

AQUILINO PIMENTEL III; ERNESTO OFRACIO; JANICE LIRZA MELGAR; MARIA CIELO MAGNO; MA. DOMINGA CECILIA B. PADILLA; DANTE B. GATMAYTAN; IBARRA M. GUTIERREZ; SENTRO NG MGA NAGKAKAISA...

G.R. Nos. 274778, 275405 & 276233, December 03, 2025

Ponente: LAZARO-JAVIER, J.

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LAZARO-JAVIER, J.:

PREFATORY

Health is wealth, but wealth is also health.

In the Philippines, the age-old adage health is wealth is not just wisdom—it is a warning. When 42.7% of healthcare expenses are paid directly out of pocket by Filipino families,[1] a painful truth emerges: wealth is health. And for too many, this truth decides whether life proceeds with dignity or spirals into debt, despair, and suffering.

Consider a story recently aired on national television:[2] A father—working-class and devoted—suffered a stroke worsened by diabetes. His leg was amputated. The hospital bill reached PHP 400,000.00. Even after discounts, his family was short by PHP 65,000.00. They borrowed money to be able to pay, and debt began its cruel descent. But the costs did not end at discharge. Medications, therapy, and home adjustments followed. Unable to cope, they rationed his prescriptions. Not out of neglect, but necessity. Their budget left no other option.

This is not an isolated tragedy. It echoes across thousands of Filipino households—unheard, unseen, but no less real. It forces us to confront a chilling contradiction: What good is a constitutionally guaranteed right to life when the right to health remains financially unreachable?

A deafening silence looms between law and lived reality.

The right to health is not abstract philosophy. It is the heartbeat of the right to life—the foundation on which all other freedoms stand. It is *primus inter pares*—first among equals—in the constellation of rights that uphold human dignity.

Illness does not strike in isolation. It devours entire families. It robs children of opportunity, breadwinners of strength, and communities of resilience. Without health, our capacity to work, learn, vote, protest, parent, or even survive erodes. And with it, so does our ability to claim the other rights we hold dear.

This is why the right to health is not merely important. It is enabling, elevating, empowering. A government that protects this right affirms the value of every human life. It anchors dignity in policy. It puts compassion into practice.

But rights need resources. We fund our courts to defend liberty. We support education to unlock potential. We invest in national defense to preserve peace. Yet health is persistently underfunded—a paradox given how

foundational it is. Why does the most immediate right remain the most neglected?

To remain silent is to remain complicit.

Those who are sick may not storm the halls of power, but their struggles must command equal urgency. Their pain is enduring. Their care must be treated as a core pillar of justice. Their quiet suffering demands loud, unwavering advocacy.

The Judiciary has a constitutional mandate: To protect not only the abstract right to health, but the concrete right to accessible, affordable, and sustainable public healthcare. The Universal Health Care Act (UHCA) is a landmark step. It speaks of inclusion, protection, and equity. But laws are only as strong as the commitment behind them. And commitment needs funding, structure, empathy, and vigilance.

We must demand a system that heals—then supports, prevents, and uplifts. Because when health becomes a privilege, life itself becomes a commodity. And in any society worthy of justice, neither should it ever be for sale.

Health is never abstract or theoretical. It is intimate. Immediate. Non-negotiable. It must be safeguarded—not eventually, not someday, not 10 years after, but today.

A healthy population is not just the bedrock of national development; it is the highest expression of our shared humanity. When our people are protected by a just and reliable health system, we do more than survive. We thrive. We dream. We hope.

The Cases

These three consolidated Petitions for Certiorari and Prohibition[3] and Petition-in-Intervention[4] assail for being unconstitutional Special Provision 1(d), Chapter XLIII of Republic Act No. 11975 [Special Provision 1(d)] or the General Appropriations Act of 2024 (2024 GAA) and Department of Finance (DOF) Circular No. 003-2024 (DOF Circular No. 003-2024) which mandated the transfer to the National Treasury of PHP 89.9 billion representing the "fund balance" of the Philippine Health Insurance Corporation (PhilHealth).

Antecedents

In 2012, Congress enacted Republic Act No. 10351[5] which restructured the excise tax on alcohol and tobacco products. It earmarked funds for universal healthcare and covered the subsidies of the National Government to the premium contributions of indigents or indirect contributors under the National Health Insurance Program (NHIP). Subsequently, Republic Act No. 10351 was amended to include excise tax on heated tobacco and vapor products. These taxes have since become the primary component of the government subsidy received by PhilHealth annually[6] pursuant to Section 8[7] of Republic Act No. 10351, as amended.

In 2019, Republic Act No. 11223 or the UHCA[8] was enacted, expanding the country's social health insurance.[9] Consistent with Republic Act No. 10351 as amended, Section 37 of the UHCA listed total incremental sin tax collections as one of the sources of appropriations for the implementation of the NHIP:

Section 37. Appropriations. – The amount necessary to implement this Act shall be sourced from the following:

(a)

Total incremental sin tax collections as provided for in Republic Act No. 10351, otherwise known as the "Sin Tax Reform Law;" Provided, That the mandated earmarks as provided for in Republic Act Nos. 7171 and 8240 shall be retained;

(b)

Fifty percent (50%) of the National Government share from the income of the Philippine Amusement and Gaming Corporation as provided for in Presidential Decree No. 1869, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting and auditing rules and regulations; Provided, further, That the funds shall be used by PhilHealth to improve its benefit packages;

(c)

Forty percent (40%) of the Charity Fund, net of Documentary Stamp Tax Payments, and mandatory contributions of the Philippine Charity Sweepstakes Office (PCSO) as provided for in Republic Act No. 1169, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting, and auditing rules and regulations; Provided, further, That the funds shall be used by PhilHealth to improve its benefit packages;

(d)

Premium contributions of members;

(e)

Annual appropriations of the Department of Health (DOH) included in the GAA; and

(f)

National Government subsidy to PhilHealth included in the GAA.

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth, the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act. (Emphasis supplied)

The UHCA also provided a 10-year implementation period.[10] Section 5 ordained the automatic coverage of every Filipino citizen in the NHIP while Section 6 enumerated the health care services that must be granted to every Filipino citizen, thus:

Section 5. Population Coverage. – Every Filipino citizen shall be automatically included into the NHIP, hereinafter referred to as the Program.

Section 6. Service Coverage. –

(a)

Every Filipino shall be granted immediate eligibility and access to preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental and emergency health services, delivered either as population-based or individual-based health services: Provided, That the goods and services to be included shall be determined through a fair and transparent [Health Technology Assessment (HTA)] process;

(b)

Within two (2) years from the effectivity of this Act, PhilHealth shall implement a comprehensive outpatient benefit, including outpatient drug benefit and emergency medical services in accordance with the recommendations of the Health Technology Assessment Council (HTAC) created under Section 34 hereof;

(c)

The DOH and the local government units (LGUs) shall endeavor to provide a health care delivery system that will afford every Filipino a primary care provider that would act as the navigator, coordinator, and initial and continuing point of contact in the health care delivery system; Provided, That except in emergency or serious cases and when proximity is a concern, access to higher levels of care shall be coordinated by the primary care provider; and

(d)

Every Filipino shall register with a public or private primary care provider of choice. The DOH shall promulgate the guidelines on the licensing of primary care providers and the registration of every Filipino to a primary care provider.

In 2020, Section 14 of Republic Act No. 11346[11] further inserted a new provision, Section 288-A, under Chapter II, Title XI of the National Internal Revenue Code (NIRC), which reserved a portion of the revenues from excise tax on sugar-sweetened beverages, alcohol products, tobacco products and heated tobacco and vapor products (sin tax) for the implementation of the UHCA.

Finally, Section 9 of Republic Act No. 11467[12] amended Section 288-A of the NIRC, increasing the portion of the excise or sin taxes reserved for the implementation of the UHCA.

On August 2, 2023, President Ferdinand R. Marcos, Jr. (President Marcos, Jr.) submitted to the Congress the following documents relating to the national budget for the fiscal year 2024: (a) Budget Message;[13] (b) Budget of Expenditures and Sources of Financing (BESF);[14] (c) National Expenditure Program (NEP);[15] and (d) Staffing Summary.[16]

On August 30, 2023, members of the House of Representatives filed House Bill No. 8980 titled "An Act Appropriating Funds for the Operation of the Government of the Republic of the Philippines from January One to December Thirty-One, Two Thousand and Twenty-Four."[17]

House Bill No. 8980 adopted the PHP 5.7676 trillion budget, with PHP 4.0198 trillion programmed appropriations, PHP 1.7478 trillion automatic appropriations, and PHP 281.9 billion unprogrammed appropriations, as recommended by President Marcos, Jr. in his budget submissions.

On September 4, 2023, House Bill No. 8980 was tackled on First Reading in the House of Representatives. By Letter dated September 20, 2023 addressed to Speaker Ferdinand Martin G. Romualdez of the House of Representatives (Speaker Romualdez), President Marcos, Jr. certified as urgent House Bill No. 8980.

On September 27, 2023, House Bill No. 8980 was approved by the House of Representatives on Second and Third Readings. The approved version of House Bill No. 8980 was transmitted to the Senate for its concurrence on November 4, 2023,[18] and tackled on First Reading in the Senate on November 6, 2023.

On November 28, 2023, the Senate approved House Bill No. 8980 on Second Reading with amendments and, on the same day, House Bill No. 8980 was approved by the Senate on Third Reading.[19]

The Senate and the House of Representatives thereafter designated their conferees to the Bicameral Conference Committee (BCC) to tackle specific provisions of House Bill No. 8980 on which the Houses of Congress did not agree.

The BCC held two meetings for this purpose, first on November 28, 2023, and second on December 6, 2023.[20]

On December 11, 2023, the BCC submitted its Report to both the House of Representatives and the Senate, recommending the approval of House Bill No. 8980 which: first, reflected an increase in the amount of unprogrammed appropriations from PHP 281.9 billion to PHP 731.4 billion; and second, inserted Special

Provision 1(d) under Chapter XLIII on unprogrammed appropriations, ordaining the return to the National Treasury of "the fund balance of government-owned and controlled corporations (GOCCs) from any remainder resulting from the review and reduction of their "reserve funds" to reasonable levels taking into account the disbursement from prior years."

On the same day, the Report was approved by both Houses of Congress.[21]

On December 20, 2023, the President signed House Bill No. 8980 into law, now known as Republic Act No. 11975 or the 2024 GAA.[22] It took effect on January 1, 2024.[23] Special Provision 1(d) thereof under Chapter XLIII on unprogrammed appropriations authorized the return of the "fund balance" or the excess "reserve funds" of GOCCs to the National Treasury to fund unprogrammed appropriations under the 2024 GAA, viz.: [24]

Special Provision(s)

- Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

. . . .

(d)

Fund balance of the Government-Owned or -Controlled Corporation (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to a reasonable levels taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act. (Emphasis supplied)

By virtue of this provision, the DOF issued DOF Circular No. 003-2024 on February 27, 2024, requiring GOCCs such as PhilHealth to remit their fund balance to the National Treasury, thus:[25]

Section 5. PROCEDURE FOR THE COLLECTION AND REMITTANCE OF FUND BALANCE

- The DOF shall notify in writing the GOCC regarding the Fund Balance to be remitted to the Bureau of the Treasury (BTr). The date of the electronic transmission shall be considered as the date of receipt.

- The GOCC shall remit to the BTr the Fund Balance within fifteen (15) calendar days from the receipt of such notice. Upon remittance, the GOCC shall inform the DOF of such remittance including the proof thereof.

- Upon remittance, the BTr shall issue to the Department of Budget and Management (DBM) a certification stating the amount of the Fund Balance remitted to the BTr by the GOCC in accordance with these Guidelines and copy furnishing DOF. The certification shall become the basis of the DBM in the release of funds chargeable against unprogrammed appropriations under Republic Act No. 11975, subject to applicable budgeting, accounting and auditing rules and regulations.

- Any remitted Fund Balance shall not be considered as a payment of any dividend arrears or advance dividend payment for the succeeding dividend years pursuant to Republic Act No. 7656, entitled as "An Act Requiring Government-Owned Or-Controlled Corporations To Declare Dividends Under Certain Conditions To The National Government, And For Other Purposes." (Emphasis supplied)

Under Letter[26] dated April 24, 2024, Secretary Ralph G. Recto (Secretary Recto) of the DOF instructed PhilHealth to remit to the National Treasury its fund balance of PHP 89 billion, later clarified to be PHP 89.9 billion. These funds were supposedly the excess "reserve funds" of PhilHealth coming from the government

subsidy contributions or premiums for indigents or indirect contributors which it received for the years 2021, 2022, and 2023.[27]

In compliance, the PhilHealth Board of Directors approved the transfer of the subject funds, and remitted PHP 20 billion to the National Treasury for the first tranche on May 10, 2024;[28] PHP 10 billion on August 21, 2024 for the second tranche; and PHP 30 billion on October 16, 2024 for the third tranche.[29]

On September 20, 2025, President Marcos, Jr. announced that the PHP 60 billion fund balance of PhilHealth remitted to the National Treasury will be returned to the PhilHealth.[30]

The Present Petitions

G.R. No. 274778

Petitioners Senator Aquilino Pimentel III, Ernesto Ofracio, Junice Lirza D. Melgar, Maria Cielo Magno, Ma. Dominga Cecilia B. Padilla, Dante B. Gatmaytan, Sentro ng mga Nagkakaisa at Progresibong Manggagawa, Inc. (SENTRO), Public Services Labor Independent Confederation Foundation, Inc. (PSLINK), and Philippine Medical Association (PMA) (collectively, Pimentel III, et al.) filed the Petition for Certiorari and Prohibition (with Application for Status Quo Ante Order, Temporary Restraining Order (TRO), and/or Writ of Preliminary Injunction)[31] against respondents House of Representatives, Senate of the Philippines, Secretary Recto, Executive Secretary Lucas P. Bersamin (Executive Secretary Bersamin) (collectively, respondents), and PhilHealth. They seek to declare as unconstitutional Special Provision 1(d) and DOF Circular No. 003-2024 on the following grounds:

First, Special Provision 1(d) is a prohibited rider violative of Article VI, Section 25(2) of the Constitution because it is not germane to the 2024 GAA. Specifically, it does not meet the requirements for germaneness, i.e., the provision or clause must be particular, unambiguous, and appropriate. Special Provision 1(d) is inappropriate insofar as it amends the UHCA and Section 8 of Republic Act No. 10351, as amended by Section 14 of Republic Act No. 11346 and Section 9 of Republic Act No. 11467 (the Sin Tax Laws), by diverting funds for the exclusive use of PhilHealth to the National Treasury. It is also ambiguous because its implementation requires reference to previous budget and non-budget legislation.[32]

Second, the insertion of Special Provision 1(d) exceeds the power of the Congress to appropriate funds under the Constitution as it effectively diverts, for further appropriation by the Executive, the "reserve funds" of PhilHealth earmarked for the implementation of the UHCA.[33]

Third, for the same reason, DOF Circular No. 003-2024 violates Article VI, Section 29(3) of the Constitution, prohibiting the transfer of special funds to purposes other than for which those funds have been created.[34]

Fourth, DOF Circular No. 003-2024 further violates Section 70 of Republic Act No. 11936 or the GAA of 2023 (2023 GAA) since even before the end of Fiscal Year December 31, 2024, it already ordered the return to the National Treasury of supposed unused or excess funds of GOCCs like PhilHealth.[35]

Finally, Special Provision 1(d) and DOF Circular No. 003-2024 violate the people's constitutional right to health by effectively depriving the Filipino people of funds that could increase their access to quality and affordable health care goods and services.[36]

Petition-in-Intervention

Intervenors Atty. Jose Sonny Matula, President, Federation of Free Workers (FFW-NAGKAISA Labor Coalition); Daniel Edralin, Secretary General, National Union of Workers in Hotel Restaurant and Allied Industries; Renato Magtubo, Chairperson, Partido Manggagawa (PM-NAGKAISA); Julius Cainglet,

Co-Convenor, Church-Labor Conference; Grace A. Estrada, President, Pinay Careworkers Transnational; Alfredo Maranan, FFW National Treasurer; Jun Ramirez Mendoza, Union President, Vishay Employees Philippines Union-FFW and National Vice President, FFW; Judy Ann Chan Miranda, Chairperson, Nagkaisa Women Committee and General Secretary, PM-NAGKAISA; Vilma G. Reyes, Union President, De La Salle Medical and Health Sciences Institute Employees Union-FFW and National Board Member, FFW; Rene L. Capito, National President, Alliance of Filipino Workers (AFW); Elija R. San Fernando, National Vice President, National Federation of Labor (NFL); Rene De Mesa Tadle, President, Council of Teachers and Staff of Colleges and Universities of the Philippines; Emerito C. Gonzales, Union President, University of Santo Tomas (UST) Faculty Union; Dennis Gutierrez, Union President, Interphil Laboratories Employees Union-FFW; Rolando Librojo, Convenor, Kilusang Artikulo 13; and Atty. Danilo C. Isiderio, FFW Legal Center (collectively, Atty. Matula et. al) moved to intervene in G.R. No. 274778.[37]

They did so in their respective capacities as national officers and representatives of the NAGKAISA Labor Coalition and in their individual capacities as citizens, taxpayers, and members of PhilHealth.[38] They claim to possess vested interests in protecting the funds entrusted to PhilHealth because they will be adversely affected by Special Provision 1(d) and DOF Circular No. 003-2024, which reduced the "reserve funds" of PhilHealth intended for the expansion of the basic health benefits and services under the NHIP.[39]

Atty. Matula et al. join the arguments of Pimentel III et al.,[40] and in addition, submit that:

First, under the Constitution, it is the President, not the Congress, who may be authorized by law to augment an item in the general appropriations law from savings coming from another item.[41] Special Provision 1(d) and DOF Circular 003-2024 thus unduly delegated to the Secretary of Finance the power to transfer the savings of GOCCs to the National Treasury.

Second, the transfer of idle or unused funds from PhilHealth to the National Treasury constitutes technical malversation of public funds and plunder. The PHP 89.9 billion fund balance belongs to PhilHealth members and is not intended to augment the funds in the National Treasury.[42]

G.R. No. 275405

Petitioners BAYAN MUNA Chairman Neri J. Colmenares, BAYAN MUNA Vice Chairman Teodoro A. Casiño, BAYAN MUNA Executive Vice President Carlos Isagani T. Zarate, and Former BAYAN MUNA Representative Ferdinand R. Gaite (collectively, Atty. Colmenares et al.) filed the Petition for Certiorari and Prohibition[43] against respondents President Marcos, Jr., Executive Secretary Bersamin, the Senate of the Philippines, and the House of Representatives.

Procedurally, Atty. Colmenares et al. argue that their direct resort to the Court is proper since their Petition raises pure questions of law and important constitutional issues. Too, as citizen-taxpayers, they have legal standing to assail the use of public funds through the subject provision of the 2024 GAA. Further, their Petition was filed at the earliest opportunity, i.e., during the lifetime of the 2024 GAA. Finally, the constitutionality of the actions of President Marcos, Jr. and both Houses of Congress is the very *lis mota* of the case.[44]

As for the substantive issues, Atty. Colmenares et al. aver that:

First, the President committed grave abuse of discretion in certifying as urgent House Bill No. 8980 sans any public calamity or emergency in violation of Section 26(2), Article VI of the Constitution. The President certified as urgent House Bill No. 8980 "in order to address the need to maintain continuous government operations following the end of the current fiscal year." This reason, however, did not justify the certification of urgency

because no public calamity or emergency existed at that time.[45]

Another, the presidential certification infringes on the constitutional power and duty of the Congress to deliberate on a bill in three readings on separate days before voting thereon. The presidential certification does not excuse compliance with the constitutional requirement that printed copies of a bill be distributed to members of the Congress before it is subjected to a vote for approval.[46] By virtue of such unconstitutional certification, the Congress undertook a short-cut method in enacting the 2024 GAA.

There was no point in rushing the passage of the 2024 GAA as early as September 2023 as it would not be taking effect until January 1, 2024. At any rate, Article VI, Section 25(7) of the Constitution governs in the event the Congress fails to pass a general appropriations bill for the ensuing fiscal year, i.e., the general appropriations law for the preceding fiscal year shall be deemed re-enacted and remain in force until the corresponding general appropriations bill is passed by the Congress.[47]

Second, the constitutional prohibition against increasing the appropriations recommended by the President was violated. The Report of the BCC inserted a total of PHP 449.5 billion under unprogrammed appropriations resulting in the increase thereof from PHP 289.1 billion to PHP 731.4 billion, which is void for being substantially different from the amount contained in the NEP submitted by the President to the Congress.[48]

Third, increasing the unprogrammed appropriations and inserting the subject provision as a new item not found in the version of House Bill No. 8980 approved by both Houses of Congress are unconstitutional since the BCC is not a third house of the Congress; it is not empowered to perform legislative functions. If anything, the power of the BCC is only to harmonize the differences between the bills passed by each Chamber of Congress. Thus, when there is no discrepancy, there is nothing to harmonize in the bill, as here.[49]

Finally, Atty. Colmenares et al. pray that the Court issue guidelines on the exercise of the President's power to certify a bill as urgent. They also seek the issuance of parameters for the creation, practice, and process of a bicameral conference committee in accordance with the Constitution.[50]

G.R. No. 276233

Petitioners 1Sambayan Coalition; Members of U.P. Law Class 1975 namely, Jose P.O. Aliling IV, Augusto H. Baculio, Edgardo R. Balbin, Antonio T. Carpio, Jr., Richard J. Gordon, Oscar L. Karaan, Benjamin L. Kalaw, Lucas C. Licerio, Tomas N. Prado, Elizer A. Odulio, Aurora A. Santiago, Emily Sibulo-Hayudini, Conrad D. Soriano, Mercy Pine, Prudencio B. Jalandoni, Nonette C. Mina, and Jose B. Tomimbang; Former Ombudsman Conchita Caprio-Morales; Senior For Seniors Association, Inc., represented by Ms. Carol Blanco Benavides; Kidney Foundation of the Philippines, represented by Jose Rafael Hernandez; Atty. Christopher John P. Lao; the San Beda College Alabang-Human Rights Center namely, Gloriette Marie Abundo, Elvie Amiscosa, Isabel Francesca Anunciacion, Aramaine Balon, Charmae Ann Maravilla, and Rhiana Isabelle Navarro (collectively, 1Sambayan Coalition et al.) filed the Petition for Certiorari and Prohibition (with Urgent Prayer for the Issuance of a TRO, Writ of Preliminary Injunction and/or Other Injunctive Remedies)[51] dated October 16, 2024 against the same respondents.

1Sambayan Coalition et al. argue that the subject provision is an invalid delegation of authority as the power to transfer savings is only vested upon those enumerated in the exhaustive list under Article VI, Section 25(5) of the Constitution, of which the Congress is not a part.[52] Nonetheless, even if the transfer was authorized by the President himself, it would still constitute a transfer of special funds raised for a specific purpose, violative of Article VI, Section 26(3) of the Constitution.[53]

Too, 1Sambayan Coalition et al. argue that in issuing DOF Circular No. 003-2024, the Secretary of Finance

arrogated unto himself the authority belonging to the President under Article VI, Section 25(5) of the Constitution.[54] They also urge the Court to find the DOF Secretary liable for malversation and/or plunder for issuing the directive to transfer PhilHealth funds to the National Treasury.

Comments on the Petitions

The Office of the Solicitor General (OSG),[55] on behalf of respondents House of Representatives, the DOF, Secretary Recto, and Executive Secretary Bersamin pray for the dismissal of the Petitions allegedly because:

First, the requisites for the exercise of judicial review are absent.

Second, there was violation of the doctrine of exhaustion of administrative remedies which include the filing of a case before the DOF itself.

Third, the President was improperly impleaded and must be dropped as a respondent by virtue of his presidential immunity from suit.[56]

Fourth, Special Provision 1(d) is not a rider because it has a reasonable relation to the 2024 GAA where sources of funds for unprogrammed appropriations are necessarily included. It does not amend or repeal any provision of the UHCA and the Sin Tax Laws because: (1) the concept of "fund balance" under Special Provision 1(d) is different from the concept of "reserve funds" under the UHCA; (2) the concept of "reserve funds" remains the same even after the 2024 GAA containing the special provision took effect; (3) it does not revoke the mandate of PhilHealth under the UHCA; (3) the special provision does not authorize the withdrawal of the Investment Reserve Fund of PhilHealth; (4) the prohibition against the transfer of PhilHealth's reserve fund to the general fund remains in place; and (5) the subject matter of the Sin Tax Laws is different from the subject matter of the special provision.

Fifth, fund balance is not the same as savings which, in the context of Section 25(5), Article VI of the Constitution, pertains to "money originally appropriated for one purpose [but] remain unspent after that purpose has been fulfilled or otherwise terminated." [57] Thus, Special Provision 1(d) and DOF Circular No. 003-2024, as well as the DOF Secretary's directive to transfer the fund balance to the National Treasury did not emanate from the power of the President to transfer savings under Article VI, Section 25(5) of the Constitution. There is therefore no undue delegation of power to the DOF.[58]

Sixth, there is no violation of the right to health. The out-of-pocket expenditure of the people for healthcare has no relation to the remittance of PhilHealth funds to the National Treasury. The remittance will not necessarily hamper or disable the implementation of the UHCA. Besides, the issue on the benefit packages of PhilHealth is a question of policy beyond the jurisdiction of the Court.

Seventh, the fund balance defined under DOF Circular No. 003-2024 does not include the special fund from sin tax collections as the fund balance can only include "unrestricted funds," hence, there is no occasion by which Article VI, Section 29(1) of the Constitution could have been violated.

Eighth, there is no violation of the cash-budgeting system under Section 70 of the 2023 GAA. The cash-budgeting system only requires that unutilized amounts remaining at the end of the fiscal year must be returned to the National Treasury. It does not require the reversion of the unexpended balances of appropriation to be made only at the end of the fiscal year.

Ninth, the transfer of funds from PhilHealth to the National Treasury does not constitute technical malversation or plunder. One element of technical malversation is the application of the subject funds to a purpose different from that for which they were originally appropriated by law.[59] The fund balance of PhilHealth, however, was not

appropriated by law for a specific purpose, hence, is not a special fund. Rather, it comprises the "unexpended" or "unutilized" subsidy contributions of the National Government to PhilHealth.[60] On the other hand, the gravamen of plunder is the accumulation of ill-gotten wealth through a combination or series of criminal acts. Here, the fund balance of PhilHealth was clearly remitted to the National Treasury, thus, there was no acquisition of ill-gotten wealth to speak of either.[61]

Tenth, the President's certification of House Bill No. 8980 is in accordance with Article VI, Section 26(2) of the Constitution. A general appropriations law is not different from any ordinary statute and must be passed promptly. The timely passage of a general appropriations law ensures that the National Government's planned programs and projects within a particular fiscal year are realized; and provides a degree of stability and predictability essential to the nation's economic growth and development.[62]

Recognizing the importance of the timely passage of the 2024 GAA, the President certified as urgent House Bill No. 8980. If the 2024 GAA were not passed by December 31, 2023, the 2023 GAA would have been deemed re-enacted. This would have resulted in the government's inability to address its specific priorities, goals, and needs for the 2024 Fiscal Year. Notably, the Congress itself did not question the President's certification of House Bill No. 8980, hence, the same must be given due deference as a valid exercise of wisdom by the Chief Executive.[63]

Regarding the required distribution of printed copies of House Bill No. 8980 in advance, *Tolentino v. Secretary of Finance*[64] has long settled that the President's certification for immediate enactment of a bill dispenses not only with the required reading on three separate days but also the required printing and distribution of printed copies in advance; otherwise, the time saved would be so negligible as to be of any use in ensuring the immediate enactment of the "urgent" bill.[65]

Eleventh, What Article VII, Section 22 of the Constitution prohibits is the increase in the President's proposed budget or the BESF; and not the increase in the unprogrammed appropriations which is in accordance with Article VI, Section 25(1) of the Constitution.[66]

It is customary that the President submits to the Congress the following budget documents: (1) Budget Message; (2) BESF; (3) NEP; and (4) Staffing Summary. Of these documents, the BESF is the constitutionally and statutorily mandated document bearing the President's proposed budget for the ensuing fiscal year. Notably, unprogrammed appropriations are not part of the National Government Expenditures in the BESF. On the other hand, the NEP, which contains unprogrammed appropriations, does not reflect the sources of financing mandated by Article VII, Section 22 of the Constitution. Therefore, since Congress did not increase the budget proposed by President Marcos, Jr. in the BESF, there is no violation of Article VI, Section 25(1) of the Constitution.[67]

Twelfth, the BCC has the power to modify and add provisions to a bill under its review. The rules of both Houses of Congress in fact recognize this power. Further, *Tolentino* confirmed the BCC's power to propose amendments and even include an entirely new provision that is not found either in the House bill or in the Senate bill.[68]

Lastly, the Court may not make any finding of criminal liability for technical malversation and/or plunder against the DOF Secretary in a petition for certiorari and prohibition.[69]

For its part, PhilHealth, through the Office of the Government Corporate Counsel (OGCC) headed by Government Corporate Counsel Solomon M. Hermosura, asserts that DOF Circular No. 003-2024 complied with the guidelines set by the 2024 GAA. The enforcement of the national budget is vested upon the executive branch and the DOF is primarily responsible for the efficient management and financial resources of the government. It also echoes the OSG's argument that the fund balance does not include special funds under Article VI, Section

29(3) of the Constitution since it only covers unrestricted funds. Assuming *arguendo* that the fund balance is considered a special fund, the purpose for which it was created had already been fulfilled or abandoned.[70]

PhilHealth likewise argues that Special Provision 1(d) is not a rider and is germane to the purpose of the GAA, which is the allocation of funds for the operation and activities of the government. It simply bears the mechanism by which a source of funding for unprogrammed appropriations under the GAA is created.

Finally, PhilHealth states that the cash-budgeting system under Section 70 of the 2023 GAA does not require the government subsidy to be utilized in full by December 31, 2024. There is also no prohibition against reversion of the unutilized funds prior to December 31, 2024.

Consolidation of cases and Preliminary Conference

By Resolution[71] dated September 9, 2024, the Court ordered the consolidation of G.R. No. 275405 with G.R. No. 274778 and set the consolidated cases for oral arguments on January 14, 2025. Meanwhile, under Resolution[72] dated October 8, 2024, the Court granted the Motion for Intervention with Leave of Court[73] filed by Atty. Matula, et al.; and under Resolution[74] dated October 29, 2025, the Court ordered the consolidation of G.R. No. 276233 with G.R. Nos. 274778 and 275405.

The Court thereafter held a preliminary conference on the consolidated cases on October 9, 2024, during which, petitioners were directed to file their respective compliances with the Court's directive to submit proofs of their respective legal standing and/or authorization to file the Petitions; their responses to the queries of the Court;[75] the specific documents pertaining to the fiscal operations of PhilHealth;[76] and the names and curriculum vitae of their proposed amici curiae.[77]

TRO and Compliances

Under Resolution[78] dated October 29, 2025, the Court issued a TRO against the transfer to the National Treasury of the remaining PHP 29.9 billion PhilHealth funds; and the further implementation of Special Provision 1(d) and DOF Circular No. 003-2024.

The parties also submitted their responses to the clarifications sought by the Court on several matters. Petitioners maintain[79] that the DOF mistakenly deducted the benefit claims of indirect members from their premium contributions and labeled the difference as "excess funds," which may be transferred to the National Treasury. They argue that this difference still makes up the premiums of members that may not be taken by the DOF. Thus, allowing the transfer of this balance breaches the nature of PhilHealth as a public insurer that pools member contributions in order to insure against risks. These pooled contributions are held by PhilHealth in trust for its members to be used in the future should any of the insured risks, i.e., illnesses and other health-related concerns, occur.[80]

Petitioners reiterate their prayer for the issuance of a status quo ante order, emphasizing that though the Court may later on order the return of the transferred amount, the huge amount to be paid back to PhilHealth would require appropriations by Congress in future national appropriations statutes. Meantime, people suffer opportunity cost for this delay because PhilHealth would be giving up the value of foregone benefits that it could have otherwise immediately provided to all its members.[81]

Petitioners emphasize that as of December 31, 2024, the balance sheet of PhilHealth reflected PHP 1.25 trillion as total liabilities, which significantly exceeds its total assets of PHP 588.5 billion, meaning, PhilHealth was already incurring a total negative equity position of PHP 663.7 billion. Petitioners argue that this negative income and negative capital of PhilHealth is inconsistent with the assertion of the DOF that PhilHealth has excess funds[82]

as PhilHealth is balance sheet insolvent. Petitioners predict that if PhilHealth would not adjust its policies or if the government were to cease appropriating funds to address PhilHealth's reserve gaps, PhilHealth's insolvency would lead to bankruptcy.[83] Petitioners assert that the DOF did not consider the Provision for Insurance Contract Liabilities (ICL) in computing the fund balance of PhilHealth.[84]

Petitioners state as well that based on the financial statements of PhilHealth in previous years, all unused portions of its income were transferred and considered "reserve funds," which could not be utilized for purposes other than those under Section 11 of the UHCA.[85]

Atty. Matula et al. submit that if PhilHealth does not have enough assets to cover the Provision for ICL, PhilHealth would be unable to fund the claims of both direct and indirect contributors, let alone, sustain their insurance operations. They further note that as of March 31, 2024, PhilHealth had PHP 1.251 trillion contingent liabilities including pending hospital claims.[86]

PhilHealth, for its part clarifies[87] that: (1) the PHP 89.9 billion fund balance of PhilHealth was intended to be remitted to the National Treasury in four tranches, viz.: [88]

Particulars

Amount

Date of Remittance

1[st] Tranche

20.0 B

May 10, 2024

2[nd] Tranche

10.0 B

August 21, 2024

3[rd] Tranche

30.0 B

October 16, 2024

4[th] Tranche

29.9 B

November 20, 2024

Total

89.9 B

(2) PhilHealth is an attached agency of the DOH; (3) all Filipinos are automatically included in the NHIP; (4) PhilHealth Board Resolution No. 2899, Series of 2024, already increased the NHIP benefit package by 30%; (5) the sources of PhilHealth funds include those enumerated under Sections 11 and 37 of the UHCA; (6) the premium subsidy for indirect contributors is included annually in the GAA; (7) PhilHealth adopts the "one fund concept", i.e., a general fund that is generally available to carry out all functions and activities of PhilHealth, regardless of source; and (8) premium contributions from direct contributors are recognized under "Members'

Contributions – Direct Contributor" while premium contributions of indirect contributions in the form of government subsidies are recognized under "Members' Contribution – Indirect Contribution." [89]

PhilHealth admits that some of their notable liabilities are Financial Liabilities, 95% of which pertains to Accrued Benefit Payables (i.e., claims in process at a given period), and Provision for Health Benefits (i.e., benefit claims already incurred but still in the possession of the health facilities and have yet to be submitted to PhilHealth). PhilHealth explains that the insufficiency of assets to cover the Provision for ICL means that the current contribution scheme of PhilHealth is insufficient to sustain the benefits and administration of the benefits availment of members in the future. [90]

Even then, PhilHealth maintains that the fund balance transfer is not part of the "reserve funds" referred to under Section 11 of the UHCA. [91] None of its "reserve funds" or unused portion thereof is currently invested. It employs a laddering strategy in the investment of the National Health Insurance Fund (NHIF) to ensure that there are steady maturities occurring over a period of time. The cash flow streams from its investments are the main source of PhilHealth funding. After deducting its daily funding requirements, the remaining net invisible funds are reinvested by PhilHealth. For 2023, PhilHealth's investment portfolio stood at PHP 498.3 billion and earned PHP 20.7 billion. As of June 30, 2024, its investment portfolio was valued at PHP 504 billion with PHP 12.9 billion earnings. [92]

The OSG, on the other hand, explains [93] that PhilHealth is an attached agency of the DOH. PhilHealth delivers individual-based health services, while the DOH is responsible for population-based health services under Sections 17 and 18 of the UHCA, [94] but no portion of the budget appropriated to the DOH is directed towards the programs of PhilHealth. [95]

The OSG further informs the Court that the fund balance transfer shall be used to fund certain projects and programs under the unprogrammed appropriations of the 2024 GAA, such as:

- (1)
maintenance, repair, and rehabilitation of infrastructure facilities (routine maintenance of national roads);
- (2)
the Panay-Guimaras-Negros (PGN) Island Bridges Project;
- (3)
government counterpart of foreign-assisted projects;
- (4)
payment of right-of-way;
- (5)
strengthening assistance for government infrastructure and social programs;
- (6)
public health emergency benefits and allowance for health care and non-healthcare workers;
- (7)
management and supervision of peace process;
- (8)

payment of personnel benefits;

(9)

priority social programs for health, social welfare and development, higher education, and technical and vocational education;

(10)

revised Armed Forces of the Philippines modernization program;

(11)

pension and gratuity fund; and

(12)

financial subsidy for purchase of photovoltaic mainstreaming (solar home system) for rural electrification.[96]

The OSG also clarifies that the PhilHealth fund balance, in particular, was computed by deducting the average two-year actual expenditure of PhilHealth in the amount of PHP 280.6 billion from PhilHealth's accumulated net income of PHP 463.7 billion, leading to the difference of PHP 183.1 billion. The entire sum of PHP 183.1 billion, theoretically, may be transferred to the National Treasury but the DOF exercised prudence by directing PhilHealth to simply return the smaller amount of PHP 89.9 billion, which represents the unutilized government subsidies to PhilHealth from 2021 to 2023:[97]

In PHP Billions

FY 2021

FY 2022

FY 2023

TOTAL

Premium for indirect contributors

80.2

80.1

78.8

239.1

Less: Benefit claims for indirect contributors

53.1

56.1

40.0

149.2

Net Flow – Fund Balance

27.1

24.0

38.8

89.9

On PhilHealth's liabilities, the OSG expounds that the Provision for ICL is the difference between the Present Value of Future Outflows (i.e., benefit payments plus administrative expenses) and the Present Value of Future Inflows (i.e., premium collections plus interest earnings). It is not an actual obligation incurred by PhilHealth but an accounting construct to provide an estimate of potential obligations of PhilHealth in the future.

Thus, the Provision for ICL was not considered by PhilHealth and the DOF in computing the fund balance of PhilHealth, albeit this accounting construct represents PhilHealth's contingent liabilities. In any case, the OSG posits that there is no tangible operational or financial implication for PhilHealth if it does not have enough assets to cover the Provision for ICL.[98]

The OSG points to the inordinately high levels of the Investment in Time Deposits (PHP 134 billion) and Investment Securities at Amortized Costs (PHP 336 billion) in the 2023 financial statements of PhilHealth, as sources of its "idle funds." The existence of these "idle funds" allegedly justified the transfer of PhilHealth's PHP 89.9 billion fund balance to the National Treasury.[99]

Oral Arguments, Memoranda of the Parties, and Amici Curiae

By Resolution[100] dated November 12, 2024, the Court reset the oral arguments to February 4, 2025. Meanwhile, under its Revised Advisory[101] dated December 13, 2024, the Court appointed the following as amici curiae: (1) Former Secretary of Finance Mr. Margarito Teves (Secretary Teves), nominated by respondents; (2) Dr. Orville Jose C. Solon, Ph.D. (Dr. Solon), nominated by PhilHealth; (3) Mr. Sonny Africa (Mr. Africa), nominated by Atty. Colmenares et al.; (4) Dr. Beverly Lorraine C. Ho, M.D. (Dr. Ho), nominated by Pimentel III et al.; and (5) Ms. Zy-za Nadine N. Suzara (Ms. Suzara), selected *motu proprio* by the Court.

The Court held the first oral arguments on February 4, 2025, during which, each party was given an opportunity to present their arguments. Interpellations by Members of the Court took place on February 4 and 25, 2025, March 4, 2025, and April 2 and 3, 2025. On the last day of the oral arguments, the Court directed the parties to submit their respective memoranda within a nonextendible period of 30 days therefrom.[102]

In compliance, the parties filed their respective memoranda,[103] essentially reiterating the arguments in their earlier pleadings.

In its memorandum, the OSG notably prays that should the Court strike down Special Provision 1(d) and DOF Circular No. 003-2024 as unconstitutional, the doctrine of operative fact be applied considering that the PHP 60 billion remitted by PhilHealth to the National Treasury was already utilized in good faith by the National Government for various health-related projects which can no longer be undone.[104] The OSG also submits that ordering the return of this amount would add fiscal pressure to the national deficit and would prevent the country from achieving its covered credit rating upgrade.[105]

On the other hand, the amici curiae filed their respective memoranda, as follows:

Secretary of Teves[106] (Secretary Teves) emphasizes the need for a reasonable amount of unprogrammed appropriations to cover unforeseen events, given that the national budget is prepared one year in advance. Accordingly, unprogrammed appropriations allow projects to be potentially funded in the future, instead of being removed outright from the GAA. As such, the use of unprogrammed funds gives the national budget the

flexibility to fund projects without resorting to additional borrowing.

He concludes that the secretary of finance complied with Special Provision 1(d) in issuing DOF Circular No. 003-2024 since it was done in close coordination with the relevant GOCCs to determine a reasonable amount called the "fund balance" that can be remitted to the National Treasury without jeopardizing the latter's operations.

In the case of PhilHealth, he believes that PHP 183.1 billion falls under the definition of a "fund balance," which represents the difference between PhilHealth's accumulated revenue of PHP 464.3 billion and its estimated two-year average projected expenditures of PHP 280.6 billion as determined by the PhilHealth Board. More, the remittance followed proper procedure as the PHP 89.9 billion was only remitted by PhilHealth after securing a favorable opinion from the OGCC, Governance Commission for GOCCs, and the Commission on Audit (COA).

On the economic and social justification, he posits that the PHP 89.9 billion was taken from the unutilized government subsidy in previous years and not from the members' contributions. Nonetheless, despite the decision to return PHP 89.9 billion to the National Government, PhilHealth recorded PHP 443.5 billion in accumulated revenues in 2024, which will be sufficient to cover the benefit packages to be given to the contributing members and indigents over several years. Therefore, on balance, the remittance of PhilHealth's funds was beneficial as it will enable some of the health-related and growth enhancement projects in the unprogrammed appropriations to be funded without having to resort to borrowing, which increases projected deficits and debt to the gross domestic product ratios. Indeed, of the first PHP 60 billion remitted by PhilHealth, 75% was spent on health-related needs and projects such as the public health emergency benefits, and allowances for health care and non-healthcare workers, while the balance of PHP 15 billion was used as counterpart funds for foreign-assisted projects.

He also points out that the Provision on the ICL amounting to PHP 1.1 trillion and PHP 266.9 billion for 2022 and 2023, respectively, are only part of the requirements of the Philippine Financial Reporting Standards (PFRS) and were based on a 40 to 50-year projections. In other words, the ICL does not represent the actual debts or liabilities of PhilHealth and is only used to reflect the worst-case scenario, which has never, and will never happen, since PhilHealth has never even incurred a loss.

He explains that the assailed government actions are being implemented to maximize the use of unutilized or idle funds to support the country's fiscal needs and have historical precedents from the time of the administration of then President Fidel V. Ramos (President Ramos)[107] and carried over to the administrations of former Presidents Gloria Macapagal-Arroyo (President Macapagal-Arroyo)[108] and Rodrigo Roa Duterte (President Duterte).[109] This system of fund management directs national agencies to operate with the understanding that they must fully use their budgets in accordance with their respective mandates. This management understanding allows the National Government to restore or even increase subsidies for PhilHealth in the future provided PhilHealth can demonstrate improved absorptive capacity to implement more generous benefits for the members.

Dr. Ho[110] explains that uncertainty in the health system before the advent of the UHCA, particularly the lack of transparency and predictable financing, prevents the full realization of universal health care in the country. The UHCA was enacted precisely to address this challenge of uncertainty by explicitly prescribing (1) benefits to every Filipino, (2) payment mechanisms for healthcare providers, and (3) identified and stable sources of financing.

She summarizes the 25 years' worth of benefit expansion of PhilHealth, as follows:

(1)

on the average, only 40% of the total hospital expenses is covered by PhilHealth albeit covered inpatient diseases are broad. Of the 9,000 case rate packages, only 17 have been upgraded to Z benefits;[111]

(2)

covered outpatient diagnostic tests are only at 13 tests or around 7% of the 183 tests considered by the World Health Organization (WHO) as essential;

(3)

covered outpatient drugs total to only 21 molecules or around 11% of the 189 drugs in the Philippines' Primary Care Formulary;

(4)

covered primary care benefit package is limited;^[112]

(5)

covered outpatient specialist care is also limited to certain conditions^[113] and

(6)

emergency services were only recently covered in 2024.

She opines that a stable source of financing is critical in reducing the uncertainty of benefit expansion or timely payout. The UHCA enabled PhilHealth to accumulate resources for aggressive benefit expansions, but to do so, PhilHealth must disavow any inaccurate and unfair claim of "savings" until its mandate shall have been accomplished. The opportunity to have a healthcare system that Filipinos can be proud of must be seized with urgency and decisiveness.

Mr. Africa, executive director of IBON Foundation, emphasizes^[114] that under the International Covenant on Economic, Social, and Cultural Rights of 1996 (ICESCR), the Philippines as a State Party has the duty to use all its available resources for the progressive realization of the people's right to health.^[115]

Under General Comment No. 14 (The Right to the Highest Attainable Standard of Health), a State which is unwilling to use the maximum of its available resources for the realization of the right to health violates its obligations under the covenant. Too, there is a violation of the right to health when the State adopts "legislation or policies which are manifestly incompatible with pre-existing domestic or international legal obligations in relation to the right to health. . . violations of the obligation to fulfill occur through the failure of the States parties to take all the necessary steps to ensure the realization of the right to health by individuals or groups, particularly the vulnerable or marginalized."

He explains why PhilHealth must retain the PHP 89.9 billion to increase its benefits and programs under the UHCA:

First, privatization has made health care more expensive, along with the rising cost of confinement in public facilities, the alarming trajectory of rising health care costs, and the worsening poverty in the country. In all, the share of household spending for health has dramatically increased since the enactment of the UHCA.

Second, reducing PhilHealth funds has made it more difficult to achieve its already unmet targets under the UHCA. Rather than limiting its resources, the problem on PhilHealth's absorptive capacity should be addressed directly.

Third, the resources of PhilHealth have been greatly diminished not only by the transfer of the PHP 89.9 billion, but also by the allocation of only PHP 61.5 billion under the 2024 GAA, the smallest amount appropriated for PhilHealth since 2018. Worse, the BCC struck out the proposed subsidy of PHP 74.4 billion for PhilHealth in the

2025 GAA.

Fourth, the drastic budget cuts for PhilHealth and the depletion of PhilHealth's "reserve funds" prove the growing trend in the GAA of decreasing budgetary priority for health services and social services. It is unconscionable to prioritize infrastructure projects and divert scarce government resources away from socially critical spending, especially amid growing poverty and hunger in the country.

Fifth, the use of fund balances of GOCCs arose from the substantial increases made by Congress to the amounts allocated for unprogrammed appropriations in the budget. From 2016 through to 2021, the allocations for unprogrammed appropriations reflected the amounts submitted to Congress through the NEPs. The Congress, however, recently increased by leaps and bounds this amount for unprogrammed appropriations by PHP 10 billion in 2022, PHP 219 billion in 2023 and PHP 449.5 billion in 2024. This trend raises the suspicion that allocations for programmed appropriations are purportedly transferred to unprogrammed appropriations to create fiscal space in the programmed appropriations for projects identified by legislators during the budget process and in whose implementation the legislators may be allegedly directly or indirectly involved.

Unprogrammed Appropriations are part of the "budget" mentioned in Article VI, Section 25(1) of the Constitution whose appropriations Congress may not increase. This view is supported by Chapter 3, Sections 11 to 14 and Chapter 4, Section 24 of the Administrative Code of 1987.

