

HEALTHCARE ADVOCACY PAPER 2018



EU - PHILIPPINES
BUSINESS NETWORK

ABOUT EPBN



OUTREACH



SUPPORT SERVICES



ADVOCACY

The EU-Philippines Business Network (EPBN) established in January 2014, is a project co-funded by the European Union and implemented by a consortium of European business organizations based in the Philippines. Led by the European Chamber of Commerce of the Philippines (ECCP), partner chambers include the Belgian-Filipino Business Club, British Chamber of Commerce Philippines, French Chamber of Commerce of the Philippines, German-Philippine Chamber of Commerce and Industry, Italian Chamber of Commerce of the Philippines, Nordic Chamber of the Philippines, and Spanish Chamber of Commerce of the Philippines.

The overarching objective of EPBN is to support European companies, especially small-medium enterprises, to increase exports to and investments in the Philippines by facilitating market access and ensuring a level playing field for all companies.

Adopting a threefold approach of outreach, support services and advocacy, EPBN provides a strong support system at every stage of entry to the Philippine market for European businesses. In delivering these services, EPBN cooperates closely with its partner organizations in other Association of South East Asian Nation (ASEAN) countries to provide information on ASEAN as a market, promoting the Philippines as a gateway to the region.



HEALTHCARE ADVOCACY PAPER 2018

EDITORIAL BOARD

Mark Henke
 Atty. Kareen Fe Pioquinto-Enriquez
 Atty. Anthony Amunategui Abad
 Atty. Kristine Alcantara
 Atty. Abraham Alonzo O. Guiyab
 Chelsea Murphy
 Sophia Mari Antoinette Ordoña
 Katrina Angelica Baligod
 Francesca Mitchel Ofilada
 Lorenzo Jose Lombos

Jackielyn Diola
 Ma. Elena Tabbu
 Ana Cristina Aguirre
 Enrico Barruela
 Frances Mary Clarence Sy
 Gianina Uson
 Justine Michael Santos
 Nina Isabelle Manalili
 Patricia Anne Montealto

EPBN COMMITTEE CHAIRS

Committee	Chairman
Agriculture	Gregoria Felisa Ruth Novales
Automotive	Reggie See
Environment and Water	Atty. Lailanie Parcon Kristoffer Eduard Rada
Food and Beverage	Helen Grace Baisa Pacholo Garcia-Morera Atty. Gerrard Paez
Free Trade Agreement	Atty. Anthony Abad
ICT-BPM-KPM	Erik Nielsen Cesar Tolentino
Transportation and Infrastructure	Michael Raeuber Lorens Ziller
Healthcare	Rommel Abuda Lih Chyun Yeong
Maritime	Atty. Max Cruz Per-Arne Waloen
Renewable Energy & Energy Efficiency	Ruth Yu-Owen
Tax and Financial Services	Chris Nelson
Tourism	Raoul Villegas

Positions expressed in the advocacy papers are the result of the activities of the 14 Sector Committees working under the EU-Philippines Business Network.

METHODOLOGY

The 2018 edition of the EPBN Advocacy Papers features issues and recommendations formed after extensive discussions between members of the EPBN sector committees, dialogues and meetings with representatives from the Philippine Government, the EU Delegation to the Philippines and other EU national chambers and embassies. The EPBN has also taken into consideration the information gathered from organizing different events, participating in numerous hearings and committee meetings in both chambers of the Philippine Congress, as well as in private sector consultations held by several executive and regulating agencies of the government.

Further, the recommendations stated in each paper were created based on the discussions during the quarterly sector committee meetings, most of which were conducted with a representative from a concerned government agency based on the issues to be discussed. In close cooperation with the sector committee leaders and members, the EPBN secretariat thoroughly analyzed every issue and advocacy recommendation to ensure that they are in line with EU business interests and priorities. Once the secretariat has finalized the first draft of each sector paper, it was then circulated to the Committee members, Market Access Team Meeting for consultation and subsequently, gathered inputs to be included in the final draft of the papers.

The assessment of the status of each recommendation included in 2017 EPBN Advocacy Papers were examined under the following criteria:

Completed/Substantial Progress: Recommended action has either been completed or there has been significant progress towards the realization of the recommendation.

Some Progress: Movement towards realizing the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

No Progress/Retrogression: Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolve to an even bigger bottleneck for EU businesses in the former year.

