, or close down establishments that do not meet the standards set by the unit.

Figure 1: Mapping of stakeholders relationships in the delivery of health goods and service



PhilHealth, an attached agency of the DOH, was instituted as mandated by RA 7875 to provide health insurance coverage for all citizens of the Philippines. PhilHealth works directly with the LGUs in the identification and enrollment of indigents and those belonging to the informal sector. In turn, the LGUs receive capitation payments from PhilHealth. This capitation scheme aims to improve the relationship between the institution and LGUs, and ultimately, to increase PhilHealth enrollment. Capitation payments can also be used for the improvement of their health facilities and services. Lastly, PhilHealth plays an integral role in ensuring the provision of quality health services by serving as the main agency that grants accreditation to medical professionals and health facilities.

Due to the devolution of health services, the responsibility of providing the most essential healthcare services have been transferred from the DOH Central Office to local government units and their local health institutions. The Code also granted administrative autonomy to LGUs, enabling them to raise local revenues, to borrow and to determine expenditures on healthcare (Grundy et al, 2003). Local health sector budgets were also integrated in the internal revenue

allotment (IRA) received by LGUs, making health expenditures dependent on the allotment of the elected Local Chief Executive (LCE).

In 2011, the Philippine Government launched a nationwide Universal Health Care initiative called "Kalusugan Pangkalahatan" (KP). The program seeks to improve health service utilization and financial risk protection, assist the government in attaining its Millennium Development Goals (MDGs), and improve public health infrastructure through public-private partnerships. Expansions in the national government's budget for health, as well as local government involvement in the program are expected, as KP scales up its efforts to promote equitable and accessible healthcare for all Filipinos. Thus, interactions and transactions between all the stakeholders in the health sector are anticipated to increase, and so will opportunities for potential abuse and eliciting if proper mechanisms are not put in place.

ETHICAL DILEMMAS AND INEFFICIENCIES IN THE HEALTH SECTOR

Health expenditure increases as a country becomes more financially, technologically and economically developed. This area of expenditure also becomes vulnerable to corruption, which would greatly affect provision and management of healthcare. This erodes public trust in government institutions and may put patients in perilous situations.

On the other hand, deviations from ethics and systematic inefficiencies, which may not always be considered as acts of corruption, are seeds leading to the pathogenesis of corruption. It is a complex phenomenon and should be a concern under health governance, one of the six building blocks of health reforms that contribute to health systems strengthening.

AREAS OF VULNERABILITY IN THE PHILIPPINE HEALTH SECTOR

Within the complex interactions that comprise the Philippine health system, several areas stand out as possible areas of corruption and ethical dilemmas.

Local Government

- *Case 1: Unfair allocation of resources due to personal biases*

  Inequity in the sharing of capitation funds and the allocation of the IRA for health persists due to the discretionary power given to LCEs. Cases of delays in the provision of health goods have been identified as resulting from the relationship dynamics of the mayor and the municipal health officer (MHO). Instances exist where purchase requests for medical supplies have been put on hold if the MHO was not in good terms with the mayor.

- *Case 2: Misuse of resources for political gain*

  LCEs have found a way to use the provision of healthcare to their political advantage. The proliferation of political indigents, or the non-poor households who are enrolled in the PhilHealth Sponsored Program (SP), has been correlated with political gain.[1] The enrollment of PhilHealth members is fueled by political motives instead of a genuine intention to provide health coverage for the poor. Budgets for drugs and medicines, which are supposed to be included in the operating expenses of municipal health offices, are redirected to the budget of LCEs. This gives the LCEs full control over the provision of medicines, which are then distributed in city hall offices for political recall. Thus, the supposed budget for the promotion of public health is undermined by unethical officials for their own benefit.

[1] Capuno, Joseph J., Quimbo, Stella A., Tan, Jr. Carlos Antonio R., and Kraft, Aleli D. The Poor, the Politician, and the Political Indigents: The Case of the PhilHealth Sponsored Program, 2011. UP School of Economics and Philippine Center for Economic Development, Friday Seminar Series, March 18, 2011.