Finally, the principle of rights-based budgeting should be institutionalized. The budget process is flawed since it is "unable to systematically uphold the interests of the poor and low-income majority of Filipinos while, it is strongly suspected, open to abuse by narrow and self-serving interests." [116]

Dr. Solon states [117] that the amount to be transferred from PhilHealth to the National Treasury under the 2024 GAA and DOF Circular No. 003-2024 is not substantial enough to significantly affect the ability of PhilHealth to implement and improve the NHIP because: one, the amount is equivalent to only a small part of the total national health care spending; two, the amount represents excess revenues accumulated during the period 2021 to 2023, which remains unused; and three, PhilHealth is unlikely to spend this amount in 2025, given its sizeable reserves and especially when a medium-term benefit development plan is still in the works. [118]

Dr. Solon notes that the accumulation of funds in PhilHealth can be attributed to PhilHealth's higher estimates of reserve ceilings than the previous years' average benefit spending while claim payments and operating expenses have marginal increases compared to accumulated reserves. [119] He thus submits that it may not be prudent to set reserve ceilings significantly more than the previous years' average benefit spending. [120] In his view, huge reserves reflect lost opportunities to deliver social risk protection or provide for public investments. [121]

As regards PhilHealth's declared Provision for ICL, Dr. Solon states that this amount is typically part of reserves for insurance. [122] Based on standard practice, the Provision for ICL is the present value of future cash outflows (benefits and expenses) less the present value of future cash inflows (premiums), [123] which is based on assumptions on certain factors, such as, mortality and morbidity rates, relevant beneficiary behavior, asset default, expenses and inflation. [124]

However, Dr. Solon observes that PhilHealth apparently based its Provision for ICL on the aspirations of the UHCA, i.e., the cost of covering all services for all members thus setting its ICL approximately equal to the total national health expenditures. He posits that this target is absurd given that PhilHealth's share in the total national health spending is only about 11%. [125] Too, PhilHealth may have underestimated its future cash inflow considering its sovereign guarantee and provisions for financing under the UHCA. The Provision for ICL, based on PhilHealth's estimation, should not be used as an excuse to prevent benefits improvement or the accumulation

of reserves.[126] Excluding its Provision for ICL, Dr. Solon states that PhilHealth, even without any additional premium collection, can sustain its operations for at least another 3.6 years based on the average claims for the last three years and its operating expenses.[127]

Dr. Solon likewise underscores that while the NHIP has failed to become a major payor of health care in the country,[128] PhilHealth continues to accumulate excess and unutilized funds.[129] The accumulation of unused funds can be attributed to the following causes, among others: (i) gaps in PhilHealth's administrative capacity since its infrastructure is inadequate for it to undertake its roles as beneficiary representative and bulk payor of health services;[130] (ii) lack of alignment between incentives and benefit delivery since PhilHealth's operating budget is not linked to benefit delivery but is pegged to premium collections;[131] (iii) operational challenges in the implementation of the UHCA given that not all Filipinos are able to fully utilize the services under the NHIP albeit being covered because health care providers are inaccessible or unavailable;[132] and (iv) gaps and bottlenecks in the Philippine health care delivery system, which remains highly fragmented.[133]

The persistence of excess funds, i.e., accumulated revenues less reserve funds, should serve as a strong indicator that PhilHealth is "unable to provide the best level of protection against the financial burden of health care services." [134] Ultimately, underspending on public subsidies at the expense of benefit delivery, as in the case of PhilHealth, "represents missed opportunities in paying for health services and in providing financial risk protection, especially for the poor and vulnerable." The transfer of unused funds from PhilHealth to the National Treasury should send a signal to relevant government agencies to effectively spend public subsidies for their intended purpose.[135]

Should these funds be retained by PhilHealth, the retention of these funds should be conditioned on structural reforms, otherwise excess funds would just continue to persist. Conversely, should the transfer of funds be allowed, said funds should nonetheless be utilized to address supply-side constraints in the healthcare delivery system.[136] Dr. Solon brings to the fore the following three reform actions: (i) the creation of a competent and technically equipped actuarial department in PhilHealth; (ii) linkage of its corporate budget to benefit delivery; and (iii) the channeling of the excess funds to support the establishment of health care providers in remote areas and the enhancement of their capacities.[137]

In her Brief, Ms. Suzara discusses in detail the Philippine budget process. She explains that the technical process of formulating budget commences prior to the Budget Call issued by the DBM. Before the Budget Call, the Development Budget Coordinating Committee (DBCC)[138] formulates the medium-term fiscal program of the government and approves the annual fiscal program to support the Budget. The fiscal program consists of the aggregate level of revenues from both tax and non-tax revenues, disbursements (or expenditures), and financing level that is needed to plug the budget deficit. Based on the fiscal program, the DBCC advises the President on the appropriate level of the government's expenditure program; and recommends to the President a proper allocation of expenditures for each development initiative. The approved fiscal program by the DBCC becomes the framework on how the NEP will be formulated.[139]

At the start of the fiscal year or in the last quarter of the previous fiscal year, the Budget Call is issued by the DBM through the National Budget Memorandum (NBM), as well as a separate NBM outlining the Budget Priorities Framework. These two issuances set the parameters, procedures, and timeline to guide the National Government agencies and departments in preparing their respective budget proposals. Also, a Budget Forum is conducted by the DBM to brief agencies about the fiscal program. Departments and agencies of the National Government will then formulate their budget proposals, ensuring alignment to the development priorities of the President, and national plans and programs based on their respective mandates. Thereafter, these budget proposals are submitted to the DBM through an online facility.[140]

Once the DBM receives all budget proposals from departments and agencies of the National Government, the DBM will conduct two levels of technical budget hearings: first, an agency will present its budget proposal to the DBM technical bureau in charge of its budget; and second, the DBM technical bureaus will present their recommendation to the DBM secretary and senior officials.[141]

The budget preparation spans around six months—from the Budget Call to the consolidation by the DBM of the proposed Budget, until its presentation by the DBCC to the President and the members of the Cabinet for discussion and approval.[142]

When the President approves the Budget, the respective agency budgets are confirmed by the heads of the agencies and departments of the National Government. These confirmed agency budgets will be consolidated into the NEP and the BESF. The NEP and the BESF will then be submitted by the President to Congress.[143]

Our budget process may be visually summarized, as follows:[144]

Budget Preparation

->

Budget Legislation

- Budget Call
- Budget Forum
- Agency Proposals
- Budget Priorities Framework
- Deliberations
- Presentation to the President and the Cabinet
- The approved Budget of the President - Filing of appropriations bill
- House Deliberations
- Senate Deliberations
- Bicameral Conference Committee Deliberations
- Ratification and Enrollment of appropriations bill
- Enactment of general appropriations act

Ms. Suzara clarifies that the annual budget is composed of (1) Automatic Appropriations;[145] (2) New General Appropriations,[146] which consist of (i) Programmed Appropriations[147] and (ii) Unprogrammed Appropriations.[148]

Ms. Suzara observes that historically, the level of Unprogrammed Appropriations in the enacted version of the Budget does not deviate from its proposed level in the NEP, except for fiscal years 2022, 2023, and 2024. Specifically, in the 2024 Budget, Congress fully or partially defunded multiple programs of various departments and agencies of the National Government from the Programmed Appropriations and reallocated them to the Unprogrammed Appropriations. This budget reallocation resulted in an excess of PHP 450 billion worth of programs and projects under the Unprogrammed Appropriations. Thus, from a proposed level of PHP 282 billion in the 2024 NEP, the Unprogrammed Appropriations ballooned to PHP 732 billion in the 2024 GAA.[149]

Ms. Suzara opines that the 2024 Budget showed that the freed up fiscal space in the Programmed Appropriations went to departments where the hard and soft projects of legislators are traditionally lodged, such as local infrastructure projects of the Department of Public Works and Highways (DPWH).[150] She describes this as a "new scheme of massively funding pork barrel" and circumvents the Court's ruling in *Belgica v. Ochoa*. [151]

Finally, Ms. Suzara submits that Special Provision 1(d) and DOF Circular 003-2024, should be declared unconstitutional. Special Provision 1(d) violates both the earmarking provision of the Sin Tax Laws and the prohibition against transferring any portion of PhilHealth's "reserve fund" under the UHCA.[152]

On October 8, 2025, the OSG submitted its Motion for Leave to File and Admit Manifestation and Motion, praying that the Petitions be dismissed for mootness in view of the announcement of President Marcos, Jr. that the PHP 60 billion excess funds of PhilHealth will be returned to the latter, and that the DBM is currently working with the Congress and the Executive to implement such restoration.

Issues

First. Are the requisites for a valid exercise of the expanded power of judicial review present?

Second. Is the 2024 GAA unconstitutional for bearing the certification of urgency by the president despite the alleged absence of a public calamity or emergency?

Third. Are Special Provision No. 1(d) and its implementing DOF Circular No. 003-2024 unconstitutional?

a)

Is Special Provision No. 1(d), as implemented by DOF Circular No. 003-2024, an unconstitutional rider or inappropriate provision in the 2024 GAA?

b)

Does the transfer of PhilHealth funds to the National Treasury violate the people's right to health, Section 11 of the UHCA, the Sin Tax Laws, and Article VI, Section 29(3) of the Constitution?

c)

Is the DOF authorized to direct the transfer of savings of GOCCs back to the National Treasury under Article VI, Section 25 of the Constitution?

Fourth. Does DOF Circular No. 003-2024 violate Section 70 of the 2023 GAA insofar as it orders the transfer of PhilHealth funds the National Treasury before December 30, 2024?

Fifth. May alleged culpability for technical malversation and/or plunder in the so-called illegal transfer of PhilHealth funds be adjudged in the present cases?

Sixth. May petitioners properly seek guidelines from the Court on how and when the President may exercise his or her power to certify a bill for immediate enactment?

Seventh. Assuming that Special Provision 1(d) and DOF Circular No. 003-2024 are declared unconstitutional, may the Court order the return of the PHP 60 billion PhilHealth funds that have already been transferred to the National Treasury in 2024?

There are other issues raised in the petitions specifically pertaining to the creation, powers, and actions of the BCC vis-à-vis the enactment of the 2024 GAA, including the inclusion of unprogrammed appropriations or budgetary allocations for items or amounts not provided in the NEP. Significantly, the same legal questions are

the core issues involved in G.R. No. 277975 titled *Rodriguez, et al. v. House of Representatives, Senate of the Philippines, and Executive Secretary Lucas P. Bersamin*; and G.R. Nos. 271059 & 271347 titled *Lagman v. Congress, et al.* Thus, in order not to preempt our actions on these twin cases, the Court defers its full discussion and resolution of the aforesaid legal issues in G.R. No. 277975 and G.R. Nos. 271059 & 271347, respectively.

Our Ruling

At the outset, the Court has resolved to drop the President as a respondent in G.R. No. 275405

Foremost, the Court has resolved to drop President Marcos, Jr. as a respondent in G.R. No. 275405. He is immune from suit. We have so decreed in our Resolution^[153] dated February 11, 2025. In *De Lima v. President Duterte*,^[154] the Court has lengthily discussed the origin and concept of presidential immunity from suit and affirmed that in the Philippines, the incumbent President may not be sued during his or her tenure, regardless of whether the suit arose from his or her official acts.^[155] As the incumbent sitting president, therefore, President Marcos, Jr. should not be sued as a respondent here. So must it be.

We now tackle the aforestated procedural and substantive issues.

All requisites for the exercise of the expanded power of judicial review are present

Once again, the Court is called upon to exercise its extraordinary power of judicial review as part of the grand design of the Constitution's principle of checks and balances to determine the constitutionality of the assailed acts of its co-equal branches—the Legislative and the Executive.

Article VIII, Section 1 of the Constitution vests the Judiciary with the expanded power of judicial review, empowering courts not only to settle actual controversies but to also determine grave abuse of discretion by any government branch or instrumentality, thus:

Section 1. The judicial power shall be vested in one Supreme Court and in such lower courts as may be established by law.

Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government. (Emphasis supplied)

This expanded jurisdiction was enacted into the constitutional framework not only as a power but also as a duty which cannot be abdicated when the political question doctrine is invoked.^[156] The Court has enforced this constitutional mandate of curbing grave abuse of discretion by any branch of government.^[157] A Rule 65 certiorari petition is the remedy for invoking this mandate.^[158]

Consistent with the requisites of a Rule 65 petition, the Court's exercise of this expanded power of judicial review is limited to a determination of grave abuse of discretion. It does not contemplate errors of law^[159] but palpable errors of jurisdiction, violations of the Constitution, the law and jurisprudence, and gross misapprehension of facts.^[160]

Indeed, the Court's expanded power of judicial review is so extraordinary that the mere invocation of the political

question doctrine does not bar the Court from exercising this power. A political question exists when the issue does not call on the Court to adjudicate legality but to determine the wisdom or unwisdom or the desirability or undesirability of a law or a governmental act.[161]

In several cases, the Court even disregarded the plea for judicial restraint arising from the invocation of the political question doctrine when constitutional boundaries must be properly allocated.[162] For instance, the Court in *Belgica v. Ochoa*[163] ruled on budget-related reforms legislated by political branches despite objections based on the political question doctrine, thus:

It must also be borne in mind that "when the judiciary mediates to allocate constitutional boundaries, it does not assert any superiority over the other departments; does not in reality nullify or invalidate an act of the legislature [or the executive], but only asserts the solemn and sacred obligation assigned to it by the Constitution." To a great extent, the Court is laudably cognizant of the reforms undertaken by its co-equal branches of government. But it is by constitutional force that the Court must faithfully perform its duty. Ultimately, it is the Court's avowed intention that a resolution of these cases would not arrest or in any manner impede the endeavors of the two other branches but, in fact, help ensure that the pillars of change are erected on firm constitutional grounds. After all, it is in the best interest of the people that each great branch of government, within its own sphere, contributes its share towards achieving a holistic and genuine solution to the problems of society. For all these reasons, the Court cannot heed respondents' plea for judicial restraint.[164] (Emphasis supplied)

Francisco, Jr. v. House of Representatives[165] ordained that the standard by which to determine if a case is justiciable despite the invocation of the political question doctrine is to inquire whether the power or functions have been conferred upon political bodies; and if so, the courts are duty-bound to examine whether the branch or instrumentality of the government properly acted within these limits.[166]

Here, the issues require the Court to determine the constitutional boundaries set on the power of the purse lodged exclusively in the Congress and the power of the President to faithfully execute the laws and certify urgent bills. The Court's exercise of its expanded judicial power to review the acts of political bodies does not offend the separation of powers, but in fact upholds the Court's duty to ensure that pillars of change are erected on firm constitutional grounds.[167] As such, we cannot sustain respondents' argument that the current issues are beyond the jurisdiction of the Court for being allegedly allocated to the wisdom of political bodies alone. For whether there are already boundaries set by law regarding the exercise of the powers of political bodies and whether these boundaries have been breached are issues open to our expanded power of judicial review.

However, our jurisdiction to adjudicate the issues in these cases does not mean that we have to exercise the same. There are requisites for the exercise the Court's expanded power of judicial review, viz.: (1) an actual case or controversy; (2) a personal and substantial interest of the party raising the constitutional question; (3) the exercise of judicial review is pleaded at the earliest opportunity; and (4) the constitutional question is the very *lis mota* of the case. Only when these requisites are satisfied may the Court rule upon the constitutionality or unconstitutionality of an assailed act.[168]

The Court holds that the four requisites for the exercise of its expanded power of judicial review are all present here.

One. An actual case or controversy exists when there is a conflict of legal rights or an assertion of opposite legal claims between the parties that is susceptible or ripe for judicial resolution. The contrariety of legal rights must be one that can be interpreted and enforced on the basis of existing laws including jurisprudence. This controversial status should be distinguished from a hypothetical or abstract difference or dispute when the litigants simply have a difference of opinion on what the law is but without any connection to any personal and substantial interest in a

matter where they have sustained or will sustain direct injury as a result of the governmental act being challenged. In the negative, a justiciable controversy must neither be conjectural nor moot.[169] How this requisite can be established has also been simplified by the Court by just requiring a reasoned prima facie showing of an alleged grave abuse of discretion involving the assailed governmental act.[170]

The contrariety of legal rights was satisfied in these cases by the antagonistic or conflicting reasoned positions[171] of the parties vis-à-vis the constitutionality of Special Provision 1(d) and DOF Circular No. 003-2024.

The cases are also ripe for adjudication. As of date, PHP 60 billion of public funds was already remitted to the National Treasury allegedly contrary to the Constitution and other laws. There is therefore a prima facie demonstration of grave abuse of discretion given the reasoned allegations of petitioners that the remittance of these funds is unconstitutional or illegal. Of course, this prima facie showing is opposed by respondents by their own reasoned allegations.

The doctrine of hierarchy of courts states that "recourse must first be made to the lower-ranked court exercising concurrent jurisdiction with a higher court." Thus, a petition must first be brought before the lowest court with jurisdiction and then appealed until it reaches the Court. The concurrent jurisdictions of courts do not give the party discretion on where to initiate a case or file a petition seeking the exercise of expanded judicial review. Non-compliance with this requirement is a ground for dismissal.[172]

On the other hand, under the doctrine of exhaustion of administrative remedies, a party must first resort to all available administrative processes before seeking a court's intervention. The administrative officer must first be given every opportunity to decide on the matter within his or her jurisdiction. Failing to exhaust administrative remedies affects the party's cause of action as these remedies refer to a precedent condition which must be complied with prior to filing a case in court.[173]

Procedurally, observance of the doctrines of hierarchy of courts and exhaustion of administrative remedies is a first-grade requirement for a remedy pursuant to Rule 65 of the Rules of Court. This requisite is found in Rule 65 itself when it states there being "no other plain, speedy and adequate remedy found in law." [174] Constitutionally, the failure to abide by this step affects the ripeness of the case, which is necessary for the Court to adjudicate the constitutionality or validity of a governmental act. This, in turn, affects the existence of an actual case or controversy. As elucidated in *Association of Medical Clinics for Overseas Workers, Inc. (AMCOW) v. GCC Approved Medical Centers Association, Inc.*: [175]

A basic requirement under Rule 65 is that there be "no other plain, speedy and adequate remedy found in law," which requirement the expanded jurisdiction provision does not expressly carry. Nevertheless, this requirement is not a significant distinction in using the remedy of certiorari under the traditional and the expanded modes. The doctrine of exhaustion of administrative remedies applies to a petition for certiorari, regardless of the act of the administrative agency concerned, i.e., whether the act concerns a quasi-judicial, or quasi-legislative function, or is purely regulatory.

....

Additionally, the failure to exhaust administrative remedies affects the ripeness to adjudicate the constitutionality of a governmental act, which in turn affects the existence of the need for an actual case or controversy for the courts to exercise their power of judicial review. The need for ripeness — an aspect of the timing of a case or controversy — does not change regardless of whether the issue of constitutionality reaches the Court through the traditional means, or through the Court's expanded jurisdiction. In fact, separately from ripeness, one other concept pertaining to judicial review is intrinsically connected to it: the concept of a case being moot and academic.[176] (Emphasis in the original, citations omitted)

Ordinarily, therefore, the doctrines of hierarchy of courts^[177] and exhaustion of administrative remedies^[178] demand compliance. These doctrines, however, are not iron-clad rules and are subject to exceptions, such as when there is no other ordinary, speedy, and adequate remedy available and when the issues involved are of transcendental importance.

Gios-Samar, Inc. v. DOTC^[179] clarified that the common denominator of the generally accepted exceptions to the doctrine of hierarchy of courts is the requirement that the issues raised in the case must be pure questions of law. As guidance, the Court emphasized:

Accordingly, for the guidance of the bench and the bar, we reiterate that when a question before the Court involves determination of a factual issue indispensable to the resolution of the legal issue, the Court will refuse to resolve the question regardless of the allegation or invocation of compelling reasons, such as the transcendental or paramount importance of the case. Such question must first be brought before the proper trial courts or the [Court of Appeals], both of which are specially equipped to try and resolve factual questions.^[180] (Emphasis supplied)

Similarly, the doctrine of exhaustion of administrative remedies admits of exceptions, two of these are where the question involved is purely legal and will ultimately be decided by the courts of justice and where judicial intervention is urgent,^[181] thus:

Nonetheless, the doctrine of exhaustion of administrative remedies and the corollary doctrine of primary jurisdiction, which are based on sound public policy and practical considerations, are not inflexible rules. There are many accepted exceptions, such as: (a) where there is estoppel on the part of the party invoking the doctrine; (b) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; (c) where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant; (d) where the amount involved is relatively small so as to make the rule impractical and oppressive; (e) where the question involved is purely legal and will ultimately have to be decided by the courts of justice; (f) where judicial intervention is urgent; (g) when its application may cause great and irreparable damage; (h) where the controverted acts violate due process; (i) when the issue of non-exhaustion of administrative remedies has been rendered moot; (j) when there is no other plain, speedy and adequate remedy; (k) when strong public interest is involved; and, (l) in quo warranto proceedings.^[182] (Emphasis supplied, citation omitted)

Here, the consolidated Petitions raise pure questions of law hinged on whether the enactment of the 2024 GAA and the transfer of the fund balance of PhilHealth to the National Treasury through Special Provision 1(d) and DOF Circular No. 003-2024 was tainted with grave abuse of discretion amounting to excess or lack of jurisdiction. In petitions involving pure questions of law, as in here, the Court has the ultimate discretion whether to abbreviate the review process by opting to hear and decide the legal issues outright based on the unique circumstances of the case.^[183]

The exigencies of the matter at hand render ordinary remedies inadequate. PHP 60 billion of the funds of PhilHealth was already remitted to the National Treasury. These are funds that, if proven to have been transferred contrary to the Constitution and other laws, could have been otherwise utilized for the health care benefits of the Filipino people under the NHIP. The prompt disposition of the issues relating to these funds is therefore imperative. To be sure, the juggling of these funds has emanated from the highest levels of discretionary authority. Indeed, in situations like the one at bar, the Court has not hesitated to take cognizance of matters where ordinary remedies are plainly inadequate, or more precisely, incommensurate.

Two. Locus standi or legal standing is defined as a personal and substantial interest in the case such that the party has sustained or will sustain direct injury as a result of the governmental act that is being challenged. To have legal standing, therefore, a litigant must show that he or she has sustained or will sustain a "direct injury" as a

result of a government action or has a "material interest" in the issue affected by the challenged official act.[184] This is the traditional mode of standing.

It is clear that individual petitioners Pimentel III, et al.[185] and Atty. Matula, et al.[186] in G.R. No. 274778 and petitioners 1Sambayan Coalition et al. in G.R. No. 276223[187] are claiming direct injury being direct contributors to the NHIP. On the other hand, petitioners PMA, PSLINK and SENTRO in G.R. No. 274778 assert this direct injury on behalf of their respective members which, contrary to respondents' position, was duly substantiated in their respective Compliances dated October 14, 2024, and October 16, 2024.

We affirm petitioners' locus standi. As direct contributors who have consistently paid their premiums to PhilHealth, petitioners stand to be directly and materially injured by the assailed governmental acts which undisputedly affect and involve PhilHealth funds. As beneficiaries of the NHIP, they possess a legal interest in the effective management and utilization of these funds. Therefore, petitioners are entitled to a categorical determination of, or a court decision on, whether the transfer of PhilHealth funds to the National Treasury is constitutional, nay valid.

In any event, the Court may allow suits even if the petitioner fails to show direct injury as the rule on standing is a matter of procedure which can be relaxed when public interest so requires, such as when the matter is of transcendental importance, overarching significance to society, or paramount public interest.[188] This is the nontraditional or liberal mode of standing.

Under this mode, nontraditional litigants may be accorded standing to sue by the Court, provided the following requisites are present: first, for taxpayers, a claim of illegal disbursement of public funds or that the tax measure is unconstitutional; second, for voters, a showing of obvious interest in the validity of the election law in question; third, for concerned citizens, a showing that the issues raised are of transcendental importance which must be settled early; and finally, for legislators, a claim that the official action complained of infringes their prerogatives as legislators.[189]

We find merit in petitioners'[190] uniform assertion of standing as citizens-taxpayers assailing an alleged illegal disbursement of public funds. Clearly, the transfer of PhilHealth funds to the National Treasury involves the transfer of taxes paid in part by petitioners. As prefaced, the funding structure of PhilHealth involves earmarked funds of excise taxes on alcohol, tobacco, heated tobacco and vapor products under the Sin Tax Laws for the implementation of the UHCA. Even if, as respondents allege, the funds remitted consisted of government subsidies or appropriations for indirect members, still this remittance has an impact or effect on PhilHealth's situation as a whole, as petitioners have correctly pointed out. True or not, petitioners' standing must be recognized so the nature of the PhilHealth funds remitted to the National Treasury and the impact of this remittance on PhilHealth's role as a publicly mandated health insurer would be satisfactorily resolved.

As in Belgica,[191] petitioners here, as taxpayers, possess the requisite standing to question the validity of Special Provision 1(d) and DOF Circular No. 003-2024 which seek to utilize the taxes they paid to fund unprogrammed appropriations. Belgica relevantly decreed:

It is undeniable that petitioners, as taxpayers, are bound to suffer from the unconstitutional usage of public funds, if the Court so rules. Invariably, taxpayers have been allowed to sue where there is a claim that public funds are illegally disbursed or that public money is being deflected to any improper purpose, or that public funds are wasted through the enforcement of an invalid or unconstitutional law, as in these cases.[192] (Emphasis supplied)

Petitioners have equally fulfilled the standing requirement as citizens since the issues raised are matters of transcendental importance, overreaching significance to society, and paramount public interest.[193] Our

country's population has ballooned to more than 100 million^[194] as of the latest census of population and housing of the Philippine Statistics Authority (PSA). This is more than 100 million Filipinos spread all over the archipelago who require health care coverage by PhilHealth.

With this magnitude and immensity of PhilHealth's responsibility, the remittance of PHP 60 billion gave petitioners reasonable grounds to assert that this governmental action affected PhilHealth's ability to fulfill its mandate as the people's insurer for the provision of coverage for healthcare goods and services. There is here a clash between the all-important right to health and life vis-à-vis the implementation of mandated fiscal policies. As petitioners aptly argue, the constitutional issues raised here are of transcendental importance to everyone as these issues revolve around our right to health and stable and responsive health care vis-à-vis the government's avowed duty to maintain fiscal stability.

Three. The question of constitutionality was raised at the earliest possible opportunity. Our jurisprudence traditionally applied the "earliest opportunity" element of judicial review vertically, i.e., the constitutional argument must have been raised very early in any of the pleadings or processes prior in time in the same case. But this does not preclude the Court from adopting the horizontal test of "earliest opportunity" observed in the United States, i.e., constitutional questions must be preserved by raising them at the earliest opportunity after the grounds for objection become apparent. Otherwise stated, the threshold is not only whether the earliest opportunity was in the pleadings and processes prior in time in the same case, but also whether the grounds for the constitutional objection were already apparent when a prior case relating to the same issue and involving the same petitioner was being heard.^[195]

In these cases, the constitutionality of the assailed issuances was raised at the earliest opportunity during the lifetime of the 2024 GAA and DOF Circular No. 003-2024 and immediately before their implementation. Thus, the relevant constitutional issues here were raised as soon as the constitutional objections became apparent.

Four. The issue of constitutionality is the very *lis mota* of the cases. *Lis mota* literally means "the cause of the suit or action."^[196] It pertains to the requirements of judicial review where the Court will not pass upon a question of unconstitutionality, though properly presented, if the case can be disposed of on some other ground, such as the application of relevant statutes or any other law. The petitioner must show that the case cannot be resolved at all unless the constitutional question raised is determined. This requirement is based on the rule that every law has in its favor the presumption of constitutionality so that a mere doubt as to its constitutionality is resolved against such doubt. To justify the nullification of a law, there must be a clear and unequivocal breach of the Constitution, and not one that is doubtful, speculative, or argumentative.^[197]

Thus, courts will not touch upon the issue of constitutionality unless it is unavoidable and, in instances where the Court has declined to exercise judicial review, the constitutional issue was far removed from the governmental act sought to be invalidated such as when the constitutionality of a separate and distinct matter must first be resolved in order to, in effect, invalidate another.^[198]

Here, the constitutionality of the contents of, and the procedure for the enactment of, Special Provision 1(d) and the issuance of DOF Circular No. 003-2024 is at issue. The allegations and competing assertions of the parties show that the validity of the assailed issuances cannot be disposed of in any other way except through the constitutional assessment by the Court.

However, respondents view the present cases in this light—that the issues around these cases could be resolved simply by the correct conceptualization and recomputation of PhilHealth's "reserve funds", which is distinct from the "fund balance" referred to in Special Provision 1(d) and DOF Circular No. 003-2024. Viewed this way, respondents posit that the remittance of PHP 60 billion of PhilHealth funds to the National Treasury has nothing

to do with Section 11 of the UHCA.

We cannot agree.

Respondents' perspective on the difference between "reserve funds" as regulated by Section 11 of the UHCA and "fund balance" as ordained to be remitted to the National Treasury is at this stage just that—a perspective from respondents or a matter of respondents' argument or defense. It is still not a fact nor an accepted proposition as to avoid a constitutional litigation.

To be sure, respondents cannot skirt the essential constitutional issues involved here by framing them from their perspective of a mere conceptualization and recomputation of numbers. The facts on which this argument lies have yet to be vetted, clarified, and resolved through a careful scrutiny and interpretation of the laws relevant to the assailed transfer of funds by virtue of Special Provision 1(d) and DOF Circular No. 003-2024.

In sum, with the affirmation that the Court has jurisdiction to resolve the issues raised here and that the requisites of judicial review are all present in these cases, the Court finds it proper to exercise its expanded power of judicial review here and now.

The president did not commit grave abuse of discretion when he certified as urgent House Bill No. 8980

To begin with, the president's act of certifying House Bill No. 8980 and the factual circumstances that caused him to do so do not involve an exercise of judicial, quasi-judicial, or ministerial functions that are ordinarily reviewable under Rule 65. Rather, the President's decision to certify the bill is a matter of policy which he alone may determine as the chief executive. Even then, the Court is not precluded from determining whether it is tainted with grave abuse of discretion pursuant to its expanded power of judicial review.

When the president exercises his or her prerogative under Article VI, Section 26(2) of the Constitution and certifies the immediate enactment of a bill, he or she exercise his or her full and binding discretionary power. It is thus incumbent upon Atty. Colmenares et al. to show that the president's decision to certify House Bill No. 8980 was restricted in terms of basis and timing.

In his separate opinion,[199] Associate Justice Henri Jean Paul Inting cited *David v. Macapagal-Arroyo*[200] and Republic Act No. 10121 or the "Philippine Disaster Risk Reduction and Management Act of 2010" as basis to define what constitutes an "emergency." In *David v. Macapagal-Arroyo*,[201] We clarified that emergency, in its generic sense, "connotes the existence of conditions suddenly intensifying the degree of existing danger to life or well-being beyond that which is accepted as normal." Meanwhile, Republic Act No. 10121[202] defines emergency as "unforeseen or sudden occurrence, especially danger, demanding immediate action."

In fine, public calamity or emergency does not only refer to physical calamities or emergencies, like pandemics, typhoons or earthquakes. This phrase refers to anything that in the president's reasoned opinion causes or has the effect of causing harm, suffering, or damage, typically but not always, involving a large number of people and resulting in significant loss of life or property. It may even revolve around a disruption to normal life. The triggering event can stem from natural disasters and human-made incidents that threaten public safety and well-being, including both widespread and localized impact on daily routines, access to essential services, or the overall or aspherical social fabric of a community.

The timing of the public calamity or emergency does not have to be a present occurrence or a clear and present

likelihood of occurrence. A mere possibility of it happening in the future is enough to certify a bill as urgent.

For House Bill No. 8980, the president issued the assailed certification because he recognized the importance of the timely passage of the 2024 GAA to sufficiently address the government's priorities, goals, and needs for the 2024 fiscal year. True, Article VI, Section 25(7)[203] of the Constitution provides that in case of delay in the enactment of the general appropriations law for the succeeding year, the prior one is deemed re-enacted. But there is a clear and convincing value in the OSG's averment that the passage of a general appropriations law tailor-fit to the needs and priorities of the government for the following year is not only desired, but necessary and urgent, in order to achieve the ever-shifting development goals and address the ever-evolving internal and external concerns of the country. The president and the entire government structure cannot just sit idly by and wait for developments to overwhelm our governmental capacities and resources.

On the other hand, apart from arguing that the president's reason for certifying as urgent House Bill No. 8980 was unjustified since there was allegedly no point in rushing the passage of the 2024 GAA as early as September 2023, Atty. Colmenares et al. proffered no other reason to support their assertion that the president's certification was tainted with grave abuse of discretion amounting to excess or lack of jurisdiction. Between their unsubstantiated claim and the cogent ratiocination posited by the OSG, the latter must prevail.

In any event, the only appropriate judge of whether a certification of urgency is proper is the Congress. No one else. Not even the Court, absent any proof that it is tainted with grave abuse of discretion. It is for the Congress that this certification is intended; and so, it is the Congress alone which stands as the judge of its proper usage.

In this light, We take judicial notice that the Congress accepted the president's certification for the immediate enactment of House Bill No. 8980 under his Letter dated September 20, 2023 addressed to Speaker Romualdez. Consequently, House Bill No. 8980 was approved by the House of Representatives on Second and Third Readings. Meanwhile, House Bill No. 8980 was read in the Senate on First Reading on November 6, 2023; on Second Reading with amendments, and on Third Reading both on November 28, 2023.

That Congress accepted the president's certification for the immediate passage of House Bill No. 8980 was reinforced during the oral arguments by Associate Justice Japar B. Dimaampao (Justice Dimaampao)[204] when he elicited from Atty. Colmenares himself that "[f]rom the records of the House and the Senate, the House and the Senate accepted the certification of the President[.]"

We emphasize anew that the Court cannot overrule the wisdom of the president and the wisdom of the Congress and substitute its own.[205] The Court is enjoined by the long standing principle of separation of powers to give due deference and respect to the exercise of a constitutional prerogative by a co-equal branch of government absent any grave abuse of discretion, amounting to excess or lack of jurisdiction,[206] as in these cases.

On whether the presidential certification violated the constitutional requirement that printed copies of a bill shall be distributed to members of the Congress in advance before it is subjected to a vote for approval, *Tolentino v. Secretary of Finance*[207] has long settled that a presidential certification for immediate enactment of a bill dispenses not only with the requirement of reading on three separate days but also the requirement of printing and distribution of printed copies in advance. Thus:

. . . The presidential certification dispensed with the requirement not only of printing but also that of reading the bill on separate days. The phrase "except when the President certifies to the necessity of its immediate enactment, etc." in Art. VI, § 26(2) qualifies the two stated conditions before a bill can become a law: (i) the bill has passed three readings on separate days and (ii) it has been printed in its final form and distributed three days before it is finally approved.

In other words, the "unless" clause must be read in relation to the "except" clause, because the two are really coordinate clauses of the same sentence. To construe the "except" clause as simply dispensing with the second requirement in the "unless" clause (i.e., printing and distribution three days before final approval) would not only violate the rules of grammar. It would also negate the very premise of the "except" clause: the necessity of securing the immediate enactment of a bill which is certified in order to meet a public calamity or emergency. For if it is only the printing that is dispensed with by presidential certification, the time saved would be so negligible as to be of any use in insuring immediate enactment. It may well be doubted whether doing away with the necessity of printing and distributing copies of the bill three days before the third reading, would insure speedy enactment of a law in the face of an emergency requiring the calling of a special election for President and Vice-President. Under the Constitution such a law is required to be made within seven days of the convening of Congress in emergency session.

That upon the certification of a bill by the President the requirement of three readings on separate days and of printing and distribution can be dispensed with is supported by the weight of legislative practice. For example, the bill defining the certiorari jurisdiction of this Court which, in consolidation with the Senate version, became Republic Act No. 5440, was passed on second and third readings in the House of Representatives on the same day (May 14, 1968) after the bill had been certified by the President as urgent.

There is, therefore, no merit in the contention that presidential certification dispenses only with the requirement for the printing of the bill and its distribution three days before its passage but not with the requirement of three readings on separate days, also.[208] (Emphasis supplied)

There is therefore no merit to the assertion of Atty. Colmenares et al. that the Congress undertook an unlawful short-cut in enacting the 2024 GAA when the distribution of the printed copies of the bill in question was dispensed with before it was submitted for approval.

At any rate, Our pronouncement on the enactment of the 2024 GAA in general is one thing, the issue on the constitutionality of Special Provision 1(d) is another.

Special Provision 1(d) must be struck down for being a rider or an inappropriate provision due to its ambiguity and amendatory effect on Section 11 of the UHCA and the Sin Tax Laws and for being violative of Article VI, Section 29(3) of the Constitution, diverting the "reserve funds" of PhilHealth for a different purpose

I.

Test of Germaneness: Special Provision 1(d) is ambiguous.

A general appropriations law is a special kind of legislation, which Congress is constitutionally obliged to enact every year to ensure the seamless continuation of the business and operations of the government. Each line appropriation in a general appropriations bill authorizes the expenditure of public funds for a project, program, or operation of the government and all its agencies and instrumentalities. As such, an appropriations bill, especially the annual general appropriations bill, necessarily covers a broader range of subject matter and includes more details compared to an ordinary bill. Consequently, the title of an appropriations bill cannot be any broader as it is since it may not be feasible to craft a title that embraces all the details included in it.[209]

Generally, the Constitution prohibits bills from containing riders or provisions which are alien to or not germane to the subject or purpose of the bill in which they are incorporated.[210] Section 26(1), Article VI of the Constitution requires that "(e)very bill passed by Congress shall embrace only one subject which shall be

expressed in the title thereof", thus, prohibiting bills from containing riders or provisions which are not germane to their subject or purpose.[211] For general appropriations bills, the harm sought to be prevented by this constitutional prohibition is heightened because of their exponentially broader coverage.

To curb abuses that may be concealed through the voluminous items in an appropriations bill, Article VI, Section 25(2) of the Constitution commands that all provisions of a general appropriations bill must be germane to the purpose of the law:

Section 25. . . . (2) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

The test of germaneness is meant to prevent hodge-podge or log-rolling legislation. It is a protective mechanism to avoid surprise or fraud upon the legislature and to fairly apprise the people of the subjects of legislation that are being considered.[212] A provision in a general appropriations bill complies with the test of germaneness if it is particular, unambiguous, and appropriate.[213] *Atitiw v. Zamora*[214] elucidates:

Therefore, in order that a provision or clause in a general appropriations bill may comply with the test of germaneness, it must be particular, unambiguous, and appropriate. A provision or clause is particular if it relates specifically to a distinct item of appropriation in the bill and does not refer generally to the entire appropriations bill. It is unambiguous when its application or operation is apparent on the face of the bill and it does not necessitate reference to details or sources outside the appropriations bill. It is an appropriate provision or clause when its subject matter does not necessarily have to be treated in a separate legislation.[215] (Emphasis supplied)

Conversely, *Philippine Constitution Association v. Enriquez*[216] identifies which provisions in a general appropriations bill are "inappropriate," thus, must be struck down:

As the Constitution is explicit that the provision which Congress can include in an appropriations bill must "relate specifically to some particular appropriation therein" and "be limited in its operation to the appropriation to which it relates," it follows that any provision which does not relate to any particular item, or which extends in its operation beyond an item of appropriation, is considered "an inappropriate provision" which can be vetoed separately from an item. Also to be included in the category of "inappropriate provisions" are unconstitutional provisions and provisions which are intended to amend other laws, because clearly these kind[s] of laws have no place in an appropriations bill. These are matters of general legislation more appropriately dealt with in separate enactments. Former Justice Irene Cortes, as *Amicus Curiae*, commented that Congress cannot by law establish conditions for and regulate the exercise of powers of the President given by the Constitution for that would be an unconstitutional intrusion into executive prerogative.[217] (Emphasis supplied)

Under Article VI, Section 25(2) of the Constitution, the following provisions must be struck down for being inappropriate: (1) provisions that do not relate specifically to some particular appropriation; (2) even if they relate to some particular appropriation, they nonetheless violate the Constitution; or (3) provisions that intend to amend or repeal, or have the effect of amending or repealing, existing laws.

Special Provision 1(d) is particular as it relates to a particular appropriation in the 2024 GAA, i.e., the unprogrammed appropriations, which do not have definite funding sources, save for foreign assisted projects funded by foreign loans, thus:[218]

Special Provision(s)

1.

Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

(a)

Excess revenue collections in the total tax revenues of any one of the identified non-tax revenue sources from its corresponding revenue collection target, as reflected in the 2024 BESF submitted by the President;

(b)

New revenue collections or those arising from new tax or non-tax sources which are not part of, nor included in, the original revenue sources reflected in the BESF;

(c)

Approved loans for foreign-assisted projects; or

(d)

Fund balance of the Government-Owned or -Controlled Corporation (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to a reasonable level taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act. (Emphasis supplied)

On its face, Special Provision 1(d) provides the sources of funds including the conditions for the utilization of the allocated funds therefor, i.e., among others, that there be a fund balance from a GOCC.

While it satisfied the requirement of particularity, Special Provision 1(d) is ambiguous. As aptly observed by the erudite Justice Maria Filomena D. Singh (Justice Singh), the ambiguity of the subject provision can be gleaned from its introduction of the concept of "fund balance." [219]

As will be further discussed, the definition of "fund balance" was not found in the 2024 GAA. It was merely referred to as the "remainder" resulting from the review and reduction of a GOCC's reserve funds to "reasonable levels," taking into account disbursements from prior years.

Yet, two questions arise from this definition, casting ambiguity on the provision. First, what is the composition of the so-called "fund balance"? Second, what does "reasonable levels" mean?

The existence of these questions suggests a clear conclusion: Special Provision 1(d) is ambiguous. The components of the so-called "fund balance" are unclear. The concept of "reserve funds" of GOCCs is undefined. Even the reduction of the reserve funds of GOCCs at "reasonable levels" is vague because it lacks objective criteria. The process for reviewing and reducing the "reserve funds" in itself is unspecified.

To hit the nail on the head, the DOF was in fact required to issue guidelines to supply the details for the implementation of this provision. In contrast, the other identified sources of funding for unprogrammed appropriations – items (a) to (c) – do not require supplementary issuances from the DOF.

While administrative bodies may validly promulgate implementing rules and regulations, it is axiomatic that their rule-making power is limited to what is found in the legislative enactment itself. It cannot extend the law or expand its coverage, as the power to amend or repeal a statute is vested in the legislature. [220]

In other words, implementing rules and regulations shall only carry out the provisions of the law. They only echo what is found in the law. They shall not be used as a vehicle to cure ambiguities in the law. It cannot supplant

what is not found in its express provisions. Where the law itself is vague, reliance on IRRs to operationalize it is tantamount to an undue delegation of legislative power, as here.

On this score alone, We are already constrained to rule that Special Provision 1(d) is an unconstitutional rider to the 2024 GAA.

Still, assuming *arguendo* that Special Provision 1(d) satisfied the requirement of germaneness, it is not enough that the bill must relate to some particular appropriation and is unambiguous. As enunciated in *Philippine Constitution Association v. Enriquez*,^[221] there is another indicative test: does it violate the Constitution or repeal or amend an existing substantive law? Conversely, is it an appropriate provision properly included in an appropriations bill or should it instead be the subject of a separate legislation? If the answer to the latter question is "yes," the contested provision successfully refutes the suspicion that it is a rider and upholds its validity as an appropriate provision.

In *Gov. Mandanas v. Hon. Romulo*,^[222] We emphasized that the Congress is not allowed to amend statutes through a general appropriations law but must enact a separate law for such amendment, thus:

The respondents argue that this modification is allowed since the Constitution does not specify that the "just share" of the LGUs shall only be determined by the Local Government Code of 1991. That it is within the power of Congress to enact other laws, including the GAAs, to increase or decrease the "just share" of the LGUs. This contention is untenable. The Local Government Code of 1991 is a substantive law. And while it is conceded that Congress may amend any of the provisions therein, it may not do so through appropriations laws or GAAs. Any amendment to the Local Government Code of 1991 should be done in a separate law, not in the appropriations law, because Congress cannot include in a general appropriations bill matters that should be more properly enacted in a separate legislation.^[223] (Emphasis supplied, citations omitted)

In that case, the Court struck down provisions of the 1999, 2000, and 2001 GAAs that intended to increase or decrease the internal revenue allotments of local government units. It held that these provisions were inappropriate, not only because they unduly infringed the fiscal autonomy of local government units, but also since they amended the provisions of the Local Government Code of 1991.

Here, We find that Special Provision 1(d) is equally infirm because it amended the provisions of the UHCA and the Sin Tax Laws.

There are two kinds of repeal under the law: express repeal and implied repeal. There is express repeal when a statute expressly declares, usually in its repealing or amendatory clause, that a specific statute or any other law or any of its provisions is repealed or amended. On the other hand, implied repeal exists when a substantial conflict arises between the new and old laws. In the absence of an express repeal, a subsequent law cannot be construed as repealing or amending a prior law unless an irreconcilable inconsistency and repugnancy exists in the terms of the new and the old laws.^[224]

It is also possible that only some provisions, not the entirety, of the old law is repealed by some provisions of the new one. Jurisprudence recognizes two categories of repeal by implication: first, when the provisions in the two laws on the same subject matter are irreconcilable; and second, when the new law covers the whole subject of the old law and is clearly intended as a substitute, the former will operate to repeal the latter.^[225]

As correctly pointed out by the OSG, the 2024 GAA does not contain any express repealing or amendatory clause stating that it was repealing or amending any existing statute, rule or regulation, or provisions thereof, precisely because it is not within the ambit of a general appropriations law to introduce amendments to, or to repeal, existing laws. The 2024 GAA, therefore, cannot be said to have expressly repealed Section 11 of the UHCA or the Sin Tax Laws.

II.

Special Provision 1(d) is not appropriate because it impliedly repealed/amended Section 11 of the UHCA

But did Special Provision 1(d) impliedly repeal or amend Section 11 of the UHCA and the Sin Tax Laws?

The general rule on implied repeal is that every statute or any other law must be interpreted with other laws so as to form a uniform system of jurisprudence— *interpretere et concordare legibus est optimus interpretendi*. Thus, if diverse statutes relate to the same thing, they ought to be taken into consideration in construing any one of them, as it is an established rule of law that all acts in *pari materia* are to be taken together, as if they were one law.[226] More, it is presumed that when the lawmaking body enacted a statute, it had full knowledge of prior and existing legislations on the subject of the statute and acted in accordance or with respect thereto.[227]

Implied repeal, therefore, finds application only in the most exceptional of circumstances. There must be such a repugnancy between the laws or their provisions that they cannot be made to stand together,[228] i.e., the two laws cover the same subject matter; they are so clearly inconsistent and incompatible with each other that they cannot be reconciled or harmonized; and both cannot be given effect at the same time—one law cannot be enforced without nullifying the other.[229]

We first discuss whether Section 11 of the UHCA and the Sin Tax Laws, on one hand, and Special Provision 1(d), on the other, cover the same subject matter.

A.

The laws cover the same subject matter – the "reserve funds" of PhilHealth

i. "Reserve Funds" under Section 11 of the UHCA

Section 11 of the UHCA states:

Section 11. Program Reserve Funds. – PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:

No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or-controlled corporations.

As part of its investments operations, PhilHealth may hire institutions with valid trust licenses as its external local fund managers to manage the reserve fund, as it may deem appropriate, through public bidding. The fund manager shall submit an annual report on investment performance to PhilHealth.

The PhilHealth shall set up the following funds:

(1)

A fund to secure benefit payouts to members prior to their becoming lifetime members;

(2)

A fund to secure payouts to lifetime members; and

(3)

A fund for optional supplemental benefits that are subject to additional contributions.

A portion of each of the above funds shall be identified as current and kept in liquid instruments. In no case shall said portion be considered part of invested assets.