ABOUT THE THEME



EU AND THE PHILIPPINES: Jointly Pursuing Competitiveness for Inclusive Growth

Since its launch in January 2014, the EU-Philippines Business Network (EPBN) has strived to create an attractive investment and trade environment for EU businesses in the Philippines.

This 2018, we look at how the current administration's initiatives and programs in line with its Socioeconomic Agenda and priorities have substantially progressed – Build, Build, Build Program, tax reform, ease of doing business, labor protection furthered through the Executive Order on Contractualization, sustainable development and climate adaptation, and universal healthcare, among many others. In addition, the Philippines' economy is maintaining steady growth, the EU continues to be one of the top trading partner of the Philippines, and the EU-Philippines Partnership Cooperation Agreement has been put into force – a major milestone for the EU-Philippine relations.

With this, the EU-Philippines Business Network (EPBN) is organizing the EU-Philippines Business Summit 2018 with the theme "EU and the Philippines: Jointly Pursuing Competitiveness for Inclusive Growth" on 18 October 2018, at Solaire Resort Hotel, Paranaque. During the Summit, EPBN will hand over the 4th edition of the EPBN Advocacy Papers which contains a wish list of reforms towards a competitive, fair and more inclusive economic environment. We sincerely hope that the EU-Philippine economic ties will be deepened further. Rest assured that European business community will remain as the Philippine government's partner in achieving competitiveness and inclusive growth.

MESSAGE FROM THE AMBASSADOR

H.E. Franz Jessen
Head of Delegation,
Delegation of the European Union of the Philippines



The EU sees trade and investment as part of the answer to challenges faced in the country in terms of inclusive and pro-poor growth. Indeed, the EU and its industries have a positive agenda that is values-based and comes with an open dialogue to ensure nobody is left behind in strengthening its trade relations. It also recognizes the importance of opening new markets that contributes to growth on both ends. This is why the EU has even in times of economic turmoil led global efforts to fight protectionism, and promoted open trade and investment at home and abroad.

The EU economy grew at its fastest rate in 10 years in 2017 at 2.4%. For the first time since 2007, all EU member states saw their economies expand. Robust growth is facilitating further reduction in government deficit now at less than 1% of GDP as well as debt levels and an improvement in labour market conditions with unemployment rate of 7.6% falling to almost the pre-crisis level. More important to our trading partners is the fact that our trade continues to grow strongly resulting to an 8% growth in EU imports and exports of goods to the world.

This shows that the EU economy is competitive, yet open and it will remain so and continue to benefit Philippines' development agenda. Philippines total trade with the EU increased by 16% in 2017 due to the remarkable 32% growth of PH exports to the EU market partly thanks to the increasing utilisation of the GSP+ preferences. Strong growth is particularly seen in sectors benefiting from GSP+ trade preferences, such as agri-food products. On top of this, sizable portion of all newly reported approved investments in the Philippines were sourced from the EU – contributing to the creation of more quality jobs.

The economic expansion in Europe is set to continue at a solid pace in 2018 and next, supporting further job creation. However, the EU also recognizes risks on the horizon. That is why the EU is working hard to make its economy even more resilient through many useful and necessary reforms – necessary to further improve productivity and investment as well as to ensure a more inclusive growth model.

I look forward continuing to work together to the benefit of effective value chains and supply chains so that the Philippines can take advantage of its position in the region and of its competitive skills and people. I warmly welcome this advocacy book as a good basis of our continued collaboration in our pursuit of enhancing and strengthening EU-Philippine trade and commercial relations.

MESSAGE FROM THE STEERING COMMITTEE CHAIRMAN

Mr. Guenter Taus
EPBN Steering Committee Chairman



The EU-Philippines Business Network (EPBN) is pleased to present to you the 4th edition of its Advocacy papers with the theme, “EU and the Philippines: Jointly Pursuing Competitiveness.” Pursuing competitiveness and sustainable growth has been at the front and center of our agenda.

The European business community has always looked towards close cooperation with the Philippine Government to achieve mutually beneficial goals, which strengthen the country’s investment and trade environment in support of increased competitiveness and long term, sustainable and inclusive growth.

Several positive reforms in 2018 were the Ease of Doing Business Act, the Build Build Build Program, the implementation of Universal Healthcare and the issuance of Memorandum Order No. 16, which eases restrictions on certain investment areas.

Despite these improvements, there are still several key barriers stifling EU-Philippine trade and investment. In particular, we look forward to passage of the Amendments to the Public Services Act of 1936 into law. These Amendments result in an open market coupled with stronger regulations which in turn will increase the quality of public services while lowering costs.

