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Health maintenance cooperative: an alternative model to universal healthcare coverage in the Philippines

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Abstract

The poor state of health care system in the Philippines highlighted the increase commercialization and liberalization of the health sector at the exclusion of the poor population groups from access to health care. The Universal Health Coverage Bill has been approved by the Congress of the Philippines but is yet to be signed into law by the President. The planned coverage under the bill is dependent to tax and is therefore vulnerable to revenue shortfall which in turn could further exclude millions of Filipinos from health services. This calls for alternative models to deliver accessible healthcare services. This study explores health maintenance cooperative as an alternative through the Cooperative Health Management Federation (CHMF), the first health maintenance cooperative in the Philippines. In this paper, the sustainability of the model, its prospective role in implementing the SDG on good health and well-being for everyone, and major challenges are assessed.

Keywords

Social and Solidarity Economy, Cooperatives, Social Enterprises, Universal Healthcare, Socialized Health Care

Bio

The author is currently the head of the Business Administration Department of the School of Business and Management at Xavier University – Ateneo de Cagayan, Philippines. His research interest is measuring performance of cooperatives and social enterprises.

Introduction

The Philippines established the National Health Insurance Programme (NHIP) and Philippine Health Insurance Corporation (PhilHealth) in 1995 to implement the universal health coverage in the country. However, due to resource crunch, the government encouraged competition in provision of health services and insurance through social or private insurance for clinical services. As a move towards universal healthcare coverage, the Universal Health Care Act of 2013, made the health insurance mandatory for all Filipinos including those engaged in the unorganized sector (Tobe, Stickley, Rosario, & Shibuya, 2013). Supposedly meant to benefit the poorest of the poor, the law mandates the NHIP to facilitate the subsidy of medical care for those who cannot afford it, through PhilHealth. Instead of making health care accessible for all, the law has led to increased commercialization and liberalization of the health sector which in turn exacerbated the already poor track record on access to health care in the Philippines (van Gijssel, 2016). The health care system has become fragmented despite the progress made over the last 20 years (Romualdez et al., 2011) further decreasing the availability and affordability of healthcare for all. This is evident in the statistics that showed 8 out of 10 Filipinos have had no medical check-up or physical examination in their life (Ibon Foundation, 2015).

The urgency of a truly universal health care system came into focus once again amidst the approval of the Universal Health Coverage Bill by the Congress of the Philippines. However, to date, the president is yet to sign it to become a law. The bill targets funding for universal healthcare coverage through taxes from alcohol and tobacco products and increased taxes on sugary beverages. This funding scheme has a serious vulnerability to shortfall in revenues which could jeopardize the inclusion of over 120 million Filipinos in the coverage. A highly subsidized social health insurance alone cannot achieve universal access to health services of other health system aspects, such as financially unaffordable health services and insufficient availability of health workers, simultaneously undermine health outcomes (van Gijssel, 2016). It is against this backdrop that the emergence of health maintenance cooperative (HMC) as an alternative model for universal healthcare coverage in the Philippines is examined. The focus of this study is the Cooperative Health Maintenance Federation (CHMF) which is the first HMC in the Philippines. In this study, we explore its sustainability, contribution to good health and well-being, and major challenges.

Overview of CHMF

Organization

The CHMF was organized in July 2014 by 7 primary cooperatives, 1 cooperative insurance federation, 3 Medical Mission Group (MMG) and Health Services Cooperative Hospitals, 1 non-government organization (NGO), and 1 private HMO. It started operations and servicing its member-subscribers in July 2015, with a starting capital of P26 million (US\$520k). It is the first and only cooperative HMO that focuses on low-income and informal sectors regulated by the Philippines' regulatory agencies (Insurance Commission, Department of Health, and Cooperative Development Authority).

Vision, Mission, and Values of CHMF

CHMF envisions itself to be the best healthcare cooperative in the Philippines. To achieve this vision, it has made providing quality healthcare to cooperatives as its primary mission. The entire organization is also guided by the values of commitment, honesty, mutuality, and fortitude.