The PhilHealth shall allocate a portion of all contributions to the fund for lifetime members based on an allocation to be determined by the PhilHealth actuary based on a pre-determined percentage using the current average age of members and the current life expectancy and morbidity curve of Filipinos.

The PhilHealth shall manage the supplemental benefits and the lifetime members' fund in an actuarially sound manner.

The PhilHealth shall manage the supplemental benefits fund to the minimum required to ensure that the supplemental benefit payments are secure. (Emphasis supplied)

In sum, Section 11 of the UHCA: (1) identifies the "reserve funds;" (2) sets forth its ceiling, usage, and investment parameters; (3) establishes a prohibition against the transfer of these "reserve funds;" and (4) requires the creation of the "reserve funds" for specific purposes.

As set forth in the first paragraph of Section 11, PhilHealth derives its "reserve funds" from a portion of PhilHealth's accumulated revenues less their current year expenditures. In practice, PhilHealth sets aside the entire portion of this difference to make up the "reserve funds." This portion shall answer for any unexpected expense or financial obligation of PhilHealth.[230]

On the other hand, Section 11 provides a ceiling for the amount of the "reserve funds" which PhilHealth may set aside. It shall not exceed a ceiling equivalent to the amount "actuarially estimated" to be PhilHealth's projected Program Expenditures for two years.

Before PhilHealth may apportion part of its net income as "reserve funds," therefore, the ceiling must first be set. This is done by the PhilHealth Office of the Actuary under its Actuarial Services and Risk Management Sector, which computes the projected expenditures of PhilHealth for the next two years, including its estimation of the benefit expense payouts and the operating expenditures of PhilHealth.[231] This actuarially-estimated amount is submitted to the PhilHealth Executive Committee, which evaluates and presents the same to the Board of Directors for approval.[232]

For Fiscal Years 2023 and 2024, PhilHealth estimated its two-year ceiling at PHP 560.55 billion.[233] For 2021 and 2022, the actuarially estimated ceiling was PHP 470.59 billion.[234] Applying Section 11 of the UHCA, the amount of "reserve funds" set aside by PhilHealth from 2021 to 2024 must not have exceeded the corresponding ceiling for these years.

Again, in practice, after identifying the ceiling, PhilHealth is free to set the amount of its "reserve funds." Per its financial statements, PhilHealth does so by carrying over the amount of "reserve funds" from the preceding fiscal year plus PhilHealth's surplus, i.e., net income,[235] from the past year, if any, plus adjustments during the prior year.

To expound, this additional surplus or net income of PhilHealth consists of the premium contributions of all members, direct and indirect, plus interest and other income minus benefit claims expenses and total operating expenses.[236] In other words, the surplus or net income is the remaining funds of PhilHealth at the end of the fiscal year after paying off the benefit claims expenses of members under the NHIP. But this surplus or net income does not remain as excess for long, because its entire amount is plowed back by PhilHealth to form part of its "reserve funds" for the following year.

This surplus or net income eventually forms part of the "reserve funds" of PhilHealth. Its so-called fund balance of PHP 89.9 billion, which DOF ordered to be returned to the National Treasury, was derived from such surplus or net income. In short:

$$\begin{aligned} &\text{Old reserve funds} + \text{surplus or net income} + \text{prior years's adjustments} \\ &= \text{Philhealth's reserve funds for the incoming fiscal year} \end{aligned}$$

The Notes to the Financial Statements submitted by PhilHealth to the COA for 2021,[237] 2022,[238] and 2023,[239] bears the following computations of PhilHealth's "reserve funds:"

2023
2022
(As Restated)
2021
(As Restated)
Reserve at January 1
275,785,094,946
191,498,004,527
140,720,729,654
Net Income
174,064,380,907
79,038,542,242
47,906,067,501
Prior year's adjustments
14,437,516,296
5,248,548,177
2,871,207,372
Reserve Fund
464,286,992,149
275,785,094,946

191,498,004,527

As shown, the "reserve funds" for 2021 was carried over to 2022. Added to it were the surplus or net income and the prior year's adjustment from 2021 in order to arrive at the new amount of "reserve funds" for 2022. The same computation was replicated for 2023, and so on.

More, the total "reserve funds" of PhilHealth in 2021 was PHP 191.498 billion;^[240] in 2022, PHP 275.758 billion;^[241] in 2023, PHP 464.286 billion,^[242] all below the ceilings set by PhilHealth for those years consistent with Section 11 of the UHCA:

Fiscal Year	Ceiling (in PHP)	Reserve Funds (in PHP)
2021	560.55 billion	191.498 billion
2022	470.59 billion	275.758 billion
2023	470.59 billion	464.286 billion

Section 11 of the UHCA further provides that "whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth "reserve funds" shall be used to increase the Program's benefits and to decrease the amount of members' contributions."

This brings us to the next paragraph of Section 11 which mandates PhilHealth to invest any unused portion of the "reserve funds" to earn an average annual income at prevailing rates of interest.^[243] The "unused portion of the reserve fund" refers to the amounts not called to answer the unexpected expenditures of PhilHealth arising from its financial obligations or the implementation of the NHIP. This unused portion of the "reserve funds" of PhilHealth is not meant to be stagnant but is intended to gradually grow by earning interest income.

As clearly instructed by Section 11, PhilHealth shall invest such unused portion to earn an annual average income. This income is then recorded in the Statements of Comprehensive Income of PhilHealth as "interest and other income,"^[244] which then forms part of PhilHealth's total surplus or net income. To repeat, this total surplus or net income is plowed back or transferred at the end of the fiscal year to form part of the "reserve funds" of PhilHealth for the following year.

In terms of projections, when PhilHealth's investments produce gains that translate to "interest and other income" which if plowed back or transferred to constitute PhilHealth's "reserve funds," there will come a time when, as envisioned in the second proviso of Section 11 of the UHCA, "actual reserves exceed the required ceiling at the end of the fiscal year. . .," in which case, these excess reserves would fund the increase in PhilHealth's program

benefits and the decrease in the amount of PhilHealth members' contributions.

As repeatedly confirmed by Associate Justice Alfredo Benjamin S. Caguioa (Justice Caguioa) in his interpellation of PhilHealth Acting Senior Vice President for Actuarial Services & Risk Management Sector Nerissa R. Santiago (Acting Senior Vice President Santiago),^[245] unless and until the "reserve funds" reaches its ceiling, the mandate of Section 11 of the UHCA is to invest the unused portion of the "reserve funds" so that the amount of the "reserve funds" can grow by earning, among others, interest income. As it earns and its amount increases, the "reserve funds" can predictably eventually exceed its ceiling, triggering the scenario in Section 11 for PhilHealth to increase the benefits under the NHIP and decrease the members' contributions.

In her interpellation, Associate Justice Amy C. Lazaro-Javier (Justice Lazaro-Javier) clarified the general steps PhilHealth must execute when dealing with the "reserve funds"^[246] and confirmed the following dictum of Section 11 to PhilHealth: first, determine its actuarially-estimated ceiling equivalent to two years' projected program expenditures; second, set aside at least a portion of its net income as "reserve funds," which shall not exceed the actuarially-estimated ceiling; third, invest the unused or unutilized portion of its "reserve funds" to earn an average annual income until the total "reserve funds," which includes the interest income from investments, exceed the ceiling; and, fourth, once the accumulated "reserve funds" exceeds the ceiling, the excess actual "reserve funds" shall be used to increase the benefits under the NHIP and to decrease the amount of members' contributions.

It was repeatedly articulated during the oral arguments,^[247] Section 11 of the UHCA commands how the "reserve funds" of PhilHealth shall be utilized and in what order. The language of Section 11 does not leave PhilHealth any discretion on what to do with their "reserve funds," but strictly requires PhilHealth, for the sake of fulfilling their mandate as the public health insurer, to comply with the directives of this provision. Any action contrary to, or outside, the clear dictum of Section 11 of the UHCA is ultra vires, hence, void.

Finally, Section 11 of the UHCA, in no equivocal terms, further commands that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including [GOCCs]."

Therefore, so long as the funds form part of the "reserve funds" of PhilHealth, which includes the contributions of both direct and indirect members, government subsidies, and the income arising from investing unused portions of the "reserve funds," this "reserve funds" (including the PHP 60 billion already remitted to the National Treasury) cannot lawfully accrue or be transferred to the National Government or any of its agencies or instrumentalities. As Justice Lazaro-Javier pointed out during the oral arguments, the "reserve funds" or any portion of it is sacred and untouchable^[248]—and for good reason.

This restriction is based on sound public policy. The "reserve funds" of PhilHealth is a restricted fund earmarked for two purposes vital to the existence and viable and sustainable operations of PhilHealth as a public health insurer: first, to answer for the urgent yet unexpected obligations of PhilHealth and NHIP as they fall due, ensuring that PhilHealth as a public health insurer continues as a going concern; and second, to generate sufficient funds to expand and elevate the goods and services, inclusive of premium contributions, that PhilHealth can viably provide to our people. The role of the "reserve funds" goes into the essential mandate vested by law upon PhilHealth to faithfully execute.

ii. Fund Balance under the 2024 GAA and DOF Circular No. 003-2024

On the other hand, Special Provision 1(d) of the 2024 GAA states:

Special Provision(s)

- Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

....

(d) Fund balance of the GOCCs from any remainder resulting from the review and reduction of their reserve funds to a reasonable level taking into account disbursement from prior years.

The DOF shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act. (Emphasis supplied)

As stated, "fund balance" is an ambiguous euphemistic language. This arises because one, "fund balance" is an undefined term under the UHCA or other pertinent legislations; and two, though the OSG consistently maintains that "reserve funds" and "fund balance" are two different concepts, Special Provision 1(d) invariably refers to the GOCC's "reserve funds" when deriving the "fund balance." The term's euphemism derives from its seeming complexities but with the sole effect of, at least in relation to PhilHealth's "reserve funds," doing away with the layers of protection for this core element of the UHCA.

We look into the first point of ambiguity. The definition of "fund balance" is not found in the UHCA or other relevant statutes, causing obscurity as to its nature especially vis-à-vis the "reserve funds" of PhilHealth. Rather, "fund balance" is defined in Section 3.1 of DOF Circular No. 003-2024 which sets forth the guidelines on the implementation of Special Provision 1(d):

Section 3. DEFINITION OF TERMS

For purposes of these Guidelines, the following definitions shall apply:

- Fund Balance refers to the unrestricted fund in the form of (i) cash on hand, (ii) cash in banks (e.g., savings account, current account, or time deposits), (iii) investment in government securities, private institutions (e.g., corporate securities and Unit Investment Trust Funds), and other securities, and (iv) other fund balances, including government funds and balances created for specific purposes (e.g., subsidy releases from the National Government and fund transfers from other national government agencies), financial assets (e.g., Treasury Bills, marketable securities, money market funds) and other cash equivalents/investments that are classified under other accounts in the Financial Statements (e.g., Other Assets), subject to the factors as provided in Sections 4.2 and 4.3. (Emphasis supplied)

Interestingly, Section 3.1 defines "fund balance" as unrestricted fund, that is, the amount constituting the fund is not reserved for a specific purpose but is generally available for any spending purpose. With this qualification under Section 3.1, it is clear that the "reserve funds" of PhilHealth should not have right off qualified by any measure as a "fund balance" precisely because, being severely restricted funds, the "reserve funds" has been set aside to fulfill specific purposes as earlier discussed,[249] and its entirety or a portion thereof cannot accrue, or be transferred to the National Treasury per Section 11 of the UHCA.

The second point of ambiguity points to the consistent reference of Special Provision 1(d) and DOF Circular No. 003-2024 to "reserve funds" when deriving the "fund balance" of GOCCs.

Special Provision 1(d) expressly and unequivocally describes the source of the "fund balance" as the "remainder resulting from the review and reduction of [the GOCCs'] 'reserve funds' to a reasonable level taking into account the disbursements from prior years." This provision in the 2024 GAA suggests that to derive the so-called "fund balance," the "reserve funds" of the GOCCs must first be reviewed and then reduced. From this reduction results the remainder, and from this remainder, the "fund balance" is obtained.

This interpretation is consistent with the tenor of Sections 4.2 and 4.3 of DOF Circular No. 003-2024, which also

refer to the "reserve funds" of the GOCCs in determining their "fund balance," i.e., the GOCCs must maintain a "reasonable level of [r]eserve [f]unds" in computing their "fund balance" after considering the disbursements from fiscal years 2020 to 2023, thus:

Section 4. GENERAL GUIDELINES IN DETERMINING FUND BALANCE

4.1

. . . .

4.2

In computing the Fund Balance, a reasonable level of Reserve Funds must be maintained by the GOCC considering the disbursements from FYs 2020 to 2023;

4.3

The reasonable level of Reserve Funds shall be computed by the DOF on a case-by-case basis; considering the following factors, such as but not limited to:

a.

historical performance including absorptive capacity which presents the actual financial performance versus the approved budget;

b.

regular and recurring operating expenses, excluding non-cash expenses such as but not limited to depreciation, amortization, bad-debts, and impairment expenses;

c.

dividend arrears and estimated dividend for net earnings for dividend year 2023, as applicable;

d.

employee-related expenses, such as but not limited to, government contributions, benefits, and retirement pay;

e.

debt servicing requirements;

f.

capital expenditures;

g.

trust liabilities and security deposits;

h.

legal claims and obligations;

i.

regulatory requirements and restrictions of Bangko Sentral ng Pilipinas and other regulatory agencies;

j.

mandatory contributions of funds to other agencies;

k.

unutilized subsidies and fund transfers for programs and projects; and

l.

other factors that may be identified during the course of [the DOF-Corporate Arraits Group (CAG)] review of the Reserve Funds of the GOCCs. (Emphasis supplied)

Both Special Provision 1(d) and Sections 4.2 and 4.3 of DOF Circular No. 003-2024 plainly mandate the DOF to recompute the "reserve funds" of affected GOCCs by reducing the original amount to an amount less than the original but still within a "reasonable level" after taking into account the above-enumerated factors. Notably, these factors do not include circumstances that are unique to insurance corporations, such as the Provision for ICL. It is only by freeing up "reserve funds" as a result of this rationalization and reduction that the GOCCs will have their so-called "fund balance" for remittance to the National Treasury.

Following Section 3.1 of the DOF Circular No. 003-2024, the "fund balance" may take the form of: (i) cash on hand; (ii) cash in banks; (iii) investment in government securities, private institutions and other securities; and (iv) other fund balances, including government funds and balances created for specific purposes, financial assets, and other cash equivalents or investments. The circular explicitly cites as an example of "other fund balances" the subsidy releases from the National Government and fund transfers from other national government agencies.

Applying Special Provision 1(d) and the implementing Sections 4.2 and 4.3 of DOF Circular No. 003-2024 to PhilHealth, the DOF identified. PhilHealth's "fund balance" consisting of the latter's alleged unutilized government subsidies from 2021 to 2023. The OSG explains how the DOF computed the "fund balance" of PhilHealth for remittance to the National Treasury:

First, to establish a reasonable level of two years' projected program expenditures, designated as the ceiling under Section 11 of the UHCA, the DOF reviewed the financial statements of PhilHealth from 2018 to 2023. The DOF looked keenly into the Statements of Comprehensive Income of PhilHealth. It then computed the average two-years' worth of expenditures of PhilHealth from 2018 to 2023 and arrived at the amount of PHP 280.6 billion. The DOF treated this amount as the "reasonable two-year forward expenditure estimate" of PhilHealth:[250]

2018-2019

2019-2020

2020-2021

2021-2022

2022-2023

Average

PHP 269.7

billion

PHP 278.0

billion

PHP 276.0

billion

PHP 300.7
billion

PHP 278.4
billion

PHP 280.6
billion

Second, the DOF considered the "reserve funds" in the amount of PHP 463.7 billion from PhilHealth's 2023 Statements of Changes in Equity, (although the precise amount of "reserve funds" actually reflected therein is PHP 464.286 billion). It then treated this PHP 463.7 billion "reserve funds" as the accumulated net income of PhilHealth throughout the years. Interestingly, the DOF interpreted this amount as the unrestricted portion of the PhilHealth assets net of financial liabilities^[251] notwithstanding the clear tenor of Section 11 of the UHCA.

Third, the DOF then deducted the PHP 280.6 billion average two-year actual expenditure of PhilHealth from its PHP 463.7 billion "reserve funds", resulting in a difference or remaining amount of PHP 183.1 billion. This PHP 183.1 billion was tagged by the DOF as the "fund balance" of PhilHealth.^[252]

Fourth, the DOF thereafter deducted PHP 149.2 billion representing the total benefit claims for indirect contributors from the PHP 239.1 billion total premium for indirect contributors, resulting in a difference of PHP 89.9 billion, which was thus labelled as PhilHealth's "unutilized government subsidy" from fiscal years 2021 to 2023.^[253]

Finally, the DOF decided to command PhilHealth to remit the lesser amount of PHP 89.9 billion, instead of the whole PHP 183.1 billion "fund balance," to the National Treasury in four tranches.^[254]

Respondents claim that the PHP 89.9 billion "fund balance" was unrestricted funds of PhilHealth. However, this was refuted at the oral arguments when respondents, through the OSG, admitted that the PHP 89.9 billion "fund balance" for remittance to the National Treasury was sourced from and formed part of the "reserve funds" of PhilHealth. In his interpellation, Justice Caguioa was able to confirm from the solicitor general that the "fund balance" was obtained by DOF from the PHP 183.1 billion difference between the PHP 464.26 billion "reserve funds" and the DOF-imposed ceiling of PHP 280.1 billion.^[255]

During the hearing, Justice Caguioa also got a confirmation from the Solicitor General that this PHP 183.1 billion difference was removed by PhilHealth from its "reserve funds" account and transferred to its surplus or net income account to comply with Special Provision 1(d). In other words, the PHP 183.1 billion "fund balance" from which the PHP 89.9 billion remittance was sourced had originated from the "reserve funds" of PhilHealth and would have remained with PhilHealth as "reserve funds," because surplus or net income has always been part of "reserve funds" were it not for Special Provision 1(d).^[256]

To repeat, based on its financial statements, the practice of PhilHealth was to transfer any surplus or net income from the previous year to form part of its "reserve funds" for the following year. The statement of Justice Caguioa that "all of the money not needed for the current year's expenditures [was] actually placed by PhilHealth in the reserve fund" is duly supported by the audited financial statements of PhilHealth documenting this kind of practice.

It means that the PHP 89.9 billion "unutilized" government subsidies of PhilHealth for years 2021 to 2023 formed part of its surplus or net income, which PhilHealth, in turn, transferred at the end of every fiscal year to form part of its "reserve funds" for the following year. This surplus or net income has long assumed the nature of restricted funds of PhilHealth as "reserve funds" under Section 11 of the UHCA prior to the implementation of Special

Provision 1(d).

In other words, "fund balance" originated from and was part of PhilHealth's "reserve funds." We have direct proof from the OSG itself that the "fund balance" from PhilHealth is nothing but PhilHealth's "reserve funds." If PhilHealth's "fund balance" was hatched from PhilHealth's "reserve funds" and swam as PhilHealth's "reserve funds" to the National Treasury, then these "reserve funds," no matter how they were labelled subsequently, are still PhilHealth's "reserve funds."

Simply put, the "fund balance" is a subset of funds subsumed by, or forming part of, the "reserve funds." Only, there is nothing in the UHCA or between its lines which sanctions the apportionment of such "reserve funds" such that a portion of it may be exempt from the restrictions clearly imposed by Section 11 of the UHCA. Certainly, christening such portion by another name, such as "fund balance," will not work to alter the restricted nature of the "reserve funds" or any portion thereof.

Notably, the OSG is nitpicking when it differentiated the "fund balance" from PhilHealth's "reserve funds," albeit, in truth, they are one and the same.

Therefore, when Special Provision 1(d) speaks of the "fund balance" of GOCCs, it pertains to no other than their "reserve funds" or a portion of such "reserve funds." As a result, Special Provision 1(d) and Section 11 of the UHCA indubitably cover the same subject matter—the "reserve funds" of PhilHealth, but with clearly contradicting outcomes. Whereas Section 11 prohibits the movement of PhilHealth's "reserve funds" beyond the comfort zones that Section 11 itself specifies, Special Provision 1(d) removes this prohibition and commands in no uncertain terms the transfer or remittance of a portion of this same "reserve funds" to the National Government through the National Treasury.

B.

Special Provision 1(d), as implemented by DOF Circular No. 003-2024 is inconsistent and incompatible with Section 11 of the UHCA and both cannot be given effect at the same time

We focus further on the second and third requirements of implied repeal/amendment that have been briefly referenced above: the laws are so clearly inconsistent and incompatible with each other that they cannot be reconciled or harmonized, and both cannot be given effect at the same time—one law cannot be enforced without nullifying the other.

As manifested during the oral arguments, not only did the "fund balance" of PhilHealth originate from PhilHealth's "reserve funds," the computation by the DOF of PhilHealth's "fund balance" pursuant to Special Provision 1(d) and DOF Circular No. 003-2024 disregarded the clear language of Section 11 of the UHCA on several material points. This direct incompatibility between Special Provision 1(d) and its implementing DOF Circular No. 003-2024, on one hand, and Section 11 of the UHCA, on the other, rendered them irreconcilable and incapable of simultaneous compliance. Thus:

First. The DOF used an averaging method in place of the actuarial computation required by Section 11 of the UHCA when the DOF computed and imposed the PHP 280.6 billion ceiling. This averaging method—or, to borrow the words of Justice Caguioa, "the straightforward getting [of] the average of expenses for five years divided by five"—was confirmed by Acting Senior Vice President Santiago, during her interpellation by Justice Caguioa. She also agreed that, by doing so, the DOF disregarded the amount actuarially estimated by her office and utilized a method different from that sanctioned by Section 11 of the UHCA.[257]

Even the solicitor general agreed to this observation and admitted that "[t]he computation by the [DOF] was based on disbursements for the past three years and not the actuarial"[258] as otherwise required by Section 11 of the UHCA. As a result, the DOF-computed ceiling of PHP 280.6 billion was much lower than the actuarially estimated ceiling of PHP 560.55 billion computed by the Office of the Actuary of PhilHealth.

Section 11 of the UHCA is clear: the ceiling for the "reserve funds" of PhilHealth is "equivalent to the amount actuarially estimated for two years' projected program expenditures." Indeed, actuarial science is essential and cannot be disregarded in the business of insurance. It is upon sound actuarial practice that insurance corporations, like PhilHealth, are able to safely and viably assess, estimate, and cover the risks against which their clients are insured and to determine the amount of premiums that must be paid to sustain the viability of their business. This is a practice peculiar to insurance companies.

In *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue*[259] the Court needed to delineate which kind of risk is definitive of an insurance business, that is, actuarial risk, absent of which, a business may not be considered an insurer, viz.:

Fifth. Although risk is a primary element of an insurance contract, it is not necessarily true that risk alone is sufficient to establish it. Almost anyone who undertakes a contractual obligation always bears a certain degree of financial risk. Consequently, there is a need to distinguish prepaid service contracts (like those of petitioner) from the usual insurance contracts.

Indeed, petitioner, as an HMO, undertakes a business risk when it offers to provide health services: the risk that it might fail to earn a reasonable return on its investment. But it is not the risk of the type peculiar only to insurance companies. Insurance risk, also known as actuarial risk, is the risk that the cost of insurance claims might be higher than the premiums paid. The amount of premium is calculated on the basis of assumptions made relative to the insured.[260] (Emphasis supplied)

This is because insurance corporations employ a risk-distributing mechanism,[261] which entails a complicated process of estimation that cannot be easily and safely replaced by simple arithmetic computations like the averaging method employed by DOF.

As explained by Acting Senior Vice President Santiago during the oral arguments, the actuaries and financial analysts of PhilHealth consider many factors in computing PhilHealth's actuarially estimated ceiling, depending on the current context and circumstances upon which PhilHealth operates. Such factors include the operating expenditures and benefit expense payouts of PhilHealth which accounts for specific data on the benefit plan of PhilHealth such as the benefit enhancements, target coverage and number of population, among others.[262]

With the authority coming from Special Provision 1(d), the DOF issued and implemented DOF Circular No. 003-2024 to set aside and replace the carefully derived actuarial estimate with the DOF's averaging of PhilHealth's historical two-year worth of expenditures. By doing so, Special Provision 1(d), as implemented by DOF Circular No. 003-2024, completely covers the subject of Section 11 of the UHCA and substituted or repealed, or at the very least, amended this provision by disregarding the other factors relevant to PhilHealth's current and future operations when it simplistically limited the computation of the ceiling to the past and, possibly, already obsolete historical financial data of PhilHealth.

Special Provision 1(d) and its implementing DOF Circular No. 003-2024 are, therefore inconsistent and irreconcilable with Section 11 of the UHCA as they repealed, or at the very least, amended Section 11 in several ways:

- In determining the ceiling of PhilHealth's "reserve fund," Special Provision 1(d) and DOF Circular No. 003-2024 commanded the use of the averaging method, while Section 11 of the UHCA requires an actuarial

estimation of two years of PhilHealth's projected program expenditures.

- These divergent methods resulted in different ceilings with the averaging method yielding a lower ceiling than the actuarial estimation.
- Special Provision 1(d) and DOF Circular No. 003-2024 then—
- used this lower ceiling to come out with a bizarre formula to set aside what is in reality a part of the "reserve funds;"
- labeled this amount as "fund balance;" and,
- required the remittance of this portion of PhilHealth's "reserve funds," a.k.a. "fund balance," to the National Treasury, contrary to the express prohibition in Section 11 against the accrual and transfer of PhilHealth's "reserve funds" or a portion thereof.

By doing so, Special Provision 1(d), which DOF Circular No. 003-2024 implemented, became an inappropriate provision in the 2024 GAA and is, therefore, void.

In his Separate Opinion, Associate Justice Ramon Paul L. Hernando (Justice Hernando) also proffered that there was a miscomputation of the PhilHealth reserve funds under the subject DOF Circular as "Section 11's language mandates an actuarial, not arithmetic, method." The Circular clearly veered away from the express provision of the law.[263]

Second. Assuming for the sake of argument that the PHP 280.6 billion ceiling imposed by the DOF was correct and the "reserve funds" of PhilHealth in 2023 amounted to PHP 464.28 billion, the balance of PHP 183.1 billion is still the difference between the "reserve funds" and the ceiling for the "reserve funds," which then makes this balance the excess "reserve funds" of PhilHealth.

We have explained above how PhilHealth's "reserve funds" can actually breach or exceed the ceiling for "reserve funds" even when Section 11 of the UHCA imposes the ceiling as the maximum amount of the "reserve funds." This happens when premium contributions to and investments by PhilHealth provide steady income streams that augment the "reserve funds" beyond the amount imposed as the ceiling.

Under Section 11 of the UHCA, when the "reserve funds" exceeds the ceiling, as in the computation provided by the OSG and the DOF, the excess "reserve funds" shall be devoted only to two specific purposes and no other: one, to increase the benefits under the NHIP; and two, to decrease the contributions of members. This otherwise self-evident dedicated and mandatory use of the excess reserve funds for the above-stated twin purposes under Section 11 was ferreted out by Justice Lazaro-Javier during the oral arguments.[264]

On the other hand, Justice Caguioa further elicited partial agreements from the solicitor general with these propositions: first, deducting amounts from PhilHealth's "reserve funds" in the guise of "fund balance" will subvert the very design of Section 11 of the UHCA for the "reserve funds" to obtain an excess, and PhilHealth has the authority to use this excess "reserve funds" only for the two dedicated purposes under Section 11; and second, the very design of Section 11 authorizes only specific options to PhilHealth when dealing with their "reserve funds"—the excess is to be used only for the dedicated purposes, and absent any excess, the "reserve funds" shall remain and be maintained only as such and only for its own purpose as "reserve funds." [265]

Therefore, when Special Provision 1(d) diverted the use of these excess "reserve funds" to fund the projects and programs[266] under the Unprogrammed Appropriations of the 2024 GAA, Special Provision 1(d) set aside or substituted or repealed or, at the very least, amended Section 11 of the UHCA by:

- directly replacing the purposes under Section 11 to which the excess "reserve funds" of PhilHealth is

mandatorily devoted; and

- directly putting in place a mechanism that recharacterizes the "reserve funds" as unrestricted "fund balance," which can then be literally taken out of PhilHealth and the NHIP and away from their mandatory intended purposes – both contrary to Section 11.

All told, Special Provision 1(d) of the 2024 GAA, which repealed or amended Section 11 of the UHCA, is void for being unconstitutional.

But we raise three more points:

One. There is nothing in the UHCA, much less in its Section 11, which gives PhilHealth the luxury of delaying the usage of the excess "reserve funds" to the twin dedicated purposes as mandated by Section 11 up until the 10[th] year of the UHCA's implementation. Logic dictates that PhilHealth cannot delay such usage because PhilHealth is in any event prohibited by the same Section 11 from accruing their "reserve funds" to the government, and the whole NHIP is founded on urgency and immediacy because it is the people's healthcare and ultimate health that are involved.

As forthrightly put by Justice Lazaro-Javier, ". . . not all, not all were paid. . . yet you [PhilHealth] transferred the funds already" to which PhilHealth itself, through Senior Vice President Renato L. Limsiaco, Jr. (Senior VP Limsiaco), admitted that at the time it remitted its "fund balance" to the National Treasury, it still had pending claims awaiting payment.[267]

Each day, the number of claims filed against PhilHealth mounts as more people get sick and hospitalized. Simply stated, the duty of PhilHealth to the people is continuing in nature. It will never end. PhilHealth will never be *functus officio* for so long as there are Filipino people. Hence, at no point in time can PhilHealth's funds be whisked away to serve any other purpose—for the purpose for which PhilHealth has been created has no perceptible end.

Section 11 of the UHCA has already very carefully planned how the "reserve funds" or portions of it are to be used.[268] The PhilHealth Board is bound to follow Section 11, and the Board can consider no other policy considerations over the mandate specified by Section 11. The PhilHealth Board must first follow Section 11, and only then may other considerations come into play, and only if there is still room for discretion.

Two. Respondents assert that the inordinately high level investments of PhilHealth, representing its "idle" funds, justifies the transfer of PHP 89.9 billion fund balance to the National Treasury and the lack of further subsidy from the National Government.[269] Reduced to its very bare, respondents argue that because PhilHealth continues to fail to utilize their funds efficiently, these funds or portions of them must be taken away to fund other programs or projects.

We cannot, with sound reason or good conscience, agree.

To begin with, this justification is a defense laden with admissions. To recall, Section 3.1 of the DOF Circular No. 003-2024 defined the "fund balance" as an unrestricted fund. Yet, as established during the oral arguments and admitted by the OSG,[270] the "fund balance" of PhilHealth actually consists of nothing else but "restricted funds" as it originally formed part of the "reserve funds" of PhilHealth prior to the implementation of Special Provision 1(d).

Following Section 11 of the UHCA, it means that this portion of the "reserve funds" of PhilHealth, though already labelled as "fund balance," shall not accrue to the general fund of the National Government or any of its agencies or instrumentalities, including GOCCs. Any mandate to the contrary, similar to those entombed in Special

Provision 1(d), implemented by DOF Circular No. 003-2024, cannot operate within the same breath as this clearly worded restriction in Section 11 of the UHCA.

By saying that the so-called idleness of PhilHealth's "reserve funds" justifies taking them for other usage and, under the name "fund balance" although they are one and the same, respondents are in fact admitting that they have outrightly disregarded Section 11 of the UHCA. This reinforces Our finding of incompatibility and irreconcilability between Special Provision 1(d) of the 2024 GAA and Section 11 of the UHCA to the point of repeal or amendment.

There is no merit to the government's argument that the "fund balance" of PhilHealth, as computed by the DOF, is the "unutilized" government subsidies, i.e., the difference between the premium for indirect contributors subsidized by the national government and the total benefit claims of indirect contributors. There is no such legal construct as "unutilized" funds of PhilHealth. For even the unused portion of PhilHealth's "reserve funds" is to be invested to generate income, which is ultimately added by the end of the fiscal year into PhilHealth's existing "reserve funds." The "reserve funds," to reiterate, shall either answer for unexpected financial obligations or, upon breaching the ceiling actuarially estimated, improve the benefits under the NHIP or decrease the members' contributions.

To borrow the wisdom of Justice Caguioa, blending with Justice Lazaro-Javier's earlier interpellations, "there is a specific design in Section 11 [of the UHCA] in that, there will never be an unused portion of the reserve fund that can be taken; if the two-year ceiling is not reached, the reserve fund shall be deposited. If the ceiling is breached, then the excess is mandated to be distributed. That's the design of Section 11, [a] very good design,"[271] indeed. Yet, it is this meticulously crafted design that Special Provision 1(d), as implemented by DOF Circular No. 003-2024, sets aside when it whisked away a sizeable portion of PhilHealth's "reserve funds."

The Court is aware that there have been instances where the Executive reallocated "idle" public funds to meet an emergency, or to support the country's fiscal needs. Notably, in his Memorandum[272] and during his interpellation[273] by Associate Justice Ricardo R. Rosario (Justice Rosario), Secretary Teves recalled that reallocation of "idle" public funds has been a practice resorted to by previous administrations in addressing the country's fiscal problems, such as during the time of President Ramos when the country was confronted by the Asian Financial Crisis; during President Macapagal-Arroyo's term when there was a large fiscal deficit; and, quite recently, during the time of President Duterte to fund the government's COVID-19 response.

Secretary Teves, nonetheless, clarified during his interpellation[274] by Associate Justice Rodil V. Zalameda (Justice Zalameda) that the act of reallocating or reprogramming "idle" funds should not contravene the Constitution or violate any statute. He concluded that there should be a solid legal basis when the country's financial managers resort to reallocation of "idle" public funds.

Unfortunately, apart from the formal legislative irregularity of this course of action (i.e., a general appropriations bill cannot repeal or amend a substantive law), this manner of repealing Section 11 of the UHCA has hampered and retarded the realization of the NHIP goals under the UHCA's 10-year plan. In the sincere statements of Dr. Edwin M. Mercado (Dr. Mercado), president and chief executive officer (CEO) of PhilHealth, he admitted to Senior Associate Justice Marvic M.V.F. Leonen (SAJ Leonen) that PhilHealth had not "achieved the fullest potential of our universal health care,"[275] "ha[d] not accomplished what it needs to do under the [UHCA][276] . . . in terms of financial risk protection"[277] and the current case rate of an average of 44.7% "[wa]s far from ideal"[278] despite several years of effectivity of the UHCA.

As summarized by amicus curiae Dr. Ho in her Memorandum, the benefit expansion of PhilHealth has been sluggish and delayed: (1) on average, only 40% of the total hospital bill is covered by PhilHealth. Of the 9,000

case rate packages, only 17 have been upgraded to Z benefits, or those that provide competitive financial risk protection against illnesses; (2) covered outpatient diagnostic tests are only at 13 tests or around 7% of the 183 tests considered by the WHO as essential; (3) covered outpatient drugs total to only 21 molecules or around 11% of the 189 drugs in the Philippines' Primary Care Formulary; (4) covered primary care benefit packages and outpatient specialist cares are limited; and (5) emergency services were only recently covered in 2024.

At some point, SAJ Leonen questioned the morality of the course of action taken by the DOF in ordering the remittance of PhilHealth funds to the National Treasury: "Was it moral that PhilHealth has not yet accomplished what it needed to do and yet funds were taken from it? Your personal point of view." Dr. Mercado, in response, only mustered to explain that reforms will take time "given the immensity of the task that lies ahead." [279]

Three. Indeed, despite years of implementation of the UHCA, the benefit packages offered and the financial risk protection afforded to the Filipino people remain meager compared to the ideal. This is the problem. The solution, according to the government is to reprogram PhilHealth's "reserve funds," allegedly because they are "idle," in the manner that a seemingly innocuous provision in the 2024 GAA, as implemented by the DOF, envisions.

The solution will not solve the problem because the means utilized does not conform to the Constitution. Section 11 of the UHCA is repealed through the unacceptable means of a provision in the 2024 GAA. This is objectionable not only because it is not allowed under the Constitution but because a crucial design in the UHCA and the NHIP is done away with without the benefit of a full debate and argumentation that would ordinarily attend the repeal of a substantive law. Imagine, would a legislator file a bill to repeal the UHCA? The political implications from such a fall out are many—and it is for this reason that the Constitution does not allow repeals or amendments through a general appropriations law. We need to be upfront about obliterating a piece of social justice measure. Short of being upfront, when the solution hides behind the numbers of a general appropriations law, the solution is void for being unconstitutional.

In truth, it is not difficult to see that the "reserve funds" is not the problem. The inordinately high amount of investments is not a bad thing. Section 11 of the UHCA has programmed the usage of PhilHealth's "reserve funds" in the manner most suitable to a public health insurer. The bane lies on how the "reserve funds" has been underutilized. We do not see this problem euphemistically as one of absorptive capacity, but more candid of poor and inefficient management that can be addressed by the proper and judicious handling of funds by the right people.

As Dr. Ho astutely observes in her Memorandum, PhilHealth must disavow any inaccurate and unfair claim of "savings" while its mandate remains unmet in order to fulfill the directive of the UHCA to implement aggressive benefit expansions for the people. To be sure, there may be external factors that have exacerbated the underutilization of this "reserve funds." As even Dr. Solon observes, there are supply-side constraints that hamper the efficient delivery of health care services. Nonetheless, he also attributes the persistence of "unused funds" to PhilHealth's weak administrative infrastructure. He even calls for reforms to improve PhilHealth's administration of the NHIP.

The presence of "unused funds" despite the poor administration of the NHIP only highlights the necessity to introduce structural reforms within PhilHealth. Undeniably, there remains great room for improvement for PhilHealth to efficiently and lawfully allocate its funds. As Associate Justice Antonio T. Kho, Jr. (Justice Kho) ardently emphasized in his interpellation, "the fault is on PhilHealth for not spending [the funds]. It is not for the government to take this away and for PhilHealth to expand its programs so that the subsidies that were allocated by government for healthcare should not be taken away." [280]

And if absorptive capacity poses a barrier to implementation, the appropriate and lawful response is to strengthen

institutional mechanisms and remedy these gaps to ensure that the UHCA's goals are met. Troublingly, as Justice Kho noted, PhilHealth's absorptive capacity was invoked as a justification to reallocate its "unutilized" funds—an act that does not even solve the problem of absorptive capacity. Worse, it diverts resources away from their legally designated use.[281]

In providing commentaries about the inappropriate solution, i.e., Special Provision 1(d), to the alleged problems of fund idleness and funding insufficiency, matters already disproved above, we are not delving into the wisdom of the appropriations deemed proper by Congress. Our point is to demonstrate the arbitrary imposition of the so-called "fund balance" upon PhilHealth's "reserve funds" and refracting it for remittance to the National Treasury, when all these are contrary to Section 11 of the UHCA.

Third. Another indicator of the incompatibility and irreconcilability between Special Provision 1(d) and DOF Circular No. 003-2024, on one hand, and Section 11 of the UHCA, on the other, is the fact that the excess "reserve funds" is intended to fund programs or projects that were already funded. With this intention or effect of Special Provision 1(d) upon PhilHealth's excess "reserve funds," there is really no way for both this provision the 2024 GAA and Section 11 to co-exist. Both laws touch upon the same subject matter of "reserve funds," especially its excess, and their actions upon this subject matter have effects in ways that are diametrically opposed to each other.

Justice Lazaro-Javier pointed out that at least some of the programs sought to be funded by the special funds of PhilHealth already have sources of funding under the programmed appropriations of the 2024 GAA, or are otherwise already fully funded, which then begs the question about the moral and fiscal urgency and necessity of diverting PhilHealth excess "reserve funds" to bank roll them and the legislative compatibility between Section 11 of the UHCA and Special Provision 1(d).[282]

Justice Lazaro-Javier harped on the fact that, for example, the PGN Bridges project was already fully funded, having received over PHP 174.49 billion from the Export-Import Bank of Korea. Worse, the solicitor general also admitted that the government had not spent a single centavo thereof because the project had not yet started and the government even allocated additional funds to the said project through the 2022 and 2023 GAAs totaling PHP 107 million. And yet, PhilHealth funds had been whisked away for this supposedly "urgent" expense even though, again, the project is yet to be implemented.[283]

The PGN Bridges project is just one of the many other projects sought to be funded, using among others, the special funds of PhilHealth under the 2024 GAA, albeit they already have corresponding funding under the programmed appropriations, most of which notably share the remotest connection to healthcare. As SAJ Leonen astutely observes in his Concurring and Dissenting Opinion, Special Provision 1(d) provided a mechanism by which PhilHealth's reserve funds were reverted to the National Treasury and diverted the use of these funds to other projects and programs that were already funded.[284] In addition to the PGN Bridges projects, we also have the following double funded projects, viz.: [285]

Project

Amount Appropriated therefor under the 2024 GAA

Maintenance, repair, and rehabilitation of infrastructure facilities (routine maintenance of national roads)

PHP 15 million under the "Special Road Fund"

PHP 1.6 billion under "Maintenance Repair, and Rehabilitation of Infrastructure Facilities and Other Related

Activities—Routing Maintenance of National Roads"

PHP 463 million under "Maintenance, Repair, and Rehabilitation of Infrastructure Facilities and Other Related Activities—Routing Maintenance of National Bridges" all under the DPWH budget.

Payment of right-of-way

PHP 2.5 billion under "Right-of-Way Acquisitions and Payments of Contractual Obligations"

Management and supervision of peace process

PHP 459.922 million under "Office of the Presidential Advisor on Peace, Reconciliation, and Unity (OPARRU)

Priority social programs for health, social welfare and development, higher education, and technical and vocational education

PHP 28.582 billion for the "implementation of Health Facilities Enhancement Program"

PHP 58.093 billion for "medical assistance to indigent and financially-incapacitated patients"

As Justice Hernando, correctly echoes in his Separate Concurring Opinion, to seize PhilHealth funds for "priority infrastructure and social projects," is not fiscal prudence, but is a "repudiation of the State's own articulated priorities in the Constitution and in statute." [286] To invoke their urgency, sans compliance with the law is a mistake and to ground government action upon a mistake at the expense of a fundamental right, here the right to health and the right to an accessible and a sustainable and viable healthcare, is unjustifiable.

In any case, we reiterate that the reallocation of PhilHealth excess "reserve funds" is contrary to Section 11 of the UHCA. This contradiction renders compliance with both Special Provision 1(d) and Section 11 impossible. They are irreconcilable and incompatible, the end result being the repeal or amendment by Special Provision 1(d) of Section 11 of the UHCA. The repealing or amendatory provision destroys the very nature of PhilHealth funds as pooled funds for social health insurance, retards the attainment of UHCA goals of providing comprehensive and universal healthcare, and infringes on the people's right to health.

Mr. Africa, [287] one of the Court's amici curiae, correctly asserts that in the end, sacrificing the right to accessible and sustainable healthcare impacts most disproportionately the poor—all because they have no other alternative but to go to public hospitals and avail of publicly available healthcare. While some of us may have options, only a minuscule, not even the middle class, would have the luxury of becoming sick and getting away with it.

Associate Justice Jhosep Y. Lopez (Justice Lopez) recounted his own experience with PhilHealth only two years ago, where less than 2% of his hospital bill got covered by PhilHealth. [288] On the average, he confirmed from Senior VP Limsiaco that PhilHealth only covered 5% of the total bill until 2024. It was only after the filing of the present Petitions, when PhilHealth decided to increase the rate to 30% in February 2024 and allegedly another 50% in December 2024. [289]

In Mr. Africa's own words: [290]

[this] deprioritization of social services – including outright budget cuts including, but not only, for PhilHealth – are disproportionately borne by the poorest, most marginalized and most vulnerable Filipino families whose incomes are so low that they are more dependent on publicly-provided social services, emergency ayuda, and subsidized food. Diverting scarce government resources away from socially critical spending to infrastructure projects is unconscionable especially amid many quarters now of surveys indicating growing poverty and hunger.

Fourth. The conflation between "fund balance" and "reserve funds" in Special Provision 1(d), as implemented by DOF Circular No. 003-2024, is problematic not only because of the strictures of Section 11 of the UHCA which the Special Provision regrettably superseded and repealed. The conceptualization of "fund balance" in the assailed Special Provision and its implementing rule also destabilized the operations of PhilHealth in the scheme of the UHCA and the NHIP – another indicator of the incompatibility and irreconcilability of these laws.

As argued by petitioners in their Compliance,[291] PhilHealth's unused government subsidies, which have been targeted as the "fund balance," albeit not yet used to pay the benefit claims of indirect contributors, retain their nature as insurance premiums. They are the elixir vitae of an insurance business, and for this reason, cannot be diminished once paid although the loss insured has not yet occurred.

In *Gaisano v. Development Insurance and Surety Corporation*,[292] citing *Spouses Tibay v. Court of Appeals*,[293] the Court carefully expounded on the importance of ensuring the receipt of the full amount of the premiums by insurance corporations in order to maintain sound operations:

In *Tibay v. Court of Appeals*, we emphasized the importance of this rule. We explained that in an insurance contract, both the insured and insurer undertake risks. On one hand, there is the insured, a member of a group exposed to a particular peril, who contributes premiums under the risk of receiving nothing in return in case the contingency does not happen; on the other, there is the insurer, who undertakes to pay the entire sum agreed upon in case the contingency happens. This risk-distributing mechanism operates under a system where, by prompt payment of the premiums, the insurer is able to meet its legal obligation to maintain a legal reserve fund needed to meet its contingent obligations to the public. The premium, therefore, is the elixir vitae or source of life of the insurance business:

In the desire to safeguard the interest of the assured, it must not be ignored that the contract of insurance is primarily a risk-distributing device, a mechanism by which all members of a group exposed to a particular risk contribute premiums to an insurer. From these contributory funds are paid whatever losses occur due to exposure to the peril insured against. Each party therefore takes a risk: the insurer, that of being compelled upon the happening of the contingency to pay the entire sum agreed upon, and the insured, that of parting with the amount required as premium without receiving anything therefor in case the contingency does not happen. To ensure payment for these losses, the law mandates all insurance companies to maintain a legal reserve fund in favor of those claiming under their policies. It should be understood that the integrity of this fund cannot be secured and maintained if by judicial fiat partial offerings of premiums were to be construed as a legal nexus between the applicant and the insurer despite an express agreement to the contrary. For what could prevent the insurance applicant from deliberately or willfully holding back full premium payment and wait for the risk insured against to transpire and then conveniently pass on the balance of the premium to be deducted from the proceeds of the insurance? . . .

And so it must be. For it cannot be disputed that premium is the elixir vitae of the insurance business because by law the insurer must maintain a legal reserve fund to meet its contingent obligations to the public, hence, the imperative need for its prompt payment and full satisfaction. It must be emphasized here that all actuarial calculations and various tabulations of probabilities of losses under the risks insured against are based on the sound hypothesis of prompt payment of premiums. Upon this bedrock insurance firms are enabled to offer the assurance of security to the public at favorable rates.[294] (Emphasis supplied, citations omitted)

Thus, as applied to the present. Petitions, the full—not merely partial—amount of the premiums must be paid to preserve the integrity of PhilHealth's "reserve funds," which is maintained by PhilHealth to answer for contingent liabilities concomitant to running an insurance business.

As Chief Justice Alexander G. Gesmundo (Chief Justice Gesmundo) lucidly explained during our deliberations,[295] the premiums contributed by any person in a social health insurance scheme, whether as a direct or indirect contributor, enters a general fund which is meant to cover the health risks not just of that specific

contributor, but of all those enrolled in the system. The pool of premium contributions must cover health risks for as long as the insurance program is in place, and not just in the specific year that certain contributions are made. Consequently, an unwarranted withdrawal of any part of the insurance fund threatens the fund as a whole and has the potential of increasing everyone's exposure to risk.

Here, by labeling the government subsidies as "fund balance" the DOF deprived PhilHealth of a portion of the premiums maintained in its "reserve funds." It is no justification that these amounts have not yet been spent by PhilHealth to pay the benefit claims of members from 2021 to 2023.

