



Republic of the Philippines
Supreme Court
Manila

EN BANC

PHILIPPINE HEALTH G.R. No. 247784
INSURANCE CORPORATION,

Petitioner, Present:

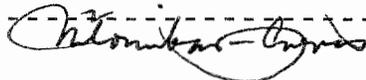
GESMUNDO, C.J.,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
HERNANDO,
CARANDANG,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,
GAERLAN,
ROSARIO,
LOPEZ, J., and
DIMAAMPAO, JJ.

- versus -

COMMISSION ON AUDIT (COA)
and MR. MICHAEL G.
AGUINALDO in his capacity as
COA Chairman,

Promulgated:

Respondents. September 28, 2021

X----------X

RESOLUTION

INTING, J.:

This Petition¹ for *Certiorari* under Rule 65, in relation to Rule 64, of the Rules of Court, with prayer for issuance of a temporary restraining order and writ of preliminary injunction, seeks to annul and set aside the Decision No. 2015-419² dated December 28, 2015 and the Decision No.

¹ *Rollo*, pp. 3-35.

² *Id.* at 37-42; signed by Chairperson Michael G. Aguinaldo and Commissioner Jose A. Fabia; and attested by Director IV Nilda B. Plaras.

2019-161³ dated May 23, 2019 of the Commission on Audit (COA). The COA affirmed the disallowance of the payment of hazard pay and subsistence and laundry allowances to the officers and employees of the Philippine Health Insurance Corporation (PhilHealth) for calendar year (CY) 2012 in the total amount of ₱91,156,377.93.

The Antecedents

On December 20, 2011, Dr. Eduardo P. Banzon, then PhilHealth's President and Chief Executive Officer, issued Office Order No. 0096, Series of 2011⁴ which removed PhilHealth's Welfare Support Assistance and, in its stead, granted the benefits provided under Republic Act No. (RA) 7305, or the Magna Carta of Public Health Workers, to PhilHealth officers and employees, effective January 1, 2012, subject to the availability of funds and the usual accounting and auditing rules and regulations.⁵

The PhilHealth Board of Directors, in turn, confirmed the grant of the benefits under RA 7305 to its officers and employees, beginning January 1, 2012 in its Board Resolution No. 1584,⁶ Series of 2012 dated January 31, 2012.

About a year later, COA Supervising Auditor Ma. Sylvia Z. Isiderio, together with other state auditors, issued two Notices of Disallowance (ND) on the payment of hazard pay and subsistence and laundry allowances to PhilHealth personnel for CY 2012 as follows: (a) ND No. H.O. 2013-002 COB (12)⁷ in the amount of ₱58,838,724.52; and (b) ND No. NCR. 2013-002 COB (12)⁸ in the amount of ₱32,317,653.41.

PhilHealth filed two Appeal Memorandums with the COA Cluster A – Corporate Government Sector (COA-CGS) assailing the subject NDs, but the COA-CGS denied both appeals in its Decision No. 2014-021 dated December 23, 2014.⁹ Consequently, PhilHealth elevated the case to the COA Proper *via* a petition for review.

³ *Id.* at 52-62; signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Roland C. Pondoc; and attested by Director IV Nilda B. Plaras.

⁴ *Id.* at 99-101.

⁵ *Id.* at 7.

⁶ *Id.* at 117-120.

⁷ *Id.* at 43-45.

⁸ *Id.* at 48-50.

⁹ *Id.* at 7.

Ruling of the COA

In the assailed Decision No. 2015-419, the COA dismissed PhilHealth's petition for review for having been filed out of time,¹⁰ viz.:

It is significant to note that a motion for extension to file petition for review was filed by petitioner on January 30, 2015, after the six months prescriptive period had lapsed. Thus, when the motion for extension was filed, there was nothing to extend, there being no more period within which to perfect the appeal after having exhausted the six months prescriptive period under the 2009 [Revised Rules of Procedure of the COA].¹¹

However, upon PhilHealth's motion, the COA reconsidered its original ruling and, in the interest of substantial justice, decided the case based on its merits.¹²

