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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
Third Regular Session

HOUSE BILL No. 5761

**Introduced by Representatives Antonio P. Yapha, Jr, MD
and Anna York P. Bondoc, MD**

**AN ACT INSTITUTIONALIZING THE PHILIPPINE NATIONAL HEALTH
RESEARCH SYSTEM, ESTABLISHING THE PHILIPPINE NATIONAL HEALTH
RESEARCH FUND PROVIDING FOR ITS ADMINISTRATION
AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Health research is vital in the improvement of the blueprint and strategies for health interventions, policies and service delivery. It encompasses all different types of research including basic, fundamental, laboratory, biomedical, clinical, applied, epidemiology, psychosocial, population health, health promotion, policy development, health economics, health systems and health delivery systems. Many of the components of a successful research environment include among others, the need for training, skilled researchers, protection of time, a supportive environment, peer review, dissemination and implementation of research results, effective alliances and partnerships, and, of course, the financial resources to support the activity.

The health research landscape is composed mainly of national agencies such as the Department of Health (DOH) and Department of Science and Technology (DOST), the academe, people’s organizations, medical societies and policy-makers. The implementation of researches is accomplished through a health research network composed of public and private research institutions working in unison or independently to respond to the national health needs.

In Republic Act No. 8503, also known as the “Health Research and Development Act of 1998” the National Institutes of Health, ... a unit of the University of the Philippines-Manila (UPM), was established as a center for excellence for health research and development, mandated to (1) promote science and technology research and development in the field of health; (2) promote the development of study groups and research programs; (3) establish mechanisms for the dissemination and utilization of research outputs; and (4) ensure that the results of health research and development activities are utilized to improve the health of the people.

Executive Order No. 102 mandates the Department of Health to provide assistance to local government units, peoples' organizations, and other members of the civic society in effectively implementing programs, projects and services that will promote the health and well-being of every Filipino, prevent and control diseases among populations at risk, protect individuals, families and communities exposed to hazards and risks that could affect their health, and treat, manage and rehabilitate individuals affected by disease and disability.

By virtue of Executive Order No. 128, the Department of Science and Technology through the Philippine Council for Health Research and Development, is mandated to (1) provide central direction, leadership and coordination of scientific and technological efforts; (2) formulate and implement policies, plans, programs and projects for the development of scientific and technological activities in the public and private sectors; and (3) ensure that the results of scientific and technological activities are properly applied and utilized to accelerate economic and social development.

1 In the 1999 Center for Economic Policy Research study on the flow of funds for health
 2 research and development, it was reported that the government’s budget in 1996
 3 allocated less than 1% for research and development resources, only 17% of which was
 4 allotted for health research. Respondents to the survey claimed that a large chunk of
 5 health R & D funds came from the private sector (45%) led by private hospitals.
 6 However, despite increasing support from the private sector, the total health R & D
 7 expenditures are still far below the World Health Organization-recommended level of 5%
 8 of total health expenditures.

9 Our country’s ability to ensure optimum health for every Filipino hinges on the degree of
 10 priority we grant to health research and development (R & D) activities. This bill,
 11 therefore, seeks to oblige a number of government institutions to allocate a particular
 12 portion of their gross annual revenue or charge additional fees for health research and
 13 development activities.

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ANTONIO P. YAPHA, MD
Representative

ANNA YORK P. BONDOC, MD
Representative

Republic of the Philippines
HOUSE OF REPRESENTATIVES
 Quezon City, Metro Manila

Thirteenth Congress
 Third Regular Session

HOUSE BILL NO. 5761

**Introduced by Representatives Antonio P. Yapha, Jr., MD,
 and Anna York P. Bondoc, MD**

AN ACT

1 **INSTITUTIONALIZING THE PHILIPPINE NATIONAL HEALTH RESEARCH**
 2 **SYSTEM, ESTABLISHING THE PHILIPPINE NATIONAL HEALTH RESEARCH**
 3 **FUND PROVIDING FOR ITS ADMINISTRATION**
 4 **AND FOR OTHER PURPOSES**
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7 *Be it enacted by the Senate and the House of Representatives of the Philippines*
 8 *In Congress assembled:*
 9

10 SECTION 1. *Short Title.* This Act shall be known as the “Philippine National Health
 11 Research System Act of 2007.”
 12