On this score, Chief Justice Gesmundo also aptly underscored that the special nature of the NHIP and the NHIF, which is made up of premium contributions from the members of the NHIP, among other fund sources. As a social insurance program, the NHIP relies primarily on the premium contribution of its members.[296]

As we explained in *Kilusang Mayo Uno v. Aquino*,[297] viz.:

The NHIP is a social insurance program. It is the government's means to allow the healthy to help pay for the care of the sick, and for those who can afford medical care to provide subsidy to those who cannot. The premium collected from members is neither a fee nor an expense but an enforced contribution to the common insurance fund.[298] (Emphasis supplied, citations omitted)

As enforced contribution to the common insurance fund, Chief Justice Gesmundo sagely posited that the premiums must be protected and used solely to implement the social health insurance program for which they were paid. They cannot be transferred, used, or allocated for other purposes, however noble such other purposes might be.[299]

Albeit the "fund balance" were allegedly sourced from the "unutilized government subsidy," the same are still insurance premiums—funds that are held in trust by PhilHealth for the benefit of its members. To hold otherwise would, as Chief Justice Gesmundo rationalized, mean that indirect contributors to PhilHealth are entitled to fewer rights than direct contributors, an absurd conclusion that directly breaches the basic principles of social health insurance which is meant to equalize the treatment of rich and poor alike.[300]

Worse, in choosing to run after these government subsidies paid to PhilHealth as premiums for indirect members, no consideration was given to whether this reduction impaired the ability of PhilHealth to answer contingent liabilities as they fall due. As admitted by the OSG, the DOF did not at all account for the Provision for ICL in computing the "fund balance" of PhilHealth because it is not an actual obligation incurred by PhilHealth, but allegedly a mere estimate of PhilHealth's potential obligations in the future. The OSG submits that there is no operational or financial consequence for PhilHealth if it does not have enough assets to cover the Provision for ICL.[301]

We are not persuaded.

The Provision for ICL is a non-current liability for contractual benefits that are expected to be incurred in the future and which must already be recorded when the premiums are recognized.[302] Although it is non-current and contingent, it is nonetheless real and an essential part of the sound operations of an insurance business, hence, cannot be safely discounted. This is precisely why the PFRS requires the Provision for ICL to be reported in the financial statements of an insurance business.

It is an elementary rule in insurance law that the payment of premium is the operative requisite for insurance coverage,[303] as provided under Section 77 of the Insurance Code.[304] This is because upon payment of the premium, the obligation of the insurer to indemnify the insured for the loss sustained as a result of the happening of an insured risk already attaches. In such a case, an insurance company like PhilHealth must necessarily and

forthwith reckon with the anticipated risks and estimate the amount of the corresponding future liability covered by the policy for which the premiums were paid. On this score, Dr. Solon stresses that the Provision for ICL should be based on assumptions on factors like mortality and morbidity rates, relevant beneficiary behavior, asset default, expenses, and inflation. Verily, the Provision for ICL ensures that upon the happening of the risks and filing of a valid claim, the insurer has sufficient funds to indemnify the insured.

Conversely, an insurer who disregards the Provision for ICL also disregards their obligations to the insured. Without considering this significant non-current liability, an insurer may freely but erroneously perceive their net income as unrestricted, i.e., free for disposal for any purpose, regardless if, in the future, the amount is needed to fulfill their insurance obligations to the insured once the insured risks occur. By disregarding the Provision for ICL, both the insurer and the insured are placed at risk—the insurer will not have enough funds to satisfy the claim of the insured, and the insured will not be indemnified for the loss sustained albeit validly covered by the insurance.

Neglecting the Provision for ICL is a haphazard business practice that introduces instability and erodes trust in the insurance business. When the Provision for ICL is freely disregarded by insurance companies when disposing of their assets, an insurance contract becomes a gamble, with no assurance that the insurance company has exercised prudence and observed sound business practice by maintaining sufficient reserves to satisfy the claims of the insured.

In the present cases, for the fiscal years 2021, 2022, and 2023, PhilHealth recorded in its Statements of Changes in Equity the following amounts as Provision for ICL vis-à-vis PhilHealth's "reserve funds:"[305]

2021

(as restated)

2022

(as restated)

2023

Reserve Fund at December 31

PHP 191.498

billion

PHP 275.785

billion

PHP 464.286

billion

Minus Provision for ICL

PHP 317.647

billion

PHP 245.210

billion

PHP 1.127

trillion

Total Members' Equity

(PHP) 126.149
billion)

PHP 30.574
billion

(PHP 663.706
billion)

As shown, PhilHealth had a negative total members' equity in 2021 and 2023 because PhilHealth had insufficient "reserve funds" to cover the entire amount of their estimated Provision for ICL. In other words, in the event that all PhilHealth members seek benefit payments from PhilHealth, an eventuality that an insurer must perpetually consider, PhilHealth would not have enough funds to satisfy all the members' claims even if valid. Surely, as PhilHealth is a public health insurer through and through, this negative portfolio arising from insufficient "reserve funds" is not what the UHCA mandate envisions. Special Provision 1(d) cannot unilaterally alter or repeal this UHCA mandate to establish and maintain an accessible and sustainable public health insurance scheme.

PhilHealth itself recognizes the value and relevance of the Provision for ICL in any discussion of "fund balance" and "reserve funds." In its Compliance dated November 7, 2024, PhilHealth admitted that having insufficient assets to cover their Provision for ICL means that their current contribution scheme is inadequate to sustain the benefits and the administration of benefit availment of members in the future.[306] Therefore, having a negative total members' equity, as PhilHealth did in 2021 and 2023, is an indicator that the "fund balance" computation by DOF, assuming without admitting that the "fund balance" concept applies as well to PhilHealth's "reserve funds," is flawed.

The Commission on Audit offered concurring audit observations. In its Independent Auditor's Report dated June 30, 2022 covering fiscal year 2021,[307] the COA flagged PhilHealth's ability to continue as a going concern, i.e., as an insurer that is financially stable and has the ability to continue their operations in the foreseeable future. For fiscal year 2023, the COA expressed concerns that if PhilHealth's negative members' equity was not properly addressed, this blight could cast doubt on PhilHealth's ability to continue as a going concern.[308]

Thus, when DOF ordered PhilHealth to transmit PHP 89.9 billion of its "reserve funds" as "fund balance" on April 24, 2024[309] PhilHealth had a negative total members' equity as shown in their 2023 financial statements. The DOF ignored corresponding implications to PhilHealth's "reserve funds," including the increase in the disparity between the amount of PhilHealth's "reserve funds" and the Provision for ICL.

Notably, the following year, in PhilHealth's 2024 Statements of Changes in Equity,[310] PhilHealth reported a significantly reduced "reserve funds" of PHP 280.574 billion (from PHP 464.286 billion in 2023) and an increased Provision for ICL of PHP 1.385 trillion (from PHP 1.127 trillion in 2023). This led to a bigger negative total members' equity of PHP 941.749 billion.

Therefore, the ascription of a "fund balance" to PhilHealth's "reserve funds" is not only legally erroneous, but also factually mistaken. PhilHealth had no "fund balance" to remit but PhilHealth still made the remittance to the National Treasury totaling PHP 60 billion. By reducing PhilHealth's "reserve funds," DOF exacerbated the negative position of PhilHealth vis-à-vis their Provision for ICL. This situation, brought about by Special Provision 1(d), as implemented by DOF Circular No. 003-2024, disrupted, set aside, or repealed not only Section 11 of the UHCA, but the entire healthcare insurance scheme enshrined in the UHCA of maintaining sound insurance operations and providing an accessible, universal, sustainable, and affordable healthcare to all of Filipinos.

In light of the foregoing considerations, the Court is constrained to rule that Special Provision 1(d) repealed, by clear and convincing implication, Section 11 of the UHCA, a substantive law. Notwithstanding its plenary legislative power, the Congress is barred from doing this through the 2024 GAA. The latter may only provide appropriation items within the limitations of existing legislations. Changes in policy and practice affecting the UHCA, especially PhilHealth's "reserve funds," must be coursed through separate enactments for this purpose.

III.

Special Provision 1(d) also repealed or amended the Sin Tax Laws and is violative of Article VI, Section 29(3) of the Constitution

Across their amendments, the Sin Tax Laws contain a similar *mandatum vis-à-vis* certain percentages of the excise tax on sweetened beverages, alcohol, tobacco products, heated tobacco products, and vapor products—these percentiles of the excise taxes "shall be allocated and used exclusively . . . for the implementation of [the UHCA]:"[311]

Republic Act No. 11346

Section 14. A new section designated as Section 288-A under Chapter II, Title XI of the National Internal Revenue Code of 1997, as amended, is hereby inserted and shall be read as follows:"Sec. 288-A. Disposition of Revenues from Excise Tax on Sugar-Sweetened Beverages, Alcohol, Tobacco Products, Heated Tobacco Products, and Vapor Products. –

"(A) Revenues from Excise Tax on Sugar-Sweetened beverages from Republic Act No. 10963. – The provisions of existing laws to the contrary notwithstanding, fifty percent (50%) of the total revenues collected from the excise tax on sugar-sweetened beverages shall be allocated and used exclusively in the following manner:"(1) Eighty percent (80%) to the Philippine Health Insurance Corporation (PhilHealth) for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019; and

....

"(B) Revenues from Excise Tax on Alcohol Products. – The provisions of existing laws to the contrary notwithstanding, fifty percent (50%) of the total revenues collected from the excise tax on alcohol products shall be allocated and used exclusively in the following manner:

"(1) Eighty percent (80%) to PhilHealth for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019; and

....

"(C) Revenues from Excise Tax on Tobacco Products. — The provisions of existing laws to the contrary notwithstanding, the total revenues collected from the excise tax on tobacco products shall be distributed in the following manner:

....

"(2) Fifty percent (50%) of the total excise tax collection from tobacco products shall be allocated and used exclusively in the following manner:"(a) Eighty percent (80%) to PhilHealth for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019; and

....

"(D) Revenues from Excise Tax on Heated Tobacco Products and Vapor Products. — The provisions of existing

laws to the contrary notwithstanding, the total revenues collected from the excise tax on heated tobacco products and vapor products shall be allocated and used exclusively in the following manner:

"(1) Eighty percent (80%) to PhilHealth for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019[.] (Emphasis supplied)

In 2020, Republic Act No. 11467 amended the aforesaid provision to increase the percentages of the excise taxes that should be reserved for funding the UHCA using the same style of language:

Section 9. Section 288-A of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:"SEC. 288-A. Disposition of Revenues from Excise Tax on Sweetened Beverages, Alcohol, Tobacco Products, Heated Tobacco Products, and Vapor Products. –

....

"(B) Revenues from Excise Tax on Alcohol Products. – The provisions of existing laws to the contrary notwithstanding, one hundred percent (100%) of the total revenues collected from the excise tax on alcohol products shall be allocated and used exclusively in the following manner:"(1) Sixty percent (60%) for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019;

....

"(D) Revenues from Excise Tax on Heated Tobacco Products and Vapor Products. – The provisions of existing laws to the contrary notwithstanding, one hundred percent (100%) of the total revenues collected from the excise tax on heated tobacco products and vapor products shall be allocated and used exclusively in the following manner:

"(1) Sixty percent (60%) for the implementation of Republic Act No. 11223, otherwise known as the Universal Health Care Act of 2019[.] (Emphasis supplied)

In consonance with the Sin Tax Laws, Section 37 of the UHCA cites sin tax collections as one of the sources of appropriations to fund the NHIP:

Section 37. Appropriations. – The amount necessary to implement this Act shall be sourced from the following:

(a)

Total incremental sin tax collections as provided for in Republic Act No. 10351, otherwise known as the "Sin Tax Reform Law:" Provided, That the mandated earmarks as provided for in Republic Act Nos. 7171 and 8240 shall be retained; . . .

....

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth. In addition, the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act. (Emphasis supplied)

Clearly, when the Congress enacted both the Sin Tax Laws and the UHCA, it expressly intended that a specific portion of the excise taxes be devoted solely to fund the UHCA.

The 2023 Sin Tax Annual Report states that there was a total allocated appropriations for health in the 2023 GAA of PHP 309.37 billion.[312] Of this PHP 309.37 billion, 58% or PHP 178.34 billion was attributed from actual earmarked funds from sin tax, while the rest was shouldered by the national government from other funding

sources.[313] On the other hand, PHP 83.9 billion of this PHP 178.34 billion sin tax-sourced allocation was devoted to the premium subsidies of indirect contributors under the NHIP. Yet, only PHP 79 billion of the PHP 83.9 billion was appropriated in the 2023 GAA for PhilHealth,[314] despite the clear wording of the Sin Tax Laws allocating a specific percentage of the sin tax collections for the implementation of the UHCA.

In *Guiiao v. PAGCOR, PCSO, and Office of the President*,[315] the Court ordered the Philippine Amusement and Gaming Corporation and the Philippine Charity Sweepstakes Office (PCSO) to account and remit to the Philippine Sports Commission 5% of their gross income and 30% representing their charity fund and proceeds of six sweepstakes or lottery draws per annum, respectively, as set forth in Section 26 of Republic Act No. 6847,[316] which states that such amounts "shall be automatically remitted directly to the Commission." The Court found, through the observation of Justice Caguioa, that the remittance required by Section 26 of Republic Act No. 6847 is unqualified, hence, must be strictly complied with.

As in *Guiiao*, the allocation required by the Sin Tax Laws in favor of PhilHealth is also unqualified: the relevant percentages of sin tax collections as set forth in the amended Section 288-A of the NIRC "shall be allocated and used exclusively" for, among others, the implementation of the UHCA. Following the letter of the law, the Bureau of Treasury has the ministerial duty to account the percentage of sin tax collections for the implementation of the UHCA, while the Congress shall fully allocate such amount to PhilHealth in the general appropriations law. Having been expressly provided under the Sin Tax Laws, Congress has no discretion to reduce or withhold such amount or suspend its allocation to PhilHealth.

At any rate, based on the 2023 Sin Tax Annual Report, it is established that the premiums of indirect contributors subsidized by the National Government originated from the sin taxes that are, by law, specifically earmarked for funding the UHCA. This also means that the PhilHealth "fund balance" computed by the DOF—which to recall is the remaining premiums for indirect contributors after payment of their total benefit claims—was taken from the sin taxes which are to be allocated and used exclusively to fund the UHCA.

In *Estate of Susano J. Rodriguez v. Republic*[317] citing *Republic v. Silim*,[318] we clarified what the word "exclusive" means, i.e., excluding, preventing, or limiting the use of something. By using the phrase "allocated or used exclusively," the Sin Tax Laws limited the use and purpose of the portion of the excise taxes for funding the UHCA and no other, not even for funding the Unprogrammed Appropriations under the 2024 GAA or fulfilling any purpose other than the UHCA funding set forth in the Sin Tax Laws. Justice Caguioa elicited the same conclusion from the solicitor general during the interpellation.[319]

It is beyond question, therefore, that sin tax collections, subsequently remitted to PhilHealth in the form of premiums of indirect contributors, are special funds allotted for a specific purpose.

Under the UHCA, PhilHealth funds are treated as a single, consolidated pool. Because of the intent of the law and the nature of these funds, the special purpose of the funds attaches not just to a portion of the funds; but rather, it attaches to the entire PhilHealth funds. The law does not contemplate division, isolation or compartmentalization of these funds into portions. All of PhilHealth funds, regardless of the source, are merged into one integral health insurance fund. To rule otherwise would defeat the mandate and *raison d'être* of the UHCA.

Justice Lazaro-Javier evoked from the government corporate counsel that while premiums from direct members and premiums from indirect contributors were accounted separately, all of these funds serve a singular special purpose—to provide health care for the people.[320]

Ms. Suzara, another esteemed *amicus curiae*, shares the same inference. Ms. Suzara explains that the Sin Tax Laws are meant for special health-related purposes alone. The earmarking provisions of the Sin Tax Laws leave

no room for any form of discretion as to the disposition of the specific allocations for very specific purposes. The earmarked excise taxes therefore cannot be changed or transferred by any government agency for any other purpose, such as those listed in Special Provision 1(d).[321]

The OSG submits, however, that there must be a law creating a "special account for the special fund" for the sin tax collections to qualify as special funds under Article VI, Section 29(3) of the Constitution. According to the OSG, jurisprudence indicates that "special funds" were segregated from the National Treasury or were deposited in a special account, citing:

- *Gaston v. Republic Planters Bank*,[322] where the stabilization fees collected from sugar planters and millers pursuant to Section 7 of Presidential Decree No. 388 or the stabilization fund were deposited with the Philippine National Bank, not in the Philippine Treasury. Similarly, the Oil Price Stabilization Fund in *Osmeña v. Orbos*[323] was also segregated from the general fund; and
- *Philippine Coconut Producers Federation, Inc. v Republic*,[324] where a special account within the general fund was created for the coconut levy funds though the funds were remitted to the Treasury.

Here, in contrast, the OSG avers that the taxes collected pursuant to the Sin Tax Reform law were not segregated from the general fund. According to the OSG, there was neither a special account designated for their accounting.

The argument must fail.

The fact that the sin tax collections are commingled with the general fund in the National Treasury do not determine the sin tax collections' status as a "special fund." Article VI, Section 29(3) of the Constitution is unequivocal:

Section 29.

....

(3)

All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government. (Emphasis supplied)

This constitutional mandatum only requires one thing for the tax collection to be a "special fund"—the tax be levied for a special purpose. Nothing more. The constitutional description of a fund as "special fund" is established from the moment of its creation. Its description as such is constant. This description does and will not change by reason of flaws, omissions, lapses, preferences or points of view in the execution and implementation of the law creating the special fund.

The Oil Price Stabilization Fund (OPSF), for example, was initially deposited in the general fund. Then President Ferdinand Marcos, Sr. issued Presidential Decree No. 1956 in 1984 which created a special account in the general fund, designated as the OPSF. It was only nine years later, in 1993, when the OPSF was segregated from the general fund through the issuance of Executive Order No. 137. The description of the OPSF, at the time it was commingled with the general fund until the time a special account was created for it remained the same—a special fund. Regardless of how the fund is handled or labeled, its description as a special fund remains.

During the oral arguments, Bureau of Treasury Deputy Treasurer Eduardo Anthony G. Mariño III (Deputy Treasurer Mariño) argued anew that the creation of a special account in the general fund may only be done if the language of the law clearly says so.[325] He cited Section 45, Chapter 5, Book V of the Administrative Code of

1987:

Section 45. Special, Fiduciary and Trust Funds. – Receipts shall be recorded as income of Special, Fiduciary or Trust Funds or Funds other than the General Fund, only when authorized by law and following such rules and regulations as may be issued by a Permanent Committee consisting of the Secretary of Finance as Chairman, and the Secretary of the Budget and the Chairman, Commission on Audit, as members. The same Committee shall likewise monitor and evaluate the activities and balances of all Funds of the national government other than the General fund and may recommend for the consideration and approval of the President, the reversion to the General fund of such amounts as are (1) no longer necessary for the attainment of the purposes for which said Funds were established, (2) needed by the General fund in times of emergency, or (3) violative of the rules and regulations adopted by the Committee: provided, that the conditions originally agreed upon at the time the funds were received shall be observed in case of gifts or donations or other payments made by private parties for specific purposes. (Emphasis supplied)

A Special Account in the General Fund (SAGF) as defined by the DBM is a fund whereby proceeds of specific revenue measures and grants earmarked by law for specific priority projects are recorded.[326] The Earmarked Revenues with SAGFs were enumerated under Table B (15) of the BESF[327] as confirmed by Deputy Treasurer Mariño.[328]

As pointed out by Justice Caguioa, respondents' position that the SAGF will be created only if the language of the law clearly mandates its creation is belied by the fact that there are SAGF accounts in the books of the National Treasury where the laws cited as sources do not have a clear and unequivocal language mandating the creation of a special account.[329]

Notably, the table below shows that the following SAGFs and their respective legal bases do not have a clear and express language for the creation of a special account, but their funds were nonetheless booked in special accounts:

Special Account

Particulars

Legal basis

Mines and Geosciences Bureau

10% of royalties derived from the development and utilization of mineral resources within reservations

Section 5 of Republic Act No. 7942:

Mineral Reservations

When the national interest so requires, such as when there is a need to preserve strategic raw materials for industries critical to national development, or certain minerals for scientific, cultural or ecological value, the President may establish mineral reservations upon the recommendation of the Director through the Secretary. Mining operations in existing mineral reservations and such other reservations as may thereafter be established, shall be undertaken by the Department or through a contractor: Provided, That a small scale-mining cooperative covered by Republic Act No. 7076 shall be given preferential right to apply for a small-scale mining agreement for a maximum aggregate area of twenty-five percent (25%) of such mineral reservation, subject to valid existing mining/quarrying rights as provided under Section 112 Chapter XX hereof. All submerged lands within the contiguous zone and in the exclusive economic zone of the Philippines are hereby declared to be mineral reservations.

A ten per centum (10%) share of all royalties and revenues to be derived by the government from the

development and utilization of the mineral resources within mineral reservations as provided under this Act shall accrue to the Mines and Geosciences Bureau to be allotted for special projects and other administrative expenses related to the exploration and development of other mineral reservations mentioned in Section 6 hereof.

Department of Health – Office of the Secretary

Share from Franchise Tax/VAT collected by Philippine Racing Club, Inc., and Manila Jockey Club, Inc. to benefit the Philippine Anti-Tuberculosis Society, Inc., the White Cross, and the PCSO.

Section 9 of Republic Act No. 6632 as amended by Republic Act No. 7953:

Section 9. In consideration of the franchise and rights herein granted to the Philippine Racing Club, Inc., the grantee shall pay into the National Treasury a franchise tax equal to twenty-five per centum (25%) of its gross earnings from the horse races authorized to be held under this franchise which is equivalent to the eight and one-half per centum (8 1/2%) of the total wager funds or gross receipts on the sale of betting tickets during the racing days as mentioned in Section 6 hereof, allotted as follows:

(a) National Government, five per centum (5%); the province or city/municipality where the race track is located, five per centum (5%); (b) Philippine Charity Sweepstakes Office, seven per centum (7%); (c) Philippine Anti-Tuberculosis Society, six per centum (6%); and (d) White Cross, two per centum (2%). The said tax shall be paid monthly and shall be in lieu of any and all taxes, except the income tax, of any kind, nature and description levied, established or collected by any authority whether barangay, municipality, city, provincial or national, on its properties, whether real or personal, from which taxes the grantee is hereby expressly exempted.

Department of Health – Office of the Secretary – Bureau of Quarantine and International Health Surveillance

50% of income from quarantine services

Section 9 of Republic Act No. 9271:

Section 9. Authority to Utilize Income. – The Bureau of Quarantine shall be authorized to use at least fifty percent (50%) of the income generated subject to accounting and auditing rules and regulations

Department of Science and Technology – Office of the Secretary

2% share from Military Camp Sales Proceeds Fund

Item (8) under Paragraph (d), Section 8 of Republic Act No. 7227, as amended by Republic act No. 7917:

(d) A proposed 30.15 hectares as relocation site for families to be affected by circumferential road 5 and radial road 4 construction: Provided, further, That the boundaries and technical descriptions of these exempt areas shall be determined by an actual ground survey.

The President is hereby authorized to sell the above lands, in whole or in part, which are hereby declared alienable and disposable, pursuant to the provisions of existing laws and regulations governing sales of government properties: Provided, That no sale or disposition of such lands will be undertaken until a development plan embodying projects for conversion shall be approved by the President in accordance with

paragraph (b), Section 4, of this Act. However, six (6) months after approval of this Act, the President shall authorize the Conversion Authority to dispose of certain areas in Fort Bonifacio and Villamor as the latter so determines. The Conversion Authority shall provide the President a report on any such disposition or plan for disposition within one (1) month from such disposition or preparation of such plan. The proceeds from any, sale, after deducting all expenses related to the sale, of portions of Metro Manila military camps as authorized under this Act, shall be deemed appropriated for the purposes herein provided for the following purposes with their corresponding percent shares of proceeds:

8) Two percent (2%) – To finance the science and technology, scholarships and training of thousands of young Filipino scientists and students in selected countries to be identified by the Department of Science and Technology; and the Study Now Pay Later Program for poor but deserving youths who shall enroll or are enrolled in science and technology (S&T) courses which will propel the country to achieve modernization and competitive excellence in the 21st century: Provided, That at least one (1) scholar/trainee shall be selected from each municipality/city of the country: Provided, further, That they shall render service to the Government for at least three (3) years or shall engage in S&T entrepreneurial activities within the country;

Department of Transportation – Office of the Secretary – National Civil Aviation Authority Security Committee Fund

Aviation security fees (part of the terminal fee collected from passengers, both domestic and international airports)

Section 5 of Executive Order No. 311, April 26, 2004

Section 5. Funding. – The amount necessary for the initial operation and administration for the OTS shall be chargeable against funds for the purpose and other sources recommended by the Department of Budget and Management. Thereafter, appropriations for the OTS shall be included in the budget proposals under the DOTC.

Department of Transportation – Office of the Secretary – Land Transportation Office, Seat Belt Use Fund

Fines imposed for the enforcement of Republic Act No. 8750

Section 13(c) of Republic Act No. 8750:

Section 13. Nationwide Public Information Campaign

(c) The fines that will be collected for the enforcement of this Act shall be used exclusively for the implementation of the provisions of this Act, including the necessary promotion campaigns for the use of seat belt devices.

Budgetary Support to Government Corporations – National Tobacco Administration

40% of the balance of the entire collection from the specific taxes on locally-manufactured Virginia-type cigarettes and tariff duties on imported leaf tobacco, after setting aside the share of the LGUs and BIR

Section 3 of Republic Act No. 5447:

Section 3. Allocation of the taxes on Virginia-type cigarettes and the duties on imported leaf tobacco. — The

entire collection from specific taxes on locally-manufactured Virginia-type cigarettes and tariff duties on imported leaf tobacco shall be allocated as follows:

The share of the local governments in the regular internal revenue allotment as provided for in Commonwealth Act Numbered Four hundred eighty-six, as amended by Republic Act Numbered Seven hundred eighty-one, as further amended by Republic Act Numbered Five thousand one hundred eighty-five, shall be computed and set aside for distribution to local governments in accordance with existing laws.

One per centum of the entire collection shall be retained by the Bureau of Internal Revenue for the purchase of strip stamps, apparatus, equipment, as well as improvement and adoption of modern methods for the effective enforcement and collection of the specific taxes mentioned in this section.

The balance shall be distributed as follows: ten per centum to the national share of the Fund; forty per centum to the Philippine Virginia Tobacco Administration Tobacco Fund created under Republic Act Numbered Four thousand one hundred fifty-five; and fifty per centum to the general fund of the National Government

Games and Amusement Board

3% of gross gate receipts and 3% on gross radio and TV coverages

Section 8, paragraph 2 of Presidential Decree No. 871:

Section 8. Admission receipts and other income. . . .

Any person, entity or association conducting professional basketball games or other professional games shall set aside and remit to the Board three per cent (3%) of the gross gate receipts and income from television, radio and motion picture rights if any, which shall be available to defray the expenses of the personnel of the Board assigned to supervise the games and for such other expenses in other activities of the Board. Provided, however, That all professional basketball games conducted by the Philippine Basketball Association shall only be subject to amusement tax of five per cent of the gross receipts from the sale of admission tickets.

Department of Public Works and Highways – Office of the Secretary – National Building Code Development Fund

Share from Building Permit Fees

Section 208 of Presidential Decree No. 1096:

Every Building Official shall keep a permanent record and accurate account of all fees and other charges fixed and authorized by the Secretary to be collected and received under this Code. Subject to existing budgetary, accounting and auditing rules and regulations, the Building Official is hereby authorized to retain not more than twenty percent of his collection for the operating expenses of his office. The remaining eighty percent shall be deposited with the city or municipal treasurer and shall accrue to the General Fund of the province,

city or municipality concerned.

Pre-Need Fund

Fees and charges and other income derived from the regulation of pre-need companies

Section 5 of Republic Act No. 9829:

Section 5. Supervision

The salary and allowances or personal services expense of the employees of the Insurance Commission shall be sourced from the retained amount of the fees, charges and other income derived from the regulation of pre-need companies and from the Insurance Fund under Sec. 418 of the Insurance Code of the Philippines (Presidential Decree No. 612 as amended) and Sec. 286 of the National Internal Revenue Code. If the personal services expense cannot be covered by the retained amount and the Insurance Fund, it shall be appropriated in the General Appropriations Fund.

Section 13(c) of Republic Act No. 8750—cited as the legal basis for the creation of the SAGF for the Seat Belt Use Fund—has the same language as the Sin Tax Reform Laws. It stated that the "fines that will be collected for the enforcement of this Act shall be used exclusively for the implementation of the provisions of this Act, including the necessary promotion campaigns for the use of seat belt devices." There was nothing in the law which directly mandated the creation of a special account, but the language of the law and the purpose of the fines collected pursuant to Republic Act No. 8750 were clear. Hence, a special account was created for the Seat Belt Use Fund.

In other words, the lack of a special account in the general fund does not negate the descriptive label that attaches at once to what a fund devoted for a special purpose is—a "special fund" as Article VI, Section 29(3) of the Constitution describes. The style of management and administration of the fund by its administrator or user should not alter how the Constitution characterizes this fund to be. The fact that the sin tax collections are not booked in a special account does not divest it of its nature as a special fund.

It is the legislative intent and purpose of the tax, not the technical or accounting management of the funds, that controls. Improper handling or failure to segregate funds may be considered administrative discretion or lapses, but they do not negate the constitutional classification of the fund as "special fund." The designation of the funds as a special fund is conferred by the Constitution, but the handling of the fund and its segregation from the general fund is merely an administrative matter that will neither affect nor alter its character.

In *Gaston and Osmeña*, the segregation of funds only bolstered the fact that the funds are indeed special funds—but it was not the determining factor. Their description as special funds was determined solely by the specific funds' purpose.

In *Gaston*, the taxing power was used as a police power measure because it was levied with a regulatory purpose to provide means for the stabilization of the sugar industry:

The stabilization fees collected are in the nature of a tax, which is within the power of the State to impose for the promotion of the sugar industry. . . . The tax collected is not in a pure exercise of the taxing power. It is levied with a regulatory purpose, to provide a means for the stabilization of the sugar industry. The levy is primarily in the exercise of the police power of the State.

. . . .

The stabilization fees in question are levied by the State upon sugar millers, planters and producers for a special purpose — that of "financing the growth and development of the sugar industry and all its components, stabilization of the domestic market including the foreign market." The fact that the State has taken possession of moneys pursuant to law is sufficient to constitute them state funds, even though they are held for a special purpose (*Lawrence v. American Surety Co.* 263 Mich. 586, 249 ALR 535, cited in 42 Am Jur Sec. 2, p. 718). Having been levied for a special purpose, the revenues collected are to be treated as a special fund, to be, in the language of the statute, "administered in trust" for the purpose intended. Once the purpose has been fulfilled or abandoned, the balance if any, is to be transferred to the general funds of the Government. That is the essence of the trust intended (See 1987 Constitution, Article VI, Sec. 29(3), lifted from the 1935 Constitution, Article VI, Sec. 23(1)).^[330] (Emphasis supplied)

In the same vein, the OPSF in *Osmeña* was also classified as taxes exacted in the exercise of the police power of the State. It was a mechanism to reimburse oil companies for cost increases in crude oil and imported petroleum products arising from exchange rate adjustments and increases in the world market prices of crude oil.

Here, the Sin Tax Laws are intended not only to curb excessive consumption of substances or goods that are detrimental to the health of people, but also to raise revenue for the implementation of the UHCA. Considering the purposes of the Sin Tax Laws and its regulation on the consumption of certain goods, the exercise of the taxing power is also more of an exercise of the police power. The language of the Sin Tax Laws is crystal clear—that a portion shall be allocated and used exclusively for the implementation of the UHCA. To rule otherwise would disregard or abrogate and thus would violate the purpose of the Sin Tax Laws.

Article VI, Section 29(3) of the Constitution admits of only one exception for the transfer of special funds to the general fund of the National Government, i.e., if the purpose for which a special fund was created has been fulfilled or abandoned.

In the case of the UHCA, the purpose of providing government subsidies for the premiums of indirect members in the NHIP is still far from being fulfilled or abandoned. As mentioned in our earlier discussion, the objective of the UHCA to give all Filipinos access to a comprehensive set of quality and cost-effective, promotive, preventive, curative, rehabilitative and palliative health services is still in its infancy stages, or at its best euphemistically, in the process of being fully achieved.

Justice Singh, in her Separate and Concurring Opinion, outlines the wide gap in healthcare coverage among the poor, leaving millions of Filipinos without subsidized healthcare protection. The awesome challenge to PhilHealth remains as the health care system envisioned by the UHCA and the NHIP continues to be a work-in-progress.

As admitted by the solicitor general during the interpellation by Justice Zalameda, the objectives of UHCA have not been abandoned. More poignantly, the solicitor general even acknowledged that the funds diverted from PhilHealth could have actually been used conformably with the purpose of the law.^[331]

This was admitted by the President and CEO of PhilHealth himself. When SAJ Leonen asked if the universal health care had already been achieved, Dr. Mercado replied that "it's a long process and I don't think we've achieved the fullest potential of our universal healthcare." Dr. Mercado confirmed that even after all these years, the vision set out under the UHCA had not yet been fully realized.^[332]

When asked by Associate Justice Samuel H. Gaerlan about the benefits and reforms made by PhilHealth under the UHCA, Dr. Mercado, only managed to give an agenda of the reforms that he will still be implementing.^[333]

The constitutional mandate is clear. As long as the legislative purpose endures, so too must the integrity and exclusivity of the funds committed to it persist chronically. The health of the Filipino people and the full

implementation of the UHCA demand nothing less.

As substantially explained by Justice Caguioa, the inclusion of PhilHealth's special funds in the GAA does not affect its character.[334]

The release of PhilHealth funds through the GAA is only made pursuant to Article VI, Section 29 of the Constitution, which states that "[n]o money shall be paid out of the Treasury except in pursuance of an appropriation made by law." The GAA thus serves as a vehicle for the release of these earmarked funds to ensure transparency and accountability.

In other words, the GAA only authorizes the releases of public money and has nothing to do with the character of the funds released. The allocation of PhilHealth funds under the UHCA are fixed by the Sin Tax Laws and merely pass through the GAA. In the same vein, the earmarking of sin tax revenues under Republic Act No. 9334, Republic Act No. 10351, Republic Act No. 11346, and Republic Act No. 11467 constitutes an automatic appropriation in favor of PhilHealth.

Hence, when Special Provision 1(d) diverted the use of the PhilHealth "reserve funds" that were sourced from these earmarked excise taxes to fund instead the programs and projects under the Unprogrammed Appropriations of the 2024 GAA, Special Provision 1(d) clearly and convincingly repealed the categorical mandatum of the Sin Tax Laws to limit the use of the excise tax percentages for funding the UHCA and directly contravened the prohibition enshrined in Article VI, Section 29(3) of the Constitution. For repealing/ amending not only Section 11 of the UHCA, as discussed above, but also the Sin Tax Laws; and for violating Article VI, Section 29(3) of the Constitution, the Court must declare Special Provision 1(d) as unconstitutional and thus, void for being an inappropriate provision of the 2024 GAA.

Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024 infringed the people's right to health and right to an affordable, sustainable, and accessible public health care insurance

The Constitution is full of provisions recognizing the people's right to health. Article II, Section 15 recites the general policy of the State to protect and promote the right to health of the people and instill health consciousness among them, while Article XIII, Sections 11, 12, and 13 lay the groundwork to implement this policy, thus:

Health

SECTION 11. The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. There shall be priority for the needs of the underprivileged sick, elderly, disabled, women, and children. The State shall endeavor to provide free medical care to paupers.

SECTION 12. The State shall establish and maintain an effective food and drug regulatory system and undertake appropriate health manpower development, and research, responsive to the country's health needs and problems:

SECTION 13. The State shall establish a special agency for disabled persons for their rehabilitation, self-development and self-reliance, and their integration into the mainstream of society. (Emphasis supplied)

In *Oposa v. Factoran*,^[335] the Court has ordained that the right to a balanced and healthful ecology occupy a tier above other civil and political rights for they directly involve the people's self-preservation and self-perpetuation and; thus, must naturally precede all other rights.^[336] Further, as Chief Justice Gesmundo markedly affirmed, the

right to health is not a standalone right but intersects and intertwines with other constitutional guarantees under Article II on State Policies and Article XIII on Social Justice.[337]

Demonstrably, the right to health is multi-faceted, its complete realization covering an array of factors. As iterated by International Covenant on Economic, Social and Cultural Rights (ICESCR), to which the Philippines is a state party, states must undertake multiple steps to achieve the full realization of this right. These steps include measures which assure that medical services and medical attention are provided for all. Article 12 of the ICESCR ordains, viz.:

Article 12

1.

The State Parties to the present Covenant recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.

2.

The steps to be taken by the State Parties to the present Covenant to achieve the full realization of this right shall include those necessary for:

a.

The provision for the reduction of the stillbirth-rate and of infant mortality and for the healthy development of the child;

b.

The improvement of all aspects of environmental and industrial hygiene;

c.

The prevention, treatment and control of epidemic, endemic, occupational and other diseases;

d.

The creation of conditions which would assure to all medical service and medical attention in the event of sickness. (Emphasis supplied)

While the right to health is rightfully broad in scope, as the OSG points out, there are core contents or the bare minimum for one to genuinely enjoy the right to health. For instance, the right to life is multi-faceted, but if the State cannot guarantee that State forces will not kill or maim people at random, surely, even if the State provides shopping money for everyone's nutrition, the right to life is already violated. The right to health is not any different—it has core contents or the bare minimum that must be met in order for one to meaningfully say his or her right to health has not been breached.

Intuitively, foremost of its core contents is the right to have affordable and accessible health care for all. The abundance of hospital beds and advancement of medicine are rendered inutile if the people for whom they exist cannot afford to avail them. Illness and disease would soon claim their lives all the same as if these resources did not exist. As laudably expressed by Chief Justice Gesmundo, universal health coverage not only contemplates that the people are given insurance coverage, but also that the coverage given is effective by providing adequate protection against financial risks.[338]

Indeed, Article XIII, Section 11 of the Constitution holds this facet of the right to health as a prime goal, and specifically mandates the State to endeavor to make health services available to all at affordable costs. As the

right to have affordable and accessible health care for all has been raised to the level of constitutional or fundamental right, it has become a core content or the minimum standard of the right to health.

Article XIII, Section 11 of the Constitution on the right to have affordable and accessible health care for all is self-executing.[339] Nonetheless, the UHCA was enacted precisely to give this right a clear and unequivocal connection to the right to health and a specific structure or form. One of the purposes of the UHCA is to provide a comprehensive set of quality and cost-effective, promotive, preventive, curative, rehabilitative and palliative health services to the Filipino people.[340] In other words, the UHCA was enacted to transform Article XIII, Section 11 of the Constitution into reality and to realize universal health care, which means, health care for all Filipinos implemented through the structural framework of a sustainable public health care insurance system—the National Health Insurance Program (NHIP)—which ensures the provision of individual-based health services.[341] Sections 2 and 3 of the UHCA relevantly provide:

Section 2. Declaration of Principles and Policies. — It is the policy of the State to protect and promote the right to health of all Filipinos and instill health consciousness among them. Towards this end, the State shall adopt:

....

(b) A health care model that provides all Filipinos access to a comprehensive set of quality and cost-effective, promotive, preventive, curative, rehabilitative and palliative health services without causing financial hardship, and prioritizes the needs of the population who cannot afford such services;

....

Section 3. General Objectives. — This Act seeks to:

(a) Progressively realize universal health care in the country through a systemic approach and clear delineation of roles of key agencies and stakeholders towards better performance in the health system; and

(b) Ensure that all Filipinos are guaranteed equitable access to quality and affordable health care goods and services, and protected against financial risk. . . . (Emphasis supplied)

Through the UHCA, the right to health and the accompanying right to affordable and accessible health care have evolved from a vague principle into a legally demonstrable and demandable entitlement. Today, it encompasses the provision of affordable, sustainable, and accessible public health care insurance for individual-based health services. This development signifies a shift from abstract ideals to guarantees concretized by the special design of the UHCA which, as eloquently placed by Justice Jhosep Y. Lopez, is a landmark legislation, passed after decades of lobbying and unyielding demands of the public. The UHCA, through Section 11, was passed to "ensure its viability and sustainability in fulfilling its mandate of providing quality services and benefits." [342]

Unfortunately, even prior to Special Provision 1(d) and DOF Circular No. 003-2024, progress towards the fulfillment of the UHCA's unequivocal mandate—the progressive realization of universal health care for all Filipinos—has been sluggish at best. As Justice Lopez definitively points out, the UHCA "is one of the most important pieces of legislation that we have today, which undertakes, in the ultimate, universal healthcare for each and every Filipino, a promise that is admittedly still far from realization." [343] Although the law is already in its sixth year of implementation, PhilHealth continues to fall short of the milestones it was legally and ethically bound to achieve. As highlighted by amicus curiae Dr. Ho, while progressive steps have been taken in expanding PhilHealth's benefit packages, inpatient and outpatient services and cost coverages remain insufficient to fully meet the UHCA's objectives.[344]

During the oral arguments, Atty. Paula Mae B. Tanquieng (Atty. Tanquieng) emphasized that the UHCA is still far behind the milestones mentioned under the UHCA. She cited the Section 6(b) of the UHCA which states that

"within two years from the effectivity of this Act, PhilHealth shall implement a comprehensive outpatient benefit, including outpatient drug benefit and emergency medical services." It was only this year, the sixth year, that PhilHealth released the drug benefit package, which should have been furnished with the comprehensive outpatient benefit. This drug benefit package was made available only after six years, despite the two-year timeline under the UHCA.[345]

Atty. Tanquieng also called our attention to the mission of integrating local health systems with province-wide and city-wide health systems under Section 19 of the UHCA—which has yet to be implemented:[346]

Lastly, Atty. Tanquieng lamented the issues surrounding the implementation of the Konsulta, a part of the primary care package under the UHCA. It is a benefit package that only a few apparently know anything about—what it is, how to avail of it, what requirements are needed for availment, and numerous related unknowns.

According to the Philippine Statistics Authority, household out-of-pocket payment had the highest contribution among the health care financing schemes in 2023, accounting for 44%—that is, nearly 50%—of the total Current Health Expenditure. The same report showed that health spending rose to PHP 11,083.00 in 2023, an increase of 8.3% from the PHP 10,238.00 expense in 2022 on a per capita basis.[347] The WTW Global Medical Trends Survey projected that the medical insurance costs will increase by 18.3% in 2025, the second highest growth among markets in Asia Pacific. For three consecutive years, 2023 to 2025, the medical costs in the country were expected to increase by double digits.[348]

With these rising figures, it is disheartening to know that Filipino patients still shoulder at least 44.7% of their healthcare expenses.[349] More, as emphasized by amicus curiae Mr. Africa, PhilHealth covers, in reality, only around 10.2% of a patient's hospital bill.[350] Again, even the president and CEO of PhilHealth has acknowledged that the goal of universal healthcare remains unfulfilled.[351] For the majority of Filipinos, the present case rate is debilitating and depressingly far from the ideal.[352]

These data points underline a pressing reality: the promise of universal healthcare, though constitutionally enshrined as a core component of the right to health, is still a promise yet to be substantially delivered six years into the UHCA's execution.

True, the law outlined a 10-year implementation period[353] but, again, this timeline must not be construed as a license to stray—even momentarily—from the mission and vision embedded in its framework.

Chief Justice Gesmundo directs attention to the records of the Constitutional Commission[354] on the specific wording of Article XIII, Section 11 of the Constitution, which states that the State must endeavor, i.e., try its best, to provide health services to everyone and provide free medical care to paupers, as cost, regardless of amount, will be burdensome to them. Chief Justice Gesmundo eruditely reasoned that the use of the word "endeavor" was not intended by the Constitutional Commissioners to serve as a convenient excuse for the State to be complacent in promoting our people's right to health and healthcare, but was meant to be a clear indication of its strong commitment that the State will continuously and tirelessly work towards achieving its goal.[355]

At the very core of the right to health, as envisioned by the UHCA, lies the entitlement to public healthcare insurance that is not only accessible, but also affordable and, more important, sustainable – an essential minimum that must be upheld. This essential minimum entitlement is precisely why the UHCA provides for sources of funding and the very specific design in the utilization of these funds under Section 11 of the UHCA.

The grand design of the UHCA begins with universal coverage which addresses accessibility. This is a feat already accomplished under the NHIP. The crux of the matter now lies on the subject of affordability and

sustainability—two significant components addressed by Sections 11 and 37 of the UHCA; and two vital components of the right to health that were breached by Special Provision 1(d) as implemented by DOF Circular No. 003-2024.

Section 11 explicitly mandates a two-pronged mission, one, apportion adequate "reserve funds" to preserve the viability and sustainability of PhilHealth's operations, and two, any excess in PhilHealth's "reserve funds" must be allocated for the twin healthcare-related purposes intended to decrease the out-of-pocket medical expenses of Filipinos. The vision is to advance the goals of universal health care:

When Special Provision 1(d), as implemented by DOF Circular No. 003-2024, placed a portion of PhilHealth's "reserve funds" under the guise of unrestricted "fund balance" to circumvent the clear prohibition of Section 11, it caused PhilHealth to stray from its mission and to betray the vision of the UHCA. Whatever meager progress set out in the cards were further derailed and delayed when PHP 89.9 billion—a significant amount which could have contributed to breaching the ceiling and triggering the twin purposes under Section 11—was swept away to fund projects that were, it turn out, neither urgent nor unfunded.

As it was, any improvements in the benefits offered under the NHIP, or additional benefits that could have been offered at the soonest possible time, merely touched our fingers, as if but a dream, and ultimately slipped from our grasp. More than retarded improvements in our healthcare, this ingenious move came, too, with the chilling threat to the very security and viability of the continued operations of the NHIP, as it completely overlooked systematic safeguards, e.g., the setting of actuarially estimated ceilings and consideration of the Provision for ICL, put in place specifically for special industries like the insurance business. Not only did this realignment of funds snatch aspirations for health care advancement, it threatens to destroy, too, the existing program which Filipinos currently have to live with.

This financial misalignment is not merely a budgeting error—it is a breach of our constitutionally guaranteed right to health. The diversion of PhilHealth resources undermines the UHCA's legal architecture and violates the constitutional obligation to strive toward equitable, affordable, and sustainable health services for all.

As eloquently put by Justice Singh, the transfer of funds from PhilHealth is "fundamentally disruptive to the UHCA's framework," undermining the mechanism by which the State meets its healthcare obligations and threatening the universal healthcare system.[356] SAJ Leonen properly characterizes the effect of this system on the greater constitutional rights of the people as "[destroying] the very nature of PhilHealth funds as pooled funds for social health insurance, [retarding] the attainment of UHCA goals of providing comprehensive and universal health care and infringes on the people's right to health." [357] On the other hand, Chief Justice Gesmundo clarifies that the problem lies not in the State's desire to improve our economy, but in its attempt to achieve this through means which directly contravenes what our Constitution itself has promised—that it will continuously endeavor to provide affordable healthcare to all Filipinos, especially the underprivileged in our society, and in turn, promote our people's right to health.[358]

This is a consequence that cannot be assuaged by simplistically yet erroneously reasoning that the projects to be funded under the Unprogrammed Appropriations are health care-related anyway.

Neither Special Provision 1(d) nor DOF Circular No. 003-2024 specifically provides that the "fund balance" of PhilHealth shall only be utilized for health-related unprogrammed appropriations. As admitted by the OSG,[359] portions of the "fund balance" remitted to the National Treasury have already been obligated or disbursed for purposes and programs classified as Unprogrammed Appropriations of the 2024 GAA,[360] most of which have little or no connection to the right to health.