The COA thus ruled that PhilHealth "personnel who are not directly involved in rendering health or health-related services cannot be considered health workers and be entitled to hazard pay."¹³ It explained that:

x x x [PhilHealth] is a government corporation established to provide health insurance coverage, and not the performance of health service functions. In fact, it is prohibited from providing health care directly, from buying and dispensing drugs and pharmaceuticals, from employing physicians and other professionals for the purpose of directly rendering care, and from owning or investing in health care facilities.¹⁴

In addition, the COA held that Philhealth officers who authorized the grant and its recipient-employees cannot be deemed in good faith, given the prior disallowance of the same benefits per ND No. 12-002 (11) dated June 8, 2012.¹⁵

¹⁰ *Id.* at 41.

¹¹ *Id.* at 38.

¹² *Id.* at 56.

¹³ *Id.* at 59.

¹⁴ *Id.*

¹⁵ *Id.* at 61.

The Issue

The sole issue for the Court's resolution is whether PhilHealth's officers and employees are entitled to hazard pay and subsistence, and laundry allowances under the Magna Carta of Public Health Workers.

The Court's Ruling

The petition is impressed with merit.

RA 11223,¹⁶ or the Universal Health Care Act, provides a clear and unequivocal declaration of the classification of all PhilHealth personnel as public health workers, *viz.*:

SECTION 15. *PhilHealth Personnel as Public Health Workers.* — All PhilHealth personnel shall be classified as public health workers in accordance with the pertinent provisions under Republic Act No. 7305, also known as the Magna Carta of Public Health Workers.

In the 2019 case of *Philippine Health Insurance Corporation v. Commission on Audit*,¹⁷ the Court described RA 11223 as a "curative statute" which has finally remedied the shortcomings of RA 7305 as regards the classification of PhilHealth personnel as public health workers. It also clarified that RA 11223, as a curative law, applies *retrospectively* to all present and pending cases where the classification of PhilHealth personnel is at issue, *viz.*:

Indeed, R.A. No. 11223, as a curative law, should be given retrospective application to the pending proceeding because it neither violates the Constitution nor impairs vested rights. On the contrary, R.A. No. 11223 further promotes the objective of R.A. No. 7305, which is to promote and improve the social and economic well-being of health workers, their living and working conditions and terms of employment. **As a curative statute, R.A. No. 11223 applies to the present case and to all pending cases involving the issue of whether PhilHealth personnel are public health workers under Section 3 of R.A. No. 7305. To reiterate, R.A. No. 11223 settles,**

¹⁶ Universal Health Care Act, approved on February 20, 2019.

¹⁷ G.R. No. 222710, September 10, 2019. In this Resolution, the Court reconsidered its earlier Decision dated July 24, 2018 and ruled that all Philippine Health Insurance Corporation personnel, as public health workers, were entitled to receive all benefits under Republic Act No. 7305, including longevity pay.

once and for all, the matter that PhilHealth personnel are public health workers in accordance with the provisions of R.A. No. 7305.¹⁸ (Emphasis supplied.)

Based on these considerations, there is no longer any question that all PhilHealth personnel, as public health workers, are *entitled* to receive the benefits provided under RA 7305 which include, among others, hazard, subsistence, and laundry allowances under Sections 21, 22, and 24 thereof, respectively, as follows:

SECTION 21. *Hazard Allowance.* — Public health workers in hospitals, sanatoria, rural health units, main health centers, health infirmaries, barangay health stations, clinics and other health-related establishments located in difficult areas, strife-torn or embattled areas, distressed or isolated stations, prison camps, mental hospitals, radiation-exposed clinics, laboratories or disease-infested areas or in areas declared under state of calamity or emergency for the duration thereof which expose them to great danger, contagion, radiation, volcanic activity/eruption, occupational risks or perils to life as determined by the Secretary of Health, shall be compensated hazard allowances equivalent to at least twenty-five percent (25%) of the monthly basic salary of health workers receiving salary grade 19 and below, and five percent (5%) for health workers with salary grade 20 and above.