13 SECTION 2. *Declaration of Policy.* It is hereby declared the policy of the State to:
 14

15 (A) protect and promote the right of health of the people and instill health
 16 consciousness among them; and
 17

18 (B) improve the quality of life of every Filipino through health research
 19 and development initiatives.
 20

21 SECTION 3. *Definition of Terms.* For purposes of this Act, the term:
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23 (A) “Health” is defined as a state of optimal physical, mental and social
 24 well-being and ability to function at the individual level, and not
 25 merely the absence of disease or infirmity.
 26

27 (B) “Research and development (R & D) for health” is a global term to
 28 describe research and development activities undertaken to identify,
 29 resolve and prevent health problems and improve well-being. This
 30 encompasses all different types of research including basic,
 31 fundamental, laboratory, biomedical, clinical, applied, epidemiology,
 32 psychosocial, population health, health promotion, policy
 33 development, health economics, health systems and health delivery
 34 systems.
 35

36 (C) “Philippine National Health Research System (PNHRS)” is a
 37 framework anchored on the principles of Essential National Health
 38 Research on inclusiveness, participation, quality, equity, efficiency
 39 and effectiveness, which connect to, and converge with, the wider
 40 health, economic, political, educational and science and technology
 41 (S & T) systems of the country.
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49 (D) “National Unified Health Research Agenda” describes the overall
 50 directions and the important general principles, issues and priorities
 51 which should be addressed in the national plan for health R and D
 52 under the National Health Research System. The research will be
 53 based on a unified national health research agenda for the local and
 54 national levels.
 55

56 (E) “Core agencies” refer to the main national health and health related
 57 agencies namely: the Department of Health (DOH), the Department
 58 of Science and Technology-Philippine Council for Health Research
 59 and Development (DOST-PCHRD), University of the Philippines
 60 Manila - National Institutes of Health ((UPM-NIH), and the
 61 Commission on Higher Education (CHED).
 62

63 (F) **“Philippine National Health Research Fund (PNHRF)” means a**
 64 **special fund which by legislative action, segregates specified**
 65 **revenues for health research purposes..**
 66

67 (G) “Health research stakeholders” include the national and the local
 68 private and public health agencies, policy makers, the academe,
 69 medical societies, people’s organizations, and others which may

1 have the roles of health researchers, program administrators and
 2 beneficiaries.
 3
 4 (H) "Management of Fund" - involves the generation, allocation and
 5 utilization, of the Philippine National Health Research Fund, including
 6 government and non-government sources both domestic and
 7 international sources.
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10 Title I

11 Philippine National Health Research System

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 15 SECTION 4. *Creation of the Philippine National Health Research System.* The
 16 Philippine National Health Research System (PNHRS) is hereby constituted to improve
 17 the health status, productivity, and the quality of life of Filipinos by:

- 18
 19 (1) producing new knowledge through research;
 20
 21 (2) developing a national and global network of
 22 researchers, research organizations, and other
 23 members of the health research community;
 24
 25 (3) deepening the involvement of stakeholders;
 26
 27 (4) securing sustainable financing for health research and
 28 development;
 29
 30 (5) building capacities for health research and
 31 development activities;
 32 (6) encouraging individuals to pursue research as a
 33 career;
 34
 35 (7) inculcating internationally and culturally accepted
 36 ethical standards and principles especially in
 37 researches involving human subjects and participants;
 38
 39 (8) ensuring public access to the information and other
 40 outputs generated by the health research systems;
 41 and
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 49 (9) encouraging the utilization of research results in the
 50 form of products, technologies, programs and
 51 services.
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53 SECTION 5. *Composition of the PNHRS.* The PNHRS shall be composed of the
 54 Governing Council, the Secretariat and the various committees and the whole health
 55 research community. The interrelationships among these various components shall be
 56 described in the IRR of this Act.
 57

58 SECTION 6. *Creation of the PNHRS Governing Council.* The Philippine National Health
 59 Research System Governing Council, whose functions are enumerated in Section 6
 60 shall be composed of the following:

- 61
 62 (1) The Secretary of the Department of Science and
 63 Technology or in his/her behalf, the Executive
 64 Director of PCHRD;
 65
 66 (2) The Secretary of the Department of Health or his/her
 67 designated permanent representative occupying the
 68 position of not lower than Assistant Secretary;
 69