During the oral arguments, the DOF secretary himself admitted that PhilHealth funds have been partly utilized for infrastructure projects. He theorized that PhilHealth funds may be used to fund construction of roads and bridges, if it meant enabling Filipinos to access health care facilities. Notably though, the DOF secretary's theory was refuted by Associate Justice Mario V. Lopez who emphasized that the primary purpose of the funds should be health.^[361] In other words, the funds cannot be considered as allocated to health merely because of a remote incidental "health" benefit such as easier access to hospitals because of construction of roads and bridges.

Surely, the health and well-being of the population are intrinsically linked to broader goals of economic and social development. However, this interconnection cannot justify the use of funds for another purpose different from the purpose for which the funds are specifically earmarked, that is, to provide affordable and accessible health care. This redirection or repurposing comes at the expense of the very services that safeguard public health. It runs counter to the intent of the Constitution, which explicitly fortifies the right to health by mandating the State to ensure the availability and affordability of healthcare and other social services.

This violation is exacerbated by PhilHealth's continuing failure to meet its mandated milestones, as discussed above. These deficiencies not only contravene the spirit of the UHCA but also erode public trust and delay the full realization of universal health care for all Filipinos, infringing the right to health and its essential derivatives, the right to affordable, sustainable, and accessible health care, including public health care insurance for individual-based health services.

Petitioners need not establish that a Filipino receives zero benefits from PhilHealth to prove a violation of the right to health and its related entitlements. Rather, it is sufficient to demonstrate that a government action—specifically, the diversion of PhilHealth's "reserve funds" through Special Provision 1(d) and DOF Circular No. 003-2024—has materially undermined the core legal and ethical obligations enshrined in the UHCA, particularly Section 11. This section delineated the proper use of "reserve funds," and any deviation from it constitutes an infringement of the statutory and constitutional commitment to affordable and accessible health care for all Filipinos.

Verily, it is clear that the people's right to health was not merely deprioritized—it has been, with respect, brazenly disregarded. The right to health and its cognates, the right to an affordable, sustainable, and accessible public healthcare through the NHIP, are fundamental and inalienable entitlements that must be safeguarded with the government's highest degree of commitment. These rights cannot be treated as a negotiable commodity, subject to fiscal trade-offs or policy realignments.

The government does not have the prerogative to rank national projects at the cost of undermining a constitutionally guaranteed right, especially when the prioritization of these other projects rests on false invocations of "urgency" and lack of funding. In this context, Special Provision 1(d) and DOF Circular No. 003-2024, insofar as they mandated the transfer of PhilHealth's "reserve funds" to the National Treasury, constitute a direct and indefensible breach of the right to health.

Special Provision 1(d) and DOF Circular No. 003-2024 violated Article VI, Section 25(5) of the Constitution when the Secretary of Finance exercised the power of augmentation exclusively belonging to the President

Article VI, Section 25(5) of the Constitution defines the power of augmentation:

No law shall be passed authorizing any transfer of appropriations; however, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of

Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations. (Emphasis supplied)

To be valid, the transfer of appropriated funds must be achieved by the concurrence of the following requisites: (1) there is a law authorizing the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of the Constitutional Commissions to transfer funds within their respective offices; (2) the funds to be transferred are savings generated from the appropriations for their respective offices; and (3) the purpose of the transfer is to augment an item in the general appropriations law for their respective offices.[362]

None of these requisites was complied with.

First. The power to transfer savings under Article VI, Section 25(5) of the Constitution pertains to the president, the president of the senate, the speaker of the House of Representatives, the chief justice of the Supreme Court, and the heads of Constitutional Commissions—the list is exclusive and signifies no other.[363]

The doctrine of qualified political agency recognizes the necessity of delegating powers by reason of the multifarious responsibilities demanding the president's attention.[364] Nonetheless, there are power vested in the president by the Constitution which must not be delegated to or exercised by an agent or alter ego of the president.[365] The power of augmentation is one of them. It is an act specifically vested in the president alone. Hence, delegation is proscribed.

As held in *Philippine Constitution Association v. Enriquez*,[366] while Article VI, Section 25(5) of the Constitution allows as an exception to the realignment of savings to augment items in the general appropriations law for the executive branch, this power must and can be exercised only by the President alone, pursuant to a specific law.

In fine, the secretary of finance cannot, in any capacity whether as alter ego of the president or as head of department, exercise the power of augmentation under the Constitution.

Second. The funds transferred were not "savings" generated from the appropriations for the Office of the President. In *Araullo v. Aquino*,[367] the Court stressed that "savings" must come from the appropriations of the augmenting office itself. But "fund balance" transferred to the National Treasury cannot by any stretch be classified as "savings," being part of the "reserve funds" which are kept for specific purposes—to meet unexpected contingencies and to improve the benefits under the NHIP. Neither is the "fund balance" from the appropriations of the Office of the President, having been derived from the "reserve funds" of PhilHealth.

Third. The transfer here was not made to augment an item in the general appropriations law for the Office of the President. The funds were not also intended for PhilHealth to augment its own appropriations. This is a clear infringement of the principle embodied in Article VI, Section 25(5) of the Constitution that the augmentation must benefit the same office as the office that is the source of the savings.

The power of augmentation is tightly regulated: it may only be exercised by specific officials and strictly within the bounds of existing appropriations. Neither Special Provision 1(d) nor DOF Circular No. 003-2024 conforms to these requirements, and thus, must be struck down.

Remarkably, the OSG itself concedes that the requisites set forth in Article VI, Section 25(5) of the Constitution were not met. Yet rather than acknowledging the legal implications of these omissions, the OSG uses this very infirmity as a defense, insisting that augmentation was never at play.

This reasoning is self-defeating. The absence of constitutional requisites does not absolve the measure—it

invalidates the measure. The transfer of funds, whether acknowledged as augmentation or not, resulted in a realignment of resources without adherence to constitutional safeguards. Therefore, this action must be viewed for what it substantively is: an unauthorized exercise of the power of augmentation, and a violation of the constitutional order.

While the OSG categorically denies invoking the power of augmentation to justify Special Provision 1(d) and DOF Circular No. 003-2024, the undeniable consequence of these measures was the transfer of funds, and effectively, an augmentation as funds were drawn to Unappropriated Appropriations which lacked specific budgetary allocations, thereby assigning resources to purposes that previously had none.

Regardless of the OSG's disavowal, this argument fails to satisfy the constitutional and legal prerequisites of augmentation and thus, any claim that augmentation was not invoked is belied by the very nature and effect of these fund transfers.

Another. What cannot be done directly cannot be done indirectly. While the form may differ from direct augmentation under Article VI, Section 25(5) of the Constitution, the result is the same: funds appropriated to PhilHealth are redirected and repurposed for the use of other budget items, here, Unprogrammed Appropriations. This set-up attempts to side-step but brazenly infringes the prohibition against the cross-border transfer of funds—that is, moving funds across institutional boundaries—and violates the proscription on the realignment of funds that have already been specifically appropriated.

The Constitution expressly prohibits cross-border transfers and reallocation of funds already appropriated for a particular purpose. To allow these assailed measures to take their course under the guise of congressional power would be to render this constitutional safeguard meaningless.

In *Demetria v. Alba*,^[368] the Court ruled that paragraph 1, Section 44 of Presidential Decree No. 1177, which granted the President authority "to transfer any fund, appropriated for the different departments, bureaus, offices and agencies of the Executive Department, which are included in the GAA, to any program, project or activity of any department, bureau, or office included in the GAA or approved after its enactment," violated Article VI, Section 25(5) of the Constitution as it was then Article VIII, Section 16(5) of the previous 1973 Constitution.

In *Alba*, we thoroughly explained how Article VI, Section 25(5) of the Constitution, together with other constitutional provisions involving the use of public funds, was meticulously crafted as a safeguard against misappropriation and embezzlement of public funds:

The prohibition to transfer an appropriation for one item to another was explicit and categorical under the 1973 Constitution. However, to afford the heads of the different branches of the government and those of the constitutional commissions considerable flexibility in the use of public funds and resources, the constitution allowed the enactment of a law authorizing the transfer of funds for the purpose of augmenting an item from savings in another item in the appropriation of the government branch or constitutional body concerned. The leeway granted was thus limited. The purpose and conditions for which funds may be transferred were specified, i.e. transfer may be allowed for the purpose of augmenting an item and such transfer may be made only if there are savings from another item in the appropriation of the government branch or constitutional body.

....

"For the love of money is the root of all evil: . . ." and money belonging to no one in particular, i.e. public funds, provide an even greater temptation for misappropriation and embezzlement. This, evidently, was foremost in the minds of the framers of the constitution in meticulously prescribing the rules regarding the appropriation and disposition of public funds as embodied in Sections 16 and 18 of Article VIII of the 1973

Constitution. Hence, the conditions on the release of money from the treasury [Sec. 18(1)]; the restrictions on the use of public funds for public purpose [Sec. 18(2)]; the prohibition to transfer an appropriation for an item to another [Sec. 16(5) and the requirement of specifications [Sec. 16(2)], among others, were all safeguards designed to forestall abuses in the expenditure of public funds. Paragraph 1 of Section 44 puts all these safeguards to naught. For, as correctly observed by petitioners, in view of the unlimited authority bestowed upon the President, ". . . Pres. Decree No. 1177 opens the floodgates for the enactment of unfounded appropriations, results in uncontrolled executive expenditures, diffuses accountability for budgetary performance and entrenches the pork barrel system as the ruling party may well expand [sic] public money not on the basis of development priorities but on political and personal expediency." [369] (Emphasis supplied).

The method by which appropriated funds are realigned—whether through a DOF Circular or a special provision in the GAA—is immaterial. What matters is the substance and effect of the government's action; if the outcome constitutes the reallocation of funds, then Article VI, Section 25(5), of the Constitution must apply. Constitutional limitations are triggered not by labels but by outcomes.

Measures that result in fund transfers absent proper authority cannot escape scrutiny simply by being clothed in a different procedural form. It is, in essence, the same violation, and though with a different name, it is still the same affront to the rule of law. Ultimately, the Constitution does not bend for convenience nor yield to creative accounting or bookkeeping. The mechanisms employed—whether as special provisions or administrative circulars—cannot mask what is, in essence, a breach of constitutional order.

The unfortunate effect of Special Provision 1(d) is not only to disrupt the integrity of the appropriations process, but also to erode the principle of fiscal accountability enshrined in our Constitution. The diversion of PhilHealth's "reserve funds" disregarded the legal safeguards of Article VI, Section 25(5); violated the express mandate of the UHCA; eroded the right to health and its cognates including the right to an affordable, sustainable and accessible public health care insurance; and subverted the State's duty to ensure accessible, affordable, and sustainable health and health care for all. The choice to reallocate health care resources under arbitrary circumstances was not simply a fiscal misstep—it was a moral, and above all, a constitutional failure.

Aside from Article VI, Section 25(5) of the Constitution—which sets forth strict conditions for the exercise of the power of augmentation—We have not been referred to any other legal authority that empowers public officers to reallocate funds appropriated in a GAA. Specifically, no provision has been cited that would allow the transfer of appropriated funds from one program, project, or activity of an office within the Executive Department to another, whether within the same office or across different offices, whether in the same general appropriations act or post-enactment.

The OSG keeps referring to Special Provision 1(d) and DOF Circular No. 003-2024 as the very basis for the authority to validate the implementation of these measures—despite these measures being the same exact provisions under constitutional scrutiny. This line of reasoning begs the question: one cannot justify legally contested measures by circularly invoking their own text as the source of authority.

The cash budgeting system is not applicable to the funds of PhilHealth

Section 70 of the 2023 GAA provides for the application of the cash budgeting system, viz.:

Section 70. Cash Budgeting System. All appropriations authorized in this Act, including budgetary support to GOCCs and financial assistance to LGUs shall be available for release and obligation for the purpose specified, and under the same general and special provisions applicable thereto, until December 31, 2024,

except for personnel services which shall be available for release, obligation and disbursement until December 31, 2023. On the other hand, appropriations for the statutory shares of LGUs shall be available for obligation and disbursement until fully expended.

The construction of infrastructure projects, delivery of goods and services, inspection, and payment of infrastructure capital outlays, MOOE and other capital outlays, including those subsidy releases to GOCCs for MOOE and capital outlays, shall be made not later than December 31, 2024.

After the end of validity period, all unreleased appropriations and unobligated allotment shall lapse, while unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292 and shall not thereafter be available for expenditure except by subsequent legislative enactment. Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs, shall strictly observe the validity of appropriations and the reversion of funds.

All funds transferred between national government agencies, or by national government agencies to GOCCs and vice versa, or by national government agencies to LGUs shall not be considered disbursed under this Section until the transferred amounts have been actually utilized to pay for completed construction, goods delivered and services rendered, inspected and accepted, within the validity period. It is understood that transfer of funds shall strictly be in accordance with pertinent budgeting, accounting, auditing, and procurement laws, rules, and regulations.

The DBM is authorized to issue the necessary guidelines for the effective implementation of the cash budgeting system. (Emphasis supplied)

On September 9, 2019, then President Duterte signed Executive Order No. 91, entitled "Adopting the Cash Budgeting System Beginning Fiscal Year 2019, and for Other Purposes."

Cash budgeting system refers to a budgeting system where the annual appropriations limit the incurrence of obligations and payments for goods, services, and civil works delivered/rendered, inspected, and accepted, all within the current fiscal year or the transition period approved by the president as recommended by the Department of Budget and Management.[370]

Prior to the cash-budgeting system, the Philippines adopted the obligation-based budgeting which allows the delivery of contracts awarded, inspection, verification, and payment even after the end of the fiscal year. Under this system, contracts awarded within the fiscal year can be delivered even after the end of the fiscal year.

On the other hand, under the cash budgeting system, contracts of up to 12 months should be fully delivered by the end of the fiscal year.[371] This system promotes discipline, focus, and better operational planning among agencies as it funds only the programs and projects that can be implemented and completed within the fiscal year, and provides for a fixed implementation and payment period that must be strictly observed.[372]

The focus of the cash-budgeting system is on the delivery of goods or services and implementation of the projects funded by the GAA within the fiscal year. It has two key principles: (1) The budget or appropriations is valid only within the fiscal year and the extension period that will be determined by the DBM and the president; and (2) The disbursement of money under the GAA for the fiscal year is allowed only for goods and services delivered, inspected, and accepted within that same fiscal year, with certain exceptions.

In their petition, Pimentel III et al. argue that the appropriation for PhilHealth should have stayed in its coffers as PhilHealth should have been given the opportunity to utilize it until the end of the validity period or until December 31, 2024. We agree, not because of the violation of the cash budgeting system; but rather, it is because the funds of PhilHealth are special funds.

While the remittance of excess funds may have been in line with the cash budgeting system that discourages accumulation of unused obligations or idle funds for efficient cash management, the nature of the funds of PhilHealth precludes the application of the cash budgeting system.

As exhaustively discussed, the funds of PhilHealth are special funds created for a special purpose contemplated under Article VI, Section 29(3) of the Constitution. Hence, the cash budgeting system finds no application to the remittance of PhilHealth funds as there can be no instance that its funds will remain unobligated. While its funds may be unspent at a given time, there will still be no unobligated funds to speak of, as they are exclusively appropriated for the people's right to health.

Petitioners erroneously raise as issues in the present cases the alleged culpability of the DOF Secretary for technical malversation and/or plunder; and the issuance of guidelines on the president's exercise of his or her privilege to certify to the immediate enactment of a bill under Article VI, Section 26(2), of the Constitution

Penultimately, we decline the prayer of petitioners to: (a) determine the alleged liability of the DOF secretary for technical malversation and/or plunder; and (b) issue guidelines for the president's exercise of his power to certify a bill as urgent under Article VI, Section 26(2) of the Constitution.

First. A petition for certiorari and prohibition—a special civil action limited to a determination of grave abuse of discretion[373]—is not the proper remedy to adjudge criminal liability or innocence for technical malversation or plunder. Rule 1, Section 3 of the 2019 Amendments to the 1997 Rules of Civil Procedure defines a civil action, either ordinary or special, as one by which a party sues another for the enforcement or protection of a right, or the prevention or redress of a wrong. A criminal action, on the other hand, is one by which the State prosecutes a person for an act or omission punishable by law.

Clearly, the references to alleged criminal liability for malversation or plunder to challenge the acts of the DOF secretary are improper. To reiterate, the only issue to be adjudicated here is the constitutionality of the assailed issuances and whether they were tainted with grave abuse of discretion amounting to lack or excess of jurisdiction.

Second. The Court declines to heed the prayer of Atty. Colmenares et al. to issue guidelines on the president's exercise of his or her privilege to certify to the immediate enactment of a bill under Article VI, Section 26(2) of the Constitution. The desired guidelines are superfluous, if not inappropriate. The Constitution is clear on when and why this certification is issued by the president. Too, the Congress is the sole judge of the sufficiency and propriety of the urgency certification by the president.

The Court also cannot grant the request of Atty. Colmenares et al. to issue parameters for the creation, practice, and process of a BCC. To reiterate, the Court defers to another time its ruling on the creation, powers, and actions of a BCC relative to the passage of a general appropriations law.

The remitted funds must be returned to PhilHealth; the doctrine of operative fact is inapplicable

As a consequence of the unconstitutional transfer of the subject PhilHealth funds to the National Treasury pursuant to Special Provision 1(d) of the 2024 GAA and DOF Circular 003-2024, the remitted funds amounting to PHP 60 billion to PhilHealth must be returned to the coffers of PhilHealth.

As a general rule, a statute declared unconstitutional confers no rights; it imposes no duties; it affords no protection; it creates no office; it is inoperative as if it has not been passed at all.[374] As an exception, the doctrine of operative fact is applied in circumstances where the nullification of the effects of what used to be a valid law would result in inequity and injustice.[375]

In *Chavez v. Public Estates Authority*,[376] citing the language of an American Supreme Court decision: "[t]he actual existence of a statute, prior to such a determination of unconstitutionality, is an operative fact and may have consequences which cannot justly be ignored. The past cannot always be erased by a new judicial declaration. The effect of the subsequent ruling as to invalidity may have to be considered in various aspects, with respect to particular relations, individual and corporate, and particular conduct, private and official." [377]

The operative fact doctrine is a rule of equity. As such, it must be applied as an exception to the general rule that an unconstitutional law produces no effects. It can never be invoked to validate as constitutional an unconstitutional act. Under the operative fact doctrine, the unconstitutional law remains unconstitutional, but the effects of the unconstitutional law, prior to its judicial declaration of nullity, may be left undisturbed as a matter of equity and fair play. In short, the operative fact doctrine affects or modifies only the effects of the unconstitutional law, not the unconstitutional law itself.[378]

In *Municipality of Tupi v. Faustino*,[379] the Speed Limit Ordinance was declared void ab initio for failing to comply with the publication requirement under the Local Government Code and for being contrary to Section 36 of Republic Act No. 4136, which prohibited any local government unit from enacting or enforcing any ordinance prescribing speed limits different from those provided in the law itself. Hence, we ordered the refund of the fine imposed pursuant to the Speed Limit Ordinance.

In *Municipality of Tupi*, the doctrine of operative fact was not applied on two grounds. For one, the application of the doctrine was not raised by any party before the courts. For another, there was no reliance by the public in good faith upon the Municipal Ordinance declared unconstitutional. The public challenged the validity of the Municipal Ordinance from the start. More importantly, we held that "it cannot be said that the assailed effect of the Municipal Ordinance, i.e., collection of fines, cannot be undone. The fines can in fact be restored to the respondent. No one has come forward to argue that the fines can no longer be refunded because, for example, the Municipality has become bankrupt.

In *Saint Wealth Ltd. v. Bureau of Internal Revenue*,[380] the Court also mandated the return of the taxes collected pursuant to Sections 11(f) and (g) Republic Act No. 11590. This measure which introduced new tax impositions on POGO licensees was declared unconstitutional for being a rider. In ruling that the doctrine of operative fact was inapplicable, we held:

. . . [I]t is clear that a void or unconstitutional law generally produces no legal effect. The doctrine of operative fact serves as an exception to the general rule and is applied only in situations where the nullification of the effects of a law prior to its declaration of invalidity will result in inequity and injustice. When no injustice and inequity will ensue, "the general rule that an unconstitutional law is totally ineffective should apply."

In this case, the Court finds that the operative fact doctrine is inapplicable because there is no inequity or injustice that will ensue despite the declaration of unconstitutionality of Section 11 (f) and (g) of the Bayanihan 2 Law and the Assailed Tax Issuances. The taxes collected from POGO licensees pursuant to the implementation of the Bayanihan 2 Law and the Assailed Tax Issuances must be returned. In fact, a contrary view — that the taxes should not be refunded — will result in inequity or injustice on the part of the POGO licensees. . .

. . . [I]t is evident that not to order a refund will result in injustice and inequity on the part of the POGO

licensees. Thus, any amount that was collected from the POGO licensees based on the implementation of the Bayanihan 2 Law, and prior to the passage of R.A. No. 11590 should be returned. (Emphasis supplied)

In *Yap v. Thenamaris Ship's Management*,^[381] petitioner, an overseas Filipino worker, was illegally dismissed and was awarded only an amount equivalent to three months' salary by the National Labor Relations Commission (NLRC) pursuant to Section 10 of Republic Act No. 8042. While the case was pending before the Court, Republic Act No. 8042 was declared unconstitutional in the case of *Serrano v. Gallant Maritime Services, Inc.*^[382] Respondents argued that *Serrano* should not be applied retroactively as Section 10 of Republic Act No. 8042 is a substantive law that deals with rights and obligations of the parties in an illegal dismissal case. Relying on this law, the NLRC correctly held that petitioner is only entitled to an amount equivalent to his salary for three months. In rejecting this view, we held:

As a general rule, an unconstitutional act is not a law; it confers no rights; it imposes no duties; it affords no protection; it creates no office; it is inoperative as if it has not been passed at all. . . .

The doctrine of operative fact serves as an exception to the aforementioned general rule.

. . . .

Following *Serrano*, we hold that this case should not be included in the aforementioned exception. After all, it was not the fault of petitioner that he lost his job due to an act of illegal dismissal committed by respondents. To rule otherwise would be iniquitous to petitioner and other OFWs, and would, in effect, send a wrong signal that principals/employers and recruitment/manning agencies may violate an OFW's security of tenure which an employment contract embodies and actually profit from such violation based on an unconstitutional provision of law.^[383] (Emphasis supplied).

Here, the nature of the funds taken from PhilHealth warrants the application of the general rule.

What is at stake is the cost of protecting the lives and health of the people. It diminished the resources that were exclusively reserved for the implementation of the UHCA—crippling the State's capability to deliver preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental and emergency health services. Worse, by redirecting the funds to unprogrammed appropriations, programs that were neither prioritized nor provided with sources of funding, the State degraded and demoted the status of the people's right to health.

As held in *Municipality of Tupi*, the State has not asserted that it is incapable of returning the amounts remitted. On the contrary, the State is presumed to be always solvent^[384] and thus, it is more than capable of complying with the directive of returning the amounts to PhilHealth. In fact, when asked by Justice Rosario whether the government can comply with the directive to return to PhilHealth and the other GOCCs their respective remittances, the DOF Secretary categorically answered in affirmative, subject to the inclusion of the said amounts in the 2026 NEP.^[385]

To rule otherwise would have far more detrimental and far-reaching consequences. It cannot be emphasized enough that this involves no less than the right to health of the people. Depriving the people of these funds when the implementation of the universal healthcare is still in its critical early stages is tantamount to the abandonment by the State of its duty to uphold this inviolable right.

To reiterate, the doctrine of operative fact is rooted in the principles of equity and fair play. It would be anathema to its very purpose and nature if it will be used to perpetuate inequity and injustice. Allowing the State to retain these funds would set a dangerous precedent where unconstitutional measures that continuously infringe fundamental rights are tolerated and allowed to stand. As underscored by Justice Dimaampao, "the biggest 'inequity and injustice' in this case would be to deprive the Filipino people of an actual redress in the face of a

violation of their right to health.”[386] In other words, the retention of the special fund constitutes a continuing violation of the people's right to health.

Mr. Africa advances the view that the funds must be retained by PhilHealth because of the increasing cost of healthcare in the Philippines which must be viewed together with the worsening poverty in the country. The resources of PhilHealth have been dramatically depleted not only by the transfer of the PHP 89.9 billion, but also by the allocation of only PHP 61.5 billion under the 2024 GAA. Too, the proposed subsidy of PHP 74.4 billion for PhilHealth in the 2025 GAA was deleted by the BCC. These budget cuts impeded the progress for the implementation of the UHCA. More importantly, the decision to restrict PhilHealth's financial resources did not address the real issue, i.e. PhilHealth's issue on lack of absorptive capacity. It points to a systemic issue in how public health institutions are managed and supported.

Thus, the return of the PHP 60 billion funds to PhilHealth is proper. On this score, we extend our utmost commendation to the DOF Secretary who, when asked by Justice Rosario whether the government can comply with the directive to return to PhilHealth and the other GOCCs their respective remittances, categorically answered in affirmative, subject to the inclusion of the said amounts in the 2026 NEP.[387]

More notable and commendable still is the recent pronouncement of President Marcos, Jr. himself avowing to restore to the PhilHealth the PHP 60 billion funds transmitted to the National Treasury as contained in the Motion for Leave to File and Admit Manifestation and Motion dated October 28, 2025 of the OSG.[388]

Final Note

As a final note, since the filing of the present Petitions, PhilHealth has introduced programs aimed at improving its services. In relation to its preventive care and outpatient services, for example, PhilHealth expanded and integrated the coverage of its outpatient benefit package, Konsulta,[389] to include "Sustainable Development Goals or SDG-related packages." This includes packages for tuberculosis, outpatient HIV/AIDS, malaria, and animal bites.[390]

In 2024, PhilHealth also rationalized its inpatient case rates, or the fixed predetermined rate or amount that it shall reimburse for a specific illness or case,[391] thus: (1) a 30% increase to select case rates was first applied;[392] and (2) a 50% percent increase to another set of select case rates was then implemented.[393]

PhilHealth likewise introduced, expanded or enhanced the benefit packages for the following: (1) hemodialysis;[394] (2) severe dengue hemorrhagic fever;[395] (3) inpatient benefit package for COVID-19;[396] (4) ischemic heart disease with myocardial infraction;[397] (5) outpatient emergency care benefit;[398] (6) preventive oral health services in primary care;[399] (7) z benefits package for kidney transplantation;[400] (8) z benefits package for peritoneal dialysis;[401] (9) cataract extraction;[402] (10) optometric services for children;[403] (11) physical medicine, rehabilitation services and assistive mobile devices;[404] (12) z benefits package for open heart surgeries;[405] (13) z benefits package for heart valve repair and/or replacement of valvular heart disease;[406] and (14) z benefits package for post-kidney transplantation services in children[407] and in adults,[408] among others.

To borrow the words of our AI-less generations, kung hindi ngayon, kailan pa? Kung hindi tayo kikibo, sinong kikibo? Kung di tayo kikilos, sinong kikilos? Kung kaya palang gawin, bakit . . . ngayon ka lang dumating?

Despite the headlines of PhilHealth's renewed efforts, the truth is unavoidable: this new vigor is not enough. What we are seeing are flashes of what is possible—shadows of what the UHCA truly envisions. The resurgence of PhilHealth is welcome. But this spotlights a deeper gap—the issue was never about "idle" funds; it was about funds deliberately made idle at PhilHealth, turned into a pliable "fund balance" ripe for exploitation, wittingly or

unwittingly.

Let us be clear—the renewed vigor in PhilHealth proves two things. First, that systemic misalignment lurked behind technical jargon and bureaucratic fog—this should not happen again. Second, that our current public health insurance system is still leagues away from offering the reliability and dignity our citizens deserve—the funds should stay where they ought to be, not where they should be conveniently at. For this, we need more than reform. We need resolve. The kind that builds infrastructure, invests in access, empowers communities, and holds institutions accountable.

These are steps, but steps alone do not win marathons. The path to genuine universal healthcare is long, uphill, and non-negotiable. And, it is certainly not about political negotiations. We cannot let PhilHealth's initial progress be mistaken for victory. Not while millions remain underserved, costs continue to soar, and public trust hangs by a thin thread. This moment demands audacity and not applause. The prologue is written. Now, we must finish the story.

Dr. Ho prefaced her Memorandum^[409] with this rather poignant encapsulation, perhaps shared by most, if not all, Filipinos:

"[T]he UHCA [is a] dream [which] simply means:

No Filipino will be impoverished due to healthcare spending.

No Filipino will be denied appropriate healthcare because of their capacity to pay.

No Filipino will die because they could not access health care providers on time.

No Filipino will need to beg for healthcare."

Universal healthcare: a dream to Filipinos, still, after decades of implementation. Despite clear as day legislations. Despite elaborate designs for its realization. It, sadly, remains a dream. Why must Filipinos languish and beg for a right—an equally shared right—that other nations have long enjoyed as a matter of course? Why must Filipinos have to ask, when illness haplessly arrives at their doorstep, whether they can afford to choose to live? When to live is an inalienable and sacred right enjoyed by all, regardless of capacity to pay.

Why must Filipinos be forced to lie content with a dream when the law, nay, the Constitution itself commands this dream to reality?

No more. Enough is enough.

Filipinos deserve better. We deserve to dream, not of the day when we and our families can finally walk into the hospital without fearing financial ruin, but of the beautiful life that can still be led after healing. Children deserve to dream of spending many more years with their aging parents, untroubled by the threat of increasing expenses for their health and medical care. Parents deserve to dream that they can protect and save their babes from any pain and hurt and that they can do so no matter how much or how little they earn.

Filipinos demand better because they are owed better—much more, and far better than what has been delivered – than what we had to make do, than what we had to endure for years.

Yes, universal healthcare may be a dream to most Filipinos for now. But to us—to the government, the leaders, the legislators, and most especially, to PhilHealth—it is a mandate. It is a duty. It is a mission. One that leaves no room for discretion. One that cannot be easily trifled with. One that cannot be relegated, or switched, or exchanged for a different project under the guise of "urgency," under the ruse that these projects redound, too, to the health of the

people. What use are the roads and the bridges, the infrastructure and the social programs, and any other project for that matter, when the people meant to enjoy them are sick and dying?

No, our people have waited long enough, suffered long enough, and hoped long enough. No more excuses. No more misdirection—of funds and of priorities.

The Court will not sit idly by, not when the people look and cry to us for help, not when the Constitution charges us to be the singular indomitable bastion of our people's rights. This Court will not be deaf to the pleas of our people. We will not be blind to their plight. And we certainly will not be callous to their agony.

We stand not merely to endure—but to flourish. In every heartbeat, we summon resilience. But we do not romanticize resilience while ignoring the problems that compel us to be resilient.

In every breath, we inhale possibility. We reject stagnation. We embrace momentum. With health in our bodies and clarity in our minds, we rise—undaunted and unbroken.

Now is the time to act. Not later. Not in the next 10 years. NOW.

ACCORDINGLY, the Consolidated Petitions and Petition-in-Intervention are PARTLY GRANTED.

The Letter dated September 20, 2023 of President Ferdinand R. Marcos, Jr. addressed to Speaker Ferdinand Martin G. Romualdez certifying the urgency of House Bill No. 8980 or the 2024 General Appropriations Bill is declared NOT UNCONSTITUTIONAL.

Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act, DOF Circular No. 003-2024, and the transfer of the PHP 60 billion fund balance of the Philippine Health Insurance Corporation to the National Treasury are declared VOID for having been issued and implemented with grave abuse of discretion amounting to lack or excess of jurisdiction in violation of Article VI, Sections 25(2), 25(5), and 29(3) as well as Article II, Section 15 and Article XIII, Section 11 of the Constitution.

Respondents House of Representatives, Senate of the Philippines, Department of Finance, Office of the Executive Secretary, and the Philippine Health Insurance Corporation are PERMANENTLY PROHIBITED from implementing the transfer of the remaining PHP 29.9 billion fund balance of the Philippine Health Insurance Corporation and from further enforcing Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act and DOF Circular No. 003-2024.

Respondents House of Representatives, Senate of the Philippines, Department of Finance, and Office of the Executive Secretary are ORDERED to INCLUDE as a specific item in the 2026 General Appropriations Act the amount of PHP 60 billion to be returned to the Philippine Health Insurance Corporation, in addition to the regular budgetary appropriation for the agency, consistent with Section 8 of Republic Act No. 10351, as amended by Section 14 of Republic Act No. 11346 and Section 9 of Republic Act No. 11467 and in accordance with this Decision.

Respondent Philippine Health Insurance Corporation is DIRECTED to strictly comply with Section 11 in relation to Sections 5, 6, and 7 of Republic Act No. 11223 or the Universal Health Care Act in managing its funds and handling its operations in order to improve the National Health Insurance Program and achieve Universal Health Care in the country at the soonest possible time, as set forth in this Decision.

The Temporary Restraining Order against the transfer to the National Treasury of the remaining PHP 29.9 billion fund balance of the Philippine Health Insurance Corporation and the further implementation of Special Provision 1(d) and DOF Circular No. 003-2024 issued under Resolution dated October 29, 2024 is MADE PERMANENT.

The Motion for Leave to File and Admit Manifestation and Motion dated October 28, 2025 of the Office of the Solicitor General, as well as the public pronouncement of President Ferdinand R. Marcos, Jr. that he will order the return of the PHP 60 billion funds to the Philippine Health Insurance Corporation is NOTED.

SO ORDERED.

Gesmundo, C.J., concur.

Leonen, SAJ., Inting, Zalameda, Gaerlan, Dimaampao, Marquez, and Villanueva, JJ., see separate opinion.

Caguioa and Rosario, JJ., see concurring opinions.

Hernando, J., see separate concurring opinion and dissenting opinions.

J. Lopez,[*] J., on official leave but left a concurring opinion.

Singh, J., see separate concurring opinion.

Kho, Jr.,[**] J., on official business but left a concurring vote.

[*] President Ferdinand Marcos, Jr. was dropped as respondent from the case and his name was deleted from the caption following the doctrine of immunity from suit.

[*] On official leave but left Concurring Opinion.

[**] On official business but left Concurring Vote.

[1] "Government Shares 44.7 Percent to the Country's Health Spending in 2024; Primary Health Care Expenditure Registered Php748.80 Billion" (July 24, 2025), Philippine Statistics Authority – Republic of the Philippines at <https://psa.gov.ph/statistics/pnha>, last accessed August 13, 2025.

[2] "PH healthcare costs seen to rise in 2025 — WTW survey" (January 7, 2025) by Mariel Celine Serquiña, GMA News Online: Your News Authority, at https://www.gmanetwork.com/news/topstories/nation/932146/ph-healthcare-costs-seen-to-rise-in-2025-wtw-survey/story/#google_vignette, last accessed July 6, 2025.

[3] Rollo (G.R. No. 274778), pp. 3-54; Rollo (G.R. No. 275405), pp. 3-42; and Rollo (G.R. No. 276223), pp. 3-65.

[4] Rollo (G.R. No. 274778), pp. 363-366.

[5] An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334, and for Other Purposes.

[6] Rollo (G.R. No. 274778), p. 13.

[7] Republic Act No. 10351, sec. 8. Section 288, subsections (B) and (C) of the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334, is hereby further amended to read as follows:

". . . .

(C) Incremental Revenues from the Excise Tax on Alcohol and Tobacco Products. – After deducting the allocations under Republic Act Nos. 7171 and 8240, eighty percent (80%) of the remaining balance of the incremental revenue derived from this Act shall be allocated for the universal health care under the National Health Insurance Program, the attainment of the millennium development goals and health awareness programs;

and twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance and health enhancement facilities program, the annual requirements of which shall be determined by the Department of Health (DOH)."

[8] Published in the Manila Bulletin on February 23, 2019.

[9] Rollo (G.R. No. 274778), p. 15.

[10] Id. at 5. Department of Health, Implementing Rules and Regulations of the Universal Health Care Act, Republic Act No. 11223 (2019), sec. 32.

Section 32. Monitoring and Evaluation. Conduct of Surveys in Support of UHC 32.1. The PSA shall design and conduct relevant modules of annual household surveys in close coordination with the DOH, consistent with overall monitoring and evaluation plan, during the first ten (10) years of the implementation, and thereafter follow its regular schedule. (Emphasis supplied)

[11] An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles Subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for this Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, and 289, Repealing Section 288(B) and 288(C), and Creating New Sections 263-A, 265-B, and 288-A of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 10963, and for Other Purposes (2020).

[12] An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, And 288-A, And Adding A New Section 290-A To Republic Act No. 8424, As Amended, Otherwise Known As The National Internal Revenue Code Of 1997, And For Other Purposes (2020).

[13] <https://www.dbm.gov.ph/index.php/2024/2024-presidents-budget-message>, last accessed June 20, 2025.

[14] <https://www.dbm.gov.ph/index.php/2024/budget-of-expenditures-and-sources-of-financing-fy-2024>, last accessed June 20, 2025.

[15] <https://www.dbm.gov.ph/index.php/2024/national-expenditure-program-fy-2024>, last accessed June 20, 2025.

[16] <https://www.dbm.gov.ph/index.php/2024/staffing-summary-2024>, last accessed June 20, 2025.

[17] https://docs.congress.hrep.online/legisdocs/basic_19/HB08980.pdf, last accessed June 20, 2025.

[18] Legislative History of House Bill No. 8980, <https://www.congress.gov.ph/legislative-documents/>, last accessed June 20, 2025.

[19] Legislative History of House Bill No. 8980, https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19&q=HBN-8980, last accessed June 20, 2025.

[20] https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19&q=HBN-8980, last accessed June 20, 2025.

[21] https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19&q=HBN-8980, last accessed June 20, 2025.

[22] https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19&q=HBN-8980, last accessed June 20, 2025.

[23] Republic Act No. 11975 or the General Appropriations Act of 2024, Section 107. Effectivity. The provisions of this Act, detailed in Volume Nos. I-A, I-B, I-C, and II shall take effect on January One, Two Thousand and

Twenty-Four, unless otherwise provided herein.

[24] Rollo (G.R. No. 274778), p. 17.

[25] Id. at 18.

[26] Id. at 82.

[27] Id. at 18.

[28] Id.

[29] Id. at 2226.

[30] PhilHealth's P60-B excess funds reverted to treasury to be returned — Marcos Jr.. See <https://www.abs-cbn.com/news/nation/2025/9/20/philhealth-s-p60-b-excess-funds-reverted-to-treasury-to-be-retur ned-marcos-jr-1305> (last accessed on September 20, 2025)

[31] Id. at 3-54.

[32] Id. at 20-23.

[33] Id. at 23-25.

[34] Id. at 26.

[35] Id. at 33.

[36] Id. at 35.

[37] Id. at 363-366.

[38] Id. at 370-371.

[39] Id. at 365.

[40] Id. at 374.

[41] Id. at 375.

[42] Id. at 375-376.

[43] Rollo (G.R. No. 275405), pp. 3-42.

[44] Id.

[45] Id.

[46] Id.

[47] Id.

[48] Id.

[49] Id.

[50] Id.

[51] Rollo (G.R. No. 276223), pp. 3-65.

- [52] Id. at 29-32.
- [53] Id. at 32-33.
- [54] Id. at 34-35.
- [55] Rollo (G.R. No. 274778), pp. 113-200, pp. 455-490.
- [56] Id. at 461-462.
- [57] Id. at 2190.
- [58] Id. at 2192.
- [59] Id. at 2190.
- [60] Id. at 2193-2194.
- [61] Id. at 2196.
- [62] Id. at 462-469.
- [63] Id.
- [64] 305 Phil. 686 (1994) [Per J. Mendoza, En Banc].
- [65] Rollo (G.R. No. 274778), pp. 469-480.
- [66] Id. at 469-474.
- [67] Id.
- [68] Id. at 469-480.
- [69] Rollo (G.R. No. 276233), pp. 330-334.
- [70] Rollo (G.R. No. 274778), pp. 249-275 & 786-803.
- [71] Id. at 326-328.
- [72] Id. at 908-A-908-E.
- [73] Id. at 363-366.
- [74] Rollo (G.R. No. 276233), pp. 3-65.
- [75] TSN of the Preliminary Conference, October 9, 2024, p. 6.
- [76] Id. at 7.
- [77] Id. at 9.
- [78] Rollo, G.R. No. 274778, pp. 2098-2104.
- [79] Id. at 2284-2349. Manifestation with Motion for the Issuance of a Status Quo Ante Order dated November 8, 2024.
- [80] Id. at 2288.
- [81] Id. at 2292.

[82] Id. at 2306-2307.

[83] Id. at 2308.

[84] Id. at 2309.

[85] Id. at 2312-2314.

[86] Id. at 2269-2274.

[87] Id. at 2222-2240.

[88] Id. at 2226.

[89] Id. at 2226-2233.

[90] Id. at 2233-2234.

[91] Id. at 2234.

[92] Id. at 2234-2236.

[93] Id. at 2241-2247.

[94] Id. at 2251-2253.

[95] Id. at 2253-2257.

[96] Id. at 2248-2250.

[97] Id. at 2254-2257.

[98] Id. at 2258-2259.

[99] Id. at 2261.

[100] Id. at 2376-2379.

[101] Id. at 2454-2465.

[102] TSN for the Oral Arguments dated April 3, 2025, p. 242.

[103] Rollo (G.R. No. 274778), pp. 3728-3783, 3818-3926, 3927-4198, & 4199-4236. Legal Memorandum dated May 5, 2025 of Colmenares, et al.; Joint Memorandum dated May 5, 2025 of Pimentel III, et al. and 1Sambayan Coalition, et al.; Memorandum dated April 30, 2025 of the OSG; and Memorandum dated May 5, 2025 of PhilHealth.

[104] Id. at 4045-4054.

[105] Id. at 125.

[106] Id. at 3702-3715.

[107] Executive Order No. 338, series of 1996.

[108] Executive Order No. 341, series of 2005.

[109] Republic Act No. 11469; Republic Act No. 11494.

[110] Rollo (G.R. No. 274778), pp. 3021-3038.

[111] Z benefits provide financial risk protection against illnesses perceived as "medically and economically catastrophic". With the Z benefits, every patient enrolled in the NHIP is provided quality care that is at par with current standards of practice, <https://hopefromwithin.org/philhealth-z-package/> (last accessed July 8, 2025).

[112] Limited only to fever, allergic reactions and dehydration, common infections and ailments like hypertension, diabetes, dyslipidemia, and asthma.

[113] Limited to only physical medicine, rehabilitation services and assistive mobility devices, mental health, oral health, HIV, tuberculosis, malaria, children with visual and development disabilities, hearing and mobility impairments, surgical contraception package such as vasectomy and litigation.

[114] Rollo (G.R. No. 274778), pp. 3115-3128.

[115] International Covenant on Economic, Social, and Cultural Rights of 1996, Articles 12(1), 12(2), 2(1); ICESCR General Comment No. 3.

[116] Memorandum of Mr. Africa dated January 28, 2025, p. 14.

[117] Rollo (G.R. No. 274778), pp. 4263-4266.

[118] Id.

[119] Id.

[120] Id. at 4263-4266.

[121] Id. at 2950-2965.

[122] Id. at 4263-4266.

[123] Id.

[124] Id. at 2950-2965.

[125] Id.

[126] Id.

[127] Id.

[128] The NHIP only constituted 11% of the total national health spending in 2022, while total public spending accounted for around 40%.

[129] Rollo (G.R. No. 274778), pp. 2950-2965.

[130] Id.

[131] Id.

[132] Id.

[133] Id.

[134] Id. at 4263-4266.

[135] Id. at 2950-2965.

[136] Id. at 4263-4266.

[137] Id. at 2950-2965.

[138] Composed of the Cabinet Secretaries of the DBM, the Department of Finance, the National Economic Development Authority, and the Office of the President, and is chaired by the DBM secretary.

[139] Rollo (G.R. No. 274778), pp. 2967-2968.

[140] Id. at 2968.

[141] Id.

[142] Id.

[143] Id.

[144] <https://www.dbm.gov.ph/wp-content/uploads/Executive%20Summary/2016/Budget%20Cycle.pdf>

[145] Rollo (G.R. No. 274778), p. 2969. Automatic Appropriations. These are funds for specific purposes programmed annually or for some other period prescribed by law. These funds do not require periodic action by Congress pursuant to outstanding legislation.

[146] Id. New General Appropriations. These are legislated annually by Congress under a general appropriations act.

[147] Page 4, Amicus Brief of Ms. Suzara. Programmed Appropriations. These pertain to the portion of the annual Budget that are supported by definite funding sources and are readily available and implementable, such as the budgets of departments and agencies of the National Government, Congress, and the Judiciary. These are supported by the BESF.

[148] Id. Unprogrammed Appropriations. These involve the portion of the annual Budget which do not have guaranteed sources of financing or cash cover for they are characterized as stand-by appropriations which can only be tapped when there are new or excess revenues, or additional foreign loans realized during budget execution.

[149] Id. at 2970.

[150] Id. at 2971-2972.

[151] Id. at 2967.

[152] Id. at 2975.

[153] Rollo (G.R. No. 274778), p. 3188-A.

[154] 865 Phil. 578 (2019) [Per C.J. Bersamin, En Banc].

[155] Id. at 600.

[156] Francisco, Jr. v. The House of Representatives, 460 Phil. 830, 910 (2003) [Per J. Carpio-Morales, En Banc].

[157] Id. at 912.

[158] See Association of Medical Clinics for Overseas Workers, Inc. (AMCOW) v. GCC Approved Medical Centers Association, Inc., 802 Phil. 116 (2016) [Per J. Brion, En Banc].

[159] See Lalican v. Vergara, 342 Phil. 485, 496 (1997) [Per J. Romero, Second Division].

- [160] *Tirol v. Tayengco-Lopingco*, 920 Phil. 884, 892 (2022) [Per J. Inting, First Division].
- [161] See *Pangilinan v. Cayetano*, 898 Phil. 522, 623 (2021) [Per J. Leonen, En Banc].
- [162] *Angara v. Electoral Commission*, 63 Phil. 139, 158 (1936) [Per J. Laurel, En Banc].
- [163] 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].
- [164] *Id.* at 527.
- [165] 460 Phil. 830 (2003) [Per J. Carpio-Morales, En Banc].
- [166] *Id.* at 912.
- [167] *Belgica v. Ochoa*, 721 Phil. 416, 527 (2013) [Per J. Perlas-Bernabe, En Banc].
- [168] *Arceta v. Mangrobang*, 476 Phil. 106, 113 (2004) [Per J. Quisumbing, En Banc].
- [169] *Lim Bio Hian v. Lim Eng Tian*, 823 Phil. 12, 17 (2018) [Per J. Martires, Third Division].
- [170] *Samahan ng mga Progresibong Kabataan v. Quezon City*, 815 Phil. 1067, 1090 (2017) [Per J. Perlas-Bernabe, En Banc].
- [171] See *Belgica v. Ochoa*, 721 Phil. 416, 666 (2013) [Per J. Perlas-Bernabe, En Banc].
- [172] *Bayyo Association v. Tugade*, 944 Phil. 316, 331 (2023) [Per J. Singh, En Banc].
- [173] *GMA Network v. ABC Development Corporation*, 933 Phil. 43, 72 (2023) [Per SAJ Leonen, Second Division].
- [174] RULES OF COURT, Rule 65, sec. 1.
- [175] 802 Phil. 116(2016) [Per J. Brion, En Banc].
- [176] *Id.* at 144-146.
- [177] In *The Diocese of Bacolod, et al. v. Commission on Elections, et al.*, We stated that it has never been the purpose of the doctrine to emasculate this Court's role to interpret the Constitution and act in order to protect constitutional rights when these become exigent. Thus, it was held that direct resort to this Court is allowed in the following instances: (1) there are genuine issues of constitutionality that must be addressed at the most immediate time; (2) when the issues involved are of transcendental importance; (3) the case is of first impression; (4) the constitutional issues raised are better decided by this Court; (5) the time element present in the case cannot be ignored; (6) the petition reviews the act of a constitutional organ; (7) petitioners rightly claim that they had no other plain, speedy, and adequate remedy in the ordinary course of law; and (8) the petition includes questions that are dictated by public welfare and the advancement of public policy, or demanded by the broader interest of justice, or the orders complained for were found to be patent nullities, or the appeal was considered as clearly an inappropriate remedy. (*Evangalista v. Philippine Amusement and Gaming Corporation*, 941 Phil. 342, 754-755 (2023) [Per J. Lopez, J., En Banc]).
- [178] See *Roxas & Co., Inc. v. Court of Appeals*, 378 Phil. 727 (1999) [Per J. Puno, En Banc].
- [179] 849 Phil. 120 (2019) [Per J. Jardeleza, En Banc].
- [180] *Id.* at 187.
- [181] *Addition Hills Mandaluyong Civic & Social Organization, Inc. v. Megaworld Properties & Holdings, Inc.*,

686 Phil. 76 (2012) [Per J. Leonardo-De Castro, First Division].

[182] Id. at 82-83.