The Product, Eligibility and Enrollment Requirements

CHMF provides 1 Coop Health Basic Plan for an annual premium of P3,600 or US\$76.50. The plan covers the following services:

- Preventive - Annual Physical Examination (Chest x-ray, CBC, Urinalysis, Fecalalysis and Physical Examination)
- Outpatient - P10,000.00 (US\$200) annual coverage for laboratory test and examinations, consultation to accredited clinics
- Emergency Treatment - P30,000.00 (US\$600) annual coverage (24/7), 1st dose of anti-rabies and anti-venom
- In-patient/Confinement - P60,000.00 (US\$1,200) MBL/illness/year, Net of PhilHealth
- Dental - Simple tooth extraction, consultation
- Financial Assistance - Natural Death = P10,000 (US\$200); Accidental Death = P20,000.00 (US\$400)

The 1 Coop Health Basic Plan is designed for all members of all types of cooperatives with ages 18 to 65 years old. It also covers ages 66 to 75 with adjusted premium that ranges 100% - 200% of the basic coverage. Enrollment is through the Koop Insurance Network (KIN). Healthcare services are accessible in over 358 healthcare facilities nationwide accredited by CHMF.

Services by non-accredited hospitals are covered in emergency cases on reimbursement basis.

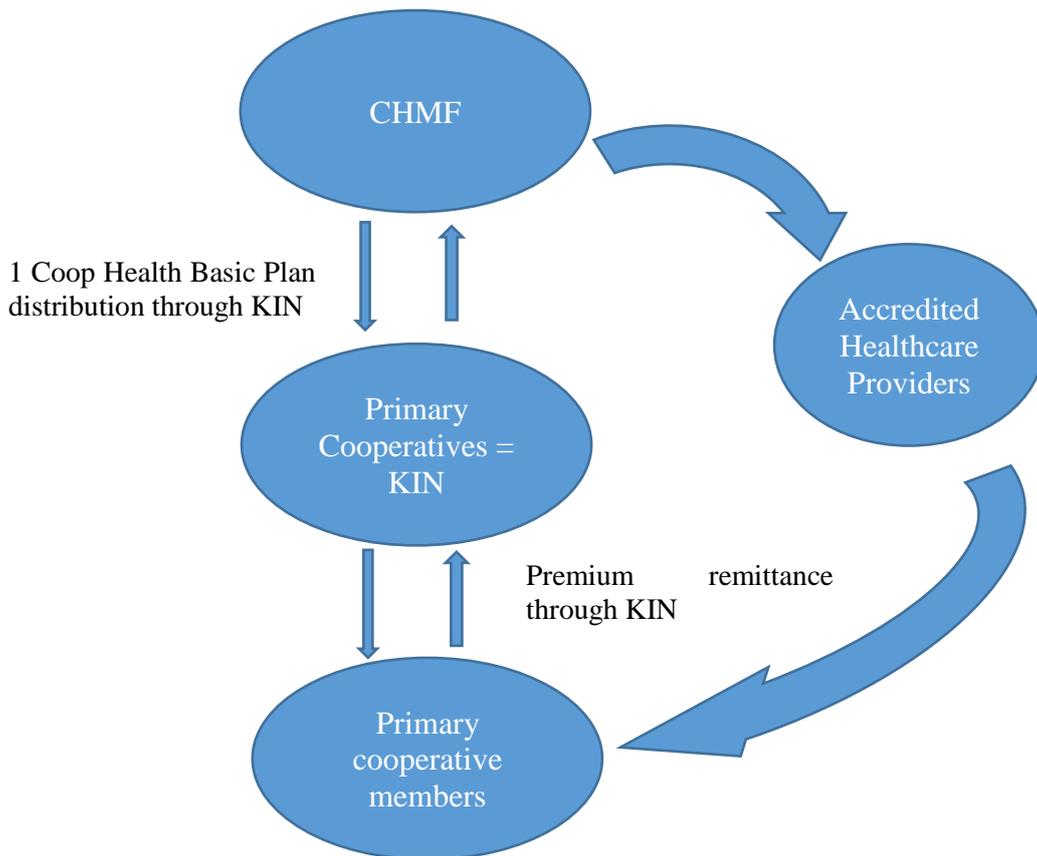
In sum, CHMF aims to provide accessible and affordable healthcare services with the following value propositions:

