



Republic of the Philippines  
Department of Health  
**OFFICE OF THE SECRETARY**

MAY 14 2020

**ADMINISTRATIVE ORDER**

No. 2020 - 0018

**SUBJECT: Guidelines on Contracting Province-Wide and City-Wide Health Systems**

**I. BACKGROUND**

In 2005, the Department of Health (DOH) formulated the Fourmula One (F1) for Health as the implementing framework for health sector reform. One main strategy is for the DOH to assist F1 convergence sites by providing targeted support and focused assistance to selected provinces. Convergence provinces developed five-year Province-wide Investment Plans for Health (PIPH) with the assistance of DOH. The strategy of investment planning was later expanded to all other Provinces, Highly Urbanized Cities (HUCs) and Independent Component Cities (ICCs), which likewise developed their City-wide Investment Plans for Health (CIPH). The PIPH/CIPH was the key instrument in forging DOH-LGU partnership to achieve health sector goals. In order to formalize the partnership, a five-year memorandum of agreement (MOA) and an annual Service Level Agreement (SLA) were signed between the DOH and the Province/HUC/ICC.

The PIPH/CIPH has since been institutionalized and renamed as Local Investment Plan for Health (LIPH), a generic term to cover any level of Local Government Unit developing its investment plan for health.

For the 2014-2016 LIPH period, the plan coverage was changed to three years to coincide with the term of the Local Chief Executives (LCEs). The MOA and the SLA were merged and renamed as the Terms of Partnership (TOP).

With the passage of RA 11223 or the Universal Health Care (UHC) Act and its Implementing Rules and Regulations (IRR) in 2019, the significance of LIPH is highlighted. Section 22 of the UHC Act states that “the national government, through the DOH, shall provide financial and non-financial matching grants .... in accordance with the approved province-wide and city-wide health investment plans.” Section 17.2 of the IRR prescribes that the DOH shall contract “province-wide and city-wide health systems..., through a legal instrument to ensure shared responsibilities and accountabilities among members of the health system for the delivery of population-based services including those that impact on the social determinants of health.”

In light of the above, there is a need for directions on how the DOH will contract or engage province-wide and city-wide health systems for UHC implementation.

**II. OBJECTIVE**

To provide guidelines and mechanisms by which the DOH contracts Province-wide/City-wide Health Systems (P/CWHS) for the delivery of population-based health services.

CERTIFIED TRUE COPY  
MAY 19 2020  
CORAZON S. DELA CRUZ  
KIMTS - RECORDS SECTION  
Department of Health

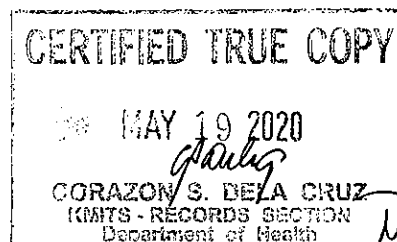
### III. SCOPE OF APPLICATION

This Order shall apply to offices and attached agencies under the DOH, other National Government Agencies (NGAs), Non-Government Organizations (NGO), Local Government Units (LGUs), health partners and donors, and all others concerned.

In the case of Bangsamoro Autonomous Region for Muslim Mindanao (BARMM), the contracting of DOH with BARMM shall be in accordance with RA 11054 or the Organic Law for BARMM and subsequent laws and issuances.

### IV. DEFINITION OF TERMS

- A. Annual Operational Plan (AOP) – the yearly operational translation of the Local Investment Plan for Health; it details the programs, plans and activities (PPAs) and systems interventions that are to be implemented in a particular year.
- B. City-wide Health System (CWHS) – refers to the Highly Urbanized City (HUC)- and Independent Component City (ICC)-wide health system. This includes the health offices, health centers or stations, hospitals and other city-managed health care providers under the administrative and technical supervision of the City Health Board (CHB).
- C. Contracting - refers to a process where providers and networks are engaged to commit and deliver quality health services at agreed costs, cost sharing and quantity in compliance with prescribed standards.
- D. Local health system - refers to all health offices, facilities and services, human resources, and other operations relating to health under the management of the LGUs to promote, restore or maintain health.
- E. Local Investment Planning for Health (LIPH) – a bottom-up planning process that allows lower level units such as barangays, municipalities and component cities to have their plans incorporated in the province-wide/city-wide plan. It is institutionalized as a sectoral endeavor involving not just the LGUs and DOH, but also key local stakeholders (NGOs, CSOs, private sector, others) and development partners to attain national and local health sector reform goals.
- F. Local Investment Plan for Health (LIPH) - a medium-term public investment plan for health of LGUs with a three-year strategic time frame, that governs the health operations of the locality and health sector activities, and guides how health system outcomes will be achieved with specific LGU, DOH and stakeholder actions.
- G. Province-wide Health System (PWHS) – integrated local health system composed of municipal and component city health systems. This includes the Provincial, Component City and Municipal Health Offices; Provincial, Component City, District and Municipal Hospitals; Rural Health Units/Health Centers, Barangay Health Stations; other LGU-managed health care providers under the administrative and technical supervision of the Provincial Health Board (PHB).