- 1 (3) The Chair of the Commission on Higher Education or
 2 in his/her behalf, the Commissioner in charge for
 3 research;
 4
- 5 (4) The Chancellor, UP Manila or in his/her behalf, the
 6 Executive Director of NIH;
 7
- 8 (5) The President, Philippine Health Insurance
 9 Corporation;
 10
- 11 (6) The Director General, NEDA or in his/her behalf, the
 12 Director of Social Development Services;
 13
- 14 (7) Representative from the Philippine pharmaceutical
 15 industry;
 16
- 17 (8) Representative from a NGO working primarily on
 18 health research;
 19
- 20 (9) Representative from Academe;
 21
- 22 (10) Representative from League of Governors; and
 23
- 24 (11) Representative from Regional Health Research
 25 Development Committees.
 26

27 Representatives of the Core and the other government agencies shall serve as Ex-
 28 Officio Members while those mentioned in paragraphs 7 to 11 shall be nominated by the
 29 core agencies, and appointed by the President of the Philippines for a term of three (3)
 30 years; provided however, that for those first appointed representatives from PPI, NGO
 31 network and academe shall serve for three (3) years and those first appointed
 32 representatives from the League of Governors and the Regional Health Research
 33 Development Committees shall serve for two (2) years. The qualifications of the
 34 representatives mentioned in subparagraphs 7-11 shall be provided for in the
 35 Implementing Rules and Regulations of this Act.
 36

37 Majority of the members of the Governing Council shall constitute a quorum in all
 38 meetings and ex-officio members are entitled to vote on all matters brought before the
 39 Council for approval. Provided that the presence of at least three ex-officio members is
 40 required to have a valid action.
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48 The Core Agencies shall determine the Chair and Vice-Chair of the GC from among
 49 themselves for a term of three (3) years.
 50

51 SECTION 7. *Functions of the Governing Council.* The Governing Council shall:

- 52
- 53 (1) set policies and directions for the Philippine National Health
 54 Research System;
 55
- 56 (2) review periodically and approve the long-term plans and
 57 programs of the Philippine National Health Research System;
 58
- 59 (3) evaluate and approve the National Health Research Agenda
 60 developed and integrated by the Core Agencies and identify
 61 areas that will serve as the foci of the National Health
 62 Research Agenda;
 63
- 64 (4) establish the criteria for stakeholders that can apply for grants
 65 for the approval of projects and programs. These criteria shall
 66 be reflected in the implementing rules and regulation of this
 67 Act;
 68
- 69 (5) approve investments of the Philippine National Health
 70 Research Fund created under Section 9 of this Act;

- 1
2 (6) review grants and/or donations to any government agency
3 relative to health research from domestic and international
4 funding agencies. It shall assess the terms and benefits from
5 the grants/donations and evaluate the relevance of the
6 research in relation to the national unified health research
7 agenda; and
8
9 (7) review and approve research projects or programs that have
10 an estimated cost of two (2) million pesos and above.

11
12 SECTION 8. *The Executive Director and Secretariat.* The Governing Council shall
13 appoint the Executive Director who shall come from the Core Agencies and who shall be
14 responsible for, among others, the coordination and oversight functions of the System.
15 The ED shall be assisted by a secretariat from the DOST-PCHR staff.

16
17 Upon the effectivity of this Act, the incumbent Executive Director of DOST-PCHR shall
18 continue to serve as the ED for three (3) years without prejudice to reappointment.

19
20 SECTION 9. *Creation of the Philippine National Health Research System Committees.*
21 The GC shall create the following committees composed of representatives from the
22 Core Agencies and various stakeholders:

- 23
24 (1) Committee on Research Management - provide
25 technical and policy advice in setting health research
26 agenda, formulating policies and addressing matters
27 related to priority setting, proposal review and
28 funding/fund management, and project monitoring
29 and evaluation;
30
31 (2) Committee on Ethics - ensure adherence to
32 universal ethical principles and values on the dignity
33 of health research participants;
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35 (3) Committee on Capacity Building - provide technical
36 and policy advice in the development and continuous
37 supply of quality human and institutional resources
38 for health research;
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45 (4) Committee on Structure, Organization, Monitoring
46 and Evaluation - provide technical and policy advice
47 to ensure the stewardship and leadership of the
48 PNHRs espoused health research that connects to
49 health needs and outcomes, policy and action;
50
51 (5) Committee on Research Utilization - provide
52 technical and policy advice to develop and sustain
53 knowledge management systems, communication
54 and advocacy strategies to connect research to
55 health needs and outcomes, policy and action;
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57 (6) Committee on Resource Mobilization - provide
58 technical and policy advice/support to secure
59 sustainable financing, and ensure equity, effective
60 and efficient use of resources for health research
61 and development.