- *Case 3: Fund leakages*

  It has been noted that the public bidding component of the Republic Act 9184, also known as the Government Procurement Reform Act, is not strictly followed, and preference is given to contracts that can produce kickbacks for the approving official. Bribery is said to be present in the delivery of municipal-purchased drugs, and most goods are received even if they do not meet the terms and conditions of contracts. Connivance with contractors who engage in bidding for health infrastructure projects is also observed, as most officials receive monetary rewards in exchange. As an example, the 2010 Commission on Audit (COA) Report shows that there were lapses in the identification of selected bidders and the awarding of winners for the conduct of Trainings and Management of TB in Children for physicians and nurses in CY 2009 with a total cost of P2.47 million. The decision of the Bids and Awards Committee (BAC) to award the "Contracts" to four selected hotels instead of the bidder with Lowest Calculated Bid appears to have been unwarranted and not meritorious in violation of the prohibition in Section 53 of R.A. 9184. Cases have also been documented where the hiring and training of health personnel are not based on required skill or need but on nepotism and political considerations.

Health Regulatory System

- *Case 1: Regulatory capture*

  The capacity of the FDA to perform their duty is continuously being hampered by regulatory capture. The acceptance of bribes to advance commercial interest by accelerating the approval of products and establishments has been plaguing the department since its establishment. While steps are being undertaken to accelerate the integrity development program within the FDA, other forms of pressure from industry continue to erode the credibility of the administration. For example, strategic harassment lawsuits are frequently filed against regulators who, being public servants, do not have the means to avail of legal support.

Medical Practitioners

- *Case 1: Conflict of interest*

  In order to increase earnings, most physicians enter into various income-generating activities such as investing in the private sector. It is common for physicians to establish financial affiliations with private pharmacies, diagnostic clinics and other private health facilities. An analysis conducted on the risk of perverse financial incentives emerging from physician-pharmacy ownership showed that public physician-linked pharmacies appear to persuade their patients to use their pharmacies, and their patients appear to spend more on medication (James et al, 2009). Other forms include the prescription and dispensing of supplements by physicians at their clinics, and over-charging for vaccinations and other medications. This is one of the factors that make the health sector vulnerable to corruption. Physicians know more about health issues or illnesses than patients do, while private pharmacies or health enterprises know more about their products than government officials; such knowledge can be used for their personal gain.

- *Case 2: Tax noncompliance*

  Leakages and inefficiencies in the Philippine tax system, together with the lack of auditing and monitoring procedures, allow for instances of corruption to occur. Often, physicians are caught not properly complying with the provisions of the tax code by falsifying or failing to issue receipts for professional fees, or by under-declaring their income statements.

- *Case 3: Duality of practice*

  Low public sector salaries, relative to the private sector, often drive physicians to engage in private practice to supplement their meager salaries. This results in doctors spending official time in private practices, utilizing the public system to refer patients to their private practice, and having high rates of absenteeism[2].

[2] Corruption in the health sector, U4 Issue 2008:10, Anti-corruption Resource Centre, Updated November 2008.

Commercial Enterprises

- *Case 1: Unethical promotion*

  Alliances between physicians and commercial enterprises often affect the care of patients and the reputation of the medical profession. In the pharmaceutical industry for example, physicians are often granted special privileges with the aim of influencing their prescription behavior, to instill brand loyalty, or worse – to request the inclusion of their sponsors' products to hospital formularies. Such privileges granted by the industry include paid trips abroad for meetings and conferences, consultancies on advisory boards, and receipt of research funding, gifts and free medicine samples.

Health Insurance

- *Case 1: Provider-induced fraud*

  Due to the paper-and-pen system of processing health insurance claims, health professionals can get away with fraudulent practices. Provider-induced fraud include the phenomenon of phantom billing, or the performance of unnecessary procedures to be included in the claims application of the patient (in order to get more reimbursements from the insurer). Other practices include the upcoding of bills by using billing codes for procedures that are more expensive than what was performed or required by the patient, and the billing of free services and falsification of place-of-service documents.

THE EFFECTS OF CORRUPTION AND LACK OF TRANSPARENCY IN THE HEALTH SECTOR

The more a country becomes developed, the higher its expenditure on health becomes. Without transparency and accountability mechanisms in place, there may be more opportunities for abuse and eliciting by people who are in the position to commit unethical practices. In 2005, it was documented that officials and employees of LGUs were estimated to receive kickbacks from the

purchase of medicines amounting to 10 to 70 percent of the contract price[3], thereby diverting local funds to those in positions of power. We see a case where corruption erodes legitimacy and public trust in government institutions.