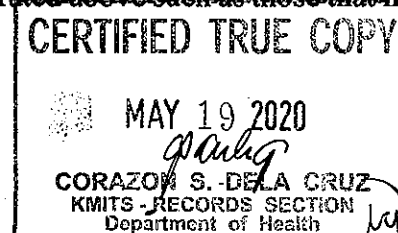
- H. Terms of Partnership (TOP) - legal instrument that formalizes the agreement between the DOH and LGU to implement the AOP.

## V. GENERAL GUIDELINES

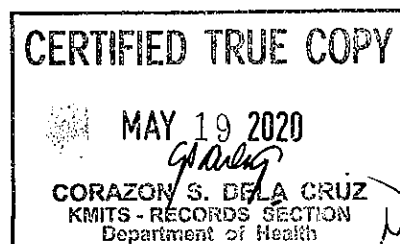
- A. The LIPH shall be the medium-term strategic and investment plan for the implementation of the UHC at the local level. It shall be the basis for the provision of financial and non-financial grants from the national government.
- B. The P/CWHS shall be contracted by the DOH through its Provincial/City Health Board (P/CHB). The P/CHB shall be the steward of the integrated local health systems and responsible for setting the policy and strategic directions of the P/CWHS.
- C. The TOP shall be the legal instrument for contracting P/CWHS.
- D. Transfer/use of funds or commodities shall adhere to existing government budgeting, accounting and auditing rules and regulations.
- E. For LGUs that have committed to the integration of the local health systems, a Special Health Fund (SHF) shall be created in an authorized depository bank for the transfer of funds.
- F. For LGUs that have not committed to the integration of the local health systems, the existing mechanisms for contracting with, and transfer of funds from, the DOH shall be maintained.

## VI. SPECIFIC GUIDELINES

- A. The LIPH shall be the medium-term strategic and investment plan for the implementation of the UHC at the local level, and basis for the provision of national grants:
1. P/CWHS shall develop their three-year strategic plan or the LIPH and its yearly translation into an AOP.
  2. The LIPH shall contain the following, among others:
    - a. Population-based health services, which include:
      - i. Environmental health services, such as vector control, water quality, sanitation, etc.;
      - ii. Health promotion programs/ campaigns;
      - iii. Disease surveillance;
      - iv. Services for disease elimination;
      - v. Disaster risk reduction and management for health; and,
      - vi. Other public health programs and services that satisfy the criteria set for population-based health services, as stated in Section 17 of the IRR of the UHC Act, and corresponding guidelines that will be issued by DOH and PhilHealth
    - b. Individual-based health services;
    - c. Health system operating costs, including hospital investments and operating costs;
    - d. Other health investments not enumerated above such as those that impact social determinants of health;