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63 The Governing Council may create other committees as the need arises.

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66 Title II

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68 Philippine National Health Research Fund
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1 SECTION 10. *Creation and Nature of the Philippine National Health Research Fund*
 2 *(PNHRF)*. A Special Research Fund hereinafter called the Philippine National Health
 3 Research Fund is hereby created under the management of the Governing Council
 4 through the secretariat.

5
 6 The PNHRF shall not be used for purposes other than what are provided in Section 11
 7 of this Act. Moreover, no portion of the funds of the PNHRF or income thereof shall
 8 accrue to the General Fund of the national government and its political subdivisions,
 9 instrumentalities and other agencies including government-owned and controlled
 10 corporations except as may be allowed under this Act.

11
 12 SECTION 11. *Uses of PNHRF*. The main objective of this fund is to provide sustained
 13 financial support for knowledge management and its translation into efficient and
 14 effective health policies and service delivery; a strengthened health care system; and
 15 improved health for all Filipinos. It shall ensure that the Government invests in health
 16 research as part of its commitment to secure the well-being of its citizens. Specifically, it
 17 shall be utilized for any or all of, but not limited to, the following:

- 18
 19 (1) support quality ethical research and the application of
 20 ethical principles to health research and development
 21 activities;
 22
 23 (2) create a robust health research environment in the
 24 Philippines that will attract, develop and keep excellent
 25 researchers and provide them with the opportunity to
 26 contribute to the improvement of people's health in the
 27 country and the world;
 28
 29 (3) fulfill an integrated health research agenda across
 30 disciplines, sectors and regions that reflect the
 31 emerging health needs of Filipinos and the evolution of
 32 the health system, and supports health policy decision-
 33 making;
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 42 (4) ensure the promotion research undertakings that meet
 43 the highest international scientific standards of
 44 excellence and ethics and that pertain to all aspects of
 45 health, including bio-medical research, clinical research
 46 and research on health systems, health services, the
 47 health of populations, societal and cultural dimensions
 48 of health and environmental influences on health;
 49
 50 (5) address emerging health opportunities, threats and
 51 challenges (e.g. avian flu, SARS) and accelerate the
 52 discovery of cures and treatments and improvements
 53 to health care, prevention and wellness strategies;
 54
 55 (6) promote the dissemination of research-based
 56 knowledge, technologies, and innovations and the
 57 application of health research to improve the health of
 58 Filipinos and, provide support for the participation of
 59 Filipino health scientists in international collaboration
 60 and partnerships in health research.

61
 62 SECTION 12. *Sources of PNHRF and Method of Collection*.

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 64 (1) The PNHRF shall be sourced out from the following agencies, **but not**
 65 **limited to:**

- 66
 67 a. One percent (1%) of the Philippine Health
 68 Insurance Corporation gross annual revenue;
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- b. Not less than 1% of the LTO’s annual revenue from drivers license issuances;
- c. Five percent (5%) of the National Statistics Office’s annual revenue from birth certificate issuances;
- d. Fifteen percent (15%) of the total fees collected by the Professional Regulation Commission (PRC) from the issuance and renewal of licenses to the health professionals such as but not limited to physicians, nurses, dentists, pharmacists, medical technologists, midwives, dieticians, and veterinarians;
- e. One percent (1%) of the total revenues generated by the Department of Environment and Natural Resources from charges, fines and penalties imposed under the Clean Air Act and the Clear Water Act;
- f. Any other appropriations from the General Appropriations Act; and
- g. Donations and grants from domestic and international sources duly accepted/approved by the Governing Council which do not constitute a breach of the Philippine laws and recognized international treaties.

(2) All agencies mentioned in the preceding paragraph are hereby directed to automatically remit semi-annually the amount prescribed by this Act to the specified account established by the Governing Council on or before the 31st day of January and July of each year. This does not preclude the agencies from making advance contributions provided they fall within the specifications of this act.

(3) The rates indicated in Paragraph 1 hereof shall be reviewed and updated every five (5) years.