[183] Gacad, Jr. v. Judge Corpuz, 927 Phil. 259, 266 (2022) [Per J. Hernando, First Division].

[184] Ching v. Bonachita-Ricablanca, 887 Phil. 979, 992 (2020) [Per J. Delos Santos, Second Division] (citation omitted).

[185] Rollo (G.R. No. 274778), p. 10.

[186] Id. at 367.

[187] Rollo (G.R. No. 276223), pp. 21-25.

[188] Duterte Youth v. Commission on Elections, 958 Phil. 507, 521 (2024) [Per J. Rosario, En Banc].

[189] Id.

[190] Rollo (G.R. No. 274778), p. 11 & 367; Rollo (G.R. No. 275405), p. 14; Rollo (G.R. No. 276223), pp. 21-25.

[191] 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].

[192] Id. at 528.

[193] Id.

[194] Based on the 2020 Census Population and Housing (2020 CPH), the total population of the Philippine as of May 1, 2020 is at 109,035,343.00, which was declared official by the President of the Philippines per Proclamation No. 1179 dated July 6, 2021 ([https://psa.gov.ph/statistics/population-and-housing/node/164786#:~:text=The%20Philippine%20Statistics%20Authority%20\(PSA,Philippines%2C%20pursuant%20to%20Proclamation%20No.,](https://psa.gov.ph/statistics/population-and-housing/node/164786#:~:text=The%20Philippine%20Statistics%20Authority%20(PSA,Philippines%2C%20pursuant%20to%20Proclamation%20No.,) last accessed June 21, 2025).

[195] ANGKLA v. Commission on Elections, 884 Phil. 333, 391 (2020) [Per J. Lazaro-Javier, En Banc].

[196] General v. Urro, 662 Phil. 132, 144 (2011) [Per J. Brion, En Banc].

[197] Congressaman Garcia v. The Executive Secretary, 602 Phil. 64, 82 (2009) [Per J. Brion, En Banc].

[198] See Francisco, Jr. v. The House of Representatives, 460 Phil. 830, 915 (2003) [Per J. Carpio-Morales, En Banc].

[199] Justice Inting's concurring opinion.

[200] 522 Phil. 705, 753 (2006) [Per J. Sandoval-Gutierrez, En Banc].

[201] Id.

[202] Philippine Disaster Risk Reduction and Management Act of 2010.

[203] CONST., art. VI, sec. 25(7). If, by the end of the fiscal year, the Congress shall have failed to pass the general appropriations bill for the ensuing fiscal year, the general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force and effect until the general appropriations bill is passed by the Congress.

[204] TSN of the Oral Arguments, March 4, 2025, pp. 81-84.

[205] See Integrated Bar of the Phils. v. Zamora, 392 Phil. 618, 640 (2000) [Per J. Kapunan, En Banc].

- [206] *Id.* at 637-638. See Separate Opinion of Justice Vitug, p. 671.
- [207] 305 Phil. 686 (1994) [Per J. Mendoza, En Banc].
- [208] *Id.* at 744-746.
- [209] *Atitiw v. Zamora*, 508 Phil. 321, 335 (2005) [Per J. Tinga, En Banc].
- [210] *Id.* at 334.
- [211] *Id.* at 334-335.
- [212] See *Central Capiz v. Ramirezi*, 40 Phil. 883, 891 (1920) [Per J. Johnson, En Banc].
- [213] *Atitiw v. Zamora*, 508 Phil. 321, 336 (2005) [Per J. Tinga, En Banc].
- [214] *Id.*
- [215] *Id.*
- [216] 305 Phil. 546 (1994) [Per J. Quiason, En Banc].
- [217] *Id.* at 577-578.
- [218] *Rollo* (G.R. No. 274778), p. 3704.
- [219] Justice Singh, Separate Concurring Opinion, pp. 13-14.
- [220] *MCC Industrial Sales Corporation v. Ssangyong Corporation*, 562 Phil. 390, 426 (2007) [Per J. Nachura, Third Division].
- [221] 305 Phil. 546 (1994) [Per J. Quiason, En Banc].
- [222] 473 Phil. 806 (2004) [Per J. Callejo, Sr., En Banc].
- [223] *Id.* at 841.
- [224] *Noveras v. Commission on Elections*, 959 Phil. 693, 706 (2024) [Per J. Gaerlan, En Banc].
- [225] *Commissioner of Internal Revenue v. Semirara Mining Corporation*, 844 Phil. 755, 764 (2018) [Per J. A. Reyes, Jr., Second Division].
- [226] *Philippine International Trading Corporation v. Commission on Audit*, 635 Phil. 447, 458 (2010) [Per J. Perez, En Banc].
- [227] *Re: Letter of Justice Veloso for Entitlement to Longevity Pay*, 791 Phil. 177, 192 (2016) [Per J. Leonardo-De Castro, En Banc].
- [228] *Berces, Jr. v. Guingona, Jr.*, 311 Phil. 614 (1995) [Per J. Quiason, En Banc].
- [229] *Commissioner of Internal Revenue v. Semirara Mining Corporation*, 844 Phil. 755, 764 (2018) [Per J. Reyes, A., Jr., Second Division].
- [230] TSN for the Oral Arguments, February 4, 2025, p. 68.
- [231] TSN for the Oral Arguments, April 2, 2025, pp. 37-39.
- [232] TSN for the Oral Arguments, February 4, 2025, p. 65.

[233] Notes to Financial Statements as of December 31, 2023 and 2022, pp. 54-55.

[234] Notes to Financial Statements as of December 31, 2022 and 2021, p. 54 and Notes to financial Statements as at December 31, 2021 and 2020, p. 58.

[235] Notes to Financial Statements as of December 31, 2021 and 2020, p. 58.

[236] Statements of Comprehensive Income for the Years Ended December 31, 2021, 2022, and 2023.

[237] Notes to Financial Statements as of December 31, 2022 and 2021, p. 54.

[238] Id.

[239] Notes to Financial Statements as of December 31, 2023 and 2022, p. 54.

[240] Notes to Financial Statements as of December 31, 2022 and 2021, p. 54.

[241] Notes to Financial Statements as of December 31, 2023 and 2022, p. 54.

[242] Id.

[243] UHCA, Section 11. Program Reserve Funds. – . . .

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:

(a)

In interest-bearing bonds, securities or other evidences of indebtedness of the Government of the Philippines: Provided, That such investment shall be at least fifty percent (50%) of the reserve fund;

(b)

In debt securities and corporate bonds of prime or solvent corporations created or existing under the laws of the Philippines: Provided, That the issuing or its predecessor entity shall not have defaulted in the payment of interest on any of its securities; Provided, further, That the securities are issued by companies with high growth opportunities and earnings potentials; Provided, finally, That such investment shall not exceed thirty percent (30%) of the reserve fund;

(c)

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 the bank shall have been designated as a depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas;

(d)

In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record or profitability over the last three (3) years and payment of dividends for a period of at least three (3) years immediately preceding the date of investment in such preferred stocks;

(e)

In common stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with high growth opportunities and earnings potential;

(f)

In bonds, securities, promissory notes, or other evidences of indebtedness of accredited and financially sound medical institutions exclusively to finance the construction, improvement and maintenance of hospitals and other medical facilities: Provided, That such securities and instruments shall be guaranteed by the Republic of the Philippines or the issuing medical institution and the issued securities are both rated tripe 'A' by authorized accredited domestic rating agencies: Provided, further, That said investments shall not exceed ten percent (10%) of the total reserve fund; and

(g)

In debt instruments and other securities traded in the secondary markets with the same intrinsic quality as those enumerated in paragraphs (a) to (e) hereof, subject to the approval of the PhilHealth Board. (Emphasis supplied)

[244] Rollo (G.R. No. 274778), pp. 1177, 1283 & 1441.

[245] TSN for the Oral Arguments, April 2, 2025, pp. 45-49.

[246] TSN for the Oral Arguments, February 4, 2025, pp. 62-66 and 75-76.

[247] TSN for the Oral Arguments, February 25, 2025, p. 97.

[248] Id. at 59.

[249] As mentioned above, the reserve funds of PhilHealth are restricted funds earmarked for two purposes vital to the existence and effective operations of PhilHealth as a public health insurer: first, to answer for the urgent yet unexpected obligations of PhilHealth and NHIP as they fall due, ensuring that PhilHealth as a public health insurer continues as a going concern; and second, to generate sufficient funds to expand and elevate the goods and services, inclusive of premium contributions, that PhilHealth can viably provide to our people.

[250] Rollo (G.R. No. 274778), pp. 2254-2257.

[251] Id.

[252] Id.

[253] Id.

[254] Id.; see also id. at 2226.

[255] TSN for the Oral Arguments, October 2, 2025, p. 50.

[256] Id. at 51-52.

ASSOCIATE JUSTICE CAGUIOA:

Now, let's go to PhilHealth's Financial Statement for Calendar Years 2020 to 2023. Before any adjustment by the DOF, all of the money not needed for the current year's expenditures were actually placed by PhilHealth in the reserve fund, correct?

SOLICITOR GENERAL GUEVARRA:

It seems to be the case, Your Honor, but I'm not counsel for PhilHealth, Your Honor.

...

ASSOCIATE JUSTICE CAGUIOA:

I'm showing you a screenshot of page 64 of PhilHealth's 2023 financial statement under the title, "Other Significant and Relevant Information," It is there stated that by virtue of Special Provision 1(d), the management took actions, and I quote, "In order to comply with the said directive," correct?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

ASSOCIATE JUSTICE CAGUIOA:

And, one of those actions was the reduction of PHP 183.1 billion of the reserve fund and its transfer to the surplus fund, correct?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

ASSOCIATE JUSTICE CAGUIOA:

So, based on all of these, do you confirm that the PHP 183.1 billion fund balance as you call it, was originally part of the reserve funds, that's where it came from?

....

SOLICITOR GENERAL GUEVARRA:

Your Honor, as far as DOF is concerned, that is part of the accumulated revenues but not necessarily of the reserve. . .

ASSOCIATE JUSTICE CAGUIOA:

No, but I just showed you the table. The money came from the reserve fund, got transferred to the surplus fund by virtue of Section 1(d) when. PhilHealth management decided to comply with Section 1(d). It transferred PHP 183.1 billion from the reserve fund to the surplus account.

SOLICITOR GENERAL GUEVARRA:

Your Honor, there was a process before that because the initial step that has to be taken is to reduce the amount of the reserve fund to a reasonable level, taking into account the disbursements for the part several years.

ASSOCIATE JUSTICE CAGUIOA:

Exactly, so what you did was, you had your own computation of what the reserve fund should be and based on that amount, you took the difference and said that difference should not be in the reserve fund and, therefore, should be transferred to the surplus account.

SOLICITOR GENERAL GUEVARRA:

Yes, that is the remainder which is referred to. . .

ASSOCIATE JUSTICE CAGUIOA:

Yes.

SOLICITOR GENERAL GUEVARRA:

In Section 11 . . .

ASSOCIATE JUSTICE CAGUIOA:

My ultimate question, Mr. Solicitor General, is simply that the PHP 183.1 billion actually did originate from the reserve fund, correct?

SOLICITOR GENERAL GUEVARRA:

Originally, yes, until Section 1(d). . .

ASSOCIATE JUSTICE CAGUIOA:

Exactly.

SOLICITOR GENERAL GUEVARRA:

. . . of the special provisions. (Emphasis supplied)

[257] TSN for the Oral Arguments, April 2, 2025, pp. 39-43.

ASSOCIATE JUSTICE CAGUIOA:

And when the DOF implemented Special Provision No. 1(d) it did not use the actuarial estimate, did it?

MS. SANTIAGO:

Yes.

ASSOCIATE JUSTICE CAGUIOA:

It disregarded your amount?

MS. SANTIAGO:

It effectively, because the DOF circular, I think this is as part of the, in compliance to the DOF circular that had been issued by the DOF, Your Honors.

. . . .

ASSOCIATE JUSTICE CAGUIOA:

Okay. And in arriving at that, Ms. Nerissa, when you arrived at your figure or when you look at the figure of DOF, this is a simple addition of actual expenses of 2018 to 2023 divided by five. This is not an actuarial estimate.

MS. SANTIAGO:

That's correct, Your Honor.

. . . .

ASSOCIATE JUSTICE CAGUIOA:

And the law says, what is required is not an average of costs. What is required is an actuarial estimate. Correct?

MS. SANTIAGO:

Yes, Your Honor. But may I, the way I understand the Section 11 is that the actuarially estimated two-year program expenditure projected is the ceiling.

. . . .

ASSOCIATE JUSTICE CAGUIOA:

But they reduced the ceiling because they used their own formula, which I am now saying is not an actual formula. Is it?

MS. SANTIAGO:

Yes, Your Honor.

. . . .

ASSOCIATE JUSTICE CAGUIOA:

It is a straight forward getting the average of expenses for five years divided by five to come up with an average.

MS. SANTIAGO:

That's correct, Your Honor. (Emphasis supplied)

[258] Id. at 41.

[259] 616 Phil. 387 (2009) [Per J. Corona, Special First Division].

[260] Id. at 144.

[261] See *Gaisano v. Development Insurance and Surety Corporation*, 806 Phil. 450 (2017) [Per J. Jardeleza, Third Division].

[262] TSN for the Oral Arguments, April 2, 2025, p. 39.

[263] Justice Hernando, Separate Concurring Opinion, pp. 4-7.

[264] TSN for the Oral Arguments, February 4, 2025, p. 95.

ASSOCIATE JUSTICE LAZARO-JAVIER:

No. To operationalize it is to stick with the provision, not to deviate from the provision. The provision is quite clear, it's very clear. Alright. It leaves no room for interpretation. It speaks of actual reserves, it speaks of reserve fund[s], it speaks of excess, that any excess reserve fund[s] should be used to increase the programs, benefits and to decrease the amount of members' contributions, and if there's still an excess, excess of the excess, the same . . .

may be invested. Alright? So, investment is the least of the priorities. So, what I am made to understand now is that PhilHealth is not exactly complying with Section 11. That your investment comes from all sources, . . . and then you prioritize investment over the programs that will increase its benefits to the beneficiaries and decrease the amount of members' contributions. That is what I gathered from your statement. (Emphasis supplied)

[265] TSN for the Oral Arguments, April 2, 2025, pp. 50, 53-54.

ASSOCIATE JUSTICE CAGUIOA:

Now, drawing you back to DOF's [c]omputation of the Two Years' Projected Program Expenditures, if that were the ceiling, which is the PHP 280.6 billion, then it means that the ceiling has been reached.

MS. SANTIAGO:

That's correct, Your Honor.

ASSOCIATE JUSTICE CACUIOA:

Because the reserve fund is at PHP 464 billion, correct?

MS. SANTIAGO:

That's correct, Your Honor.

ASSOCIATE JUSTICE CAGUIOA:

. . . .

So this difference, Mr. Solicitor General, between the reserve funds and the DOF computation of two years is PHP 183.1 billion.

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

. . . .

ASSOCIATE JUSTICE CAGUIOA:

. . . .

Can I go back to Section 11? Again, the same proviso, "whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the program's benefits and to decrease the amount of members' contributions." Do you agree with me that the language "shall be used" is mandatory?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

ASSOCIATE JUSTICE CAGUIOA:

In other words, using the figures of DOF, the excess of the reserve fund amounting to PHP 183.1 billion should, by Section 11, should be used to increase benefits and to decrease the amount of members' contributions. That's the language of Section 11, can we agree on that?

SOLICITOR GENERAL GUEVARRA:

Your Honor, I have to qualify my answer. The implementation of the UHCA is for a period of 10 years. There is no statement in Section 11 that that mandate has to be done immediately the following fiscal year but could be done within the remaining period for the implementation of UHCA.

ASSOCIATE JUSTICE CAGUIOA:

. . . understood, but every time you take money away from the reserve fund, the reserve fund is not able to reach the ceiling. So the movement toward reaching the ceiling to trigger these benefits and the reduction of contributions will get retarded.

SOLICITOR GENERAL GUEVARRA:

There are many policy considerations. . .

ASSOCIATE JUSTICE CAGUIOA:

I'm talking about law.

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor, that is very true.

ASSOCIATE JUSTICE CAGUIOA:

That's where I'm going, Mr. Solicitor General. The way I see it, there is a specific design in Section 11 in that, there will never be an unused portion of the reserve fund that can be taken; if the two-year ceiling is not reached, the reserve fund shall be deposited. If the ceiling is breached, then the excess is mandated to be distributed. That's the design of Section 11, very good design if you're to ask me. Can we agree on my interpretation?

SOLICITOR GENERAL GUEVARRA:

Yes, [Y]our Honor, subject to, you know, policy considerations by the board of directors of PhilHealth. (Emphasis supplied)

[266] (1) maintenance, repair, and rehabilitation of infrastructure facilities (routine maintenance of national roads); (2) the Panay-Guimaras-Negros (PGN) Island Bridges Project; (3) government counterpart of foreign-assisted projects; (4) payment of right-of-way; (5) strengthening assistance for government infrastructure and social programs; (6) public health emergency benefits and allowance for health care and non-healthcare workers; (7) management and supervision of peace process; (8) payment of personnel benefits; (9) priority social programs for health, social welfare and development, higher education, and technical and vocational education; (10) revised AFP modernization program; (11) pension and gratuity fund; and (12) financial subsidy for purchase of photovoltaic mainstreaming (solar home system) for rural electrification; Rollo (G.R. No. 274778), pp. 2248-2250.

[267] TSN for the Oral Arguments, April 2, 2025, pp. 25-26.

[268] First, determine its actuarially-estimated ceiling equivalent to two years' projected program expenditures; second, set aside at least a portion of its net income as reserve funds, which shall not exceed the actuarially-estimated ceiling; third, invest the unused or unutilized portion of its reserve funds to earn an average annual income until the total reserve funds, which include the interest income from investments, reach the ceiling; and, fourth, once the accumulated reserve funds exceed the ceiling, the excess actual reserve funds shall be used

to increase the benefits under the NHIP and to decrease the amount of members' contributions.

[269] Rollo (G.R. No. 274778), p. 2261.

[270] Rollo (G.R. No. 274778), pp. 2254-2257.

[271] TSN for the Oral Arguments, April 2, 2025, p. 54.

[272] Rollo (G.R. No. 274778), p. 3704.

V. Maximizing the use of idle public funds: Utilizing idle public resources towards productive programs is a prudent fiscal strategy.

A. Previous administrations have authorized the transfer of idle resources to support the country's fiscal needs.

1. During the Ramos administration, all government offices and agencies were required to immediately transfer all funds deposited with banks to the Bureau of the Treasury (Executive Order No. 338, s. 1996).

2. During the Arroyo administration, the Permanent Committee, composed of the Secretaries of Finance and Budget, and the Chairperson of the Commission on Audit, was tasked to review the existing cash balances of government agencies as well as the necessity of existing trust and special funds maintained by these agencies (Executive Order No. 431. S. 2005).

3. During the Duterte administration, the Bayanihan 1 and 2 laws contained provisions to reallocate idle resources to fund the COVID-19 emergency response of the government.

[273] TSN of the Oral Arguments, April 2, 2025, p. 106.

[274] TSN of the Oral Arguments, April 3, 2025, pp. 84-85.

ASSOCIATE JUSTICE ZALAMEDA:

As a general rule, are these transfers or reprogramming of funds valid?

FORMER SECRETARY OF FINANCE TEVES:

Well, it has to be specified clearly, Your Honor, because special funds are really for special purposes but historically, there is a tendency for many special funds to really accumulate a lot of balances. So, from the standpoint of fiscal manager, it would really be prudent to find out if there is a way that some of these balances can be used for very important projects or purposes, Your Honor. But of course, they have to consider the legal aspect before making a decision.

ASSOCIATE JUSTICE ZALAMEDA:

And it should not be violative of the Constitution or any statute?

FORMER SECRETARY OF FINANCE TEVES:

Yes. Yes, Your Honor.

ASSOCIATE JUSTICE ZALAMEDA:

So, no matter how noble or beneficial the wisdom or purpose of the law authorizing the transfer, this is not sufficient justification to uphold its validity and it has to comply with the Constitution and the statute, am I right?

FORMER SECRETARY OF FINANCE TEVES:

Yes, there has to be a legal basis, Your Honor. That is true with the previous acts of these presidents and my reading also of the previous act of the Secretary of Finance.

[275] TSN for the Oral Arguments, April 3, 2025, p. 120.

[276] Id. at 121.

[277] Id. at 126.

[278] Id. at 123-126.

[279] Id. at 127.

[280] TSN of the Oral Arguments, March 4, 2025, pp. 59-60.

[281] TSN for the Oral Arguments, March 4, 2025, p. 60. As aptly pointed out by Justice Kho:

DEPUTY TREASURER MARIÑO:

Your Honor, if I may. So, this is of course based on the discussions with management and my experience in the deliberation of the board. But fundamentally, PhilHealth faces a structural absorptive capacity issue. What does that mean? The benefits, expansion of benefits, is only one part of the equation. To provide. . . to accomplish the objectives of the Universal Health Care Act, we need, the national government also needs to address what we term as the supply-side constraint, supply side issues.

So ano po ba ito, Your Honor? So number one, the insufficiency of the compensation of our health-care workers or health-care professionals. Number two, hospitals, health-care facilities even if there is more, even if benefit expansions occur, if there is no hospital within the vicinity of a specific beneficiary, particularly, you know, an indigent beneficiary, then they will not be able to avail of these expanded benefits. So there needs to be the supply side constraints. And of course, in addition to the direct health, supply side health constraints, so iyong hospitals po, iyong medical equipment, and of course, the personnel, the health-care workers. You also have, [...] the WHO also has this term called the social determinants of health. So those are the other things. Those are the other things that help improve health outcomes. So what are these?

ASSOCIATE JUSTICE KHO:

Sorry, these things that you mentioned, absorptive capacity, supply-side issues, these can also be addressed by government. You're getting money from PhilHealth and telling us PhilHealth lacks absorptive capacity. But the reason why it lacks absorptive capacity, because it doesn't get full support from government, not only addressing expanding benefit but also supply-side requirements. . . You're just providing [an] excuse to get this money out of PhilHealth. No, when you speak of limitations in hospitals, I mean, you can inquire from our people, repeated complaints that they cannot even get PhilHealth benefits. And if they get PhilHealth benefits, it's so low that it cannot even cover substantially the amount of expenses[.]

[282] TSN for the Oral Arguments, February 25, 2025, pp. 102-116.

[283] Id.

ASSOCIATE JUSTICE LAZARO-JAVIER:

Yes. According to the DOF the funds to be remitted to the National Treasury will finance urgent national projects. In Annex A of your Compliance dated November 8, 2024 pages 1 to 4, the OSG enumerated some of these projects, including routine maintenance of national roads, the Panay Guimaras Negros Island Bridges or the PGN Bridges project and payment of right of way. These are all construction projects, Mr. Solicitor General, correct?

....

They pertain to construction projects of the government, correct?

SOLICITOR GENERAL GUEVARRA:

Infrastructure, yes.

ASSOCIATE JUSTICE LAZARO-JAVIER:

Yes. You can call it that, infrastructure projects. Alright, with respect to the PGN Bridges project, per DBM's budget of expenditures and source of financing FY 2024 Report, the PGN Bridges project appears to be fully funded by the Export Import Bank of Korea in the amount of [PHP] 174.49 Billion plus. Is there an urgency to transfer the PhilHealth Funds when the project is already fully funded?

SOLICITOR GENERAL GUEVARRA:

Your Honor, this is a matter really of delving into the wisdom of the legislature in allocating funds.

ASSOCIATE JUSTICE LAZARO-JAVIER:

Yes, funding a project that is already fully funded under the category of unprogrammed, unfunded programs.

....

Yes. Export Import Bank of Korea has loaned the Philippines [PHP] 174.49 Billion plus. Is there an urgency to transfer the PhilHealth funds when the project is already fully funded?

SOLICITOR GENERAL GUEVARRA:

Your Honor, I think one consideration by the Congress in doing so, is a determination of when a project is already implementable. So, if a project that has already been identified and sufficiently funded is considered to be non-implementable for the given fiscal year then I think it is the decision of the Congress, in the exercise of its policy or wisdom, so to speak, to move it to the unprogrammed appropriations in the meantime.

....

ASSOCIATE JUSTICE LAZARO-JAVIER:

Yes. I'm going to my next question. Has the government spent even a single centavo from that loan considering that the project has not even started?

SOLICITOR GENERAL GUEVARRA:

Well, there is nothing to spend for if the project has not even started, Your Honor.

ASSOCIATE JUSTICE LAZARO-JAVIER:

So where is the money?

SOLICITOR GENERAL GUEVARRA:

The money went presumably to the National Treasury for the purpose of using it for projects and programs under the unprogrammed appropriations.

ASSOCIATE JUSTICE LAZARO-JAVIER:

So, we have unused funds for the project and yet we still got money from PhilHealth to supplement this fund that has been unused for years?

. . . but aside from the foreign funding from Korea for this project, in 2022 there was a[n] additional funding from the GAA for this project in the amount of [PHP] 50 Million in 2022. In 2023 another [PHP] 57 Million. This is over and above the Korea Export Import Bank of Korea [sic] loan. Where did this money go when the project has not even started?

SOLICITOR GENERAL GUEVARRA:

We will check on that, Your Honor because that is a very specific project which we have not really examined. (Emphasis supplied)

[284] SAJ Leonen, Reflection dated September 29, 2025, p. 3.

[285] Id.

[286] Justice Hernando, Separate Concurring Opinion, p. 4.

[287] Rollo (G.R. No. 274778), pp. 3115-3128.

[288] TSN for the Oral Arguments, April 2, 2025, pp. 68-69.

[289] Id. at 70-71.

[290] Rollo (G.R. No. 274778), pp. 3115-3128.

[291] Id. at 2288.

[292] 806 Phil. 450 (2017) [Per J. Jardeleza, Third Division].

[293] 326 Phil. 931 (1996) [Per J. Bellosillo, Jr., First Division].

[294] Gaisano v. Development Insurance and Surety Corporation, 806 Phil. 450, 458-459 (2017) [Per J. Jardeleza, Third Division].

[295] Deliberations during the October 28, 2025 session.

[296] Id.

[297] 788 Phil. 415 (2016) [Per J. Brion, En Banc].

[298] Id. at 432.

[299] Deliberations during the October 28, 2025 session.

[300] Id.

[301] Rollo (G.R. No. 274778), pp. 2258-2259.

[302] Notes to Financial Statements as of December 31, 2022 and 2023, p. 52.

[303] *Torres v. Board of Trustees of Government Service Insurance System*, 952 Phil. 219, 224 (2024) [Per J. Caguioa, Third Division].

[304] INS. CODE, sec. 77. An insurer is entitled to payment of the premium as soon as the thing insured is exposed to the peril insured against. Notwithstanding any agreement to the contrary, no policy or contract of insurance issued by an insurance company is valid and binding unless and until the premium thereof has been paid, except in the case of a life or an industrial life policy whenever the grace period provision applies.

[305] Statements of Changes in Equity for the Years Ended December 31, 2021, December 31, 2022, and December 31, 2023.

[306] Rollo (G.R. No. 274778), pp. 2233-2234.

[307] COA Independent Auditor's Report dated June 30, 2022, p. 8.

[308] Daily Tribune, COA: PhilHealth faces distress: Reserve fund a liability to members (<https://tribune.net.ph/2024/12/21/coa-philhealth-faces-distress-reserves-fund-a-liability-to-members#:~:text=The%20audit%20revealed%20that%20the,128%20trillion>, last accessed July 11, 2025).

[309] Rollo (G.R. No. 274778), p. 82.

[310] https://www.philhealth.gov.ph/about_us/transparency/accomplishment_report/FS_4thQuarter.pdf, p. 3.

[311] Republic Act No. 10351, sec. 8; Republic Act No. 11346, sec. 14; and Republic Act No. 11467, sec. 9.

[312] 2023 Sin Tax Annual Report, p. 2 (https://drive.google.com/file/d/lhFnt-N0WvVFI8C_GuG2D1JG-6jU7yivW/view).

[313] *Id.* at 6.

[314] *Id.*

[315] 955 Phil. 40 (2024) [Per SAJ Leonen, En Banc].

[316] An Act Creating and Establishing the Philippine Sports Commission, Defining Its Powers, Functions and Responsibilities, Appropriating Funds Therefor, and For Other Purposes (1990).

[317] 922 Phil. 775, 794 (2022) [Per J. Hernando, Second Division].

[318] 408 Phil. 69, 81 (2001) [Per J. Kapunan, First Division].

[319] TSN for the Oral Arguments, April 2, 2025, pp. 10-11.

ASSOCIATE JUSTICE CACUIOA:

. . . My reading of the three laws that we just showed and the highlighted provisions is that a portion of the revenues from excise taxes on alcohol, tobacco, and sugar-sweetened beverages are earmarked exclusively for UHCA, can we agree on that reading?

. . . .

ASSOCIATE JUSTICE CAGUIOA:

Alright. I will go there but for the meantime, Mr. Solicitor General, can we agree that the language of these sin tax laws provide precisely for that, that they shall be used exclusively for the UHCA?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor. For the implementation of the Universal Health Care Act.

[320] TSN for the Oral Arguments, February 25, 2025, pp. 41-43.

[321] Final Memorandum of Ms. Suzara, p. 8.

[322] 242 Phil. 377 (1988) [Per J. Melencio-Herrera, En Banc].

[323] 292-A Phil. 848 (1993) [Per C.J. Narvasa, En Banc].

[324] 679 Phil. 508 (2012) [Per J. Velasco, Jr., En Banc].

[325] TSN for the Oral Arguments, April 2, 2025, pp. 17-19.

[326] Department of Budget and Management, Glossary of Terms, <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2012/GLOSSARY.pdf> (last accessed on June 17, 2025).

[327] Department of Budget and Management, Earmarked Revenues 2022-2024, <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/B15.pdf> (last accessed on June 17, 2025).

[328] TSN for the Oral Arguments, April 2, 2024, p. 17.

ASSOCIATE JUSTICE CAGUIOA:

Is it your position that a special account in the general fund, I'll refer to them as SAGF[s], okay? Is it your position that the SAGF will be created only if the law specifically says that the collection should go to a special account?

Alright. You confirm that there are at least sixty SAGF accounts in the books of the Bureau of Treasury?

DEPUTY TREASURER MARIÑO:

At least, sixty, yes, your Honor as reflected in the Table B (15) of the BESF submitted by, in the, along with the other Budget documents.

[329] TSN for the Oral Arguments, April 2, 2025, pp. 16-19.

[330] *Gaston v. Republic Planters Bank*, 242 Phil. 377, 382-383 (1988) [Per J. Melencio-Herrera, En Banc].

[331] TSN for the Oral Arguments, April 3, 2025, pp. 78-79:

ASSOCIATE JUSTICE ZALAMEDA:

....

Now, just during the start of the oral arguments earlier this morning, the secretary of finance talked about the 69.9 billion PhilHealth funds as "idle, unused, excess funds."

Going back to Article 6, Section 29, paragraph 3 of the 1987 Constitution, is this not a form of abandonment to

fall under the exception this particular provision of the Constitution also allowing it to be transferred to the general fund of the government? Can I get the view of the SolGen on this?

SOLICITOR GENERAL GUEVARRA:

Your Honor, hindi ko naman po maituturing na abandonment na po iyon dahil iyong kung hindi po inilipat sa, binalik sa National Treasury ay maaring magamit pa rin po sa mga layunin ng Universal Health Care Act. So hindi ko naman po masasabing iyon ay abandon na dahil sampung taon po ang, ang inilagay ng batas para sa pagpapatupad ng Universal Health Care Act. Kaya maari po na sa mga darating na panahon ang salapi na iyon na hindi nagagalaw, hindi nagagamit, natutulog lang sa bangko ay maaring dumating ang pagkakaton na siya ay magagamit din para sa implementation ng Universal Health Care Act.

ASSOCIATE JUSTICE ZALAMEDA:

How about the act of PhilHealth in transferring these funds to the national government? Do you think this act of PhilHealth is a policy choice to abandon the purpose of the funds to fall under the exception to this particular provision?

SOLICITOR GENERAL GUEVARRA:

Sa akin pong palagay dahil iyan pansamantala lamang na magaganap lamang sa fiscal year 2025 kaya hindi ko rin po masasabi na iyan ay isang kung бага ay form ng abandonment dahil po talagang doon lamang naman po sa taon na iyon inilaan. Katunayan po niyan sa sumunod na fiscal year ay wala na po ang Section 1(d) ng Special Provisions. (Emphasis and underscoring supplied)

[332] TSN for the Oral Arguments, April 3, 2025, pp. 120-122.

[333] Id. at 38-39.

[334] Justice Caguioa, Concurring and Dissenting Opinion, pp. 2-9.

[335] 296 Phil. 694 (1993) [Per J. Davide, Jr., En Banc].

[336] Id. at 713.

[337] Deliberations during the October 28, 2025 session.

[338] Deliberations during the October 28, 2025 session.

[339] See *Spouses Imbong v. Ochoa*, 732 Phil. 1, 156-157 (2014) [Per J. Mendoza, En Banc].

[340] UHCA, Section 2. Declaration of Principles and Policies. – It is the policy of the State to protect and promote the right to health of all Filipinos and instill health consciousness among them. Towards this end, the State shall adopt:

....

(b) A healthcare model that provides all Filipinos access to a comprehensive set of quality and cost-effective, promotive, preventive, curative, rehabilitative and palliative health services without causing financial hardship, and prioritizes the needs of the population who cannot afford such services.

[341] See Section 4 (i) of the UHCA – As used in this Act:

....

(i)

Essential health benefit package refers to a set of individual-based entitlements covered by the National Health Insurance Program (NHIP) which includes primary care; medicines, diagnostics and laboratory, and preventive, curative, and rehabilitative services;

[342] Justice Lopez, Separate Concurring Opinion, pp. 5-6.

[343] Id.

[344] Rollo (G.R. No. 274778), pp. 3021-3038.

[345] TSN for the Oral Arguments, April 3, 2025, p. 45.

[346] Id. at 46.

[347] Philippine Statistics Authority, Households Share 44.4 Percent of the Country's Total Health Spending in 2023, at <https://psa.gov.ph/content/households-share-444-percent-countrys-total-health-spending-2023> (last accessed on June 20, 2025).

[348] WTW, Philippines healthcare benefit costs projected to continue its double-digit increase at 18.3% in 2025, WTW survey finds at <https://www.wtwco.com/en-ph/news/2024/11/philippines-healthcare-benefit-costs-projected-to-continue-its-double-digit-increase-in-2025> (last accessed on June 20, 2025).

[349] PhilHealth Circular No. 2024-0037; see also Sarao, Zacarian, Inquirer. Net, Filipinos shoulder up to 44.7% of medical costs even with PhilHealth (<https://newsinfo.inquirer.net/1675802/filipinos-shoulder-up-to-44-7-of-medical-costs-even-with-philhealth>, last accessed June 20, 2025).

[350] Rollo (G.R. No. 274778), pp. 3115-3128.

[351] TSN for the Oral Arguments, April 4, 2025, p. 126. As admitted by Dr. Mercado, the benefit packages of PhilHealth, at the time the diversion of funds, were not ideal:

SENIOR ASSOCIATE JUSTICE LEONEN:

. . . So during the transfer of those funds the benefit packages given by PhilHealth, from your point of view, was not ideal? I'm asking you as the President of PhilHealth now.

DR. MERCADO:

It has, it's not yet ideal Your Honor.

SENIOR ASSOCIATE JUSTICE LEONEN:

Yes. Is it already universal health care level. . . as defined by law, the benefit packages, hindi pa?

DR. MERCADO:

In terms of financial risk protection, hindi pa. (Emphasis supplied)

[352] TSN for the Oral Arguments, April 3, 2025, p. 123.

SENIOR ASSOCIATE JUSTICE LEONEN:

Definitely, when the funds were transferred, that has not yet been achieved, correct?

DR. MERCADO [President and CEO of PhilHealth]:

Yes, Your Honor. . .

[353] Republic Act No. 11223, Implementing Rules and Regulations. Section 32. Monitoring and Evaluation. Conduct of Surveys in Support of UHC 32.1. The PSA shall design and conduct relevant modules of annual household surveys in close coordination with the DOH, consistent with overall monitoring and evaluation plan, during the first ten (10) years of the implementation, and thereafter follow its regular schedule. (Emphasis supplied)

[354] Record, Constitutional Commission (August 9, 1986).

[355] Deliberations during the October 28, 2025 session.

[356] Justice Singh, Separate Concurring Opinion, p. 8.

[357] SAJ Leonen, Reflection dated September 29, 2025, p. 3.

[358] Deliberations during the October 28, 2025 session.

[359] Rollo (G.R. No. 274778), pp. 2248-2250.

[360] Id.

[361] TSN for the Oral Arguments, April 3, 2025, pp. 61-63.

[362] Araullo v. Aquino, 737 Phil. 457, 580 (2014) [Per J. Bersamin, En Banc].

[363] Sanchez v. Commission on Audit, 515 Phil. 428, 450 (2008) [Per J. Tinga, En Banc].

[364] National Power Corporation v. Commission on Audit, 872 Phil. 671, 682 (2020) [Per J. J. Reyes, Jr., En Banc].

[365] Philippine Institute for Development Studies v. Commission on Audit, 860 Phil. 303, 331-332 (2019) [Per J. Leonen, En Banc].

[366] 305 Phil. 546 (1994) [Per J. Quiason, En Banc].

[367] 737 Phil. 457, 652 (2014) [Per J. Bersamin, En Banc].

[368] 232 Phil. 222 (1987) [Per J. Fernan, En Banc].

[369] Id. at 229-230.

[370] Department of Budget and Management National Budget Circular No. 581 (2020).

[371] Department of Budget and Management, Cash budgeting to bring Philippines to global standard, at <https://www.dbm.gov.ph/index.php/management-2/588-cash-budgeting-to-bring-philippines-to-global-standard> (last accessed on June 17, 2025).

[372] Department of Budget and Management, Duterte orders adoption of Cash Budgeting System, at <https://www.dbm.gov.ph/index.php/management-2/540-duterte-orders-adoption-of-cash-budgeting-system> (last accessed on June 17, 2025).

[373] See *Lalican v. Vergara*, 342 Phil. 485 (1997) [Per J. Romero, Second Division].

[374] *Aldovino v. Gold and Green Manpower Management and Development Services, Inc.*, 854 Phil. 100, 123-124 (2019) [Per J. Leonen, Third Division].

[375] *Araullo v. Aquino*, 737 Phil. 457, 625 (2014) [Per C.J. Bersamin, En Banc].

[376] 451 Phil. 1 (2003) [Per J. Carpio, En Banc].

[377] *Id.* at 43.

[378] *League of Cities of the Philippines v. Commission on Elections*, 663 Phil. 496 (2011) [Per J. Bersamin, En Banc].

[379] 860 Phil. 363 (2019) [Per J. Lazaro-Javier, En Banc].

[380] G.R. No. 252965, January 10, 2023 [Notice, En Banc].

[381] 664 Phil. 614, 627-628 (2011) [Per J. Nachura, Second Division].

[382] 601 Phil. 245 (2009) [Per J. Austria-Martinez, En Banc].

[383] *Yap v. Thenamaris Ship's Management*, 664 Phil. 614, 627 (2011) [Per J. Nachura, Second Division].

[384] See *Beaumont Holdings Corporation v. Attys. Reyes, et al.*, 815 Phil. 584, 597 (2017) [Per J. Caguioa, First Division] and *Joaquin-Gutierrez v. Camus*, 96 Phil. 114 (1954) [Per J. Montemayor, En Banc].

[385] TSN for the Oral Arguments, April 2, 2025, p. 104.

ASSOCIATE JUSTICE ROSARIO:

I have one last question for Secretary Recto, short lang po. Which other GOCC or GOCCs, meaning, other than PhilHealth have remitted their fund balances to the National Treasury pursuant to Item 1(d) of the 2024 GAA and how much was each remittance? Were those remittances already spent? If so, for what purpose? My second last question, if the Court were to direct the government to return to PhilHealth and the other GOCCs their respective remittances, can the government comply with such directive? What impact will such ruling have on the financial position of the government? Kindly elaborate.

FINANCE SECRETARY RECTO:

Yes, thank you very much, Associate Justice. There is another GOCC that did not remit to the National Treasury and this is the PDIC roughly about a hundred four billion. We could submit to the Court the list of projects of those, of that remittance was funded including the salary standardization law 6 for government employees. Now, having said that, I think your last question was will the government comply with a ruling of the Supreme Court. . . . (interrupted).

ASSOCIATE JUSTICE ROSARIO:

Yes, and what will happen to the government after that?

FINANCE SECRETARY RECTO:

Yes, naturally, the government were to tell the Executive to return the money, we will include that in the National Expenditure Program for 2026. But having said that, assuming if the ruling were for 2025, that will add a fiscal pressure to our deficit and that would entail us not hitting our deficit targets this year. And if we miss that, then

we may not attain our coveted credit rating upgrade that we foresee in the next eighteen (18) months.

ASSOCIATE JUSTICE ROSARIO:

Thank you, Secretary.

[386] Justice Dimaampao Reflections, p. 21.

[387] Id.

[388] Philhealth's P60-B excess funds reverted to treasury to be returned — Marcos Jr. See <https://www.abs-cbn.com/news/nation/2025/9/20/philhealth-s-p60-b-excess-funds-reverted-to-treasury-to-be-retur-ned-marcos-jr-1305> (last accessed on September 20, 2025).

[389] The PhilHealth Konsultasyong Sulit at Tama or Konsulta is a "comprehensive outpatient benefits" package. See <https://www.philhealth.gov.ph/konsulta/> (last accessed on July 23, 2025).

[390] PhilHealth Circular No. 2024-0022.

[391] Section IV (B) of PhilHealth Circular No. 2013-0031 defines "case rate" as the "(f)ixed rate or amount that PhilHealth will reimburse for a specific illness/case, which shall cover for the fees of health care professionals, and all facility charges including, but not limited to, room and board, diagnostics and laboratories, drugs, medicines and supplies, operating room fees and other fees and charges.

[392] PhilHealth Circular No. 2024-0012 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0012.pdf> (last accessed on July 23, 2025).

[393] PhilHealth Circular No. 2024-0037 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0037.pdf> (last accessed on July 23, 2025).

[394] The package rate was increased from PHP 4,000 to PHP 6,350 per session; PhilHealth Circular No. 2024-0023 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0023.pdf> (last accessed on July 23, 2025).

[395] The package rate was increased from PHP 16,000 to PHP 47,000; PhilHealth Circular No. 2024-0025 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0025.pdf> (last accessed on July 23, 2025).

[396] PhilHealth Circular No. 2024-0026 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0026.pdf> (last accessed on July 23, 2025).

[397] PhilHealth Circular No. 2024-0032 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0032.pdf> (last accessed on July 23, 2025).

[398] PhilHealth Circular No. 2024-0033 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0033.pdf> (last accessed on July 23, 2025).

[399] PhilHealth Circular No. 2024-0034 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0034.pdf> (last accessed on July 23, 2025).

[400] PhilHealth Circular No. 2025-0035 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0035.pdf> (last accessed on July 23, 2025).

[401] PhilHealth Circular No. 2024-0036 at <https://www.philhealth.gov.ph/circulars/2024/PC2024-0036.pdf> (last accessed on July 23, 2025).

[402] PhilHealth Circular No. 2025-0001 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0001.pdf> (last

accessed on July 23, 2025).

[403] PhilHealth Circular No. 2025-0002 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0002.pdf> (last accessed on July 23, 2025).

[404] PhilHealth Circular No. 2025-0003 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0003.pdf> (last accessed on July 23, 2025).

[405] PhilHealth Circular No. 2025-0004 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0004.pdf> (last accessed on July 23, 2025).

[406] PhilHealth Circular No. 2025-0009 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0009.pdf> (last accessed on July 23, 2025).

[407] PhilHealth Circular No. 2025-0011 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0011.pdf> (last accessed on July 23, 2025).

[408] PhilHealth Circular No. 2025-0012 at <https://www.philhealth.gov.ph/circulars/2025/PC2025-0012.pdf> (last accessed on July 23, 2025).

[409] Rollo (G.R. No. 274778), p. 3021.

SEPARATE OPINION

LEONEN, SAJ.:

Holistic health care is not a privilege. It is a human right. It is a fundamental component of good governance. Without sufficient funding from public funds, health becomes an exclusive domain for the rich.

I concur that Special Provision 1(d) in Chapter XLIII of the 2024 General Appropriations Act is unconstitutional because it is a rider.

I add that the increase in the unprogrammed appropriations, which results in the increase in the entire expenditure program proposed by the president by PHP 449.5 billion, is unconstitutional.

I likewise add that the presidential certification of urgency is also unconstitutional. It was this presidential certification of urgency that enabled Congress to approve the bicameral conference committee report on the entire proposed General Appropriations Act of 2024 on the same day it was delivered to all members of Congress.

Congress has the power of appropriation^[1] and, in doing so, frames the expenditure program of government. However, it cannot exercise its power in a way that violates the Constitution.

In my view, it is not only the General Provision in the section on unprogrammed funds, nor the increase in unprogrammed funds, that are unconstitutional. The entire General Appropriations Act of 2024 is unconstitutional. Therefore, the General Appropriations Act of 2023, by virtue of Article VI, Section 25(7) of the Constitution,^[2] should have been reenacted.

I explain these disagreements first before my agreement with the erudite ponencia.

I

The ponencia correctly clarifies that while the decision to certify a bill as urgent is a matter of executive policy, the Court is not precluded from determining whether the president committed grave abuse of discretion in doing so, pursuant to the Court's expanded power of judicial review.^[3] However, with deep respect to the ponencia's

determination, I submit that the president's certification of the urgency of House Bill No. 8980[4] is tainted with grave abuse of discretion.

Article VI, Section 26(2) of the Constitution prescribes how a bill is passed into law:

....