Corruption and wastage of resources increase inefficiencies in the financial management of healthcare. For instance, during the second Good Governance Forum at the Asian Institute of Management, Leonor Magtolis Briones shared COA findings that estimated that the loss incurred by the government due to expired, unnecessary and overpriced laboratory reagents totaled PhP 6.84 million in 2010. The reasons cited was the lack of prudence in the procurement and management of laboratory supplies by hospital officials, which is in violation of R.A. No. 3019 or the Anti-Graft and Corrupt Practices Act.[4] More importantly, it has a negative impact on access, quality and equity in health systems, and has serious implications on universal healthcare reform and the attainment of health-related MDGs.

Minimizing the effects of both corruption and lack of transparency in the health sector will take much time and effort especially on the part of the government. The right process of bidding, and the appropriate use and monitoring of health related-funds are few obvious steps that should be taken. In addressing the said problems, there should be no other goal than to provide the public with better healthcare services, and ultimately, better health.

PROMOTING GOOD GOVERNANCE IN HEALTH SYSTEM

Governance, as defined by the United Nations Development Programme, is the exercise of political, economic, and administrative authority to manage a nation's affairs. It embraces all methods – good and bad – that societies use to distribute power and manage public resources and problems (UNDP, 1997). On the other hand, the Asian Development Bank describes governance as the institutionalization of a system through which citizens, institutions, organizations, and groups in a society articulate their interests, exercise their rights, and meditate their differences in

[3] Olarte, Avigail M. and Chua, Yvonne T. Up to 70% of Local Health Funds Lost to Corruption. Philippine Center for Investigative Journalism, May 2-4. 2005.

[4] Leonor Magtolis Briones served as the main speaker during Solutions Generation Forum, conducted by the AIM Zuellig Center for Asian Business Transformation, in partnership with the AIM Hills Program on Governance through the RVR – C.V. Starr Center for Corporate Governance, on May 26, 2012. She presented "Corruption in the Philippines: Implications for Health". Dr. Briones is recognized as the Lead Convenor of Social Watch.

pursuit of collective good. ADB identified the basic principles of good governance as Accountability *(making public officials answerable for government behavior and responsive to the entity from which they derive authority)*, Participation *(refers to enhancing people's access to and influence on public policy processes)*, Predictability *(existence of laws, regulations and policies to regulate society and the fair and consistent application of these)*, and Transparency *(availability of information to the general public and clear government rules, regulations, and decisions)* (ADB, 2005).[5]

One prevailing problem that undermines good governance is corruption. Robert Klitgaard, a renowned expert on corruption, explained how corruption happens through the following formula: C = M + D - A *(Corruption equals monopoly plus discretion minus accountability).*

Whether the activity is public, private, or non-profit, conducted in the Philippines or abroad, corruption will be present when an entity with monopoly over a good or service has the discretion on its distribution, and is not held accountable for wrongdoing. The health sector is not exempt to corruption. Although corruption in the health sector is vast and difficult to determine, its impact on the health of the community cannot be denied.

A report from Transparency International shows that the poor is disproportionately affected by corruption in the health sector as they are less able to offer small bribes for fee-for-services and are unable to pay for private alternatives. In the Philippines, the poor and middle-income wait longer at public clinics than their more affluent counterparts.

The health system itself is complex in nature due to the huge number of parties involved. There are policies and legal frameworks in place to regulate the relationship of these actors, but oftentimes, due to inefficiencies, lack of information, and conflicts of interest, opportunities for bribing health regulators do arise. The primary step in dealing with these, then, is to identify and closely examine the roles and relationships among medical suppliers, health professionals, policy makers and even the people's organizations or non-government organizations. Furthermore, there is a need to simplify and aggressively monitor regulatory procedures because it is through

[5] Country Governance Assessment: Philippines, ADB 2005, as also cited in Brillantes, Jr. Alex B., Fernandez Maricel. Is there a Philippine Public Administration? Or Better Still, For Whom is Philippine Administration?, Philippine Journal of Public Administration, Volume LII April-October 2008, Numbers 2-4. 2008.

such processes that informal payments, issues in procurement and distribution of drugs or medical supplies, and similar scenarios lead to abuse of power for private gains or embezzlement of health-related funds.[6]

The Department of Health, being the lead agency in promoting health through the provision of healthcare services and health-related programs, should include explicitly laid out anti-corruption measures in its national agenda. Strong leadership and political will are required to champion good governance in health, and DOH should promote that leadership. This will entail engaging the officials and employees of the health sector – whether in government or private health institutions – to provide services with utmost integrity, making them aware of the punishments involved in cases of violation.