- no medical screening required
- monthly premium is less than a days' salary
- premium payment can be facilitated by cooperatives
- convenient, painless, and full 24-hour coverage after the first premium payment.
- comprehensive coverage benefits: consultation, treatment, annual physical examination, dental service, death benefit
- zero or minimal out of pocket expense
- prompt payment of hospital bills
- personalized attention from admission to discharge
- especially in emergency and critical cases
- 24/7 coverage and 24/7 customer hotline

The CHMF Structure

The 1 Coop Health Basic Plan is distributed through the Koop Insurance Network (KIN) of 1 Cooperative Insurance System of the Philippines (1 CISP), which is among the founding-member of CHMF. KIN is composed of the primary cooperative members of 1 CISP. They distribute the plan to their individual members, collect the premiums, and remit to the CHMF. A

certain portion of the remittance goes to primary cooperatives as a form of commission which in turn forms part of the income to be distributed to their members at the end of the year. The accredited healthcare organizations then provide the services to the members. Figure 1 illustrates the structure of CHMF.



Sustainability and Contribution to Good Health

Sustainability of CHMF is examined using the following key metrics: membership and enrollment growth, share capital generation, total assets, members’ equity growth, and net surplus growth from 2014 to 2018.

Membership and enrollment. At its organization in 2014, CHMF had 11 cooperative members. By 2018, its membership has grown into 116 cooperatives or a 955% increase in a period of 5 years. These cooperatives brought a total enrollment of 41,088 individuals in 2018 or a 1,108% increase from its enrollment of 3,401 in 2015.

Share capital generation. CHMF started with P19.3 million (US\$386k) share capital from cooperative members in 2014. By 2018, its total share capital amounted to P87.81 million (US\$1.69 million) or an increase of 355% in 5 years.

Total assets, equity, and net surplus. CHMF had a total assets of P254.58 million (US\$4.896 million) in 2018 or a 1,139% increase from P20.55 million (US\$411k) in 2014. Relative to the growth in assets, total members’ equity in 2018 was P123.77 million (US\$2.38 million) or a 515% from its equity of P20.129 million (US\$403k) in 2014. Net surplus stood at P18.92 million (US\$364k) in 2018 or a 340% compared to P4.3 million (US\$86k) in 2015.

The key financial variables for CHMF points to its sustainability and scalability. Its remarkable growth in a span of 5 years was leveraged by the mandatory enrollment of the members of the primary cooperatives. Interestingly, CHMF achieved such performance with just 116 primary cooperatives in 2018. There are over 25,000 cooperatives in the Philippines and a membership of over 14 million Filipinos base on the latest statistics of the Cooperative Development Authority. The current membership and enrollment of CHMF is barely 1% which means that its economic potential is enormous.

In terms of its contribution to good health, CHMF is delivering on its promise to provide accessible and affordable healthcare to Filipinos. In 2018 alone, out of the 41,000 enrollment, a total of 27,379 enrollees availed of the health services under the 1 Coop Health Basic Plan for a total amount of P57.81 million (US\$1.11 million). Out of the 27,379 enrollees, top 3 ailments were in the form of out-patient services, laboratory tests, and preventive health care services at 45.6%, 32.5%, and 9.7%, respectively. These services were delivered at an annual premium of US\$76.50. A similar range of services but offered by corporate service providers are priced at an annual premium of \$224 to \$1,263. Hence, CHMF is making health care truly accessible and affordable.

Challenges

Despite the remarkable growth of CHMF, it faces a number of challenges. First, it is facing stiff competition from corporate providers which are better equipped, has bigger capital, and wider network of service providers. This capital constraint has restricted its reach in terms of partner/accredited healthcare providers. Second, cooperative support is much needed. As mentioned, cooperative membership is barely 1% of the existing cooperatives in the Philippines. Finally, customer satisfaction is critical and require improvements in medical reimbursement process, segregation of medical workload, and manpower compliment.

Conclusion

The dismal state of healthcare system in the Philippines has highlighted the urgency for a truly universal healthcare coverage. This calls for alternative models to deliver accessible healthcare. The CHMF, as a health maintenance cooperative, shows tremendous potential. It confirms the role of solidarity economies in implementing the SDG no. 3 which is to contribute to good health and well-being. CHMF adds to the models already available across the world. The key challenge, however, is to achieve economy of scale in order to reach more Filipinos.

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