Moreover, we advocate for the reassessment of the licensing requirements from the Philippine Contractors Accreditation Board. A level playing field in infrastructure paves the path for the realization of the “Golden Age of Infrastructure” envisioned by President Duterte.

Finally, we strongly urge the government to consider the massive economic growth and job creation that fiscal incentives under the Philippine Export Zone Authority have brought about. An ambitious corporate income tax reduction in addition to other incentives will aid the Philippine in competing with other countries in the region.

These amendments would be a game-changer for the Philippines and they assist in EU investments contributing to Philippine development. It is in this context that the EPBN presents its recommendations towards a competitive, fair and more inclusive economic environment for the benefit of the Philippines and the EU.



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY



MESSAGE

My warmest greetings to the European Union (EU)-Philippine Business Network on the publication of its Advocacy Papers.

The Department of Health (DOH) recognizes the need to improve the health outcomes of our countrymen in ensuring that they, especially the poor and marginalized, have financial access to quality and affordable health care services.

The revitalized Philippine health sector agenda, now called *FOURmula One Plus*, puts our people at the top of everything that we do in the DOH. Being the primary steward of the nation's health, we believe that our success can only be measured by the well-being of our fellow Filipinos and how well the health system responds to their needs.

The DOH looks forward to the continued cooperation between EU and the Philippines towards competitiveness in the healthcare sector with the overarching goal of universal health care.

Congratulations and *mabuhay!*


DR. FRANCISCO T. DUQUE III, MSc.
Secretary of Health

WHERE ARE WE NOW?

THE PHILIPPINES: A MACROECONOMIC OVERVIEW

The Philippines has been recently dubbed as one of the fastest growing economies in Southeast Asia. With a 6.7% GDP growth in 2017, it is among the highest in the region next to China (6.9%) and Vietnam (6.8%).¹ ADB, IMF and the World Bank maintain their bullish forecast on the Philippine economy for 2018 and 2019,^{2,3,4} which is largely attributed to its strong economic performance in 2017 and its growth prospects. The current administration's commitment to increase public infrastructure spending as well as rising domestic demand, remittances, and employment are also expected to heavily fuel the economy.

On the local scene, Services remain to cover most of the GDP with 57.46%, followed by Industry at 34.01%, and Agriculture at 8.53%.⁵ From a dip in last year's agriculture sector, 2017 has posted a 3.9% growth. Overseas Filipino Workers (OFW) remittances, household consumption, exports of goods and services, and manufacturing posted growth,⁶ while unemployment rate increased to 5.7%.⁷

As for investments, the Bangko Sentral ng Pilipinas reports that foreign direct investment net inflows reached USD 10 billion in 2017, showing a 21.4% increase from the previous year.⁸ On the other hand, 2017 posted a negative trade balance amounting to USD 27,380 million.⁹

While global competitiveness, as evaluated by the World Economic Forum, improved by a notch in ranking,¹⁰ it is imperative that the Philippines continuously builds on its current successes for competitiveness and inclusive growth.

Indeed, the Philippines has made great strides in various aspects; however, a lot of work still needs to be done. A number of important measures, including **amendments to the Public Services Act, Retail Trade Liberalization Act, and amendments to restrictive economic provisions of the Constitution**, have yet to materialize. Furthermore, boosting the Philippine manufacturing sector, deepening the ASEAN integration, and enhancing customs facilitation are all crucial for the Philippine economy to step up in the global arena.

1 WorldBank. (2018) *Philippines Economic Update: Investing In The Future April 2018*. Retrieved 5 September 2018 from <http://pubdocs.worldbank.org/en/280741523838376587/Philippines-Economic-Update-April-15-2018-final.pdf>.

2 ADB. (2018). *Philippine GDP expected to grow by 6.8% in 2018 and by 6.9% in 2019*. *ADB Report*. Retrieved 5 September 2018 from <http://www.adb.org/countries/philippines/economy>.

3 WorldBank. (2018). *Philippines Growth to Remain Strong Despite Global Uncertainties*. Retrieved 5 September 2018 from <https://www.worldbank.org/en/news/press-release/2018/07/13/philippines-growth-to-remain-strong-despite-global-uncertainty>.

4 Reuters. (2018). *IMF sees the Philippines' GDP growth at 6.7% percent in 2018 and 2019*. Retrieved 5 September 2018 from <https://www.reuters.com/article/us-philippines-economy-imf/imf-sees-philippines-gdp-growth-at-67-percent-in-2018-2019-idUSKBN1KF0A2>.

