

**DOCUMENTATION OF EFFORTS BY THE
PHILIPPINE HEALTH INSURANCE CORPORATION
(PhilHealth)
TOWARDS THE DEVELOPMENT OF ITS
INFORMATION TECHNOLOGY SYSTEMS:**

Final Report
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EXECUTIVE SUMMARY

The Philippine Health Insurance Corporation (PhilHealth) is a government-owned and controlled corporation created by virtue of Republic Act No. 7875 on 14 February 1995 Instituting a National Health Insurance Program (NHIP) and Establishing the Philippine Health Insurance Corporation (PhilHealth). Since its creation, the Corporation continues to recognize the role of Information Technology (IT) in the performance of its mandate. The Corporate IT efforts were towards laying down the IT plans such as the Information System Plan, 1998 and the Information System Strategic Plan, 1999 – 2003 and implementing these through the Management Information System (MIS) Department to further pursue the corporate goals within an e-governance approach.

This study aims to document the IT efforts of PhilHealth in order to determine (1) the role of MIS in the computerization of the corporation; (2) the political environment that affected MIS and its implementation of the corporate computerization; and (3) how the major focus of each PhilHealth President and CEO influenced the development of IT.

This study documented events that showed that the MIS performs the pivotal role in pursuing the corporate goals through the use of IT. From a proactive MIS it became a reactive tool because of an environment that caused its (1) structural impairment brought about by role shift without the corresponding change in the operational MIS plantilla qualifications and size; (2) confusion within the ranks of MIS on direction for implementation of IT plans brought about by the unclear communication with management as MIS structurally

moves farther from the Office of the President; and (3) the shift of focus from developing systems that are highly sensitive to the corporate goals.

Given these observations, the study made a Strengths-Weaknesses-Opportunities-Threats analysis and recommendations as follows. PhilHealth IT has its strengths on the management political will and IT appreciation; the corporate adequacy of IT funds; and the presence of an MIS structure. Its weaknesses lie in the lack of knowledge on IT to facilitate decision-making by management, unclear flow of direction and authority over MIS, and structural deficiency of MIS to meet new corporate demands.

The opportunities open at hand for PhilHealth IT are provided in the ISSP, 1999 – 2003 for directions as approved by the PhilHealth Board of Directors; the reorganization placing the MIS directly reporting to the Office of the COO; and the continued availability of funds for IT. The political will of management for the computerization of PhilHealth needs to be changed to a heightened fervor to see its completion and use before the term of the incumbent President and CEO ends to avert a situation characterized by 1) changing policies and priorities; 2) self-destructive information system that will cause increased fraudulent claims and inappropriate care while NHIP membership and coverage continue to expand; and 3) unmanageable decentralized systems for Operations.

This paper, therefore, recommends that integrative efforts for non-IT and IT activities be performed by the Office of the COO to place IT in the mainstream of implementing NHIP even before the implementation of its major programs; the conduct of IT research by MIS; the use of its results in decision-making by the management; conduct of periodic performance review of operational systems to

determine the impact of the systems in the attainment of the corporate goals; and the strengthening of MIS structure to enable it to perform in-house systems development.

In response to the recommendations above, the management in one of its Executive Committee (EXECOM) meetings tasked the Officer-in-Charge of the Office of the Corporate Operations Officer to consider creating and filling-up regular IT positions with the appropriate qualifications to enable the Department to perform in-house development of systems, outsourcing, IT research, integration of systems, and database management; and integrate these with the plans for the reorganization and business process reengineering. With the increased number of regular positions, more of the MIS staff can be trained for higher IT specialization appropriate to a mature PhilHealth by 2005 or ten years after its establishment.

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I. *BACKGROUND OF THE STUDY*
(Italics provided for the Terms of Reference of the Study.)

A. *Rationale*

PhilHealth continues to implement its Information Systems Development Plan, 1999 – 2003 with the establishment of its Data Center, deployment of PCs to the regional offices and installation of local area networks in all of its Departments and Regional Offices. Current application systems for Operations, Finance and Administrative Services have become outdated with the increase in the volume of transactions, the decentralization of operations, and the policy changes consequent to the revision of the National Health Insurance Program (NHIP) Implementing Rules and Regulations.

PhilHealth is now embarking on several efforts for the development of its IT systems. The possibility of using and improving public domains from the United states is being studied at the same time that the present Operations Management Information System (OMIS) is being improved. There are also efforts to validate and update the Request for Proposal to develop a new system altogether. Considering all these new developments, the need is now apparent to have a historical perspective of the events that occurred from the time that PhilHealth inherited the system from the Medicare up to the present.

A documentation of the lessons learned from the PhilHealth experience from the time it was turned over from the Medicare to the preparation of the Information Systems Strategic Plan, 1999 – 2003 to the present is needed to guide decision-making in the directions and setting of priorities in its computerization. Consensual decision-making reduces risks but consensus among PhilHealth management cannot be reached because of the absence of integrative meetings that would prioritize IT projects and develop the strategy toward the direction for computerization.