SECTION 22. *Subsistence Allowance.* — Public health workers who are required to render service within the premises of hospitals, sanatoria, health infirmaries, main health centers, rural health units and barangay health stations, or clinics, and other health-related establishments in order to make their services available at any and all times, shall be entitled to full subsistence allowance of three (3) meals which may be computed in accordance with prevailing circumstances as determined by the Secretary of Health in consultation with the Management-Health Worker's Consultative Councils, as established under Section 33 of this Act: *Provided*, That representation and travel allowance shall be given to rural health physicians as enjoyed by municipal agriculturists, municipal planning and development officers and budget officers.

SECTION 24. *Laundry Allowance.* — All public health workers who are required to wear uniforms regularly shall be entitled to laundry allowance equivalent to One hundred twenty-five pesos (P125.00) per month: *Provided*, That this rate shall be reviewed periodically and increased accordingly by the Secretary of Health in consultation with the appropriate government agencies concerned taking into account existing laws and prevailing practices.

¹⁸ *Id.* Citations omitted.

Thus, ND No. H.O. 2013-002 COB (12)¹⁹ and ND No. NCR. 2013-002 COB (12),²⁰ which disallowed the payment of hazard pay and subsistence and laundry allowances to PhilHealth officers and employees for CY 2012, must be set aside. Since PhilHealth personnel are considered as public health workers, it is unnecessary to discuss the issue on good faith.

WHEREFORE, the petition is **GRANTED**. The Decision No. 2015-419 dated December 28, 2015 and the Decision No. 2019-161 dated May 23, 2019 of the Commission on Audit are hereby **SET ASIDE**. The Notices of Disallowance Nos. H.O. 2013-002 COB (12) and NCR. 2013-002 COB (12) on the payment of hazard pay and subsistence and laundry allowances in the total amount of ₱91,156,377.93 are likewise **SET ASIDE**.

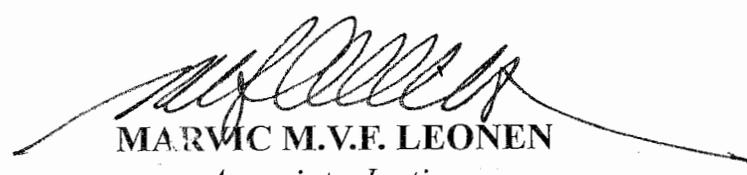
SO ORDERED.

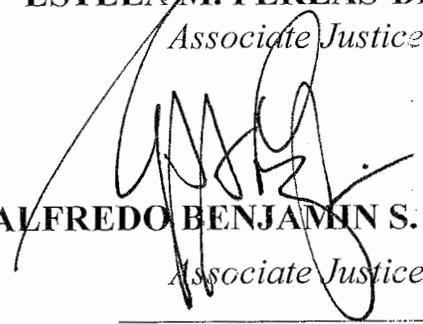

HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:


ALEXANDER G. GESMUNDO
Chief Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


RAMON PAUL L. HERNANDO
Associate Justice

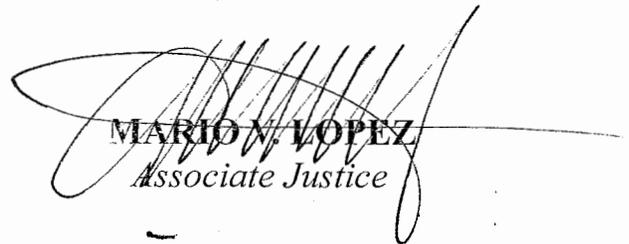
¹⁹ Rollo, pp. 43-45.

²⁰ *Id.* at 48-50.

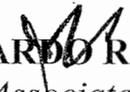

ROSMARI D. CARANDANG
Associate Justice


AMY C. LAZARO-JAVIER
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


MARIO N. LOPEZ
Associate Justice


SAMUEL H. GAERLAN
Associate Justice


RICARDO R. ROSARIO
Associate Justice

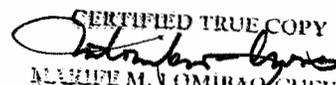

JHOSEP V. LOPEZ
Associate Justice


JAFAR B. DIMAAMPAO
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court.


ALEXANDER G. GESMUNDO
Chief Justice

CERTIFIED TRUE COPY

MARIFE M. LOMIBAO CUEVAS
Clerk of Court
Supreme Court