5 Philippine Statistical Authority. (2018). Retrieved from 3 September 2018 <http://psa.gov.ph/regional-accounts/grdp/highlights>.

6 Ibid.

7 Philippine Statistics Authority. (2017). *2017 Annual Labor and Employment Status*. Retrieved 3 September 2018 from <http://psa.gov.ph/content/2017-annual-labor-and-employment-status>

8 BSP. (2018). *Full-Year 2017 FDI Hit All-Time High of US\$10 Billion*. Bangko Sentral ng Pilipinas. Retrieved 4 September 2018 from <http://www.bsp.gov.ph/publications/media.asp?id=4630>.

9 BSP. (2018). *Selected Economic Indicators*. Retrieved 4 September 2018 from http://www.bsp.gov.ph/statistics/spei_new/tab48_sas.htm.

10 National Competitiveness Council. June 2018. *Global Competitiveness Report Card*. Retrieved 20 June 2018.

HEALTHCARE



INTRODUCTION

Human capital is considered to be at the core of the overall economic development of a country. With this, the Philippine government has continued to undertake measures that help provide access to quality and affordable health care services for every Filipino.

Among the country's steps towards this goal is the increased total health expenditure¹, recorded at PhP655 billion in 2016, from PhP593 billion in 2015. The Philippine budget allocation for health has also shown a positive trajectory at PhP171 billion in 2018 from PhP151 billion in 2017². Out of this total budget, PhP106.08 billion was allocated to the Office of the Health Secretary, while PhP60.63 billion was directed to Universal Health Insurance.

Despite key developments in the sector, there remain challenges and issues in the Philippine healthcare arena. This includes high out-of-pocket expenses, national health insurance coverage and benefits, and the availability and affordability of drugs in the country. Moreover, potential remains in key health subsectors such as medical devices and medical tourism.



1 The sum of public and private health expenditure. It covers the provision of health services (preventive and curative), family planning activities, nutrition activities, and emergency aid designated for health but does not include provision of water and sanitation.

2 Republic Act No. 10964 signed 19 December 2017. Retrieved 06/16/2018 from https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2018/Volumell/GAZETTE-2018-VOLUME-2_FINAL.pdf

3 AN ACT PROVIDING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875, AS AMENDED, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995" http://www.congress.gov.ph/legisdocs/first_17/CR00273.pdf

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The following health-related reforms were recently adopted:

- Both chambers in the Congress have been in the works of creating proposals towards the achievement of Universal Health Care (UHC). The Lower House's version is House Bill (HB) No. 5784³, while its Senate counterpart is the Senate Bill (SB) No. 1458. This measure has been certified by President Duterte as urgent, as of July 2018⁴.
- A 0.25% increase in premium contribution was imposed this year. PhilHealth Circular No. 2017-0024⁵ raised premium contribution for the employed members to 2.75% of the basic salary effective January 2018.
- The Food and Drug Administration has launched new medical device regulations governing issuance of authorization for medical devices as announced in Administrative Order (AO) 2018-002⁶ dated January 26, 2018, based on the ASEAN harmonized technical requirements.
- The draft FDA Administrative Order⁷ released in June 2018 imposes new schedule of fees and charges for its services, applicable to businesses dealing with cosmetics, pesticides, toys and childcare, food, and pharmaceutical and medical devices. This is in line with the Agency's objective to rationalize and streamline its fee structure and support its operational costs, among others⁸.

3 AN ACT PROVIDING UNIVERSAL HEALTH CARE FOR ALL FILIPINOS, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7875, AS AMENDED, OTHERWISE KNOWN AS THE "NATIONAL HEALTH INSURANCE ACT OF 1995" http://www.congress.gov.ph/legisdocs/first_17/CR00273.pdf

4 PNA. (2018). Palace certifies Universal Healthcare bill as urgent. Retrieved 21/07/2018 from <http://www.pna.gov.ph/articles/1040937>

5 PhilHealth. (09/11/2017). Retrieved 19/06/2018 from <https://www.philhealth.gov.ph/circulars/2017/circ2017-0024.pdf>

6 FDA. (2018). Administrative Order 2018-0002. Retrieved 06/07/2018 from [http://home2.doh.gov.ph/ais_public/aopdf/ao2018-0002\(1\).pdf](http://home2.doh.gov.ph/ais_public/aopdf/ao2018-0002(1).pdf)