B. Objectives

1. *To provide a historical perspective from the Medicare Information System up to the present*
2. *To document the events and efforts taken by PhilHealth in the development of its IT system*
3. *To provide PhilHealth a reference material in the continuing development and improvement of its IT system.*

C. Scope of Work

The Short-Term Technical Assistance (STTA) shall look into the PhilHealth computerization and shall highlight agreements and the courses of action taken consequent to these agreements and the result of the action. Recommendations can be prepared covering the future direction that PhilHealth can venture in view of alternative implementation approaches.

Additionally, by way of summary a Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis will be made and a set of recommendations provided (as requested by PhilHealth during a round-table discussion with its smaller IT group with the President and CEO as well as the previous officers of the Philippine Medical Care Commission (PMCC).

D. Methodology

The following activities will be done but may not be limited to the following for the completion of the study:

1. *Desk review of all documents pertaining to*
 - a. *The system Medicare transferred to PhilHealth*

b. The development of the information technology system in relation to PhilHealth's goals and objectives

2. *Key personnel interviews, if needed*

3. *Collation of data/information gathered such as (Actual):*

Mancom minutes

Special Orders

PHIC Circulars

Findings of the Office of Internal Audit on Information Systems

MIS Documentation

E. Limitations of the Study (Actual)

The 15-day period to document the PhilHealth IT efforts constrains the study from being exhaustive. There were documents which were unavailable or even if available could no longer be processed for inclusion. It is advised to delve into such areas individually, if interested.

The best that the study can offer are patterns in decision-making and consequences. Recommendations are also limited by the extent of detail found. Further study may be needed to validate and make conclusive directions.

F. Assumptions of the Study (Actual)

The study was based on the assumptions that behind any Information Technology (IT) activity is the Corporate vision which should drive its use. The IT path may be rough or smooth as influenced by the behavior of the actors as well as the organization both of which directly and indirectly bring about the success and failure of any given IT activity.

This study assumes that the MANCOM minutes of meetings would indicate the level of management involvement and action on the recommendations of the IT committees such as the PhilHealth Information Network (PIN Committee), the Pre-qualification, Bids and Awards Committee for IT Resources Acquisition (PBAC-ITR), and the Project Management Committee (PMC).

II. FINDINGS OF STUDY

A. The PMCC

The Philippine Medical Care Commission (PMCC) served as a policy-making, regulatory and appeals body for Medicare from 1982 until the establishment of PhilHealth with the signing of Republic Act No. 7875 in 1995 Instituting a National Health Insurance Program and Establishing the Philippine Health Insurance Corporation (PhilHealth). The appreciation of IT could be best understood in the absence of an IT position in its 1982 organization and the presence of a Computer Operator in its 1987 revised organization. As a policy-making body it processed data on premium payment and claims processing of the Medicare implementing agencies, the Government Service Insurance System (GSIS) and the Social Security System (SSS) for government- and private-sector employees, respectively.

The functions of PMCC were 1) Hearing and Investigation Services; 2) Administration Support Services; 3) Programs Development Services; and 4) Providers Services. In the performance of these functions, Congress realized that the two (2) programs of the Commission can be institutionalized and further expanded into a national social health insurance. Studies were conducted and the bill submitted for the institutionalization of the National Health Insurance Program (NHIP).

Since there was no formal structure for Information Technology, individual data processing systems were used to process specific set of data that may be needed for program development. The data generated served as the basis for packaging benefits, setting premiums and introducing the concept of the participation of the local government in subsidizing the Medicare needs of the indigents. For example, the Health Data System of PMCC which ran on Unix operating system; used Oracle ver6 database; with IBM RiscSystem for its server that connected PC workstations; generated SSS Claims and Coverage Data; GSIS Claims and Coverage Data; PHIC Accreditation and Provider Data; Insurance Company Claims and Coverage Data; and HMO Claims and Coverage Data.

The PMCC Health Data Systems performed the following functions:

1. Actuarial analysis
2. Marketing analysis
3. Control/Comparison analysis
4. Medicare Benefit analysis
5. Medicare Revenue projections
6. Disease patterns
7. Diagnoses/treatment review
8. Program utilization patterns
9. Establishment of norms.