SECTION 13. Management and Allocation of Fund

- (1) The Governing Council through the secretariat shall manage the funds in accordance with generally accepted auditing standards;
- (2) The GC shall allocate two percent (2%) from the fund for research operational expenses and of such amount not more than twenty percent (20%) shall be allocated for administrative expenditures.
- (3) The Governing Council is authorized to invest the PNHRs funds that were not allocated/obligated during the current year in any of the following:
 - a. Interest-bearing bonds, securities, and other evidence of indebtedness of the Republic of the Philippines and other evidences to which full faith and credit and unconditional guarantee of the Republic of the Philippines are pledged.

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b. In interest-bearing deposits and loans to or securities in any domestic bank doing business in the Philippines: Provided, that in the case of such deposits, this shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller. Provided, further, that said bank shall first have been designated as depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas; and

c. In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, that the issuing, assuming, or guaranteeing entity or its predecessor has paid regular dividends upon its preferred or guaranteed stocks for a period of at least three (3) years immediately preceding the date of investment in such preferred or guaranteed stocks. Provided further, that if the stocks are guaranteed the amount of stocks so guaranteed is not the excess of fifty percent (50%) of the amount of the preferred common stocks as the case may be of the issuing corporation. Provided furthermore, that if the corporation or institution has not paid dividends upon its preferred stocks, the corporation or institution has sufficient retained earnings to declare dividends for at least two years on such preferred stocks and in common stocks options.

The Board can also invest in common stocks of any solvent corporation or institution created or existing, under Philippine laws, in the stock exchange with proven track record of profitability and payment of dividends over the last three (3) years or in the common stocks of a newly organized corporation about to be listed in the Philippine stock exchange. Provided, finally, that such duly organized corporation shall have been rated "A", double "A's" or triple "A's" by authorized accredited domestic rating agencies or in mutual funds including allied investments.

(4) The GC shall allocate not less than sixty percent (60%) but not more than seventy five percent (75%) to priority research programs and agenda as defined by the National Unified Health Research Agenda and to UPM-NIH, as lead implementing agency for health research, not less than twenty five percent (25%) but not more than forty percent (40%) of the funds.

(5) The Governing Council, through the Secretariat shall submit periodic reports to agencies mentioned in Section 11 paragraph 1 on the use of the PNHRF.

SECTION 14. *Creation of the Investment Advisory Group.*

(1) An Investment Advisory Group is hereby established to make recommendations to the GC on matters of investments from the PNHRF. The group shall recommend

- 1 the method of investment that will yield the highest return
 2 for the PNHRF.
 3
 4 (2) The advisory group shall be composed of the
 5 Representatives of the Core Agencies to be appointed by
 6 their respective heads and any three of the following, for a
 7 term of three (3) years:
 8
 9 a. An economist or market analyst with extensive knowledge
 10 of the financial and stock markets;
 11
 12 b. A representative from the Bangko Sentral ng Pilipinas.
 13
 14 c. A member from the Philippine Bar;
 15
 16 d. A representative from the research community.
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18 Provided that the representative from the BSP shall always be a member of the Advisory
 19 Group.
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38 Title III

39 Final Provisions

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 42 SECTION 15. Monitoring, Evaluation, Accountabilities, and Annual Report. **Regular**
 43 **monitoring and evaluation mechanism shall be done by the GC through the secretariat to**
 44 **determine the accountabilities of the System to the Contributing Agencies. The**
 45 **specifics/details of monitoring, evaluation, accountabilities and annual reporting shall be**
 46 **provided for in the Implementing Rules and Regulations of this Act.**
 47

48 SECTION 16. *Implementing Rules and Regulation.* The Core Agencies shall promulgate
 49 the implementing rules and regulations of this Act within a year after the effectivity
 50 hereof.
 51

52 SECTION 17. *Separability Clause.* If any provision or part hereof, is held invalid or
 53 unconstitutional, the remainder of the law or the provision not otherwise affected shall
 54 remain valid and subsisting.
 55

56 SECTION 18. *Repealing Clause.* Any law, presidential decree or issuance, executive
 57 order, letter of instruction, administrative order, rule or regulation contrary to or
 58 inconsistent with, the provisions of this Act is hereby repealed, modified or amended
 59 accordingly.
 60

61 SECTION 19. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its
 62 publication in at least two (2) newspapers of general circulation.
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 64