7 Draft Administrative Order on New Schedule of Fees and Charges of the Food and Drug Administration for Licensing, Registration, and Other Regulatory Services

The following health-related reforms were recently adopted:

- Both chambers in the Congress have been in the works of creating proposals towards the achievement of Universal Health Care (UHC). The Lower House's version is House Bill (HB) No. 5784³, while its Senate counterpart is the Senate Bill (SB) No. 1458. This measure has been certified by President Duterte as urgent, as of July 2018⁴.
- A 0.25% increase in premium contribution was imposed this year. PhilHealth Circular No. 2017-0024⁵ raised premium contribution for the employed members to 2.75% of the basic salary effective January 2018.
- The Food and Drug Administration has launched new medical device regulations governing issuance of authorization for medical devices as announced in Administrative Order (AO) 2018-002⁶ dated January 26, 2018, based on the ASEAN harmonized technical requirements.
- The draft FDA Administrative Order⁷ released in June 2018 imposes new schedule of fees and charges for its services, applicable to businesses dealing with cosmetics, pesticides, toys and childcare, food, and pharmaceutical and medical devices. This is in line with the Agency's objective to rationalize and streamline its fee structure and support its operational costs, among others⁸.
- The 8th edition of the Philippine National Drug Formulary⁹ has been made available as of 19 June 2018, which has newly approved 13 and disapproved 44¹⁰ medicines.
- In July 2018, several government agencies including PhilHealth, DOH, Philippine Charity Sweepstakes Office, and the Department of Social Welfare and Development signed a joint order to help streamline access to the government's health funding¹¹.

8 FDA. (2016). Public consultation: Draft new schedule of fees and charges on licensing, registration and other certification. Retrieved 13/07/2018 from <https://www2.fda.gov.ph/attachments/article/283698/CFRR%20Public%20Consultation%20on%20the%20Proposed%20Fees%20and%20Charges%202016.pdf>

9 Retrieved 07/05/2018 from https://www.philhealth.gov.ph/partners/providers/pdf/PNF8thEd_2017.pdf

10 Retrieved 07/05/2018 from <https://pharmadiv.doh.gov.ph/certificate-of-exemption>

11 PhilHealth (26/07/2018). PhilHealth, DOH, PCSO and DSWD sign joint order to streamline public access to medical assistance funds of the government. Retrieved 27/08/2018 from https://www.philhealth.gov.ph/news/2018/joint_order.html

EPBN ADVOCACY

1. ACHIEVE UNIVERSAL HEALTHCARE FOR ALL FILIPINOS

• EXPAND PHILHEALTH COVERAGE

The recent increase in PhilHealth premium contributions is seen as a welcome development by the EPBN. Improved and augmented funding and reserves in the health insurance subsector is a step closer to providing for wider coverage for Filipinos' health needs. To this, with the aid of the additional funds generated from above-discussed development, we highly recommend that PhilHealth benefits be expanded, especially in the areas of primary care services and outpatient expenses.

• STRENGTHEN PRIMARY HEALTHCARE THROUGH LGU CAPACITY BUILDING

LGUs, local health centers and professionals play a crucial role in providing primary healthcare as the initial resort of individuals seeking medical assistance. With regard to this, we recommend the enactment of measures promoting the capacity building for LGUs, local hospitals and health centers in the interest of moving towards modernizing government hospitals, sustaining costs, and properly applying national and local programs and policies. We also seek for the enactment of methods aimed at promoting the teaching and practice of primary care to health practitioners to better attend to individuals seeking medical aid. Moreover, in consideration of the devolution of roles and services in the country, the EPBN suggests that steps be taken to coordinate and streamline health regulations and policies, programs, and standards.

• IMPROVE DISTRIBUTION AND IMPLEMENT MEASURES TOWARDS THE RETENTION OF HEALTH PROFESSIONALS ACROSS THE COUNTRY

Reports show that there has been lack in and maldistribution of health professionals in the country. With this, the EPBN highly recommends strengthening government programs that incentivize medical graduates and furthering its efforts to attract health professionals to work in underserved areas in the country. Specifically, we push for the reinforcement of the Rural Health Practice Program (RHPP)¹² to help improve the distribution of nurses and doctors, among others, to better attend to the rural population in need of medical services. Additionally, towards the retention of and to better attract medical professionals in geographically isolated and disadvantaged areas, we advocate that wages in the medical field be reviewed and amended, in accordance with the national salary rates.