The system could also do population analysis; complaint investigation; pure research; trends/projections; and statistical analysis. The MIS reports of PMCC included the following:

1) Hospital analysis

- a) hospitals with highest average amount per claim
- b) hospitals with highest average amount per claim – GSIS
- c) hospitals with highest average amount per claim – SSS
- d) hospitals with highest bed utilization
- e) hospital claims with non-existent services
- f) efficiency of hospitals in filing claims
- g) efficiency of hospitals in filing claims to GSIS
- h) efficiency of hospitals in filing claims to SSS
- i) comparison of clinical monthly report and actual medicare claims

2) Illness analysis

- a) illness with the highest average claim amount
- b) illness with the largest claim amount
- c) most common illness
- d) illness with the longest confinement by province

- e) top illness by province
- 3) Doctor analysis
- a) doctors with the most number of claims
 - b) top illness diagnosed by general practitioners
- 4) Member analysis
- a) Medicare members not making use of the Medicare program
 - b) Members with high utilization
- 5) Accreditation analysis
- a) Medicare population vs accredited beds
 - b) accredited beds vs. admissions
 - c) initial accreditation of hospitals
 - d) initial accreditation of doctors
- 6) Hearing/Investigation analysis
- a) Status of providers with pending cases
 - b) Not moving pending cases
- 7) Medicare Payment Efficiency analysis
- a) Aging in process claims to providers

B. The New PhilHealth : The GSIS/SSS Medicare Turnover and Anti-Fraud Approach to Claims Processing under Atty Jose A. Fabia

The creation of PhilHealth brought about the transformation of the Medicare service delivery system from three (3) separate government agencies into a single government corporation. R.A. 7875 established the Philippine Health Insurance Corporation and required the following competencies in place under the leadership of the first PhilHealth

President and CEO Attorney Fabia who was tasked to prevent the prevalence of fraudulent claims.

- a) Administration of the National Health Insurance Program (NHIP)
- b) Policy Formulation
- c) Formulation and Implementation of Rules
- d) Financial Management
- e) Contracting
- f) Establishment of Branch Offices
- g) Accreditation
- h) Quasi-judicial Powers
- i) Health Finance Policy Research
- j) Means-Testing

Structurally, IT was not in existence except as directly assisting the PhilHealth's President and CEO. The early Management Information System (MIS) was initially an individual, Ronald Pablo (Development Management Officer IV – SG 22 up to the present) who was tasked to outsource application system development for Membership and Contribution functions and buying computer hardware. The MIS grew with three staff basically to manage information rather than to develop information systems.

1. Agreements : 1997 - 1998

MANCOM Minutes of Meetings: (Italics provided for the transcript of the Minutes courtesy of the PhilHealth Corporate Planning Department.)

July 11, 1997 Atty. Jose A. Fabia – presiding

- 1) Presentation of the Management Information Systems plan by the Consultant will be scheduled for 16 July 1997. MANCOM was directed to meet for this.*

August 14, 1997

- 1) *In a vote that followed the presentation of the consultant, the measure to adopt the centralized computer system was carried. Mr. Eduardo Antonio presented to the Committee two proposals for the MIS systems.*
 - a) *centralized system – would require a mainframe computer with servers and workstations as peripherals.*
 - b) *decentralized system – would need three national main servers to be surrounded by remote terminals. Mr. Antonio noted further that the SSS and GSIS systems are planning or taking steps to revert to a centralized system because it is cheaper to maintain and it is less expensive on personnel.*
- 2) *Mr. Anotnio advised to separate the acquisitions and bidding on the applications software and computer hardware be made instead of a complete package from a big country vendor.*
- 3) *Mr. Antonio also suggested that with the impending PhilHealth reorganization, he suggest that the Corporation contract out a project management team to fully manage the startup operations of the MIS and ensure its success. These will consist of a part-time and full-time technical team that would support the MIS consultant. Ms. Mercado agreed and further suggested that the manning of all positions in the MIS department precede this so that somebody could sign the checks.*

September 9, 1997

- 1) *Mr. De Leon reported that the hardware is already in the pipeline and that DBM procurement service will try its best to deliver.*
- 2) *With regard to the software, there were no bidders and therefore there was a failure to bid.*

Ms. Mercado queried whether or not this would mean that a negotiated proposal be an open option. Ms. Cruz informed her that there should first be two bid failures before any certification of failure is issued as per COA rules.

September 10, 1997

- 1) *Mr. De Leon reported that there was some confusion regarding the specifications due to particular details of Mr. Antonio's request. It specified the inclusion of*

software which some of the suppliers couldn't fulfill. Mr. Antonio was able to clarify these details which allowed a separate bidding for the software.

February 11, 1998

1) In view of the finalization of the hardware and software requirements, the MIS will conduct a seminar-workshop on February 19 – 20.