(2) No bill passed by either House shall become a law unless it has passed three readings on separate days, and printed copies thereof in its final form have been distributed to its Members three days before its passage, except when the President certifies to the necessity of its immediate enactment to meet a public calamity or emergency. Upon the last reading of a bill, no amendment thereto shall be allowed, and the vote thereon shall be taken immediately thereafter, and the yeas and nays entered in the Journal. (Emphasis supplied)

Under the provision, the general procedure in enacting a law requires that the readings of the bill be made on three separate days and that the bill in its final form be distributed three days before its passage. However, an exception in which this procedure can be dispensed with is when the president certifies a bill as urgent to meet a public calamity or emergency.[5]

In *Tolentino v. Secretary of Finance*,[6] the Court discussed the two-fold purpose for the requirement of three readings on separate days: "(1) to inform the members of Congress of what they must vote on and (2) to give them notice that a measure is progressing through the enacting process, thus enabling them and others interested in the measure to prepare their positions with reference to it." [7] The Court also explained the justification of the exception:

The exception is based on the prudential consideration that if in all cases three readings on separate days are required and a bill has to be printed in final form before it can be passed, the need for a law may be rendered academic by the occurrence of the very emergency or public calamity which it is meant to address.[8] (Emphasis supplied)

In *Kida v. Senate of the Philippines*,[9] the Court sustained the president's certification for the immediate enactment of Republic Act No. 10153, a law synchronizing the Autonomous Region in Muslim Mindanao (ARMM) elections with the national and local elections. The Court also held that the president's certification of urgency was justified as the Constitution itself mandates the synchronization of national and local elections, which include the ARMM elections.[10] Further, in that case, the president issued the certification of urgency on March 14, 2011, a few months before the impending ARMM elections on August 8, 2011, based on "the need to protect and strengthen ARMM's autonomy... to ensure that the on-going peace talks in the region will not be hindered, and to provide a mechanism to institutionalize electoral reforms." [11]

In *Calleja v. Executive Secretary*,[12] the Court upheld the president's certification for the immediate enactment of Republic Act No. 11479 or the Anti-Terrorism Act of 2020. The Court explained: "[T]he constant threat of terrorism, as one of the biggest menaces to national security, definitely constitutes as an emergency which the State needs to address immediately." [13] It added that "the President's determination of the existence of an 'emergency' or 'public calamity' is fundamentally dependent on the exigencies of each circumstance." [14]

In this case, the president certified as urgent the enactment of House Bill No. 8980 "[i]n order to address the need to maintain continuous government operations following the end of the current fiscal year (FY), to expedite the funding of various program, projects, and activities for FY 2024, and to ensure budgetary preparedness that will enable the government to effectively perform its Constitutional mandate." [15]

The ponencia held that the president did not commit grave abuse of discretion when he certified House Bill No. 8980 as urgent. It explained that the passage of a general appropriations law for 2024 was necessary and urgent "in order to achieve the ever-shifting development goals and address the ever-evolving internal and external

concerns of the country."[16]

I disagree.

Public calamity or emergency contemplates an event, whether natural or human-made, which is unforeseeable. It is an event that cannot be reasonably predicted or anticipated. The passage of the General Appropriations Act is not unforeseeable as it is done every year by Congress. It is a piece of legislation that is expected from Congress annually.

The importance of the constitutionally mandated process in the enactment of a law—three readings on separate days and a final copy distributed three days before—is underscored in the passage of the general appropriations bill, which involves trillions of pesos of public funds. There must be opportunity for members of both Houses of Congress to rigorously scrutinize and deliberate the bill and intelligently approve it. Hence, Article VI, Section 25(7) provides for the automatic reenactment of the previous general appropriations law when the ensuing year's appropriations bill is not passed on time. This is on the premise that the previous appropriations law has already been thoroughly considered and approved by both Houses of Congress.

Thus, government operations would not be impeded in the event Congress fails to pass a general appropriations bill for the ensuing fiscal year as there exists a built-in safeguard in the Constitution: The general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force and effect until the general appropriations bill is passed by Congress. Indeed, this has already been done on several occasions—the 2000 General Appropriations Act was reenacted in 2001, the 2003 General Appropriations Act in 2004, and the 2005 General Appropriations Act in 2006.[17]

Consequently, the president's certification of urgency did not warrant the immediate enactment of House Bill No. 8980 as the circumstances of the case reveal that no public calamity or emergency existed at that time.

While both the House of Representatives and the Senate accepted the president's certification, the Court is not bound by their acceptance given that the president committed grave abuse of discretion in issuing the certification. Constitutional standards on legislative processes are in place to ensure that bills are thoroughly considered by members of Congress.

However, notwithstanding the foregoing, and looking at the timeframe—first reading in the House on September 4, 2023 and second and third readings on September 27, 2023 (23 days); the bill was then transmitted to the Senate on November 4, 2023 and was tackled on first reading on November 6, 2023 and on second and third readings on November 28, 2023 (22 days)—the House and the Senate had sufficient time to review the appropriations bill. It was rather in the bicameral conference committee, which took only eight days (first and second meetings on November 28 and December 6, 2023, respectively) to make significant additional insertions, that everything was hastily done. On December 11, 2023, the bicameral conference committee report was submitted to both the House and the Senate, which was approved on the same day

The bicameral conference committee report reflected an increase in the amount of unprogrammed appropriations by PHP 449.5 billion and inserted Special Provision 1(d), under Chapter XLIII on unprogrammed appropriations.[18] Notably, there were members of the bicameral conference committee from the Senate who did not sign the report, namely Senator Grace Poe, Senator Francis N. Tolentino, and Senator Mark A. Villar. Conferees on the part of the House of Representatives all signed.[19] The pertinent amendments of House Bill No. 8980 recommended in the bicameral conference committee report[20] are reproduced below:

Department/Agency/Corporation/Fund

Fy 2024 GENERAL APPROPRIATIONS BILL

(HB NO. 8980)

INCREASE

(DECREASES)

NET CHANGE

FY 2024 GENERAL APPROPRIATIONS BILL
(BICAM REPORT)

I. CONGRESS OF THE PHILIPPINES

28,426,484

15,040,077

(2,000)

15,038,077

43,464,561

II. OFFICE OF THE PRESIDENT

10,645,573

-

-

-

10,645,573

III. OFFICE OF THE VICE-PRESIDENT

1,874,019

-

-

-

1,874,019

IV. DEPARTMENT OF AGRARIAN REFORM

8,894,558

-

(813,491)

(813,491)

8,081,067

V. DEPARTMENT OF AGRICULTURE

128,002,234

21,757,714

(38,072,190)

(16,314,476)

111,687,758

VI. DEPARTMENT OF BUDGET AND MANAGEMENT

2,411,145

90,000

-

90,000

2,501,145

VII. DEPARTMENT OF EDUCATION

714,583,419

3,836,063

(756,004)

3,080,059

717,663,478

VIII. STATE UNIVERSITIES AND COLLEGES

102,347,313

27,028,809

(1,145,000)

25,883,809

128,231,122

IX. DEPARTMENT OF ENERGY

1,639,160

23,000

-

23,000

1,662,160

X. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

24,846,827

1,825,468

(1,378,568)

446,900

25,293,727

XI. DEPARTMENT OF FINANCE

24,715,122

51,000

(838,820)

(787,820)

23,927,302

XII. DEPARTMENT OF FOREIGN AFFAIRS

23,823,556

767,642

-

767,642

24,591,198

XIII. DEPARTMENT OF HEALTH

239,122,878

10,678,136

(8,198,201)

2,479,935

241,602,813

XIV. DEPARTMENT OF HUMAN SETTLEMENTS AND URBAN DEVELOPMENT

3,197,720

654,440

(544,640)

109,800

3,307,520

XV. DEPARTMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY

6,980,812

1,604,288

(1,670,235)

(65,947)

6,914,865

XVI. DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

261,156,467

3,203,532

(710,000)

2,493,532

263,649,999

XVII. DEPARTMENT OF JUSTICE

34,394,468

1,834,286

-

1,834,286

36,228,754

XVIII. DEPARTMENT OF LABOR AND EMPLOYMENT

68,015,971

4,189,726

(10,937,229)

(6,747,503)

61,268,468

XIX. DEPARTMENT OF MIGRANT WORKERS

12,752,923

651,200

(3,507,951)

(2,856,751)

9,896,172

XX. DEPARTMENT OF NATIONAL DEFENSE

229,934,819

8,421,725

-

8,421,725

238,356,544

XXI. DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

822,892,746

353,955,546

(180,056,608)

173,898,938

996,791,684

XXII. DEPARTMENT OF SCIENCE AND TECHNOLOGY

25,660,309

1,254,704

-

1,254,704

26,915,013

XXIII. DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT

245,130,234

43,832,925

(41,114,818)

2,718,107

247,846,341

XXIV. DEPARTMENT OF TOURISM

2,939,155

800,560

(300,000)

500,560

3,439,715

XXV. DEPARTMENT OF TRADE AND INDUSTRY

7,952,482

727,736

(42,000)

685,736

8,638,218

XXVI. DEPARTMENT OF TRANSPORTATION

170,514,821

9,861,422

(107,045,574)

(97,184,152)

73,330,669

XXVII. NATIONAL AND ECONOMIC DEVELOPMENT AUTHORITY

11,710,955

240,422

-

240,422

11,951,377

XXVIII. PRESIDENTIAL COMMUNICATIONS OFFICE

1,711,559

563,631

-

563,631

2,275,190

XXIX. OTHER EXECUTIVE OFFICES

68,945,033

4,391,702

(10,908,663)

(6,417,961)

62,527,072

XXX. THE JUDICIARY

56,490,726

2,387,366

-

2,387,366

58,878,092

XXXI. CIVIL SERVICE COMMISSION

2,043,537

188,138

-

188,138

2,231,675

XXXII. COMMISSION ON AUDIT

12,724,677

1,005,693

-

1,005,693

13,730,370

XXXIII. COMMISSION ON ELECTIONS

27,133,801

13,000,000

(30,000)

12,970,000

40,103,801

XXXIV. OFFICE OF THE OMBUDSMAN

5,034,721

500,000

-

500,000

5,534,721

XXXV. COMMISSION ON HUMAN RIGHTS

971,190

11,500

(3,000)

8,500

979,690

XXXVI. BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS

230,765,685

18,160,621

(60,696,353)

(42,535,732)

188,229,953

XXXVII. ALLOCATIONS TO LOCAL GOVERNMENT UNITS

56,439,838

10,920,590

(7,980,000)

2,940,590

69,380,428

XXXVIII. CONTINGENT FUND

13,000,000

-

-

-

13,000,000

XXXIX. MISCELLANEOUS PERSONNEL BENEFITS FUND

65,734,429

-

(36,057,317)

(36,057,317)

29,677,112

XL. NATIONAL DISASTER RISK REDUCTION AND MANAGEMENT FUND

21,000,000

1,000,000

(1,500,000

(500,000)

20,500,000

XLI. PENSION AND GRATUITY FUND

183,206,826

-

(40,250,000)

(40,250,000)

142,956,826

XLII. REVISED AFP MODERNIZATION PROGRAM

50,000,000

-

(10,000,000)

(10,000,000)

40,000,000

TOTAL PROGRAMMED NEW APPROPRIATIONS

4,019,768,192

564,459,662

(564,459,662)

-

4,019,768,192

XLIII. UNPROGRAMMED APPROPRIATIONS

281,908,056

449,540,510

-

449,540,510

731,448,566

TOTAL NEW APPROPRIATIONS

4,301,676,248

1,014,000,172

(564,459,662)

449,540,510

4,751,216,758

The amounts in the bicameral conference committee report were eventually reflected in the enacted 2024 General Appropriations Act. The magnitude of the changes done by the bicameral conference committee on House Bill No. 8980—which contained mostly the same amounts as identified by the president in the National Expenditure Program including the amount of unprogrammed appropriations—would have merited a more careful perusal from the members of Congress.

While there is a presumption of regularity in the performance of official duties, it is hard to envision how members of Congress could have effectively examined and approved all of these changes on the same day the report was submitted to them. It is also noteworthy that the amendments made, consisting of the realignment of funds in the programmed appropriations and the increase in the amount of unprogrammed appropriations by the bicameral conference committee, involved 43 departments, agencies, and funds of the government, each one having a different function and purpose in government operations. The bicameral conference committee report even further detailed sub-categories from most of them. Consequently, the same-day submission and approval of the report is hardly enough time for Congress to consider and prepare their positions on the recommended amendments. It must be emphasized that the budget, in its entirety, consists of more than 2,000 lines of appropriation. These hasty approvals of the budget empower only a few in the leadership of the House of Representatives and the Senate, denying scrutiny on the part of the majority and minority of both Houses.

The presidential certification of urgency should always be properly supported with the specific emergency or public calamity it aims to address, as well as the reason such emergency or public calamity requires the immediate enactment of a bill. As correctly argued by petitioners Colmenares et al., "the process for the enactment of the [General Appropriations Act] does not lend itself to short-cuts, especially considering that it pertains to public funds amounting to trillions of pesos." [21] There must be a reasonable period of time given to members of Congress for them to effectively review the voluminous documents referred to in the budget process. A thorough consideration must be made to these documents to ensure that public funds are properly allocated and accounted for.

Indeed, this Court's declaration of the unconstitutionality of Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act confirms the importance of adherence to the legislative process, allowing sufficient time for Congress to study a proposed bill carefully and each of its provision.

II

Congress's increase of the unprogrammed appropriations by PHP 449.5 billion violates Article VI, Section 25(1) of the 1987 Constitution, which prohibits Congress from increasing the "appropriations recommended by the President for the operation of the Government as specified in the budget."

The constitutional instruction that "the form, content[,] and manner of preparation of the budget shall be prescribed by law" [22] is actualized in Book VI, Chapter 3 of Executive Order No. 292 or the Administrative Code of 1987. Specific to the form and content of the budget, Section 12 of Chapter 3 provides:

SECTION 12. Form and Content of the Budget. — The budget proposal of the President shall include current operating expenditures and capital outlays. It shall comprise such funds as may be necessary for the operation of the programs, projects and activities of the various departments and agencies. The proposed General Appropriations Act and other Appropriations Acts necessary to cover the budget proposals shall be submitted to the Congress to accompany the President's budget submission.

The budget shall be presented to the Congress in such form and content as may be approved by the President and may include the following:

(1)

A budget message setting forth in brief the government's budgetary thrusts for the budget year, including their impact on development goals, monetary and fiscal objectives, and generally on the implications of the revenue, expenditure and debt proposals; and

(2)

Summary financial statements setting forth;

(a)

Estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings;

(b)

Estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals, if any, forming part of the year's financing program;

(c)

Actual appropriations, expenditures, and receipts during the last completed fiscal year;

(d)

Estimated expenditures and receipts and actual or proposed appropriations during the fiscal year in progress;

(e)

Statements of the condition of the National Treasury at the end of the last completed fiscal year, the estimated condition of the Treasury at the end of the fiscal year in progress and the estimated condition of the Treasury at the end of the ensuing fiscal year, taking into account the adoption of financial proposals contained in the budget and showing, at the same time, the unencumbered and unobligated cash resources;

(f)

Essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds; and

(g)

Such other financial statements and data as are deemed necessary or desirable in order to make known in reasonable detail the financial condition of the government. (Emphasis supplied)

The national budget is formulated "within the totality of revenues and other receipts, expenditures[,] and borrowings" of all units of government, including the national government and its agencies and instrumentalities, local government units, and government-owned or -controlled corporations. It reflects national objectives and plans and is geared toward attaining socio-economic objectives.[23]

Amicus Curiae Zy-za Nadine Suzara explains the budget preparation process. Each department or agency of the national government (i) formulates its budget proposals based on the approved fiscal program, ensuring alignment to the development priorities of the president and the national plans and programs; and (ii) submits these proposals to the Department of Budget and Management (DBM).[24] Book VI, Chapter 3, Section 14 of the Administrative Code of 1987 enumerates the information included in these agency budget proposals:

(1)

Objectives, functions, activities, programs and projects showing the general character and relative importance of the work to be accomplished or the services to be rendered, and the principal elements of cost involved;

(2)

Linkage of the work and financial proposals to approved development plans;

(3)

Estimated current operating expenditures and capital outlays, with comparative data for the preceding and current budget years;

(4)

Identification by region, pursuant to policies on the regionalization of government operations;

(5)

Financial sources, reflecting all revenues, proceeds of foreign and domestic borrowings, and other sources, particularly those which accrue to the General Fund;

(6)

Contingent liabilities, including national government guarantees of obligations of government-owned or controlled corporations and their subsidiaries;

(7)

Brief description of the major thrusts and priority programs and projects for the budget year, results expected for each budgetary program and project, the nature of work to be performed, estimated costs per unit of work measurement, including the various objects of expenditure for each project;

(8)

Organization charts and staffing patterns indicating the list of existing and proposed positions with corresponding salaries, and proposals for position classification and salary changes, duly supported by adequate justification.

Technical budget hearings follow for the evaluation of these agency budget proposals,[25] after which, the proposals are consolidated and presented to the president for approval. After the president has approved the budget and thereafter confirmed by the heads of departments and agencies, those are consolidated into the National Expenditure Program and the Budget of Expenditure and Sources of Financing. The National Expenditure Program and the Budget of Expenditure and Sources of Financing will then be submitted by the president to Congress.[26]

Indeed, pursuant to Article VII, Section 22[27] of the 1987 Constitution, the president's proposed annual budget is submitted in the form of the Budget of Expenditure and Sources of Financing, supported by details of proposed expenditures in the form of the National Expenditure Program and the president's Budget Message, which summarizes the budget policy thrusts and priorities for the year, these budget documents are read as one integrated whole. They are interrelated, and the figures indicated therein are consistent with each other and support the president's proposed annual budget. Hence, the Office of the Solicitor General's (OSG) contentions that the unprogrammed appropriations is not part of the national government expenditures in the Budget of Expenditure and Sources of Financing; and that the National Expenditure Program, which contains the unprogrammed appropriations, does not reflect the sources of financing mandated by the Constitution, are untenable. It treats these budget documents separately, as if they were completely different.

At any rate, whether we look at the National Expenditure Program or the Budget of Expenditure and Sources of

Financing, the appropriations recommended by the president are the same:

National Expenditure Program[28] Budget of Expenditure and Sources of Financing[29]

Programmed General Appropriations 4,019.8 billion[30] 4,019.8 billion

Unprogrammed Appropriations 281.9 billion[31] 281.9 billion

Automatic Appropriations 1,747.8 billion[32] 1,747.8 billion

The prohibition to increase the presidential budget under Article VI, Section 25(1) is one of the limits on Congress's power to appropriate money. In imposing this prohibition, Article VI, Section 25(1) does not distinguish or qualify "appropriations." Had the intention been to limit the application of the prohibition only to programmed appropriations or expenditures with definite or identified funding source, the framers of the Constitution could have explicitly so stated.

An "appropriation" simply refers to legislative authorization, directing payment out of government funds under specified conditions or for specified purposes.[33]

In *Belgica v. Ochoa*: [34]

"An appropriation made by law" under the contemplation of Section 29(1), Article VI of the 1987 Constitution exists when a provision of law (a) sets apart a determinate or determinable amount of money and (b) allocates the same for a particular public purpose. These two minimum designations of amount and purpose stem from the very definition of the word "appropriation," which means "to allot, assign, set apart or apply to a particular use or purpose," and hence, if written into the law, demonstrate that the legislative intent to appropriate exists. As the Constitution "does not provide or prescribe any particular form of words or religious recitals in which an authorization or appropriation by Congress shall be made, except that it be 'made by law,'" an appropriation law may — according to *Philconsa* — be "detailed and as broad as Congress wants it to be" for as long as the intent to appropriate may be gleaned from the same.

....

To reiterate, if a legal provision designates a determinate or determinable amount of money and allocates the same for a particular public purpose, then the legislative intent to appropriate becomes apparent and, hence, already sufficient to satisfy the requirement of an "appropriation made by law" under contemplation of the Constitution.[35] (Emphasis in the original)

There is no specific provision of law requiring that the president's proposed budget cover only those expenditures with definite funding source. On the contrary, considering that no public money can be spent without legislative authorization,[36] and that the national budget is prepared in advance and is merely an estimated amount, it is logical to say that the president's budget proposal should contain a reasonable amount of unprogrammed appropriations that are necessary to cover unforeseen events.[37] This would enable the Executive Department to spend for obligations under the unprogrammed appropriations as the need arises, without having to go back to Congress to enact a separate law appropriating additional funds.

Again, the concept of unprogrammed appropriations refers to appropriations which provide standby authority to incur additional agency obligations for priority programs or projects, the determination of which should be the sole discretion of the president as the one who heads and runs the operations of government. Congress does not have the authority to increase the unprogrammed appropriations. They can only approve or reduce the budget proposed by the president, which includes the unprogrammed appropriations, as part of a system of checks and balances to ensure coordination among the branches of government.

The PHP 281 billion unprogrammed appropriations recommended by the president is an item of appropriation, the approval of which constitutes a legislative authority to spend public funds. Thus, the Congress's increase of PHP 449.5 billion comes within the purview of the constitutional prohibition.

III

There is no dispute that the House-approved and Senate-approved appropriation bills contained the same levels of programmed and unprogrammed appropriations as the presidential budget. Moreover, the changes in appropriation levels were introduced in the bicameral conference committee.

A closer look at the bicameral conference committee report[38] shows that the total increases and decreases in several line items in the programmed appropriations are the same—PHP 564.46 billion, with the net effect of "no change" in the total amount of programmed appropriations of PHP 4,019.8 billion. However, the unprogrammed appropriations were increased by PHP 449.5 billion. These reveal that some of the programmed appropriations were taken out and transferred to the unprogrammed appropriations, thereby enabling the insertions of additional items in the programmed appropriations. In her Final Memorandum dated May 3, 2025, Amicus Curiae Zy-za Nadine N. Suzara reported:

Historically, the levels of Unprogrammed Appropriations proposed by the Executive Branch in the National Expenditure Program generally remained the same in the enacted version of the Budget or the General Appropriations Act except for fiscal years 2010, 2022, 2023, 2024 and 2025.

Table 1 shows, the difference in the proposed vs enacted level of Unprogrammed Appropriations steadily grew between 2022-2024 and decreased in 2025.

Table 1: FY2010-2025 Unprogrammed Appropriations, in billions

Fiscal Year

NEP

GAA

Difference

2010

68.91

118.91

50

2011

66.91

66.91

0

2012

161.69

152.82

-8.87

2013

117.50

117.50

0

2014

139.90

139.90

0

2015

123.10

123.10

0

2016

67.50

67.50

0

2017

67.50

67.50

0

2018

75.34

75.34

0

2019

197.14

197.14

0

2020

216.30

216.30

0

2021

176.32

176.32

0

2022

151.64

251.64

100

2023

588.16

807.16

219

2024

281.91

731.45

449.54

2025

158.67

531.67

373

In the 2024 GAA, the Unprogrammed Appropriations was [PHP] 450 billion higher than the proposed level of Php282 billion as a result of the defunding and transfer of multiple line items from the Programmed Appropriations to the Unprogrammed Appropriations.[39]

Amicus Curiae Suzara opines that the 2024 budget showed that the freed up fiscal space in the programmed appropriations went to departments where the hard and soft projects of legislators are traditionally lodged, such as local infrastructure projects of the Department of Public Works and Highways (DPWH) and the Department of Agriculture (DA). She describes this as a new scheme of massively funding pork barrel, which undermines the integrity of the budget process and effectively circumvents the Court's ruling in Belgica.[40]

The bicameral conference committee report[41] shows the following net increases in the programmed appropriations:

1. DPWH PHP 173.9 billion
2. State Universities and Colleges PHP 25.87 billion

3. Commission on Elections PHP 2.97 billion
4. Department of Social Welfare and Development PHP 2.72 billion
5. Allocation to local government units (LGUs) PHP 2.94 billion
6. Budgetary Support to Other Executive Offices PHP 1.5 billion

On the other hand, the following programmed appropriations were decreased by the following amounts:

1. Department of Agriculture (DA) PHP 16.3 billion
2. Department of Tourism PHP 97.18 billion
3. Other Executive Offices PHP 6.41 billion
4. Budgetary Support to the DA PHP 7.81 billion
5. Budgetary Support to the Department of Health PHP 40.31 billion

In addition, programmed appropriations for personnel benefit funds, pension and gratuity fund, and revised Armed Forces of the Philippines modernization program—with a total of PHP 86.31 billion—were transferred to the unprogrammed appropriations.

The national budget originates from the Executive Department. Each department or agency can already determine what the potential expenses are for the coming years, including miscellaneous expenses. Thus, it is already anticipated. It is not right to transfer them to unprogrammed appropriations.

Again, according to Amicus Curiae Suzara:

The Unprogrammed Appropriations is no longer a list of general line items that could provide stand-by appropriations for contingencies during budget execution. It has morphed into a long list of line items that were eliminated by Congress in exchange for pork.

Congress has certainly found a way to circumvent the prohibition on post-enactment intervention, mangling the Budget as it undergoes legislation...

There is currently no mechanism during budget legislation to safeguard the Budget from these excesses.[42]

Amicus Curiae Sonny Africa of IBON Foundation shares the view that the increasing trend in the amounts of unprogrammed appropriations—PHP 10 billion in 2022, PHP 219 billion in 2023, and PHP 449.5 billion in 2024—raises the suspicion that allocations for programmed appropriations are transferred to unprogrammed appropriations to create fiscal space in the programmed appropriations for projects identified by legislators during the budget process and, in the implementation of which, legislators may be directly or indirectly involved.[43]

It is this "bloating of the Unprogrammed Appropriations as a consequence of massively funding pork barrel" that required the "need to raise additional sources of financing by siphoning funds of [government-owned or -controlled corporations] like [PhilHealth] and [Philippine Deposit Insurance Corporation]."[44] Hence, the insertion of Special Provision 1(d) in the 2024 General Appropriations Act.

IV

Special Provision 1(d) is unconstitutional. It is a rider or an inappropriate provision to the 2024 General Appropriations Act because it impliedly repealed or amended (a) the purposes of the funds allocated for the Universal Health Care Act, (b) Section 11 of the Universal Health Care Act, and (c) the Sin Tax Laws.

IV(A)

The PHP 60 billion transferred to the National Treasury is part of the PhilHealth Reserve Fund; hence, the transfer violates Section 11 of the Universal Health Care Act. It is, therefore, an unconstitutional rider.

Section 11[45] of the Universal Health Care Act dictates how PhilHealth funds will be used.

First, it requires setting aside, as reserve funds, a portion of PhilHealth's revenues not needed to meet the current year's expenditures, i.e., operational expenses (not more than 7.5% of premiums collected) and benefit claims expenses. It further establishes the ceiling of the reserve fund to an amount actuarially estimated to cover two years of projected program expenditures.

Second, any amount more than the ceiling must be used to increase benefits and decrease premiums.

Third, any unused portion of the reserve fund that is not required to meet the current expenditure obligations or to support the previously mentioned programs must be invested in secure and profitable instruments to build the Investment Reserve Fund.

As the agency established to administer the National Health Insurance Program,[46] PhilHealth must focus its funds to address and achieve the purposes of the Universal Health Care Act, i.e., to help people pay for healthcare goods and services. Moreover, PhilHealth must "provide effective stewardship, funds management[,] and maintenance of reserves"[47] to ensure a sustainable system of financing its operations and its members' availment of health insurance benefits.

The Audited Financial Statements of PhilHealth show that all unused portions of its income, including investment income, were set aside as reserve funds and added to the previous year's reserves.[48] As noted in the ponencia, these reserve funds, though accumulated through the years, have never reached the ceiling set by the Universal Health Care Act.[49]

On the other hand, Special Provision 1(d) of the 2024 General Appropriations Act adds another source of funding for the unprogrammed appropriations, i.e., the "fund balance of the Government-Owned or Controlled Corporations (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to reasonable levels."

In other words, Special Provision 1(d),[50] as implemented by DOF Circular No. 003-2024, reduced the reserve funds and reclassified the portion taken from them as "fund balance," and diverted its purpose from "increasing members benefits or decreasing contributions" to "funding unprogrammed appropriations," in violation of Section 11 of the Universal Health Care Act.

Thus, the PHP 60 billion transferred to the National Treasury pursuant to DOF Circular No. 003-2024 and Special Provision 1(d) came from the reserve funds. In fact, the schedule of transfer was synchronized with the investment maturities,[51] showing that the funds were specifically sourced from the Investment Reserve Fund. This constitutes a clear violation of Section 11 of the Universal Health Care Act, which states that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government."

Even assuming, as argued by respondents House of Representatives et al., that PhilHealth may reduce its reserve fund,[52] the remainder after such reduction must still be used for the purposes of the Universal Health Care Act. It cannot be reverted to the general fund of the national government, pursuant to the express prohibition under Section 11.

IV(B)

The PHP 60 billion remitted fund, even if it does not form part of the reserve funds, cannot be legally used for purposes outside of PhilHealth's mandate under the Sin Tax Law and the Universal Health Care Act.

The funds were commingled with other funds. The comingled funds were spent for purposes other than those mandated.

Section 37 of the Universal Health Care Act[53] expressly enumerates the sources of funds for its implementation, namely: (1) portions of the total incremental sin tax collections provided for under Republic Act No. 10351;[54] (2) premium contributions of members; (3) annual appropriations of the Department of Health (DOH) included in the General Appropriations Act; and (4) the national government subsidy to PhilHealth included in the General Appropriations Act.[55]

In turn, our Sin Tax Laws (Republic Act No. 10351,[56] as amended by Section 14 of Republic Act No. 11346,[57] and further amended by Section 9 of Republic Act No. 11467[58]), earmark portions of the revenues from excise taxes on sweetened beverages, alcohol, tobacco products, and heated tobacco and vapor products and mandated that these earmarked amounts be used exclusively for the implementation of the Universal Health Care Act.[59]

In *Confederation of Coconut Farmers Organizations of the Philippines, Inc. v. Aquino III*: [60]

The revenue collected for a special purpose shall be treated as a special fund to be used exclusively for the stated purpose. This serves as a deterrent for abuse in the disposition of special funds. The coconut levy funds are special funds allocated for a specific purpose and can never be used for purposes other than for the benefit of the coconut farmers or the development of the coconut industry. Any attempt to appropriate the said funds for another reason, no matter how noble or beneficial, would be struck down as unconstitutional.[61] (Emphasis supplied)

In *Guiao v. PAGCOR*, [62] a case involving the funding requirements of the Philippine Sports Commission, this Court held that Section 26 of Republic Act No. 6847 clearly and unqualifiedly provides that the remittance is "five percent (5%) of the gross income of the [Philippine Amusement and Gaming Corporation (PAGCOR)]." Hence, PAGCOR's allocation of only 2.1375% to the Philippine Sports Commission is invalid. As for the Philippine Charity Sweepstakes Office's (PCSO) remittance, this Court ruled that lotto games fall within the scope of "sweepstakes" or "lottery," and must therefore be included in computing the 30% representing the charity fund from the proceeds of PCSO's six sweepstakes or lottery draws. This Court further held that the underfunding of the Philippine Sports Commission constitutes an interference with the Legislature's power of the purse and undermines the constitutional policy of promoting sports programs. Accordingly, this Court ordered PAGCOR to account for and remit the complete 5% of its gross income per annum from 1993 to present in favor of the Philippine Sports Commission. It directed the PCSO to account for and remit the 30% representing the charity fund from the proceeds of six sweepstakes or lottery draws per annum, including its lotto draws, from 2006 to present.

Pursuant to our ruling in *Guiao*, the earmarked sin tax collections must be remitted in full to PhilHealth to be used exclusively for the implementation of the Universal Health Care Act.

However, reports show that this has not been the case. PhilHealth has not received its full share of the earmarked sin taxes. For instance, of the PHP 83.9 billion [63] sin tax collections in 2021, PHP 78.8 billion was appropriated, yet only PHP 50 billion was released in 2023. PhilHealth's financial statements reveal that the DBM withheld the release of PHP 28.076 billion in government subsidy.[64]

In 2024, of the PHP 79 billion [65] in sin taxes collected, only PHP 40.28 billion [66] was appropriated, and merely PHP 10.082 billion was released by the DBM. A total amount of PHP 30.001 billion in government subsidy has yet to be released by the DBM.[67]

Not only this, respondents House of Representatives, et al. also contend that the PHP 60 billion transferred to the National Treasury came from government subsidies for the premium contributions of indirect members.[68] During the oral arguments, the solicitor general explained that these PhilHealth funds were commingled in the National Treasury for application to the various purposes enumerated in the unprogrammed appropriations.[69] Specifically, respondents allege that almost the entire PHP 60 billion remitted was allocated to the following projects:

PROGRAM

AMOUNT

Public Health Emergency Benefits and Allowance for Health Care and Non-Healthcare Workers

PHP 27, 453,233,268.00[70]

Priority Social Programs for Health (Including Health Facilities Enhancement Program), Social Welfare and Development, Higher Education, and Technical and Vocational Education

Breakdown:

Three (3) DOH Health Facilities

Medical Assistance to Indigent and Financially Incapacitated Patients (MAIP)

Procurement of various medical equipment for DOH hospitals, LGU hospitals, and Primary Care Facilities (Health Facilities Enhancement Program)

Procurement of various medical equipment for DOH hospitals, LGU hospitals, and Primary Care Facilities (Health Facilities Enhancement Program)

Health Facilities Enhancement Program

PHP 19,169,664,755.00

PHP 3,370,000,000.00[71]

PHP 10,000,000,000.00[72]

PHP 2,816,080,507.00[73]

PHP 1,285,000,000.00[74]

PHP 1,698,584,248.00[75]

Government Counterpart Financing for Foreign Assisted Projects

PHP 13,000,000,000.00[76]

TOTAL

PHP 59,622,898,023.00[77]

However, a perusal of the Special Allotment Release Orders (SAROs) submitted for the foregoing expenditures shows that nothing therein indicates that the funds came from the PHP 60 billion remitted fund of PhilHealth. The SAROs merely indicated as funding source "Regular Agency Fund, Unprogrammed Appropriations, ... [indicating the particular program]."

Moreover, the SAROs pertain to the funding requirements of the DOH and to foreign-assisted projects of the DA, Bureau of Fisheries and Aquatic Resources, Department of Agrarian Reform, and DPWH, the latter receiving the largest allotment of PHP 10.8 billion for road networks and flood control projects.

The transfer of PhilHealth funds into a lump sum commingled with the Philippine Deposit Insurance Corporation in the National Treasury violates the Universal Health Care Act, as such expenditures must be applied specifically to its implementation.

Moreover, all allocations to PhilHealth are understood to be dedicated exclusively to individual-based services.[78] Under the Universal Health Care Act, population-based services are funded by the DOH. In fact, the Sin Tax Laws provide a separate allocation of 20% specifically for the medical assistance and health facilities enhancement program, the requirements of which are determined by the DOH. Consequently, respondents House of Representatives et al.'s claim that the funds transferred were used for other health purposes is baseless.

IV(C)

The basic human and constitutional right to health was likewise violated by the unconstitutional transfer of funds from PhilHealth in violation of the provisions of the Sin Tax Law, as well as the Universal Health Care Act.

The transfer of PhilHealth funds to finance certain programs and projects under unprogrammed appropriations, despite the failure to advance the objectives of the Universal Health Care Act, is immoral, illegal, and unconstitutional. The reduction of available resources by diverting a portion of the fund pool for health services violates the principle of progressive realization of the right to health.

Health, as a basic human right, is enshrined in the 1987 Constitution. It is an integral element of the right to life, which no one can be deprived of. The State guarantees full respect for human rights, and health is recognized as one of these rights, the government's duty to promote and protect the Filipino's right to health, with priority given to the needs of the underprivileged, is constitutionally mandated. These principles are explicitly embodied in the following constitutional provisions:

ARTICLE II

Declaration of Principles and State Policies

SECTION 9. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

SECTION 10. The State shall promote social justice in all phases of national development.

SECTION 11. The State values the dignity of every human person and guarantees full respect for human rights.

SECTION 15. The State shall protect and promote the right to health of the people and instill health consciousness among them.

ARTICLE III

Bill of Rights

SECTION 1. No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.

ARTICLE XIII

Social Justice and Human Rights Health

SECTION 11. The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. There shall be priority for the needs of the underprivileged sick, elderly, disabled, women, and children.

The State shall endeavor to provide free medical care to paupers.

SECTION 12. The State shall establish and maintain an effective food and drug regulatory system and undertake appropriate health manpower development and research, responsive to the country's health needs and problems.

SECTION 13. The State shall establish a special agency for disabled persons for rehabilitation, self-development and self-reliance, and their integration into the mainstream of society. (Emphasis supplied)

Consistent with these constitutional mandates to protect the people's right to health and adopt an integrated and comprehensive approach to health development, Republic Act No. 7875[79] was enacted with the following salient provisions:

SECTION 2. Declaration of Principles and Policies. – It is hereby declared the policy of the State to adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost and to provide free medical care to paupers. Towards this end, the State shall provide comprehensive health care services to all Filipinos through a socialized health insurance program that will prioritize the health care needs of the underprivileged, sick, elderly, persons with disabilities (PWDs), women and children and provide free health care services to indigents.

Pursuant to this policy, the State shall adopt the following principles:

- a. Allocation of National Resources for Health – the Program shall underscore the importance for government to give priority to health as a strategy for bringing about faster economic development and improving quality of life.
- b. Universality – the Program shall provide all citizens with the mechanism to gain financial access to health services, in combination with other government health programs. The National Health Insurance Program shall give the highest priority to achieving coverage of the entire population with at least a basic minimum package of health insurance benefits;
- c. Equity – the Program shall provide for uniform basic benefits. Access to care must be a function of a person's health needs rather than his ability to pay;
- d. Responsiveness – the Program shall adequately meet the needs for personal health services at various stages of a member's life;
- e. Social Solidarity – the Program shall be guided by community spirit. It must enhance risk sharing among income groups, age groups, and persons of differing health status, and residing in different geographic areas;
- f. Effectiveness – the Program shall balance economical use of resources with quality of care;
- g. Innovation – the Program shall adapt to changes in medical technology, health service organizations, health care provider payment systems, scopes of professional practice, and other trends in the health sector. It must be cognizant of the appropriate roles and respective strengths of the public and private sectors in health care, including people's organizations and community-based health care organizations;
- h. Devolution – the Program shall be implemented in consultation with local government units (LGUs), subject to the overall policy directions set by the National Government;
- i. Fiduciary Responsibility – the Program shall provide effective stewardship, funds management, and maintenance of reserves;
- j. Informed Choice – the Program shall encourage members to choose from among accredited health care

providers. The Corporation's local offices shall objectively apprise its members of the full range of providers involved in the Program and of the services and privileges to which they are entitled as members. This explanation, which the members may use as a guide in selecting the appropriate and most suitable provider, shall be given in clear and simple Filipino and in the local languages that is comprehensible to the member;

k. Maximum Community Participation – the Program shall build on existing community initiatives for its organization and human resource requirements;

l. Compulsory Coverage – All citizens of the Philippines shall be required to enroll in the National Health Insurance Program in order to avoid adverse selection and social inequity;

m. Cost Sharing – the Program shall continuously evaluate its cost sharing schedule to ensure that costs borne by the members are fair and equitable and that the charges by health care providers are reasonable;

n. Professional Responsibility of Health Care Providers – the Program shall assure that all participating health care providers are responsible and accountable in all their dealings with the Corporation and its members;

o. Public Health Services – the Government shall be responsible for providing public health services for all groups such as women, children, indigenous people, displaced communities and communities in environmentally endangered areas, while the Program shall focus on the provision of personal health services. Preventive and promotive public health services are essential for reducing the need and spending for personal health services;

p. Quality of Services – the Program shall promote the improvement in the quality of health services provided through the institutionalization of programs of quality assurance at all levels of the health service delivery system, the satisfaction of the community, as well as individual beneficiaries, shall be a determinant of the quality of service delivery;

q. Cost Containment – the Program shall incorporate features of cost containment in its design and operations and provide a viable means of helping the people pay for health care services; and

r. Care for the Indigent – the Government shall be responsible for providing a basic package of needed personal health services to indigents through premium subsidy, or through direct service provision until such time that the program is fully implemented.

SECTION 3. General Objectives. – This Act seeks to:

a. provide all citizens of the Philippines with the mechanism to gain financial access to health services;

b. create the National Health Insurance Program, hereinafter referred to as the Program, to serve as the means to help the people pay for health care services;

c. prioritize and accelerate the provision of health services to all Filipinos, especially that segment of the population who cannot afford such services; and

d. establish the Philippine Health Insurance Corporation, hereinafter referred to as the Corporation, that will administer the Program at central and local levels.

These provisions underscore the constitutional directive for the "government to give priority to health" as an essential means of attaining "faster economic development and improving quality of life." Section 3 of Republic Act No. 7875, in particular, sets the objective to "prioritize and accelerate the provision of health services to all Filipinos" and establishes and mandates PhilHealth to administer the National Health Insurance Program, which shall "give the highest priority to achieving coverage of the entire population."^[80]

Amicus Curiae Africa emphasizes that under the International Covenant on Economic, Social and Cultural Rights

of 1996, to which the Philippines is a state party, there exists the binding duty to use all available resources toward the progressive realization of the people's right to health. In particular, General Comment No. 14 (The Right to the Highest Attainable Standard of Health) makes clear that a state's unwillingness to utilize such maximum resources for the realization of this right constitutes a violation of its obligation under the Covenant.[81]

In 2019, Republic Act No. 11223 or the Universal Health Care Act[82] was enacted, instituting various reforms in the health sector to expand financial protection and guarantee access to quality and affordable healthcare goods and services to all Filipinos. The Universal Health Care Act adopts a whole-of-system, whole-of-government, whole-of-society, and people-centered approach to strengthen the health system. Its overarching goal is the progressive realization of universal health care in the Philippines by ensuring equitable access to quality and affordable healthcare goods and services, while shielding all Filipinos from financial risk. Relevant provisions of the Act provides:

SECTION 2. Declaration of Principles and Policies. – It is the policy of the State to protect and promote the right to health of all Filipinos and instill health consciousness among them. Towards this end, the State shall adopt:

- (a) An integrated and comprehensive approach to ensure that all Filipinos are health literate, provided with healthy living conditions, and protected from hazards and risks that could affect their health;
- (b) A health care model that provides all Filipinos access to a comprehensive set of quality and cost-effective, promotive, preventive, curative, rehabilitative and palliative health services without causing financial hardship, and prioritizes the needs of the population who cannot afford such services;
- (c) A framework that fosters a whole-of-system, whole-of-government, and whole-of-society approach in the development, implementation, monitoring, and evaluation of health policies, programs and plans; and
- (d) A people-oriented approach for the delivery of health services that is centered on people's needs and well-being, and cognizant of the differences in culture, values, and beliefs.

SECTION 3. General Objectives. – This Act seeks to:

- (a) Progressively realize universal health care in the country through a systemic approach and clear delineation of roles of key agencies and stakeholders towards better performance in the health system; and
- (b) Ensure that all Filipinos are guaranteed equitable access to quality and affordable health care goods and services, and protected against financial risk.

Some changes introduced by the Universal Health Care Act to achieve its objectives include: guaranteed PhilHealth membership for all citizens;[83] a simplified two-tiered membership scheme, consisting of direct (contributory) or indirect (subsidized);[84] population-based services financed by the DOH and LGUs, and individual-based services financed by PhilHealth;[85] continuing, comprehensive, and coordinated referral system managed by primary care providers;[86] healthcare provider networks organized within province- or city-wide health systems;[87] Health Technology Assessment institutionalized through the Health Technology Assessment Council for all medical goods;[88] mandatory licensing by the DOH for all health facilities;[89] province- and city-wide integration of administrative, technical, financial, and operational management of local health systems;[90] and equitable distribution of health services and benefits by prioritizing geographically isolated and disadvantaged areas in assistance and support.[91]

The Universal Health Care Act provides:

CHAPTER II

UNIVERSAL HEALTH CARE (UHC)

SECTION 5. Population Coverage. – Every Filipino citizen shall be automatically included into the NHIP hereinafter referred to as the Program.

SECTION 6. Service Coverage. – (a) Every Filipino shall be granted immediate eligibility and access to preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental and emergency health services, delivered either as population-based or individual-based health services: Provided, That the goods and services to be included shall be determined through a fair and transparent HTA process;

(b) Within two (2) years from the effectivity of this Act, PhilHealth shall implement a comprehensive outpatient benefit, including outpatient drug benefit and emergency medical services in accordance with the recommendations of the Health Technology Assessment Council (HTAC) created under Section 34 hereof;

(c) The DOH and the local government units (LGUs) shall endeavor to provide a health care delivery system that will afford every Filipino a primary care provider that would act as the navigator, coordinator, and initial and continuing point of contact in the health care delivery system: Provided, That except in emergency or serious cases and when proximity is a concern, access to higher levels of care shall be coordinated by the primary care provider; and

(d) Every Filipino shall register with a public or private primary care provider of choice. The DOH shall promulgate the guidelines on the licensing of primary care providers and the registration of every Filipino to a primary care provider.

SECTION 7. Financial Coverage. – (a) Population-based health services shall be financed by the National Government through the DOH and provided free of charge at point of service for all Filipinos.

The National Government shall support LGUs in the financing of capital investments and provision of population-based interventions.

(b) Individual-based health services shall be financed primarily-through prepayment mechanisms such as social health insurance, private health insurance, and HMO plans to ensure predictability of health expenditures.

CHAPTER III

NATIONAL HEALTH INSURANCE PROGRAM

SECTION 8. Program Membership. – Membership into the Program shall be simplified into two (2) types, direct contributors and indirect contributors, as defined in Section 4 of this Act.

SECTION 9. Entitlement to Benefits. – Every member shall be granted immediate eligibility for health benefit package under the Program: Provided, That PhilHealth Identification Card shall not be required in the availment of any health service: Provided further, That no co-payment shall be charged for services rendered in basic or ward accommodation: Provided, furthermore, That co-payments and co-insurance for amenities in public hospitals shall be regulated by the DOH and PhilHealth: Provided, finally, That the current PhilHealth package for members shall not be reduced.

PhilHealth shall provide additional Program benefits for direct contributors, where applicable: Provided, That failure to pay premiums shall not prevent the enjoyment of any Program benefits: Provided, further, That employers and self-employed direct contributors shall be required to pay all missed contributions with an interest, compounded monthly, of at least three percent (3%) for employers and not exceeding one and one-half percent (1.5%) for self-earning, professional practitioners, and migrant workers.

Harmonizing the Constitution and the laws, health is a basic human right that must be prioritized over other government targets. The right to health means comprehensive and universal health care without financial hardship, as envisioned under the Universal Health Care Act. It is the State's duty to ensure that affordable health

services are accessible to all. Yet, much remains to be done to guarantee both accessibility and affordability, particularly for the poor. PhilHealth remains far from fulfilling the goals of the Universal Health Care Act.

The ponencia observed the current state of our health care system:

... our current public health insurance system is still leagues away from offering the reliability and dignity our citizens deserve—the funds should stay where they ought to be, not where they should be convenient at. For this, we need more than reform... The path to genuine universal healthcare is long, uphill, and non-negotiable... [M]illions remain underserved, costs continue to soar, and public trust hangs by a cotton thread.

....

Universal healthcare: a dream to Filipinos, still, after decades of implementation. Despite clear as day legislations. Despite elaborate designs for its realization. It, sadly, remains a dream.[92]

Amicus Curiae Dr. Beverly Lorraine C. Ho summarizes the results of PhilHealth's 25 years of benefit expansion, i.e., only about 40% of total hospital expenses are covered; outpatient diagnostic tests covered amount to only 7% of the 183 tests deemed essential by the World Health Organization; outpatient drugs covered compromise only 11% of the 189 drugs in the Philippines' Primary Care Formulary; benefit packages and outpatient specialist care remain limited; and emergency services were only recently included.[93]

Hence, as earlier stated, the transfer of PhilHealth funds to finance certain programs and projects under unprogrammed appropriations, despite the failure to advance the objectives of the Universal Health Care Act, is immoral and illegal. The reduction of available resources by diverting a portion of the fund pool for health services violates the principle of progressive realization of the right to health.

In his Brief, Amicus Curiae Africa laments:

Depleting PhilHealth funds and the institution's capacity to expand its services is particularly unconscionable given the apparent increase in the number of poor and vulnerable families, according to the SWS, WR Numero and BSP surveys...

....

This deprioritization of social services including outright budget cuts including, but not only for PhilHealth – are disproportionately borne by the poorest, most marginalized and most vulnerable Filipino families whose incomes are so low that they are more dependent on publicly-provided social services, emergency ayuda, and subsidized food. Diverting scarce government resources away from socially critical spending to infrastructure projects is unconscionable especially amid many quarters now of surveys indicating growing poverty and hunger.[94]

The depletion of PhilHealth's funds by PHP 60 billion is further compounded by the fact that certain sin tax collections earmarked for PhilHealth remain unaccounted for. Indeed, health revenues must be allocated exclusively to health, but the reabsorption of PhilHealth funds into the National Treasury and its diversion to unrelated projects and programs reveal the contrary.