• CREATE A COMPREHENSIVE DISEASE AND PATIENT REGISTRY

The implementation of a disease and patient registry poses benefits to the health sector. The collection and storage of individuals' personal information and medical history would give health providers better basis (1) on the proper treatment to be administered to their patients and be able to assess the effectivity of an intervention, and (2) for the conduction of clinical research and trials. On a wider scope, this will enable our health department to monitor health trends and come up with needed public health programs and projects.

¹² RHPP is a DOH program that assigns health professionals in "field health facilities to complement existing RHU personnel". Under this program are: the (1) Doctors to the Barrios Program, (2) Nurse Deployment Program, and (3) DOH-paid dentists.

The EPBN lauds DOH's issuance of Administrative Order No. 2013-0005, Department Memorandum No. 2014-0307, Department Memorandum 2014-0205, and Department Circular No. 2013-0275 towards this initiative.

Towards the full realization of the objectives of this measure, we look forward to

(1) the implementation of mechanisms to better monitor the submission of records and compliance by all health facilities, and (2) implementation of this measure compliant with our domestic policies on data privacy.

- **CONSOLIDATE HEALTHCARE FUNDING**

While we recognize the efforts of the Philippines to increase health care funding and expand its sources, we advocate for the consolidation of healthcare funding from various sources – DOH, PhilHealth, Philippine Charity Sweepstakes Office (PCSO), Philippine Amusement and Gaming Corporation (PAGCOR), LGUs, etc., to be able to provide a more structured allocation of budget and streamline budgetary concerns and roles. Furthermore, we look forward to the implementation of a stricter monitoring system to better ensure that health funds are being efficiently allocated and utilized.

- **PROVIDE NECESSARY GOVERNMENT FUNDING TO ITS HEALTH AGENCIES AND OTHER REGULATORY BODIES**

The private sector is fully supportive of the efforts to increase capacity of the government agencies, and remains committed to comply with policies that are being enforced along with this. However, we believe that it is crucial that there be sufficient financial aid from the Philippine government, whether through budget allocation from its parent organ or through congressional appropriation. Especially in the case of FDA, this additional funding will not only sustain its operations as a regulatory agency, but will also decrease its dependence on the fees it collected from the industry it is mandated to regulate.

2. FACILITATION OF PATIENT ACCESS TO MEDICINES

- **IMPLEMENTATION OF POOLED PROCUREMENT FOR MEDICINAL PRODUCTS**

The EPBN recognizes that the government has taken substantial strides to scale down drug prices and eventually increase access to these commodities. We however, also acknowledge that a sizeable number of Filipino people remain challenged in terms of affording and acquiring medicines.

Pooled procurement¹³ for essential medicines is an area already being explored by the Philippine government. As we laud this initiative, we believe that this measure can also be extended to other medicines and suppliers. This will pose benefits as the country will incur lower transaction costs and be in a better position to negotiate for prices that could translate to the decrease in the overall costs in the local market. There is also the projected outcome of the generation of cost savings, which can be used for other health programs and assistance, and/or the provision of more free medicines to the

¹³ The World Bank defines pooled procurement as "the combination of several buyers into a single entity that purchases vaccines on behalf of those buyers. Retrieved 06/27/2018 from http://www.who.int/immunization/programmes_systems/financing/analyses/Brief_12_Pooled_Procurement.pdf; also referred by the World Trade Organization as "group purchasing" or "group contracting" from https://www.wto.org/english/tratop_e/trips_e/techsymp_july10_e/mirza_e.pdf

poor population. To this end, we look forward to the overall development of the supply chain system towards the ultimate objective of providing affordable and accessible medicines to all.

- **STRENGTHEN MARKET COMPETITION, SUPPORT SUSTAINABLE MANUFACTURING, AND PROMOTE A LEVEL PLAYING FIELD IN THE PHILIPPINE HEALTHCARE SECTOR**

The Philippine government has proven itself willing to explore means to augment the capacity of the Filipino people to purchase medicines at lower prices. With this, we recognize and laud the administration's steps to strengthen drug manufacturing in the country through the establishment of Pharma Zones and consider this as a channel to sustain the national pharmaceutical needs. This will further attract foreign investments as this will grant companies fiscal and non-fiscal incentives.

Moreover, we call for the implementation of measures that are highly cognisant of MSMEs and their ability to compete in the market, and the adherence of the Philippine government to the WTO national treatment principle. On this note, we believe that increased fair and equitable competition should be at the forefront of the government's initiatives to achieve the goal.