2. Courses of Action Taken

a. Creation of the MIS Department

On August 2, 1997, the MIS Department was created and started operations on January 5, 1998 with 3 permanent employees (see MIS Department Function and Vision Report prepared by Ronald Pablo.) The MIS started to perform the functions of 1) acquisition of administrative resources such as office equipment, furniture and supplies; and 2) provide technical support to all users of stand-alone computers within the Corporation.

b. Conduct of Seminar-Workshop for OMIS definition of specification

MANCOM directed the first task of MIS on February 11, 1998 to conduct a seminar-workshop for all users of Operations Management Information System (OMIS). The outputs of the workshop served as inputs to the Documentation of PhilHealth ISP, 1998 and the technical specifications for the hardware and application system development bidding for OMIS (c-d below).

c. Documentation of PhilHealth Information System Plan, 1998

In support of the early mandate of MIS of outsourcing application systems, buying computer hardware and maintaining the same, an IT Consultant, Mr. Eduardo

Antonio, was hired to assist the Corporation in defining its IT plan, the 1998 Information System Plan (ISP).

d. Outsourcing of PhilHealth computerized systems

The bidding for computer hardware and membership registration application development was conducted in March 1998.

e. Shift from Outsourcing to In-House Development

The failure of turnover arrangements for the SSS Claims Processing System brought about the need for the MIS Department to develop in-house the Claims processing system for SSS NHIP members. This was the turning point of MIS which changed in function from a maintenance unit of outsourced information systems to an in-house systems developer still directly reporting to the President and CEO of PhilHealth.

f. Provision of Technical Support

In preparation for the coming in of the GSIS and the SSS contribution and claims processing systems, the MIS prepared the local area networks by Department. Preparations for the internetworking with the regional offices of PhilHealth were made in anticipation of the decentralization of PhilHealth functions. MIS provided network management support for GSIS Claims Processing Department, the SSS Claims Processing Department, and the Membership, Collection and Treasury .

The MIS Department provided technical support in the installation of office productivity tools; upgrading of antiquated PCs; the mailmerging of letters of notice to all government entities; forms design and system and operational design.

3. Results

a. Locus of responsibility for the computerization

The creation of the MIS clearly defined the responsible unit for the computerization of PhilHealth to reside with this unit.

b. Centralized data processing, mainframe-based technology brought in

The ISP 1998 presented a mainframe-based technology as its solution to the computerization of PhilHealth using a total systems approach. The ISP envisioned a centralized processing with the use of mainframe computer with dumb terminals. The model system for the ISP 1998 was the MEDCOMSOFT.

c. First GSIS Claims processing made on October 16, 1997

The GSIS claims processing system turnover was made on October 1, 1997. It brought with it the client-server architecture using Nouvelle. The system was enabled to run on PhilHealth Windows NT by the MIS staff and the first check was released during the same month.

d. Definition of OMIS specifications and awarding of Computer Hardware and Free Application Development for Membership system

The seminar-workshop conducted in February 1998, resulted into the definition of OMIS specifications for the bidding for 28 computers in anticipation of the April 15, 1998 target turnover of SSS Claims Processing System and the awarding of the outsourced application development for Membership Registration System.

This bidding came in two (2) lots, one for the hardware and the other for the application development. The supply and installation of the 28 computers was awarded to PSPI on April 13, 1998 while the bidding for the other lot failed.

PSPI offered to bundle the system development with the hardware installation free of charge. Eventually, PSPI was absorbed by the Sun Systems which required that system enhancements be covered with a contract which charged every enhancements made.

e. June 2, 1998 SSS claims processing

The failure of the SSS to turn over the SSS claims processing system on its target date in April 1998 made Atty Fabia direct the MIS to conduct a study to compare the costs and benefits of the turnover at cost and in-house development. The results of the study became the basis for the President and CEO to direct the MIS to proceed with the in-house development for SSS claims processing. The Claims Processing System for SSS members became operational starting June 1998.

B. The Decentralization : Appeasing the Healthcare Providers under Mr. Enrique M. Zalamea

1. Agreements : 1998 - 2002

January 26, 2000 (Italics provided for the transcript of the Minutes courtesy of the PhilHealth Corporate Planning Department.)

- 1) Ms. Mercado reported that the OMIS would be requested as a deliverable of the NCC, while the other MIS (Admin, Executive and FMIS) shall be done in-house. She added that the Request for Proposal (RFP) is currently being drafted with consideration of the re-computations.*
- 2) In relation (to this), Ms. Mercado stated that the PIN Committee is recommending for the creation of another committee to handle the implementation and supervision of the ISP, to which Mr. Zalamea agreed.*

2. Courses of Action Taken

a. The Appointment of the MIS Manager

In August 1998, the MIS Manager, Mr. Mario Matanguihan, was appointed. The challenge for the Manager was the 5,000 claims a day that need to be completed and the threat from the healthcare providers of not granting Medicare privileges to NHIP members pending the reimbursement of their claims. The overwhelming number of claims was the result of the turn-over without adequate systems preparation and the backlog previously held by the GSIS and the SSS.

