

EN BANC

**G.R. No. 222710 – PHILIPPINE HEALTH INSURANCE CORPORATION, *Petitioner*, v. COMMISSION ON AUDIT, CHAIRPERSON MICHAEL G. AGUINALDO, DIRECTOR JOSEPH B. ANACAY AND SUPERVISING AUDITOR ELENA L. AGUSTIN, Respondents.**

**Promulgated:**  
September 10, 2019

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**SEPARATE OPINION**

**LEONEN, J.:**

I concur.

To recall, I disagreed<sup>1</sup> with the earlier ruling in this case. In its July 24 2018 Decision, this Court upheld the Notice of Disallowance on the payment of longevity pay to employees of the Philippine Health Insurance Corporation (PhilHealth),<sup>2</sup> ruling that they were not public health workers under Republic Act No. 7305 and its Revised Implementing Rules and Regulations.

In denying the Petition, the majority in the earlier Decision limited the characterization of public health workers only to those who are principally tasked with delivering health services to clinics, hospitals, and similar establishments.<sup>3</sup>

Contrary to the majority, I believe that PhilHealth employees who carry out functions to administer the National Health Insurance Program categorically fall within the definition of public health workers under Republic Act No. 7305, as they are engaged in both health and health-related work.<sup>4</sup> Conformably, under the law's Revised Implementing Rules and Regulations, they are employees of an office attached to the Department of

<sup>1</sup> See J. Leonen, Dissenting Opinion in *Philippine Health Insurance Corporation v. Commission on Audit*, G.R. No. 222710, July 24, 2018, <<http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64465>> [Per J. Tijam, En Banc].

<sup>2</sup> *Philippine Health Insurance Corporation v. Commission on Audit*, G.R. No. 222710, July 24, 2018, <<http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64465>> [Per J. Tijam, En Banc].

<sup>3</sup> Id.

<sup>4</sup> See J. Leonen, Dissenting Opinion in *Philippine Health Insurance Corporation v. Commission on Audit*, G.R. No. 222710, July 24, 2018, <<http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64465>> [Per J. Tijam, En Banc].

Health,<sup>5</sup> whose primary purpose includes providing, financing, and regulating health services.<sup>6</sup>

With the advent of Republic Act No. 11223, or the Universal Health Care Act, on February 20, 2019, the reasonable interpretation in favor of PhilHealth employees is reinforced.

Ruling on the present Motions for Reconsideration seeking to reverse the July 24, 2018 Decision, the *ponencia* emphasized that this Court is urged to review its prior judgment due to the recent enactment of Republic Act No. 11223.<sup>7</sup> It noted how the law has “settle[d] once and for all that PhilHealth personnel are public health workers in accordance with the provisions of [Republic Act] No. 7305.”<sup>8</sup>

Accordingly, I concur that “there is no more legal impediment”<sup>9</sup> for PhilHealth employees to receive all the benefits afforded to public health workers, including the payment of their longevity pay. Therefore, the pertinent Notice of Disallowance should be set aside.

## I

In furtherance of the State policy<sup>10</sup> to instill health consciousness among the people, Republic Act No. 7305, otherwise known as the Magna Carta of Public Health Workers,<sup>11</sup> was enacted:

(a) to promote and improve the social and economic well-being of the health workers, their living and working conditions and terms of employment; . . . and (c) to encourage those with proper qualifications and excellent abilities *to join and remain* in government service.<sup>12</sup> (Emphasis supplied)

To attain these objectives, public health workers are given additional compensation<sup>13</sup> such as hazard allowance, subsistence allowance, and longevity pay,<sup>14</sup> among others. To be afforded these benefits, one must be a “health worker,” which is defined in Section 3 of Republic Act No. 7305 as:

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<sup>5</sup> See Revised Implementing Rules and Regulations on the Magna Carta of Public Health Workers or R.A. 7305 (1999), Rule III, item 1(b).

<sup>6</sup> See J. Leonen, Dissenting Opinion in *Philippine Health Insurance Corporation v. Commission on Audit*, G.R. No. 222710, July 24, 2018, <<http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64465>> [Per J. Tijam, En Banc].

<sup>7</sup> *Ponencia*, pp. 10–11.

<sup>8</sup> *Id.* at 11.

<sup>9</sup> *Id.*

<sup>10</sup> CONST., art. II, sec. 15.

<sup>11</sup> Republic Act No. 7305 (1992), sec. 2.