- **USE PRICE CAPPING ONLY AS LAST RESORT**

Instead of being a primary resort, we propose that the price capping be used as a reserve instrument and temporary measure, in the absence of effective market competition. Nonetheless, should the said measure remain to be the preferred approach of the Philippine government, we advocate that the private sector take part in the consultations and discussions in coming up with the list of price-regulated medicines. This will help provide more inputs for consideration, creating an outcome that is acceptable to the stakeholders.

3. STRENGTHENING THE REGULATORY MANAGEMENT

- **PROPERLY ENFORCE BIOSIMILAR POLICIES AND IMPROVE TRANSPARENCY ON BIOSIMILAR PRODUCT LABELING**

In line with the World Health Organization guidelines and findings, the EPBN supports the safe and effective use of the product and its eventual increased availability in the Philippine market. On this note, we welcome the FDA issuance on biosimilar products – AO 2014-0016, whilst advocating for its more established and standardized enforcement. Moreover, we recommend that steps be taken to improve transparency in labeling biosimilar products through the inclusion and combination of significant information on the reference product and biosimilar products, thereby increasing public knowledge and acceptance on the said product.

- **ENHANCE ANTI-COUNTERFEIT SURVEILLANCE AND ENFORCEMENT**

The EU, through its Technical Assistance Program to the Philippines, remains committed to assisting the Administration in its initiatives to address such disputes along the health supply chain.

Specifically concerning counterfeit drugs in the market, we highly recommend:

- (1) stricter implementation of the Act Prohibiting Counterfeit Drugs or RA 8203;
- (2) improved capacity in monitoring the production and entry of drugs;
- (3) the increase in criminal penalties to further discourage the manufacture, trade, or provision of counterfeit medicines.

- **ENSURE THE EFFECTIVE IMPLEMENTATION OF THE STANDARDS IN THE MEDICAL DEVICES SECTOR**

The EPBN acknowledges that there is a need to properly implement steps to standardize medical devices registration and regulation, to better ensure patients' safety. Moreover, due to the increasing regional integration and harmonization, it is with the same level of importance that the Philippine agencies must come up with standards that are consistent with that of ASEAN.

In this regard, while we fully recognize the objectives of DOH AO 2018-002, we also look forward to its (1) use of ASEAN-recognized Medical Device Grouping principles; (2) inclusion and stipulation of specific provisions that will (a) ease and streamline registration and renewal processes across the region, and (b) provide a fee structure benchmarked with other ASEAN member states.

- **MAINTAIN DATA CONFIDENTIALITY OF THE EDPMs**

The EPBN recognizes the importance of striking a balance between promoting transparency and increased patients' awareness, and maintaining investors' security. With the enactment of the Philippine Data Privacy Law, we look forward to the full realization of the e-EDPMs that strictly enforces data protection and takes into account the provisions of R.A. 10173 in stipulating guidelines on the access to and handling of submitted information.

- **ENFORCE THE IMPLEMENTATION OF THE MEXICO CITY PRINCIPLES BY ALL INDUSTRY PLAYERS**

The EPBN recognizes that the Code of Ethics must be central in the interaction of healthcare companies with patients. With this, we seek for the effective implementation of the guidelines on the conduct of business under the Mexico City Principles (MCP). Moreover, towards the implementation and realization of the benefits of the MCP, we advocate for the creation of a multi-stakeholder body assigned to monitor the compliance of industry players, promote ethical interactions between and among all stakeholders, and impose sanctions to the non-compliant.

4. ESTABLISH REGULAR DIALOGUE BETWEEN THE GOVERNMENT AND PRIVATE SECTOR

The EPBN seeks to establish regular dialogue with and between health stakeholders, the Department of Health, PhilHealth, and the Food and Drug Administration. This measure will pave the way to create a mutually beneficial relationship between the public and private sectors and strengthen its partnership throughout the years. Through this, the Philippine government will be able to share its planned and ongoing initiatives, especially in those areas that the private sector could come in to play, support, and share best practices and use of technology. This regular dialogue may also be a venue for consultations to improve healthcare practices and procedures, and help address several other bottlenecks in the health sector.

EPBN INTERVENTIONS

Aware of the importance of human development in overall economic progression of the country, healthcare has always been high on the agenda of EPBN. With this, several steps have been made to help improve the general standing of the Philippine health sector.