b. The Creation of the Technical Services Sector

Technical Services Sector was created and was headed by Senior Vice President Octavino Q. Esguerra, an Actuary who reported directly to the President and CEO. The Managers for Planning and the MIS Departments reported to the SVP who later on became the Chairman of the Prequalification, Bids and Awards Committee for the Acquisition of Information Technology Resources (PBAC-ITR). His appointment was not renewed until later in 2002.

c. PRO hired IT staff, September 1998

In view of the decentralization of PhilHealth functions, IT staff for the PROs were hired in September 1998 and trained according to the schedule of decentralization and the deployment of computerized system, respectively.

d. Negotiation for NCC Information Systems Planning for 1999 - 2003

In the latter part of 1998, PhilHealth negotiated with the National Computer Center (NCC) the revision of its Information Systems Plan from the Mainframe to Client Server architecture. This was completed in December 1999. This shift in technology was brought about by the change in the business model of centralized service delivery system to decentralize with the organization of the PROs.

e. Studies and proposals

Two studies, the ID and the use of Linux open source software, were prepared but may not have been given significance since these were not taken up in the MANCOM meetings.

f. Advance payment scheme for the healthcare providers, 1998

The use of Information Systems during this time was on increasing efficiency in payments to health care providers through the Benefits Availment Tracking System (BATS) which was later expanded to cover the advance payment and later reconciliation system dubbed as the Debit/Credit System developed in-house by the MIS.

A payment scheme to the healthcare providers was implemented that would promise the providers improved payment schedules. This was the debit/credit scheme wherein 50% of the amount being claimed would outright be paid by PhilHealth and the remaining amount would be completed at a later time. Contractors for this claims processing were hired with a ratio of 4 contractors for every 3 regional offices.

g. The enhancement of the Claims Processing System

Consequent to the study on an integrated system for claims processing, the decision to enhance it to be useful for both the SSS and non-SSS members anywhere in the country was made. The enhancement made was on the standardization of PhilHealth Number for all NHIP members, regardless of the type of membership and the use of text file reporting system to replace their manual reporting. The new system is called the Unified Claims Processing System (UCPS). This was tested at the Central Office and was first deployed in Iloilo.

h. Automatic numbering for SSS members.

Management decided to change membership registration to provide utility program to assign PHIC No. to SSS members. During the outsourced contribution data entry for private companies a utility program was run to automatically assign the PhilHealth number to the SSS membership database and its updates.

i. Individually paying member program implementation

The expanded NHIP membership covered the self-employed, underemployed or unemployed sectors. This required the use of the same Membership System that assigns PhilHealth No. and updated the membership database.

j. Database build-up

The membership database turned-over by GSIS served as the initial input for PhilHealth in its database build-up. Increased efforts to accelerate contribution payments were conducted in order to support claim payments. In turn, the M1 forms served as updates to the Membership database which was referenced with the use of GSIS No. in the absence of PhilHealth No.

k. Y2K preparation

In anticipation of the change of the Year format, this activity was undertaken and completed before 1999 expired.

l. 1999 Web development

The PhilHealth website was first developed to essentially provide static information about the Corporation and the NHIP. This was implemented in Year 2000.

m. The finalization of the Request for Proposal for the OMIS, 2000

An IT Consultant was hired to assist the Corporation to finalize the bidding documents for the OMIS as an integrated system. Validation workshops were conducted to update the RFP documented by the NCC. This was released and its bidding ensued with breaks brought about by the changes in administration, changes in the IRR of the NHIP, and improvement of the validated RFP to include healthcare component.

n. Transfer of building, 2000

PhilHealth transferred its offices from the Philippine Heart Center and Jocfer Buildings at Quezon City to City State Building at Pasig City. For this purpose, cabling of the occupied floors was outsourced through open canvass which the PBAC-ITR processed within 1 month. Fiber optic backbone at gigabyte technology network was installed at PHIC.

o. Development of accreditation system, 2000

PhilHealth was able to source funding from the SHINE project for the development of the Accreditation System by the CIS. This contract with the CIS made the BAC-ITR to decide to exclude the module from the Operations Management Information System (OMIS) being bid.

p. Hiring of the VP for Information Technology, 2001

The VP for IT was hired even while the SVP for TSS was nearing the expiration of his contract. The VP for IT reported to the SVP for TSS while the MIS reported to the VP. The President and CEO later on moved the MIS and the CorPlan directly reporting to the Office of the President. Directions of the IT then came from the President and CEO.

- q. The creation of the IT Project Management Committee, 2001

In view of the need to prepare for the implementation of the OMIS being bid out, the IT PMC was created with the VP for IT as its head. The IT PMC continued to exist when MIS was moved to report directly to the President.