<sup>12</sup> Republic Act No. 7305 (1992), sec. 2.

<sup>13</sup> Republic Act No. 7305 (1992), sec. 20.

<sup>14</sup> Republic Act No. 7305 (1992), sec. 23.

... all persons who are engaged in health and health-related work, and all persons employed in all hospitals, sanitarium, health infirmaries, health centers, rural health units, barangay health stations, clinics and other health-related establishments owned and operated by the government or its political subdivisions with original charters and shall include medical, allied health professional, administrative and support personnel employed regardless of their employment status. (Emphasis supplied)

Thus, to distinguish public health workers from other categories of employees in the government,<sup>15</sup> the Revised Implementing Rules and Regulations of Republic Act No. 7305 specifically refers to them as:

1. Public Health Workers (PWH) — Persons engaged in health and health-related works. These cover employees in any of the following:
  - a) Any government entity whose primary function according to its legal mandate is the delivery of health services and the operation of hospitals, sanitarium, health infirmaries, health centers, rural health units, barangay health stations, clinics or other institutional forms which similarly perform health delivery functions, like clinical laboratories, treatment and rehabilitation centers, x-ray facilities and other similar activities involving the rendering of health services to the public; and
  - b) *Offices attached to agencies whose primary function according to their legal mandates involves provision, financing or regulation of health services.*

Also covered are medical and allied health professionals, as well as administrative and support personnel, regardless of their employment status.<sup>16</sup> (Emphasis supplied)

As I have underscored in my dissent and now reiterate, based on the text of the law, public health workers engaged in *health and health-related duties* include not only those who work in government agencies that *directly* deliver health services to hospitals, clinics, and other similar establishments,<sup>17</sup> but also those in *offices* such as PhilHealth. PhilHealth, in turn, is attached to an agency primarily mandated to perform tasks related to “provision, financing[,] or regulation of health services.”<sup>18</sup>

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<sup>15</sup> See Specific Operating Principles applied in drafting the IRR (Background) in the Revised Implementing Rules and Regulations on the Magna Carta of Public Health Workers or R.A. 7305 (1999).

<sup>16</sup> Revised Implementing Rules and Regulations on the Magna Carta of Public Health Workers or R.A. 7305 (1999), Rule III, item 1.

<sup>17</sup> See Revised Implementing Rules and Regulations on the Magna Carta of Public Health Workers or R.A. 7305, Rule III, item 1(a).

<sup>18</sup> See Revised Implementing Rules and Regulations on the Magna Carta of Public Health Workers or R.A. 7305, Rule III, item 1(b).

PhilHealth was created under Republic Act No. 7875, as amended,<sup>19</sup> to administer the National Health Insurance Program.<sup>20</sup> Section 14 provides:

SECTION 14. *Creation and Nature of the Corporation.* — There is hereby created a Philippine Health Insurance Corporation, which shall have the status of a tax-exempt government corporation *attached to the Department of Health* for Policy coordination and guidance. (Emphasis supplied)

Meanwhile, the Department of Health is principally responsible “for the formulation, planning, implementation, and coordination of policies and programs in the field of health.”<sup>21</sup> Its main task encompasses “the promotion, protection, preservation[,] or restoration of the health of the people through the *provision and delivery of health services* and through the *regulation* and encouragement of providers of health goods and services.”<sup>22</sup>

It is, therefore, undeniable that the Department of Health’s key purpose as a government agency entails the “provision, financing[,] or regulation of health services.”<sup>23</sup> This conclusion can also be deduced from the department’s powers and functions enumerated under the Administrative Code, which reads:

SECTION 3. *Powers and Functions.* — The Department shall:

....

(2) *Provide for health programs, services, facilities and other requirements as may be needed, subject to availability of funds and administrative rules and regulations;*

(3) Coordinate or collaborate with, and assist local communities, agencies and interested groups including international organizations in activities related to health;

(4) *Administer all laws, rules and regulations* in the field of health, including quarantine laws and food and drug safety laws;

....

(6) Propagate health information and educate the population on important health, medical and environmental matters which have health implications;

....

<sup>19</sup> Republic Act No. 7875 (1995) was amended by Republic Act No. 9241 (2004), Republic Act No. 10606 (2013), and Republic Act No. 11223 (2019).

<sup>20</sup> See Republic Act No. 7875 (1995), sec. 16(1).

<sup>21</sup> See ADM. CODE, Title IX, ch. 1, sec. 2.

<sup>22</sup> See ADM. CODE, Title IX, ch. 1, sec. 2.