At the local level, delegating specific executive powers to other health players may help bring more transparency and accountability in the provision of public health services. For instance, Inter Local Health Zones (ILHZs) proved to be advantageous in capacitating LGUs in the delivery of basic health services to its constituents. DOH defines ILHZ as *to be any form of organized arrangement for coordinating the operations of an array and hierarchy of health providers and facilities, which typically includes primary health providers, core referral hospitals and end-referral hospitals, jointly serving a common population within a local geographic area under the jurisdictions of more than one local government.* ILHZs are formed by several contiguous LGUs coming together with the common aim of better delivery of health services to the people (especially in the provinces), as well as better management of health resources. As such, one possible way of minimizing corruption and patronizing health services is for the national government to appropriate a certain portion of an LGU's IRA directly to the accredited ILHZs.

The Local Health Boards (LHBs), as a local special body (LSB) mandated by the Local Government Code of 1991, are not fully utilized, or worse, not even constituted by the LGUs. LHBs serve as a venue for citizen participation in local health concerns; as such it might as well serve as vanguard for anti-corruption in the health sector. Health-related programs of DOH like the "Botika ng Barangay" should also be strengthened. It should be emphasized that the

[6] DFID How to Note: Addressing Corruption in the Health Sector, DFID Practice Paper, Department for International Development, United Kingdom, November 2010.

barangay is the front-runner in the delivery of health services to the people. Therefore, programs and projects implemented at its level would be more effective and efficient as it is the barangay that knows the specific health needs of its constituents.

On the other hand, politics in the distribution of PhilHealth cards can be minimized if the agency itself will be the one responsible for the distribution of the cards. In this specific case, the role of the LGUs should be reduced to identifying possible beneficiaries.

Conversely, the private sector and NGOs that employ health professionals, pharmacists, medical suppliers and other allied health professionals should strictly implement an effective anti-corruption mechanism where a Code of Conduct and a clear policy outlining rules on procurement, receiving and giving gifts, and anti-bribery should be in place. External audit should also be required to ensure checks and balances.[7]

There is also a need to revisit the existing medical curriculum to reflect the principles of good governance in health and injecting the importance and value of providing good health services to the people. This will prove to have a lasting impact on how future medical professionals and personnel conduct themselves when faced with ethical dilemmas or even corruption. As for students and young professionals alike, creating a venue for them to band together and become advocates for good governance is also viable step to take.

Furthermore, to promote transparency and accountability in the health sector, information on health should be made available and easily accessible for public scrutiny. This should include budget and health funds, employee performance, statistics on health and health outcomes, health program assessments, health delivery processes, policies indicating rewards and punishments, and other information that involves regulatory and auditing processes. Opening such information to the public will introduce avenues for oversight. It will widen citizens' participation in health-related initiatives, leading to equal involvement among the three sectors - the public, private, and third sector - which comprises the paradigm of governance.

The following section provides more strategies to combat corruption in the health sector:

[7] Corruption in Health Sector, Based on Executive Summary and Foreword by Mary Robison, Corruption and Health: Global Corruption Report 2006, Transparency International, February 2006.

SOLUTIONS TO COMBAT CORRUPTION IN THE HEALTH SECTOR

The key to providing concrete solutions against corruption is to maintain transparency through consultations and cooperation between the industry, civil society and the government. This involves building stronger ties between health regulatory agencies and institutions concerned with fighting corruption and promoting good governance.

a. Establishment of an incentive and punishment system to ensure compliance and accountability.

Developing mechanisms that would encourage key players in the health sector to promote compliance and accountability within their organizations would substantially impact their attitude towards corruption. This translates to improving the rewards system to specific actions that clearly and greatly manifests integrity and accountability among health employees – for instance, recognizing their efforts through promotions or bonuses. Penalizing corrupt practices through suspension, dismissal, transfer of departments, and other forms of punishment should be explicit in the rules to warn and guide health sector employees of the consequences of any unethical behavior and corrupt practices.[8]

The government can better serve this function by strengthening the authority of the Civil Service Commission and other institutions in implementing integrated rewards and incentives programs.

b. Improvement of monitoring and evaluation systems and initiating checks and balances.