- r. In 2001, the following were undertaken:
 - i) Testing of accreditation system
 - ii) Development of indigent program system
 - iii) Implementation of system for Indigent
 - iv) Development of payroll system – contractor
 - v) Development of MAIN – Member Accounts Information System

3. Results

- a. Identity crisis within MIS on whether the Department should perform support function to maintain outsourced systems or to develop new systems.
- b. The uncertain role of MIS manifested in the reactive management of problems such that stop gap measures are frequently resorted instead of developing a complete system. This situation came about because of the late involvement of MIS in the design of systems, including the forms to be used by the system which made system development more difficult.
- c. The MIS cannot cope with the increased requests for development of new systems or enhancements of the current systems due to the lack of guidance from management on their priority systems.
- d. Individual development of information systems by the PROs brought about by the unavailability of MIS staff doing the users' requests.

C. The Marketing for Universal Coverage: 2001 – 2002 under the leadership of Dr. Francisco T. Duque III, MD., MSc.

1. Agreements

January 3, 2002

- 1) *2002 Indicative Plans : Move*
 - a) *OMIS rollout from 2nd semester to 2nd quarter*

February 18, 2002

- 1) *VP Banzon presented the status on each of the components of the ISDP.*
 - a) *OMIS – currently being bid, some path works done*
 - b) *AMIS – 20% done, payroll system done*
 - c) *FMIS – on hold pending completion of COA system*
 - d) *EIS – dependent on DB*
 - e) *Data Center – being discussed with JBIC*
 - f) *Enterprise Email – in place*
- 2) *the President directed that more detailed updates per item be presented in VP Banzon succeeding ManComs and that more realistic cost estimates be made.*

May 14, 2002

- 1) *Information Technology – Project Management Committee Updates*
 - a) *Cybersoft presented the features of the Geographic Information System (GIS) using PhilHealth accreditation data. After the presentation, it was agreed that the data overlays, specifications would be finalized. The need to update the databases was also raised.*
 - b) *On the upgrading the RDBMS from Oracle 8 to Oracle 9I, VP Banzon said the cost would be P8.8 million. However, if the contract is signed by May 31 and paid by June 30 PhilHealth would get a 15% discount, P1 million discount on*

maintenance fees, free 10 days consulting for database maintenance, and free JAVA and database administration training.

The RIV for the upgrading to be prepared by MIS and forwarded to the BAC. The original contract for Oracle 8 would be reviewed regarding its upgrading clause.

March 12, 2002

1) Ms. Corvite presented updates in the ISDP. To discuss the matter in greater detail, the President said he would meet with Ms. Corvite, VP Banzon and Mr. Matanguihan the following day.

March 12, 2002

2) Ms. Corvite presented updates in the ISDP. To discuss the matter in greater detail, the President said he would meet with Ms. Corvite, VP Banzon and Mr. Matanguihan the following day.

2. Courses of Action Taken:

- a. Reorganization which was started during the time of Mr. Zalamea was continued. This time the thrust was for e-governance.

In its 7th year, the Corporation continues to reorganize and proposed groups by functions and key competencies such as:

Office of the President

Health Finance Policy Research

Finance Group Actuary Investment and Finance

Branches Group

Information Systems Group

Administrative and Legal Group

Administration

Legal Affairs in contracting and hearing & Investigation

Planning and Program Development Group

Public Information

Providers

Members & Benefits

Program Development.

Its streamlined proposed organization reflects the Board of Directors and the President heading the Corporation with the staff unit of Health Finance Policy Research Group assisting the Office of the President. Reporting to the President are the Finance Group; the Branches Group, the Information Systems Group; the Administrative & Legal Group; and the Planning & Program Development Group. The Broad Organogram with Key Shared Competencies is attached for reference.

b. Development and implementation of RMAIS.

e. Implementation of Indigent program

f. Bid failure for OMIS.

This resulted from the inability of the proponents of OMIS to meet the requirements of the Corporation for the training required and the internal competence of the proponents to engage in such system development job.

2. Results

a. There was no monitoring of the implementation of ISP that should serve as the guide of MIS in pursuing its computerization efforts.

b. The absence of monitoring the ISP implementation results to the absence of progressive target setting.

c. This scenario results to fragmented computerized systems that have limited usefulness in fulfilling the functional requirements across the Corporation.

d. Observations on the Current Information Systems of PhilHealth : Indirect results of doing in-house systems development. (*Italics provided to the actual findings of the Internal Audit Service of PhilHealth.*)

1) *Unified claims Processing System*

a) *Access to UCPS through its server as not limited to IT Officer hence poses risk of manipulation of system and data files.*

Recommended course of action:

a.1) *Direct the IT Officer to restrict access to the UCPS server to authorized personnel only.*

a.2) *Server must be located in a secured place to safeguard it from any incidental damage.*

b) *The Tracer program is not currently used in the Claims Processing Unit thereby defeating its purpose to detect and identify suspicious double filing of claims and overlapping confinements.*