<sup>23</sup> See Revised Implementing Rules and Regulations on the Magna Carta of Public Health Workers or R.A. 7305, Rule III, item 1(b).

(8) *Regulate* the operation of and issue licenses and permits to government and private hospitals, clinics and dispensaries, laboratories, blood banks, drugstores and such other establishments which by the nature of their functions are required to be regulated by the Department;

(9) *Issue orders and regulations* concerning the implementation of established health policies[.]<sup>24</sup> (Emphasis supplied)

The reasonable interpretation in favor of PhilHealth employees is all the more bolstered by the enactment of Republic Act No. 11223, otherwise known as the Universal Health Care Act, on February 20, 2019.

Ensuring that every Filipino is automatically included in the National Health Insurance Program,<sup>25</sup> the new law has simplified the membership to the Program<sup>26</sup> to assure “guaranteed equitable access to quality and affordable health care goods and services”<sup>27</sup> for all Filipinos.

Notably, the law *expressly* declares that PhilHealth employees are public health workers:

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

That being settled, it is but incumbent upon this Court to reverse and set aside its earlier decision to uphold the pertinent Notice of Disallowance on the payment of longevity pay to PhilHealth personnel.

## II

Finally, I note that the issuance of the PhilHealth Office Order and subsequent Resolution, which integrated longevity pay in the basic salaries of eligible PhilHealth personnel, was premised on the Certification issued by then Health Secretary Alberto G. Romualdez, Jr., who had declared that PhilHealth personnel are public health workers.<sup>28</sup> This declaration was confirmed by the Office of the Government Corporate Counsel, which opined that PhilHealth personnel carry out health-related functions, entitling them to longevity pay.<sup>29</sup>

<sup>24</sup> ADM. CODE, Title IX, ch. I, sec. 3.

<sup>25</sup> Republic Act No. 11223 (2019), sec. 5.

<sup>26</sup> Republic Act No. 11223 (2019), sec. 8.

<sup>27</sup> Republic Act No. 11223 (2019), sec. 3(b).

<sup>28</sup> Ponencia, pp. 2–3.

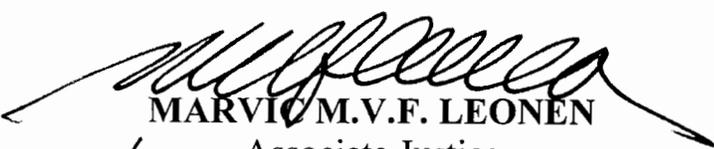
<sup>29</sup> Id. at 2.

I reiterate what I said in my dissent: the interpretation adopted by the Department of Health should *not* be simply disregarded.<sup>30</sup>

While respondent Commission on Audit's "general audit power is among the constitutional mechanisms that [give] life to the check and balance system inherent in our form of government,"<sup>31</sup> it is not armed with an unbridled authority to override an executive agency's *reasonable* interpretation made in the furtherance of the agency's mandate.<sup>32</sup>

The Department of Health, which oversees all health-related laws and regulations and is the one specifically directed under Republic Act No. 7305 to formulate the law's Implementing Rules and Regulations, determines who are covered by the benefits of the law.<sup>33</sup> Considering that the Department of Health's specific determination is on par with the words and intent of Republic Act No. 7305, its findings cannot be readily substituted by respondent with its own resolution.<sup>34</sup>

**ACCORDINGLY**, I concur with the *ponencia* in granting the Motions for Reconsideration and reversing this Court's July 24, 2018 Decision.

  
MARVIC M.V.F. LEONEN  
Associate Justice

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<sup>30</sup> J. Leonen, Dissenting Opinion in *Philippine Health Insurance Corporation v. Commission on Audit*, G.R. No. 222710, July 24, 2018, <<http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64465>> [Per J. Tijam, En Banc] *citing* *Asturias Sugar Central, Inc. v. Commissioner of Customs*, 140 Phil. 20 (1969) [Per J. Castro, En Banc].

<sup>31</sup> *Id.* *citing* *Veloso v. Commission on Audit*, 672 Phil. 431 (2011) [Per J. Peralta, En Banc].

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* *citing* *Kapisanan ng mga Manggagawa sa GSIS v. Commission on Audit*, 480 Phil. 861 (2004) [Per J. Tinga, En Banc].

<sup>34</sup> *Id.*

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EDGAR O. ARICHETA  
Clerk of Court En Banc  
Supreme Court