On 10 October 2017, in collaboration with the Pharmaceutical and Healthcare Association of the Philippines, the EPBN, together with the European Chamber of Commerce of the Philippines organized the “Healthcare for All Forum: Access to Affordable and Innovative Medicines”. Moreover, a Luncheon Meeting with Health Secretary Francisco Duque III took place on 28 February 2018, where Secretary Duque presented the current health priorities and initiatives under his leadership, anchored by the Fourmula 1+.

The EPBN Healthcare Committee was able to meet with DOH Undersecretary for Health Regulation, Dr. Enrique Domingo in March 2018. In this meeting, the group received updates from the Undersecretary on: Fourmula 1+, Maximum Drug Retail Price, and Medical Devices regulation.

The EPBN submitted a position paper on Maximum Drug Retail Price (MRDP), and also attended the Quality Affordable Medicines Oversight Committee (QAMOC) hearing on 16 May 2017 at the Philippine Senate.

Outlining five elements – accessibility, transparency, competitiveness, national treatment rule, and funding, the ECCP and EPBN submitted a position paper with regard to the new FDA schedule of fees and charges for licensing, registration, and other services.

The EPBN was also able to engage with then DOH Sec. Ubial, the Senate Committee Chair Senator Risa Hontiveros, and Congresswoman Angelina Tan through courtesy visits.



ASSESSMENT OF RECOMMENDATIONS

Advocacy	Recommendations	Completed	Substantial Progress
<p>Achieve Universal Healthcare (UHC) for all Filipinos</p>	<p>Expand PhilHealth coverage</p>		
	<p>Strengthen primary healthcare through LGU capacity building</p>		
	<p>Improve distribution and implement measures towards the retention of health professionals across the country.</p>		
	<p>Create a comprehensive disease and patient registry</p>		
	<p>Consolidate Healthcare funding</p>		
	<p>Provide necessary government funding to its health agencies and regulatory bodies</p>		

Some Progress	No Progress	Retgression
<p>H.B. No. 5784 or the Universal Health Care Bill has been passed in third reading in the House of Representative.</p>		
<p>The UHC bills filed in both chambers of Congress provide for strengthening primary health care and engages with LGUs, among others, in the implementation of the measures under the bills.</p>		
<p>Both UHC bills filed in the Congress include provisions that call for the review and increase of health workers' salaries and look into measures to increase number of health workers in government and rural health centers.</p>		
	∅	
<p>A joint circular has recently been signed by several government agencies, such as PhilHealth, DOH, PCSO, and DSWD, to streamline access to medical assistance funds of the government.</p>	∅	
	<p>The recent FDA proposal on the new schedule of fees and charges highlights the need to improve health budget allocation to support operations of the relevant agencies and regulatory bodies.</p>	

Facilitate patient access to medicines	Implement pooled procurement for medicinal products		
	Strengthen market competition, support sustainable manufacturing, and promote a level playing field in the Philippine healthcare sector		
	Use price capping only as last resort.		
Strengthen regulatory management	Properly enforce biosimilar policies and improve transparency on biosimilar product labeling.		
	Enhance anti-counterfeit surveillance and enforcement.		
	Ensure the effective implementation of the standards in the medical devices sector		
	Maintain data confidentiality of the EDPMS		
	Enforce the implementation of the Mexico City Principles by all industry players		
Public-private sector dialogue	Establish regular dialogue between the government and private sector		

<p>The DOH has convened a Technical Working Group (TWG) towards a policy on pooled procurement for pharmaceutical products.</p>		
<p>The Philippine government has continued its discussions with other countries and stakeholders with regard to the establishment of Pharma Zones</p>		<p>The FDA proposal on new fees imposes rates that will disadvantage smaller players in the market</p>
	<p>∅</p>	
	<p>∅</p>	
<p>While the government has taken several measures to address the issue and combat drug counterfeiting, the said crime continues to persist and disrupt the health supply chain.</p>		
<p>The implementation of FDA A.O. 2018-002 that is based on the ASEAN harmonized technical requirements.</p>		
	<p>∅</p>	
	<p>∅</p>	
<p>The EPBN and ECCP has had several undertakings with key government health representatives and stakeholders, such as courtesy visits, meetings and events. However, a regular dialogue is yet to be established.</p>		



EU-PHILIPPINES BUSINESS NETWORK



Unit 1903, 19th Flr., Philippine AXA Life Center Bldg.,
Sen. Gil Puyat Ave. cor. Tindalo Street,
Makati City, Metro Manila, Philippines, 1200



+63 (2) 845 1324



info@epbn.ph



www.epbn.ph



This project is co-funded
by the European Union