Recommended course of action:

b.1) *The PRO management must request for a copy of the Tracer (utility program) that would be run on a regular basis to detect and eliminate double filed/overlapping claims from the MIS Department.*

c) *Frequent system hang-ups, which occur during data entry, causes delay in the processing of claims.*

Recommended course of action:

c.1) *Direct the MIS to consider said finding in its plan of re-engineering the Unified Claims Processing System for faster processing of claims.*

d) *Encoding of member's name and address was cut short resulting to unreliable and inaccurate database build-up and waste of man-hours.*

Recommended course of action:

d.1) Direct the MIS to incorporate on the re-engineering of the UCPS the said finding to avoid database build-up of unreliable members information and to avoid wastage in terms of man-hours due to re-editing, reprinting, etc.

e) There are members who were found to have two (2) or more membership numbers leading to unreliability of the UCPS membership database file.

Recommended course of action:

e.1) Direct the MIS Department to consider in the system the validation of the member's name/birth date aside from the existing member's number in the database.

f) Several PhilHealth members declared one and the same dependent leading to excess payment, in violation of Rule 1 Section 6 of the IRR of RA7875 as reiterated in PhilHealth Circular No. 68 series of 1999.

Recommended course of action:

Direct the MIS Department to include in the re-engineering of UCPS a control to detect members declaring one and the same dependent as well as members declared as dependents by another PhilHealth member.

g) A total amount of P1,060,535.87 was paid by the corporation as an excess payment for the maximum allowable amount of benefit for the same illness within 90 days contrary to Section 48 of the Revised IRR.

Recommended course of action:

Direct the MIS to consider and include in the re-engineering of the UCPS the said observation to avoid occurrence of such claims that drains the funds of the corporation.

h) The corporation incurred losses in the amount of P434,356.91 due to the suspension of the 45 days maximum allowable benefits for members and dependents.

Recommended course of action:

h.1) The management should consider issuance of Confinement Report Card to all members to be presented to hospitals whenever they avail of medicare benefits, or

h.2) To consider amending the IRR and extend the period of confinement for both members and dependents.

i) Some claims of hospitals were processed and paid although it exceeded their allowable bed capacity contrary to Rule 8 Section 52(k) of the Revised IRR.

Recommended course of action:

i.1) Direct the PRO Accreditation Unit to monitor and require the concerned hospitals to write a justification letter for exceeding the accredited bed capacity.

i.2) Direct the MIS Department to consider in the re-engineering of the UCPS the monitoring of hospitals exceeding its bed capacity.

j) The date of disbursement voucher was later than the check date tending to show that checks were prepared earlier than the disbursement voucher.

Recommended course of action:

Direct the MIS Department to consider having an additional file in the UCPS database for recording the re-voucher process in order that the original date as well as other data of the voucher is maintained on record.

k) Some entries in CHECK.DBF have no check number and check date while others have no disbursement voucher number and check number.

Recommended course of action:

Require the IT Officer to explain in writing why the discrepancy existed.

- l) Some check numbers and its corresponding disbursement voucher number in CHECK.DBF do not exist in BUDGET.DBF raises doubt on the integrity of both databases.*

Recommended course of action:

Require the User to be extra cautious in accessing the right folder to avoid such discrepancy in the budget and check databases and make files reliable and accurate.

1.2 PIPS

- a. The reprinting of the Attendance Reports showed incorrect data hence cannot be used for future reference.*

- b. The Attendance Tally Sheet is not sorted by department resulting to uneasy viewing of the report as well as difficulty in searching for an employee by the user.*

Recommended course of action:

b.1) For the MIS Department to check on the output of the generated reports of the system and effect necessary revision on the system to eliminate manual computation and efficiently utilize man-hour for faster processing of payroll.

- c. Several modules were non-functional rendering the system inefficient and slow down the processing of payroll.*

Recommended course of action:

Direct the MIS Department to have the non-functional modules available and to consider some enhancements in the system.

- d. The PhilHealth Integrated Payroll System and its database are not properly secured posing risk of damage.*

Recommended course of action:

The PRO management should consider the security of the user to avoid

disturbance and unauthorized access during generation of payroll as well as avoid damage on the system and its database.

PIMS

a. Encoding of member's list of dependents were put to hold resulted to build-up of incomplete database.

Recommended course of action:

The management should consider allowing PROs to proceed with the encoding of the other information of the members as well as the list of its dependents after the release of the indigent member's Ids to avoid build-up of incomplete database and the possibility of incurring backlogs due to non-encoding of these data.

e. Current distribution of PCs at the Central Office is as follows:

6.1 Central Office

Office of the President	- 62
Chief Operations Officer	- 3
Membership & Contribution Management Group	- 97
Program Management Group for Membership & Marketing	- 5
Program Management Group for Claims NCR Group	- 65
Management Services Sector	- 133
Health Finance Policy & Services	- 57
Legal Services Sector	- 17
Management Information System	- 49
Human Resource Management Development Department	- 22
Claims Review Office	- 12

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III. OBSERVATIONS

A. Strengths

1982 – 1995 : PMCC Heads were direct users of IT

The Philippine Medical Care Commission (PMCC) served as the policy making body, regulation and appeal for Medicare cases did not have an IT unit. The Heads of PMCC were users of information generated by a small group using the Health Data System.