Encouraging extensive monitoring procedures, breaking the culture of silence in institutions by establishing a reporting and complaint mechanism, applying the use of modern technology, and finally, enticing citizen participation can discourage stakeholders from engaging in practices that corrupt the health system.

As an example, improving the database management, surveillance systems and computerizing health insurance claims in hospitals will protect health insurance providers such as PhilHealth from issues of fraudulent practices. Only procedures done on the patient

[8] Fighting Corruption in the Health Sector Methods Tools, and Good Practices, United Nations Development Programme Bureau for Development Policy, New York USA, October 2011.

and those reported by the concerned hospital departments will be reflected in the database, thereby preventing document falsification and billing manipulation.

There is also a resounding need for an effective independent oversight mechanism. This may mean an external oversight committee that would investigate, monitor, and evaluate health-related processes to identify failures and inefficiencies, including assessing complaints about unsatisfactory services. An external audit is also necessary to regularly review and check government and private transactions concerning healthcare resources. Independent oversight mechanisms should provide recommendations for improvement of governance in health.

c. Organizational development and capacity building programs as a solution to inefficiencies.

Inefficiencies within organizations often lead to practices that result in wastage, loss of productivity and eventual ethical dilemmas. In the same way, deliberate attempts by individuals to disregard inefficiencies could be regarded as an act that promotes corruption.

Several steps to address inefficiencies involve reviewing the existing organizational model and comparing it with models that work. For example, the government adapting successful systems developed by private institutions could be an area for a public-private partnership. Another effective strategy would be to expand capacity-building efforts that will empower leaders to effect change by improving systems and empowering employees to contribute to efficiency efforts. Regular training of health employees that would not only improve their skills but remind them of their responsibilities to support the health sector's aim of preventing and eliminating unethical conduct and corruption should be initiated by their respective institutions.

d. Promote the development and application of evidence-based research.

Allocation problems often occur when resources are directed to areas without considering performance or need. Targets are often missed when results are not measured, and projects are given priority without forecasting impact. Therefore, compelling evidence should be produced to validate whether or not programs have been able to deliver intended outcomes;

resources are equitably distributed; and public funds are efficiently utilized. In addition, evidence from such research should be used and tied-up in the policy and decision-making process. To date, two rigorous reforms in primary healthcare have been enacted, yet there has not been a comprehensive impact evaluation of the reforms.

Conversely, increasing support in improving data collection and access, investing in human resources and strengthening the pool of experts that will conduct evidence-based research in health, as well as educating legislators on healthcare issues, will significantly improve the country's approach to policy-making.

The 1987 Philippine Constitution Article II Section 15 states that, *"The State shall protect and promote the right to health of the people and instill health consciousness among them".* Indeed health consciousness is achieved by knowing the needs of our countrymen. In June 2011, the Philippine National Health Research System (PNHRS) Act of 2010 was enacted.[9] Part of PNHRS service includes securing sustainable financing for health and development and deepening the involvement of stakeholders. Health research is important in developing and improving health strategies, policies and service delivery. PNHRS Act of 2010, through the use of Philippine National Health Research Fund, seeks to support quality ethical health research and its application to health and development.

e. Improving transparency in government transactions and encouraging participation through access to information.

The Department of Health can contribute to transparency efforts by making data readily available to the public. Regularly publishing information online such as health statistics, relevant presentations, news on health, and even the prices and quality of healthcare goods will keep the public informed. A powerful health information system that is regularly monitored and updated is necessary to improve transparency.

It has also been suggested that line item budgets by government offices be made accessible to the public. This will improve transparency, strengthen public fund management

[9] HB 4207 Philippine National Health Research System Act of 2010, Agham party List, Abigail Monic Ponceca Ellis, June 28, 2011.

and empower the citizens to engage in participatory budgeting. Moreover, transparency should be extended to government procurements, contracts, and grants by keeping an open repository of all contracts concerning government transactions in healthcare, including that of existing Official Development Assistance loans. In terms of procurements, market forces should be allowed to take control by upholding the provisions and implementing rules and regulations of R.A. 9184. A strict "no gift giving policy" should also be enforced.

f. Influencing the government to make healthcare a priority.