3. The LIPH/AOP shall be the basis for:
    - a. Provision of grants from the national government; and,
    - b. Allocation and disbursement of funds from the SHF
  4. The development of the LIPH and AOP follows an iterative process:
    - a. CHD call to plan;
    - b. LGU plan development (situational analysis, identification of gaps and investment needs, strategies and cost requirements);
    - c. Review and appraisal;
    - d. Concurrence of plan;
    - e. Plan implementation; and,
    - f. Monitoring of plan implementation.
  5. Details on the development, implementation and monitoring of LIPH/AOP shall be issued in a separate Order.
- B. The P/CWHS, through its P/CHB, shall be contracted by the DOH for the delivery of population-based health services:
1. The P/CHB shall approve and endorse the AOP to the DOH CHD.
  2. The P/CHB shall use the approved AOP as the basis for the contractual arrangement with the DOH.
  3. The P/CHB shall ensure the inclusion of the AOP in their Annual Investment Program (AIP) for allocation and approval of the LGU counterpart/commitments in the LGU's budget.
  4. The CHD shall prepare the TOP template for agreement of both parties.
  5. The P/CHB, shall enter into agreement with the DOH, represented by the CHD Director subject to the following:
    - a. P/CHB resolution on the approval of the TOP and the authorized signatory/ies to the TOP
    - b. Approved fund allocations for the AOP from the LGU or the Special Health Fund
    - c. Other pre-requisites inherent to an LGU for entering into agreement with a national government agency such as Sanggunian Resolution
  6. Contracting shall be on an annual basis since it is based on the AOP and DOH grants are released annually through the General Appropriations Act (GAA).
- C. The TOP shall be the legal instrument for contracting P/CWHS:
1. The TOP shall contain the following:
    - a. outputs and performance milestones to be attained;
    - b. roles and responsibilities of contracting parties, i.e., DOH and P/CWHS
    - c. amount of resources, whether financial or non-financial, that LGUs, DOH, development partners, and other institutions shall provide; if the amounts of approved national funds or grants are not yet available at the time of signing, indicative amounts of resources shall be indicated based on the approved AOP; and,
    - d. the conditions and requirements pertaining to the release of said funds.
  2. Contracting and execution of the TOP shall be on an annual basis; and,
  3. A Department Memorandum shall be issued for the template of the TOP.
- D. Transfer and use of funds and other resources from DOH to LGUs shall adhere to



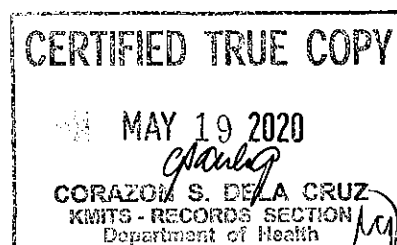
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government budgeting, accounting and auditing rules and regulations, and other relevant technical guidelines.

- E. Creation of a SHF shall be a requirement for P/CWHS which have committed to the integration of the local health systems.
  - 1. The P/CWHS shall create a SHF in an authorized government depository bank for the transfer of funds; and,
  - 2. The guidelines for the SHF shall be issued in a separate AO.
- F. Contracting with and transfer of funds from the DOH shall follow the existing LIPH and AOP guidelines for LGUs that have not committed to integration of local health systems.

## VII. ROLES AND RESPONSIBILITIES

- A. Field Implementation and Coordination Team (FICT)
  - 1. Oversee the contracting process between P/CWHS and the CHD
- B. Centers for Health Development (CHDs)
  - 1. Ensure the development, review, and approval of the LIPH and AOPs;
  - 2. Ensure the inclusion of priority health services in the AOP;
  - 3. Provide or facilitate the necessary technical support and resources to enable the P/CWHS to contract with the DOH;
  - 4. The CHD Director shall represent the DOH as signatory to the TOP;
  - 5. Facilitate the preparation and signing of the TOP;
  - 6. Submit notarized copy of TOP to FICT copy furnished BLHSD;
  - 7. Execute the TOP; and,
  - 8. Monitor the compliance of the P/CWHS to the TOP.
- C. Bureau of Local Health Systems Development (BLHSD)
  - 1. Formulate policies and standards relating to LIPH/AOP and the contracting of local health systems
- D. Local Government Units (LGUs)
  - 1. Provide the needed resources and support mechanisms for the P/CWHS to contract with the DOH
- E. Provincial/City Health Board
  - 1. Ensure the development and approval of the LIPH and its AOP
  - 2. Issue resolution on the approval of:
    - a. AOP as basis for the contractual arrangement with the DOH;
    - b. Authorized signatory/ies for contracting;
    - c. The TOP;
  - 3. Create a SHF Account ; and,
  - 4. Execute the TOP.



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**VIII. SEPARABILITY CLAUSE**

If any part or provision of this Order is rendered invalid, by any court of law or competent authority, the remaining parts or provisions not affected shall remain valid and effective.

**IX. REPEALING CLAUSE**

All Orders, rules, regulations, and other related issuances inconsistent with or contrary to this Order are hereby repealed, amended, or modified accordingly. All other provisions of existing issuances which are not affected by this Order shall remain valid and in effect.

**X. EFFECTIVITY DATE**

This Order shall take effect immediately.

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