1995 – 1996: Selection of IT for new PhilHealth

PMCC's Health Data System was not used by PhilHealth because of the obsolescence in technology. This system ran on Unix operating system using Oracle ver6 database with IBM RiscSystem for its server which is connected to PC workstations. The strength of PhilHealth's IT efforts lies in its decision to use the technology brought in by the GSIS claims processing system to make certain the compatibility of systems and efficient data processing. However, the health data generated by PMCC should have been made useful to PhilHealth too.

1997 – 98 : Turnover Crisis - Anti-fraud approach of Management

The strengths during the period were:

- a) adequate funding
- b) responsibility center for IT was MIS
- c) MANCOM served as the forum for deliberations and acted as the decision-maker
- d) MIS conducted studies for consideration of MANCOM.

1998 – 01 : Crisis in IT Leadership – Appeasing the healthcare providers

The strengths were

- a) adequate funding; augmented by USAID

- b) Technical Services Sector/MIS became the responsibility center for ISP formulation and implementation
- c) MANCOM served as forum for deliberation and decisionmaking

2001 – 2002: Bid failure crisis – Marketing the National Health Insurance Program

The strengths were:

- a) adequate funding; augmented by USAID
- b) Project Management Committee/MIS was the responsibility center for IT
- c) MANCOM served as forum for deliberation and decision-making
- d) Implemented decentralized systems at the PhilHealth Regional Offices

b. Weaknesses

- 1) Shift from outsourcing to in-house without adequate preparations during turnover crisis as may be gleaned from the plantilla positions without programmers;
- 2) Systems review, acceptance and monitoring were not conducted which could have saved the Corporation from system flaws, undesired enhancements charged against the Corporation by the contractor Sun Microsystems, and the prioritization of correcting system flaws that drain the NHIP funds.
- 3) Impact assessment on operations of system flaws were not conducted to measure losses in amounts of reimbursements which may arise due to lack of controls on the external systems involving hospital operations as well as internal systems which would involve the PhilHealth officers and staff.
- 4) The growing complexities brought about by decentralization caused multiplicity of functions within MIS.
- 5) The responsibility center for computerization weakens as MIS became preoccupied with maintaining operational systems.

- 6) Integrative efforts for business process reengineering, reorganization, staffing and new IT acquisitions become necessary but remained unattended.

c) Opportunities

- 1) Continuing research can help MANCOM direct IT efforts.
- 2) MIS needs to be involved in all functions of IT and may need more resources to empower the Department.
- 3) High-level program management committee to integrate the Corporate IT and non-IT efforts towards strengthening the acquisition and use of IT can be put in place.

d) Threats

- 1) Unrecognized crisis situation may bring about complacency highly destructive to an expanding Corporation.
- 2) Underutilization of IT research may become the weak link to effective acquisition and use of IT.
- 3) The expanded service delivery with unstable IT use may weaken the NHIP in fund and program utilization.

IV. RECOMMENDATIONS

- a) Creation of a program management ad hoc committee to address the integrative efforts and submit policy recommendations to MANCOM regarding business process reengineering, reorganization and IT;

- b) Creation of a project management office that will perform the activities identified by the Project Management Committee for acquisition and implementation of IT projects; and

- c) Conduct period performance reviews of operational IT projects.

APPENDICES – *available in hard copy only*

- 1 – Highlights of Decision and Resolutions of the Mancom Meeting: Compilation from July 11, 1997 to May 14, 2002
- 2 - Philippine Medical Care Commission
1982 Revised Organizational Chart
- 3 - Health Data System Under PMCC
- 4 - MIS Reports under PMCC
- 5 - 1996 Philippine Health Insurance Corporation
Organizational Chart
- 6 - 1997 Philippine Health Insurance Corporation
Organizational Chart
- 7 - Organizational Design of the Philippine Health Insurance Corporation, July 1995
- 8 - SSS Interim Claims Processing System
- 9 - Transition Report of Management Information System Department, 1998
- 10 - Hardware Configuration by Location
- 11 - PhilHealth's Y2K compliance Efforts
- 12 - Y2K Committee Report
- 13 - Management Information Systems Department
1999 Operational Plans
- 14 - Recommendations of PhilHealth IT Consultants
- 15 - Ad Hoc Committee on Computer Systems and Allied Issues Executive Briefer
- 16 - Transition Report of Management Information Systems Department, 2002
- 17 - Inventory of Microsoft Office Used at PhilHealth Central Office