The Local Government Code was envisioned to promote greater local fiscal autonomy by promulgating an automatic and mandatory distribution of IRA to the different LGUs in the Philippines. In addition to this, LGUs were granted higher shares in national government revenues, bestowed broader revenue-generating powers and allowed to enter into cooperative undertakings with the private sector or other LGUs[10].

Similarly, fund allocations for healthcare are discretionary and dependent on the priority given by LGUs to meet health outcomes. This is one source of inequity, as some LGUs might allot more for the health needs of their constituents compared to others. Educating LCEs to give priority to health programs, and encouraging them to a fixed minimum budget allocation specifically for health-related matters should be a priority. The implementation of the LGU scorecard would also add the necessary pressure for them to meet national and local health targets by giving priority to the provision of healthcare.

Harmonizing national budget sources for health (e.g., PAGCOR, and eventually the revenues from sin tax), as well as adopting a participatory bottom-up approach, will also benefit the poorest LGUs. Examining their priorities and providing them with support for health projects that they cannot otherwise fund at the local level will also contribute to meeting national targets.

[10] Capuno in Smoke, Paul and Kim,Yun-Hwan, Intergovernmental Fiscal Transfers in Asia: Current Practice and Challenges for the Future, edited by Smoke and Kim, Manila: Asian Development Bank, December 2002.

g. Strengthening the health regulatory system.

Allowing the FDA to retain its income will significantly improve the service and service capacity of the health regulatory system. This includes hiring more regulations officers and acquiring more state-of-the-art equipment to conduct faster and more precise assessments of products. Moreover, providing regulators with access to legal support will help protect them from harassment lawsuits and will improve their policing powers in enforcing their mandated responsibility to protect the public from dangerous products, false claims or industry pressures.

h. Influencing health professionals and personnel to abide by ethical practices.

Implementing standards in the development of clinical practice guidelines and standard operating procedures for health professionals is an effective way to promote ethical practice. Often, medical professionals rationalize their unethical behavior if flaws are found in the system at the outset. The standardization should emanate from key government agencies such as the DOH and PhilHealth in collaboration with all relevant medical societies.

i. Creating partnerships and areas of cooperation between the government and medical associations/societies to ensure tax-compliance among physicians.

Beyond reliance in our current tax system, the government, through the Bureau of Internal Revenue (BIR), should continue to work with various medical societies in ensuring that physicians are paying the right amount of taxes. In doing so, BIR should commit itself to conduct information dissemination activities on a country-wide basis to the members of different medical associations with respect to matters on tax compliance. It may not be an absolute solution, but the organizational commitment of these associations will help alleviate instances of corruption among their individual members.

j. Providing proper remuneration and incentives for public health workers.

Ensuring that public health workers are competitively compensated, providing exemptions on the standardized salary law for health professionals, and giving incentives to

those situated in far-flung areas will prevent duality of practice and promote the equitable distribution of healthcare resources and services.

CONCLUSION

The effective and efficient provision of healthcare services has been a major challenge to the national and local governments alike. Budget constraints, insufficient medical facilities and equipments, and the medical professional brain drain are among others. These challenges are seen to be compounded by malpractices, ethical dilemmas, and corruption in the health sector. As a result, it is the citizen that stands on the losing end as receivers and beneficiaries of substandard health services. True to the point, when there is corruption, it is the people – particularly the poor and the less privileged – that are most affected.

Despite these, the future of the Philippine health sector remains promising – that is, with the implementation of needed reforms and anti-corruption safeguards. This paper has tackled several situations and cases-in-point on how corruption and ethical dilemmas in the health sector can be battled; how the health sector can be better capacitated; and as a whole, how to improve the current health sector status of the country. Some of these can be achieved and implemented in the short term period, while most offer medium and long-term policy solutions.

Following the governance paradigm, collaboration between the government, private sector and civil society is needed to see these health reforms and anti-corruption mechanisms into reality. The government should efficiently implement better policies that gear towards good governance in health. It should also look at partnerships and ventures with the private sector in the delivery of health services; and the civil society should continuously act as the public watchdog, safeguarding the interests especially of the poor, marginalized, and less privileged.

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