A FINAL NOTE

Surprisingly, the government, and an amicus, sought to justify the transfer of the funds on the ground of PhilHealth's alleged "spending inefficiency." In effect, the representatives of our people and an expert in economics sought to provide a managerial and economic disincentive to PhilHealth's inability to deliver the kind of health services needed by our people by further cutting off its resources.

Instead of revamping PhilHealth's leadership or management, they cut funding, letting the same flawed system to persist and worsen. This is a misguided and unkind application of leadership principles or economic efficiency. It reveals a troubling lack of compassion rather than a view that the government should focus on supporting genuine solutions that address the real needs of our people.

We are all too familiar with the long lines of our people begging from the offices of senators, members of the House of Representatives, local government officials, or the PCSO for funding to pay their medical bills or those of their loved ones. We have a government that have reduced so many of our people to degrading forms of mendicancy.

Our Constitution and the Universal Health Care Act envisions more dignity for our people.

I am sure that this is not what social justice and the fundamental respect for human dignity are all about. I am confident that the actions involved in this case and the attitude that supports them are not what our Constitution should inspire. I am hopeful that we can do better.

ACCORDINGLY, I vote to:

- GRANT the three consolidated Petitions for Certiorari and Prohibition and Petition-in-intervention; and

- DECLARE the following as UNCONSTITUTIONAL;

(a) Letter dated September 20, 2023 of President Ferdinand R. Marcos, Jr. addressed to House Speaker Ferdinand Martin G. Romualdez certifying the urgency of House Bill No. 8980 or the 2024 General Appropriations Bill;

(b) Congress's increase of the national expenditure program through the increase of the unprogrammed appropriations from PHP 281.9 billion to PHP 731.4 billion; and

(c) Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act, DOF Circular No. 003-2024, and the transfer of PHP 60 billion fund balance of PhilHealth to the National Treasury; and

(d) As a consequence, the entire 2024 General Appropriations Act.

3. THEREFORE:

(a) The PHP 60 billion transferred to the National Treasury must be returned to PhilHealth; and

(b) The General Appropriations Act of 2024 being unconstitutional, the General Appropriations Act of 2023 should be deemed reenacted.

[1] CONST., art. VI, sec. 29(1) provides:

No money shall be paid out of the Treasury except in pursuance of an appropriation made by law.

[2] CONST., art. VI, sec. 25(7) provides:

(7) If, by the end of any fiscal year, the Congress shall have failed to pass the general appropriations bill for the ensuing fiscal year, the general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force and effect until the general appropriations bill is passed by the Congress.

[3] Ponencia, p. 47.

[4] House Bill No. 8980 (2023), 19[th] Congress, Second Regular Session, An Act Appropriating Funds for the Operation of the Government of the Republic of the Philippines from January One to December Thirty-One, Two

Thousand and Twenty-Four.

[5] CONST., art. VI, sec. 26(2).

[6] 319 Phil. 755 (1995) [Per J. Mendoza, En Banc].

[7] Id. at 781.

[8] Id. at 780-781.

[9] 675 Phil. 316 (2011) [Per Brion, En Banc].

[10] Kida v. Senate of the Philippines, 683 Phil. 198, 213 (2012) [Per J. Brion, En Banc].

[11] Id. at 351.

[12] 918-B Phil. 1 (2021) [Per J. Carandang, En Banc].

[13] Id. at 270.

[14] Id. at 269.

[15] Annex D of the Petition for Certiorari and Prohibition in G.R. No. 275405.

[16] Ponencia, p. 48.

[17] See Belgica v. Ochoa, 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc]. See also Department of Budget and Management, Reenacted Budget (2019), available at https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2019/3._Reenacted_Budget.pdf (last accessed on September 12, 2025).

[18] Memorandum of Petitioners in G.R. No. 275405, pp. 4-5.

[19] Annex E of the Petition for Certiorari and Prohibition in G.R. No. 275405, p. 14.

[20] Id. at 1-12. The amounts in the table are in thousand pesos.

[21] Memorandum of Petitioners in G.R. No. 275405, p. 29.

[22] CONST., art. VI, sec. 25(1).

[23] REV. ADM. CODE, Book IV, Title XVII, Chap. 1, sec. 1; Book VI, Chap. 2, sec. 3.

[24] Brief of Amicus Curiae Zy-za Nadine N. Suzara dated January 23, 2024, p. 3.

[25] REV. ADM. CODE. Book VI, Chap. 3, sec. 16 provides:

SECTION 16. Budget Evaluation. — Agency proposals shall be reviewed on the basis of their own merits and not on the basis of a given percentage or peso increase or decrease from a prior year's budget level, or other similar rule of thumb that is not based on specific justification. Proposed activities, whether new or ongoing, shall be evaluated using a zero-base approach and on the basis of (1) relationship with the approved development plan, (2) agency capability as demonstrated by past performance, (3) complementary role with related activities of other agencies, and (4) other similar criteria. The realization of savings in a given budget year and the consequent non-utilization of funds appropriated or released to a given agency shall not be a negative factor in the budget evaluation for a subsequent year.

[26] Brief of Amicus Curiae Zy-za Nadine N. Suzara dated January 23, 2024, p. 3.

[27] CONST., art VII, sec. 22 provides: The President shall submit to the Congress within thirty days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures.

[28] Annex A, Petition in G.R. No. 275405.

[29] Table H, Reconciliation of the Obligation Program and the Proposed General Appropriations FY 2024, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/H.pdf> (last accessed September 9, 2025).

[30] Annex A, Petition in G.R. No. 275405, pp. 2, 3.

[31] Id. at 3.

[32] Id. at 2.

[33] REV. ADM. CODE, Book VI, Chap. 1, sec. 2. The Court, in *Bengzon v. Secretary of Justice and Insular Auditor*, 62 Phil. 912 (1936), held that the power of appropriation involves (a) the setting apart by law of a certain sum from the public revenue for (b) a specified purpose. See also *Belgica v. Ochoa*, 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].

[34] 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].

[35] Id. at 564-565.

[36] CONST., art. VI, sec. 29(1) states:

No money shall be paid out of the Treasury except in pursuance of an appropriation made by law.

[37] Final Memorandum of Amicus Curiae Margarito B. Teves dated May 2, 2025, p. 1.

[38] Annex E, Petition in G.R. No. 275405.

[39] Final Memorandum of Amicus Curiae Zy-za Nadine N. Suzara dated May 3, 2025, p. 2.

[40] Brief of Amicus Curiae Zyza-Nadine N. Suzara dated January 23, 2024, p 6. See also 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].

[41] Annex E, Petition in G.R. No. 275405.

[42] Brief of Amicus Curiae Zy-za Nadine N. Suzara dated January 23, 2024, p. 8.

[43] Brief of Amicus Curiae Sonny Africa, p. 13.

[44] Final Memorandum of Amicus Curiae Zy-za Nadine N. Suzara dated May 3, 2025, p. 1.

[45] Republic Act No. 11223 (2019), sec. 11 reads:

SECTION 11. Program Reserve Funds. PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support

the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:

(a)

In interest-bearing bonds, securities or other evidences of indebtedness of the Government of the Philippines: Provided, That such investment shall be at least fifty percent (50%) of the reserve fund;

(b)

In debt securities and corporate bonds of prime or solvent corporations created or existing under the laws of the Philippines: Provided, That the issuing or its predecessor entity shall not have defaulted in the payment of interest on any of its securities: Provided, further, That the securities are issued by companies with high growth opportunities and earnings potentials: Provided, finally, That such investment shall not exceed thirty percent (30%) of the reserve fund;

(c)

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 the bank shall have been designated as a depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas;

(d)

In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record or profitability over the last three (3) years and payment of dividends for a period of at least three (3) years immediately preceding the date of investment in such preferred stocks;

(e)

In common stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with high growth opportunities and earnings potentials;

(f)

In bonds, securities, promissory notes, or other evidences of indebtedness of accredited and financially sound medical institutions exclusively to finance the construction, improvement and maintenance of hospitals and other medical facilities: Provided, That such securities and instruments shall be guaranteed by the Republic of the Philippines or the issuing medical institution and the issued securities are both rated triple 'A' by authorized accredited domestic rating agencies: Provided, further, That said investments shall not exceed ten percent (10%) of the total reserve fund; and

(g)

In debt instruments and other securities traded in the secondary markets with the same intrinsic quality as those enumerated in paragraphs (a) to (e) hereof, subject to the approval of the PhilHealth Board.

No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations.

As part of its investments operations. PhilHealth may hire institutions with valid trust licenses as its external local fund managers to manage the reserve fund, as it may deem appropriate, through public bidding. The fund manager shall submit an annual report on investment performance to PhilHealth. The PhilHealth shall set up the following funds:

- (1) A fund to secure benefit payouts to members prior to their becoming lifetime members;
- (2) A fund to secure payouts to lifetime members; and
- (3) A fund for optional supplemental benefits that are subject to additional contributions.

A portion of each of the above funds shall be identified as current and kept in liquid instruments. In no case shall said portion be considered part of invested assets.

The PhilHealth shall allocate a portion of all contributions to the fund for lifetime members based on an allocation to be determined by the PhilHealth actuary based on a pre-determined percentage using the current average age of members and the current life expectancy and morbidity curve of Filipinos.

The PhilHealth shall manage the supplemental benefits and the lifetime members' fund in an actuarially sound manner.

The PhilHealth shall manage the supplemental benefits fund to the minimum required to ensure that the supplemental benefit payments are secure. (Emphasis supplied)

[46] Republic Act No. 7875 (1995), sec. 4(v) provides:

(v) National Health Insurance Program — The compulsory health insurance program of the government as established in this Act, which shall provide universal health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all citizens of the Philippines.

Republic Act No. 7875 (1995), sec. 5 provides:

SECTION 5. Establishment and Purposes. There is hereby created the National Health Insurance Program which shall provide health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all citizens of the Philippines, in accordance with the policies and specific provisions of this Act. This social insurance program shall serve as the means for the healthy to help pay for the care of the sick and for those who can afford medical care to subsidize those who cannot. It shall initially consist of programs I and II or Medicare and be expanded progressively to constitute one universal health insurance program for the entire population. The Program shall include a sustainable system of funds constitution, collection, management and disbursement for financing the availment of a basic minimum package and other supplementary packages of health insurance benefits by a progressively expanding proportion of the population. The Program shall be limited to paying for the utilization of health services by covered beneficiaries or to purchasing health services in behalf of such beneficiaries. It shall be prohibited from providing health care directly, from buying and dispensing drugs and pharmaceuticals, from employing physicians and other professionals for the purpose of directly rendering care, and from owning or investing in health care facilities.

[47] Republic Act No. 7875 (1995), sec. 2(i).

[48] Culled from the Audited Financial Statements of PhilHealth are the following:

2023

2022

2021 (as restated)

Reserve at January 1

275,785,094,946

191,498,004,527

140,720,729,654

Net Income

174,064,380,907

79,038,542,242

47,906,067,501

Prior year's adjustments

14,437,516,296

5,248,548,177

2,871,207,372

Reserve Fund

464,286,992,149

275,785,094,946

191,498,004,527

"Net Income" constitutes members contributions and government subsidies less operational expenses and benefit claims expenses, and includes interest income from Investment Reserve Funds and other income (see Statement of Comprehensive Income and Note 28 of the Audited Financial Statements)

[49] Ponencia, p. 62. Per Notes to Financial Statements as of December 31, 2023, 2022, and 2021, the actuarially estimated ceiling for 2021-2022 was PHP 470.59 billion; for 2023-2024, PHP 560.55 billion.

[50] Special Provision 1(d) of the 2024 General Appropriations Act states:

1. Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

. . . .

(d) Fund balance of the Government-Owned or -Controlled Corporations (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursements from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act.

[51] See 2023 Audited Financial Statement, Notes 34.1.

Tranche

Date

Amount Remitted

1[st]

May 10, 2024

PHP 20 billion

2[nd]

August 21, 2024

PHP 10 billion

3[rd]

October 16, 2024

PHP 30 billion

[52] OSG Memorandum, p. 85.

[53] Republic Act No. 11223 (2019), otherwise known as An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor.

[54] Otherwise known as "Sin Tax Reform Law."

[55] Republic Act No. 11223 (2019), sec. 37 reads:

SECTION 37. Appropriations. — The amount necessary to implement this Act shall be sourced from the following:

(a)

Total incremental sin tax collections as provided for in Republic Act No. 10351, otherwise known as the "Sin Tax Reform Law": Provided, That the mandated earmarks as provided for in Republic Act Nos. 7171 and 8240 shall be retained;

(b)

Fifty percent (50%) of the National Government share from the income of the Philippine Amusement and Gaming Corporation (PAGCOR) as provided for in Presidential Decree No. 1869, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting and auditing rules and regulations: Provided, further. That the funds shall be used by PhilHealth to improve its benefit packages;

(c)

Forty percent (40%) of the Charity Fund, net of Documentary Stamp Tax Payments, and mandatory contributions of the Philippine Charity Sweepstakes Office (PCSO) as provided for in Republic Act No. 1169, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting, and auditing rules and regulations: Provided, further. That the funds

shall be used by PhilHealth to improve its benefit packages;

(d)

Premium contributions of members;

(e)

Annual appropriations of the DOH included in the GAA; and

(f)

National Government subsidy to PhilHealth included in the GAA.

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth. In addition, the DOH, in coordination with PhilHealth may request Congress to appropriate supplemental funding to meet targeted milestones of this Act.

[56] Republic Act No. 10351 (2012), An Act Restructuring The Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424. Otherwise Known as The National Internal Revenue Code Of 1997, as Amended by Republic Act No. 9334, and for Other Purposes, December 19, 2012. Sec. 8 of Republic Act No. 10351 amends Sec. 288 (B) and (C) of the NIRC of 1997, as amended.

[57] Republic Act No. 11346 (2019). An Act Increasing the Excise Tax on Tobacco Products. Imposing Excise Tax on Heated Tobacco Products and Vapor Products. Increasing the Penalties for Violations of Provisions on Articles Subject To Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for This Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, And 289, Repealing Section 288 (B) And 288 (C), And Creating New Sections 263-A, 265-B, And 288-A Of The National Internal Revenue Code Of 1997, As Amended By Republic Act No. 10963, And For Other Purposes, July 25, 2019.

[58] Republic Act No. 11467 (2020). An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, And 288-A, and Adding A New Section 290-A To Republic Act No. 8424, as Amended. Otherwise Known as the National Internal Revenue Code Of 1997, and for Other Purposes, January 22, 2020.

[59] TAX CODE, sec. 288-A presently reads:

SECTION 288-A. Disposition of Revenues from Excise Tax on Sweetened Beverages, Alcohol, Tobacco Products, Heated Tobacco Products, and Vapor Products. –

(A)

Revenues from Excise Tax on Sweetened Beverages from Republic Act No. 10963. The provisions of existing laws to the contrary notwithstanding, fifty percent (50%) of the total revenues collected from the excise tax on sweetened beverages shall be allocated and used exclusively in the following manner:

(1)

Eighty percent (80%) to the Philippine Health Insurance Corporation (PhilHealth) for the implementation of

Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019; and

(2)

Twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance, the Health Facilities Enhancement Program (HFEP), the annual requirements of which shall be determined by the Department of Health (DOH).

(B)

Revenues from Excise Tax on Alcohol Products. – The provisions of existing laws to the contrary notwithstanding, one hundred percent (100%) of the total revenues collected from the excise tax on alcohol products shall be allocated and used exclusively in the following manner:

(1)

Sixty percent (60%) for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019;

(2)

Twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions for medical assistance, the Health Facilities Enhancement Program (HFEP), the annual requirements of which shall be determined by the DOH; and

....

(C)

Revenues from Excise Tax on Tobacco Products. – The provisions of existing laws to the contrary notwithstanding, the total revenues collected from the excise tax on tobacco products shall be distributed in the following manner:

....

(2)

Fifty percent (50%) of the total excise tax collection from tobacco products shall be allocated and used exclusively in the following manner:

a)

Eighty percent (80%) to PhilHealth for the implementation of Republic Act No. 11223, otherwise known as the 'Universal Health Care Act' of 2019; and

b)

Twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance, the Health Facilities Enhancement Program (HFEP), the annual requirements of which shall be

determined by the DOH; and

(D)

Revenues from Excise Tax on Heated Tobacco Products and Vapor Products. – The provisions of existing laws to the contrary notwithstanding, one hundred percent (100%) of the total revenues collected from the excise tax on heated tobacco products and vapor products shall be allocated and used exclusively in the following manner:

(1)

Sixty percent (60%) for the implementation of Republic Act No. 11233, otherwise known as the 'Universal Health Care Act' of 2019;

(2)

Twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance and the Health Facilities Enhancement Program (HFEP), the annual requirements of which shall be determined by the DOH; and

....

Provided, further, That the allocation for Universal Health Care under Section 288-A shall be based on the collection of the second fiscal year preceeding the current fiscal year. (Emphasis supplied)

[60] 815 Phil. 1036 (2017) [Per J. Mendoza, En Banc].

[61] Id. at 1053.

[62] 955 Phil. 40 (2024) [Per J. Leonen, En Banc].

[63] See Annex A of the Petition in G.R. No. 274778, Table 3, p. 8.

[64] Note 7.2 of PhilHealth's Audited Financial Statement for 2023, p. 30.

[65] TSN, Oral Arguments, April 2, 2025, p. 25.

[66] 2024 General Appropriations Act.

[67] See Note 7.2 of PhilHealth's Audited Financial Statement for 2024, p. 23, available at https://www.philhealth.gov.ph/about_us/transparency/accomplishment_report/FS4thQuarter.pdf (last accessed on September 12, 2025).

[68] OSG Memorandum, p. 84.

[69] TSN, Oral arguments, April 3, 2025, pp. 152-153.

[70] Annex 4, OSG Memorandum, SARO-BMB-B-24-0005240 dated July 5, 2024.

[71] Annex 8, OSG Memorandum, SARO-BMB-B-24-0015788 dated September 27, 2024.

[72] Annex 5, OSG Memorandum, SARO-BMB-B-24-0017131 dated October 28, 2024.

[73] Annex 6, OSG Memorandum, SARO-BMB-B-24-0018223 dated November 25, 2024.

[74] Annex 7, OSG Memorandum, SARO-BMB-B-24-0018655 dated December 5, 2024.

[75] Annex 9, OSG Memorandum, SARO-BMB-B-24-0019208 dated December 19, 2024.

[76] Annex 10, OSG Memorandum, SARO-BMB-B-24-0018548 dated December 3, 2024, PHP 138,792,410.00 (Philippine Multisectoral Nutrition Project); Annex 11, OSG Memorandum, SARO-BMB-E-24-0011506 dated September 6, 2024, PHP 1,157,286,000.00; Annex 12, OSG Memorandum, SARO-BMB-E-24-0017721 dated November 13, 2024, PHP 147,063,327.00; Annex 13, OSG Memorandum, SARO-BMB-E-24-0011507 dated September 6, 2024, PHP 92,150,000.00; Annex 14, OSG Memorandum, SARO-BMB-E-24-0011508 dated September 6, 2024, PHP 813,491,000.00; Annex 5, OSG Memorandum, SARO-BMB-A-24-0004247 dated June 10, 2024, PHP 10,772,424,000.00 = PHP 13,121,206,737.00.

[77] OSG Memorandum, pp. 86-87.

[78] Republic Act No. 11223 (2019), sec. 7.

[79] Republic Act No. 7875 (1995), An Act Instituting a National Health Insurance Program for All Filipinos and Establishing The Philippine Health Insurance Corporation for the Purpose. In 2013, Republic Act No. 7875 was amended by Republic Act No. 10606 (2013).

[80] Republic Act No. 7875 (1995), sec. 2(b).

[81] Brief of Amicus Curiae Sonny Africa, p. 13.

[82] Republic Act No. 11233 (2019), An Act Instituting Universal Health Care For All Filipinos. Prescribing Reforms In The Health Care System, And Appropriating Funds Therefor.

[83] Republic Act No. 11223 (2019), secs. 5, 6(a), 6(b).

[84] Republic Act No. 11223 (2019), secs. 4(o), 8, 9.

[85] Republic Act No. 11223 (2019), sec. 7.

[86] Republic Act No. 11223 (2019), secs. 4(r), 6(c).

[87] Republic Act No. 11223 (2019), secs. 17, 18.

[88] Republic Act No. 11223 (2019), sec. 34.

[89] Republic Act No. 11223 (2019), sec. 27

[90] Republic Act No. 11223 (2019), sec. 19.

[91] Republic Act No. 11223 (2019), sec. 29.

[92] See ponencia, pp. 129-130.

[93] Undated Memorandum by Amicus Curiae Dr. Beverly Lorraine C. Ho, p. 12.

[94] Brief of Amicus Curiae Sonny Africa, pp. 9-11.

CONCURRING OPINION

CAGUIOA, J.:

I concur in the result.

I thank the ponencia for substantially incorporating my interpellations during the oral arguments. Many of the issues I raised, such as the nature of earmarked revenues under Section 29(3), Article VI of the Constitution, the

statutory design of Republic Act No. 11223,[1] or the Universal Health Care Act (UHCA), the fact that the so-called "fund balance" was in truth part of PhilHealth's "reserve funds," the Department of Finance's (DOF) departure from the actuarial method required by Section 11 of the UHCA, and the constitutional characterization of earmarked revenues as special funds even if not booked as Special Accounts in the General Fund (SAGF), are reflected in the Court's reasoning.

I also fully agree with the ponencia on the following points:

(1)

There is no grave abuse of discretion in certifying House Bill No. 8980 as urgent;

(2)

Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act (GAA) is unconstitutional for being a rider. It violates the doctrine of inappropriate provisions embodied in Section 25(2), Article VI of the Constitution, which prohibits provisions in the general appropriations bill that do not relate specifically to some particular appropriation. This includes provisions that amend or repeal other laws because these are matters that are better addressed in a separate legislation.

As the ponencia adequately explains, Special Provision 1(d) amended the UHCA by requiring PhilHealth to remit its fund balance to the National Treasury. While respondents argue that the fund balance is comprised of PhilHealth's unutilized government subsidies from 2021 to 2023, these subsidies eventually formed part of PhilHealth's reserve funds—funds that PhilHealth must specifically accumulate and utilize in accordance with Section 11 of the UHCA.

To emphasize, the UHCA prescribes how to manage these reserves, whether to invest, expand PhilHealth's benefits, or decrease members' contributions. Diverting these reserve funds to fund the programs, activities, and projects in the Unprogrammed Appropriations is not only inconsistent with these purposes, but also contravenes the particular design of managing PhilHealth's funds to ensure the sustainability of the public healthcare system. As such, Special Provision 1(d) was correctly struck down for effectively amending Section 11 of the UHCA and consequently, being a rider.

(3)

Special Provision 1(d) is unconstitutional for violating Section 29(3), Article VI of the Constitution.

The texts of the Sin Tax Reform Laws are clear—a portion of the collections shall be allocated and used exclusively for PhilHealth or for the implementation of the UHCA. The manner of accounting for these funds, whether as a SAGF or commingled with the rest of the funds in the General Fund, does not negate their character as a special fund under Section 29(3). The ponencia thus correctly rules that "the handling of the fund and its segregation from the general fund is merely an administrative matter that will neither affect nor alter its character." [2]

In other words, I concur that sin tax collections explicitly earmarked for PhilHealth and the implementation of the UHCA constitute a special fund, which may be paid out for such purpose only. The reversion of these funds to the National Treasury, by virtue of Special Provision 1(d), is therefore invalid.

Based on the foregoing, DOF Circular No. 003-2024[3] and the consequent transfer of the PHP 60 billion fund balance of PhilHealth to the National Treasury are also correctly struck down as unconstitutional. I likewise concur in the permanent injunction issued against their further implementation and in the directive that Congress, DOF, and the Office of the Executive Secretary provide in the 2026 GAA for the return of the said amount to PhilHealth, in addition to its regular budgetary appropriation for fiscal year 2026.

I write separately only to underscore that claiming nothing untoward arose from the remittance of PHP 60 billion PhilHealth's reserve funds to the National Treasury, as raised during the deliberations, entirely misunderstands the core issues of this case. The determination of whether Special Provision 1(d) breached the constitutional parameters for the enactment of a general appropriations law, as well as the statutory parameters in the management of PhilHealth's funds, does not require actual deprivation of benefits to PhilHealth members. Neither does this question turn on the magnitude by which PhilHealth's funds were reduced. Rather, the harm lies in the blatant derogation of the Constitution itself, the patent disregard of the explicit mandates for spending PhilHealth's reserves, and the unlawful diversion of funds actually earmarked for the support of the public healthcare system.

I also expand upon two points which, in my view, merit further analysis: first, the GAA functions merely as a release document that operationalizes funds whose source and purpose have already been determined by law, and second, Congress exceeded its authority when it increased the Unprogrammed Appropriations proposed by the President.

I.

Inclusion in the GAA is merely a release mechanism for PhilHealth's earmarked funds

The first point I wish to underscore is that the GAA functions merely as a release document for earmarked funds.

As stated in the ponencia, sin tax collections, subsequently remitted to PhilHealth in the form of premiums of indirect contributors, are special funds allotted for a specific purpose.[4] The starting point is Section 29(3), Article VI of the Constitution, which provides:

ARTICLE VI

The Legislative Department

Section 29. ...

....

(3) All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government. (Emphasis supplied)

There are two basic elements for government funds to be considered a special fund under Section 29(3), Article VI of the Constitution. First, the fund is sourced from taxes collected in the exercise of the government's taxing or police power.[5] Second, the taxes are levied for a special purpose. Once both elements are present, the funds acquire a constitutionally protected character as a special fund, and their use is limited to that purpose alone.

The funding for PhilHealth clearly satisfies these requirements.

First, Section 37 of the UHCA identifies the sources of funding for PhilHealth, namely, incremental sin tax collections, a portion of Philippine Amusement and Gaming Corporation's (PAGCOR) income, a percentage of the Philippine Charity Sweepstakes Office (PCSO) Charity Fund, premium contributions, annual appropriations, and government subsidies included in the GAA. Second, all these identified streams were intended by Congress to fund and support PhilHealth in the implementation of the UHCA. The earmarks under the Sin Tax Reform Laws, in particular, demonstrate this unmistakable purpose. Republic Act No. 9334[6] explicitly declared that sin tax collections were "for the purpose of meeting and sustaining the goal of universal coverage of the National Health

Insurance Program." [7] Republic Act No. 10351 [8] reiterated that these taxes "shall be allocated for the universal health care under the National Health Insurance Program." [9] Republic Act No. 11346, [10] as amended by Republic Act No. 11467 [11] further clarified that sin tax revenues "shall be allocated and used exclusively [by PhilHealth] for the implementation of the Universal Health Care Act." [12]

These statutes leave no room for doubt. Funds that flow to PhilHealth from sin tax collections, PAGCOR income, and the portion of PCSO Charity Fund are not discretionary fiscal transfers but statutorily earmarked resources, committed by law for defined purposes—the implementation of the UHCA and the improvement of PhilHealth's benefit packages.

Section 29(3), Article VI of the Constitution admits of only one exception for the transfer of special funds to the general fund of the national government, which is when the purpose for which a special fund was created has been fulfilled or abandoned. As emphasized in the ponencia, the purpose of the UHCA, however, is far from fulfilled or abandoned. [13] The full implementation of universal health care has yet to be attained and therefore remains very much alive and pressing. The Philippine health system is still undergoing the very reforms that the UHCA envisioned.

The constitutional mandate is therefore clear. As long as the legislative purpose endures, so too must the exclusivity of the funds committed to it. The earmarks in Section 37 of the UHCA continue to be necessary to fulfill the UHCA's vision. To allow their diversion would be to prematurely extinguish a special purpose that Congress has neither declared abandoned nor accomplished.

It is in this context that I submit that the GAA functions merely as a release document for PhilHealth's special funds to ensure transparency and accountability but not altering their character as special funds. The GAA, after all, is merely in compliance with the constitutional mandate that no money be paid out of the Treasury except in pursuance of an appropriation made by law. [14] It is thus merely a document that authorizes all releases of public money, but it does not determine the character of each money released. Simply put, the character of public money is determined by special laws, not its inclusion in the GAA. This means that PhilHealth's funding allocations under the UHCA are fixed by Sin Tax Reform Laws and merely pass through the GAA. In the same vein, the earmarking of sin tax revenues under Republic Act No. 9334, Republic Act No. 10351, Republic Act No. 11346, and Republic Act No. 11467 constitutes an automatic appropriation in favor of PhilHealth. These laws directly allocated defined portions of excise tax collections to finance the UHCA.

The Office of the Solicitor General (OSG), however, urged the Court to read Sections 10 and 37 of the UHCA as vesting Congress with discretion to determine whether, and to what extent, PhilHealth should receive subsidies from sin tax revenues. According to the OSG, the proviso in Section 10 that subsidies shall be "included annually in the GAA" and the clause in Section 37 that the amounts "shall be appropriated under the DOH and National Government subsidy to PhilHealth" necessarily leave it to Congress to decide how much, if anything, should be provided. [15] These provisions state:

SEC. 10. Premium Contributions. — For direct contributors, premium rates shall be in accordance with the following schedule, and monthly income floor and ceiling:

....

Provided, That for indirect contributors, premium subsidy shall be gradually adjusted and included annually in the General Appropriations Act (GAA): Provided, further, That the funds shall be released to PhilHealth: Provided, furthermore, That the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act: Provided, finally, That for every increase in the rate of contribution of direct contributors and premium subsidy of indirect contributors, PhilHealth shall

provide for a corresponding increase in benefits.

....

SEC. 37. Appropriations. — The amount necessary to implement this Act shall be sourced from the following:

....

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth. In addition, the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act. (Emphasis supplied)

I cannot agree with this interpretation. Read in isolation, these provisions may at first blush appear to support the OSG's claim that Congress retains discretion over the amount to be appropriated to PhilHealth. However, when harmonized with the relevant provisions of the Sin Tax Reform Laws and the Constitution, their meaning becomes clear: the sin tax collections remain exclusively earmarked for the specific purpose of funding the UHCA. As will be discussed in more detail below, their passage through the GAA serves only to ensure the orderly release of funds, since the process requires verification of actual collections and computation of the proper percentage allocation for PhilHealth. To adopt the OSG's view would be to obliterate the earmarking clauses of the Sin Tax Reform Laws and the design of the UHCA, and more importantly, to render inutile the Constitution's own command in Section 29(3), Article VI.

The UHCA deliberately structured PhilHealth's financing so that universal coverage goals are achieved as soon as possible. Section 11 of the UHCA requires PhilHealth to maintain a reserve fund equivalent to not more than two years of actuarially estimated projected program expenditures. Once this ceiling is reached, the law commands that any excess must be used to improve benefits and reduce contributions.

Section 11 of the UHCA provides:

SEC. 11. Program Reserve Funds. — PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. (Emphasis supplied)

The reserve fund mechanism in Section 11 is deliberate fiscal design to trigger the early realization of the UHCA's goals under Section 6, which are the following: (a) immediate eligibility and access to preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental, and emergency health services; (b) implementation of a comprehensive outpatient benefit, including outpatient drug benefit and emergency medical services, within two years from the law's effectivity; (c) establishment of a primary care-based delivery system to ensure continuity and coordination of treatment; and (d) registration of every Filipino to a primary care provider.[16]

Hence, PhilHealth must reach its actuarially computed reserve ceiling as soon as possible, so that the statutory mandate to expand benefits and reduce contributions may be triggered, all without compromising its financial stability or jeopardizing its status as a going concern. This explains why earmarked funds for PhilHealth are

impressed with a constitutional and statutory purpose that Congress cannot defeat by withholding or diminishing appropriations, much less by demanding PhilHealth to return a portion of its reserve funds to the National Treasury.

Sections 10 and 37 must therefore be construed in light of Section 11 of the UHCA, the Sin Tax Reform Laws, and Section 29(3), Article VI of the Constitution. Read together, these provisions confirm that the inclusion of PhilHealth's funds in the GAA is a procedural requirement to govern their release, not a substantive grant of discretion on the part of Congress. To construe otherwise, as the OSG suggests, would allow Congress to defeat the very goals of the UHCA by starving PhilHealth of the funds that the laws have already set aside for it. Nothing in Sections 10 and 37 of the UHCA grants Congress the power to alter the quantum of funds that the substantive laws have already earmarked for PhilHealth. This interpretation is faithful to the canon of statutory construction that statutes in *pari materia* be construed together. In *Philippine International Trading Corporation v. Commission on Audit*,^[17] the Court explained:

[T]he best method of interpretation is that which makes laws consistent with other laws which are to be harmonized rather than having one considered repealed in favor of the other. Time and again, it has been held that every statute must be so interpreted and brought in accord with other laws as to form a uniform system of jurisprudence — *interpretere et concordare legibus est optimus interpretendi*. Thus, if diverse statutes relate to the same thing, they ought to be taken into consideration in construing any one of them, as it is an established rule of law that all acts in *pari materia* are to be taken together, as if they were one law.^[18] (Emphasis supplied)

The flow of money confirms this design. Again, under the Sin Tax Reform Laws, a specified portion of incremental revenues from excise taxes is allocated to PhilHealth for the implementation of the UHCA. Pursuant to Section 288-A of the National Internal Revenue Code of 1997, as amended by Section 9 of Republic Act No. 11467, these allocations are based on the collections of the second fiscal year preceding the current fiscal year.

In accordance with Joint Circular No. 1, s. 2022,^[19] the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) certify the total excise tax collections from alcohol, tobacco, and other sin products. These certifications are transmitted to the Department of Budget and Management (DBM), which computes the allocations for health.^[20] In addition, PAGCOR remits 50% of the national government share of its gaming revenues to the Bureau of the Treasury (BTr),^[21] while PCSO remits 40% of its Charity Fund, net of documentary stamp tax payments and mandatory contributions, to BTr.^[22]

Joint Circular No. 1, s. 2022, further provides that DOF and its attached agencies are required to issue to DBM, DOH, and PhilHealth the relevant certifications, including annual certifications from BIR and BOC of actual excise tax collections and BTr's quarterly certifications of PAGCOR and PCSO remittances.^[23]

At that point, the amounts due to PhilHealth are already fixed by law and verified by certification. What remains is the act of including them in the GAA to ensure compliance with the constitutional requirement that no money shall be paid out of the Treasury except in pursuance of an appropriation made by law.^[24] That they are later reflected in the GAA does not alter their character as special funds already earmarked by statute.

Again, it is in this light that the role of the GAA must be understood. The requirement in Sections 10 and 37 of the UHCA that subsidies be "included in the GAA" and "appropriated under the DOH and the National Government subsidy to PhilHealth" cannot be read as vesting Congress with discretion to diminish or withhold earmarked funds. The inclusion of these amounts in the GAA is a procedural step to trigger their release from BTr, once the BIR and BOC have certified actual collections and DBM has computed the proper allocations. If funding is subject to yearly legislative whim, the statutory design of PhilHealth financing collapses.

Indeed, both Sections 10 and 37 of the UHCA employ the mandatory formulation "shall be included" in the GAA and "shall be appropriated" under DOH and National Government subsidy to PhilHealth. The use of the term "shall" ordinarily connotes an imperative^[25] and underscores a duty on Congress to reflect these amounts in the GAA. The fact that the statute employed mandatory language requiring inclusion in the GAA shows that no such discretion on the part of Congress was contemplated.

If Congress truly intended to retain discretion over the amounts to be allocated to PhilHealth, it could have explicitly said so in the UHCA. Instead, Section 37 carefully enumerates the specific funding sources and then commands their inclusion in the GAA. This syntax demonstrates that the UHCA already makes the fiscal allocation, and the GAA serves only to reflect and operationalize it for purposes of release of funds.

The record of the oral arguments illustrates the danger of giving Congress discretion to determine the amounts to be appropriated for PhilHealth in the GAA. The 2024 Sin Tax Annual Report,^[26] which details the specific allocation of the 2022 excise tax collections earmarked for health in 2024, showed that PHP 79 billion was set aside for PhilHealth out of total health allocations. Yet, only PHP 40.2 billion subsidy for the National Health Insurance Program was reflected in the 2024 GAA. This meant that almost half of the earmarked collections never reached PhilHealth. This shortfall is precisely what results when earmarks are made subject to congressional discretion under the guise of annual appropriation. On this point, it must be emphasized that there should be no need for a budget call to PhilHealth on the subsidies, since the amounts are already fixed by law, and all collections earmarked for PhilHealth must be transmitted in full, without deduction.

As this Court has long held, an appropriation in a GAA cannot be used to amend substantive law. In *Philippine Constitution Association v. Enriquez*^[27] the Court explained that included in the category of "inappropriate provisions" are provisions which are intended to amend other laws, because clearly these kinds of laws have no place in an appropriations bill.^[28] Here, to interpret Sections 10 and 37 of the UHCA as giving Congress discretion to nullify earmarks through the GAA would be to authorize, indirectly, the very act the Court prohibits.

In synthesis, the amounts due to PhilHealth, which are fixed by law, merely pass through the GAA for purposes of release and accountability. PhilHealth should always receive the funds earmarked by law. The GAA only operationalizes these statutory earmarks, but it cannot amend the substantive laws by giving PhilHealth less than what is actually due. The inclusion of these funds in the GAA exists not to reopen the question of allocation, but only to comply with the constitutional directive that no money shall be paid out of the Treasury except in pursuance of an appropriation made by law. In this sense, the GAA functions merely as a trigger that operationalizes what substantive law has already decided.

Having established that the earmarked funds for PhilHealth and its implementation of the UHCA should be directly released via the GAA akin to Automatic Appropriations, I now turn to discuss the context that brought about Special Provision 1(d)—the increase of the Unprogrammed Appropriations in the 2024 GAA.

II.

Congress exceeded its authority when it increased the Unprogrammed Appropriations proposed by the President from PHP 281.91 billion to PHP 731.45 billion

The separation of powers among the three branches of government allocates the power of appropriation to Congress. More commonly referred to as the power of the purse, Section 29(1), Article VI of the Constitution provides that only Congress can authorize disbursements of public funds through an appropriation made by law.

This power, however, is not without explicit and implicit limitations. Among the implicit limitations is that all appropriations of public money must be for a public purpose, and if public money be appropriated for a private purpose, it is unconstitutional.[29] On the other hand, there are several provisions in Article VI of the Constitution which explicitly limit Congress's power of the purse.[30] Of particular importance in this case is the imposition of a budget ceiling, which restricts the total amount of money that Congress may appropriate:

SECTION 25.(1) The Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the budget. The form, content, and manner of preparation of the budget shall be prescribed by law. (Emphasis supplied)

Section 25(1) is supplemented by Section 25(4) of Article VI which provides that if an appropriation is in a special, not the general, appropriations law, it "shall be supported by funds actually available as certified by the National Treasurer, or to be raised by a corresponding revenue proposed therein." These two provisions ensure that in exercising the power of the purse, Congress does not drive the country into deficits of unmanageable levels.

Given that the text of Section 25(1) restricts Congress's power of the purse by proscribing the increase of the budget recommended by the President, this begs the question—does the budget ceiling apply only to the President's recommended Programmed Appropriations, or does it cover the total appropriations? This issue is material to this case because Special Provision 1(d), the validity of which is at the core of the present controversy, was the necessary consequence of the congressional increase in the recommended Unprogrammed Appropriations of the President. Without such increase, it would not have been imperative for Congress to use the fund balance of government-owned and -controlled corporations as an additional funding source to cover the programs, projects, and activities that were added to the proposed Unprogrammed Appropriations.[31]

On this question, I submit that the restriction is applicable to the total recommended appropriations of the President.

A plain reading of Section 25(1), Article VI of the Constitution reveals that there is no distinction as to the type of appropriations that Congress may not increase. This provision explicitly bars Congress from increasing the recommended "appropriations... for the operation of the Government as specified in the budget."

To be sure, Section 1 of the General Provisions of the National Expenditure Program for Fiscal Year 2024 (2024 NEP) reads:

Sec. 1. Appropriation of Funds. The amount of Four Trillion Three Hundred One Billion Six Hundred Seventy Six Million Two Hundred Forty Eight Thousand Pesos (P4,301,676,248,000) is hereby appropriated out of any funds in the National Treasury of the Philippines not otherwise appropriated, for the operation of the Government of the Republic of the Philippines from January One to December Thirty One, Two Thousand and Twenty Four, except where otherwise specifically provided herein[.][32] (Emphasis supplied)

From the foregoing, it is clear that the total appropriations recommended by the President for the operation of the government for calendar year 2024 is PHP 4.301 trillion. Under the Summary of Obligations and Proposed New Appropriations, by Department/Agency/Fund provided in the 2024 NEP, the PHP 4.301 trillion is broken down, as follows:

Department/Agency/Fund

2024

(Proposed)

(In Thousand Pesos)

Programmed Appropriations

Departments

3,286,531,019

Budgetary Support to Government Corporations

183,975,580

Allocations to Local Government Units

66,320,338

Calamity Fund

31,000,000

Contingent Fund

13,000,000

Miscellaneous Personnel Benefits Fund

135,734,429

Pension and Gratuity Fund

253,206,826

Revised AFP Modernization Program

50,000,000

Unprogrammed Appropriations

281,908,056

Total

4,301,676,248[33]

Thus, it is evident from the table above that the appropriations recommended by the President for the operation of the government for FY 2024 comprise of both Programmed and Unprogrammed Appropriations. Accordingly, any increase in total Unprogrammed Appropriations, without a corresponding decrease in the Programmed Appropriations, would necessarily result in an increase of the total appropriations recommended by the President for the operation of the government—the act precisely prohibited under Section 25(1), Article VI of the Constitution.

As one vested with executive power, the President is likewise entrusted with the authority to recommend appropriations for the operation of the government. Congress cannot, under the guise of exercising its power of the purse, dictate that only Programmed Appropriations should comprise the recommended appropriations, and that consequently, only the total Programmed Appropriations may not be increased by Congress, when the President has expressly included the Unprogrammed Appropriations. To allow Congress to do so would not only violate the principle of separation of powers, but would also undermine the realization of the country's economic goals and the effective implementation of the government's policies and development priorities.

But aside from an examination of what comprises the appropriations recommended by the President for the operation of the government, the resolution of this issue hinges on what constitutes the "budget" referred to in this provision. In this regard, reference should be made to Section 22, Article VII of the Constitution, requiring the President to submit to Congress "a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures", which serves as basis for the general appropriations bill. This constitutional requirement is operationalized in Chapter 3, Book VI (National Government Budgeting) of the Administrative Code of 1987 (Administrative Code).

Section 12 of the National Government Budgeting provisions in the Administrative Code particularly states that the President's budget proposal must include current operating expenditures and capital outlays, provide for the operation of the programs, activities, and projects (PAPs) of the various departments and agencies, and be accompanied by the proposed GAA and other Appropriations Act to cover the budget proposals.[34]

In line with the provisions of the Administrative Code, the Executive, during the budget preparation phase, consolidates the budget proposals of the various departments and agencies. The consolidation of the proposals is primarily accomplished by DBM, in coordination with DOF and the Department of Economy, Planning, and Development (formerly, the National Economic and Development Authority). These agencies ensure that the allocations are aligned with the priority policies and development plan of the administration.

The discussion in *Araullo v. Aquino III*[35] (Araullo) highlights the exhaustive procedure in the Executive's preparation of the budget, prior to its submission to Congress:

The budget preparation phase is commenced through the issuance of a Budget Call by the DBM. The Budget Call contains budget parameters earlier set by the Development Budget Coordination Committee (DBCC) as well as policy guidelines and procedures to aid government agencies in the preparation and submission of their budget proposals. The Budget Call is of two kinds, namely: (1) a National Budget Call, which is addressed to all agencies, including state universities and colleges; and (2) a Corporate Budget Call, which is addressed to all government-owned and -controlled corporations (GOCCs) and government financial institutions (GFIs).

Following the issuance of the Budget Call, the various departments and agencies submit their respective Agency Budget Proposals to the DBM. To boost citizen participation, the current administration has tasked the various departments and agencies to partner with civil society organizations and other citizen-stakeholders in the preparation of the Agency Budget Proposals, which proposals are then presented before a technical panel of the DBM in scheduled budget hearings wherein the various departments and agencies are given the opportunity to defend their budget proposals. [The] DBM bureaus thereafter review the Agency Budget

Proposals and come up with recommendations for the Executive Review Board, comprised by the DBM Secretary and the DBM's senior officials. The discussions of the Executive Review Board cover the prioritization of programs and their corresponding support vis-à-vis the priority agenda of the National Government, and their implementation.

The DBM next consolidates the recommended agency budgets into the National Expenditure Program (NEP) and a Budget of Expenditures and Sources of Financing (BESF). The NEP provides the details of spending for each department and agency by program, activity or project (PAP), and is submitted in the form of a proposed GAA. The Details of Selected Programs and Projects is the more detailed disaggregation of key PAPs in the NEP, especially those in line with the National Government's development plan. The Staffing Summary provides the staffing complement of each department and agency, including the number of positions and amounts allocated.

The NEP and BESF are thereafter presented by the DBM and the DBCC to the President and the Cabinet for further refinements or re-prioritization. Once the NEP and the BESF are approved by the President and the Cabinet, the DBM prepares the budget documents for submission to Congress. The budget documents consist of: (1) the President's Budget Message, through which the President explains the policy framework and budget priorities; (2) the BESF, mandated by Section 22, Article VII of the Constitution, which contains the macroeconomic assumptions, public sector context, breakdown of the expenditures and funding sources for the fiscal year and the two previous years; and (3) the NEP.[36] (Emphasis in the original)

In sum, the budget preparation phase of the budget cycle concludes with the submission of all these documents—the President's Budget Message, the Budget of Expenditures and Sources of Financing (BESF), and the National Expenditure Program (NEP)—to Congress:

The Budget Message explains the policy and development goals of the proposed budget and sets forth the priorities of the current administration. Details on the priorities for government spending are in the BESF and the NEP.

The BESF provides a high-level overview of the expenditure program. Since it contains the macroeconomic assumptions and the projected revenue and collections, the BESF informs the preparation of the budget by setting the ceiling for government spending. The NEP, in contrast with the BESF, itemizes the appropriations according to the department or agency, and according to each PAP and expense class.[37]

Based on the foregoing, neither the BESF nor the NEP, by themselves, present the entire budget for the operation of the government. If the President were to submit only the BESF, Congress would have to propose their own appropriation for every PAP of the various departments and agencies. In the same vein, without the BESF, the proposed budgetary allocations in the NEP would be devoid of context, there being no information on the government's priority development plan, and fiscal and expenditure program.[38]

To emphasize, the NEP contains the line-item appropriations proposed by the President. It is presented in the form of an appropriations bill,[39] which in turn becomes the GAA, following Section 23, Chapter 4, Book VI of the Administrative Code:

SECTION 23. Content of the General Appropriations Act. — The General Appropriations Act shall be presented in the form of budgetary programs and projects for each agency of the government, with the corresponding appropriations for each program and project, including statutory provisions of specific agency or general applicability. The General Appropriations Act shall not contain any itemization of personal services, which shall be prepared by the Secretary after enactment of the General Appropriations Act for consideration and approval of the President. (Emphasis supplied)

Verily, the prohibition in Section 25(1), Article VI of the Constitution is not confined to the BESF. This reading

disregards the text of the Constitution and the function of the NEP in the budget cycle. When the Constitution prohibits the increase of the recommended appropriations of the President "as specified in the budget," the only reasonable and logical conclusion is that the "budget" refers to both the NEP and the BESF. Thus, when Congress added PHP 449.54 billion to the recommended Unprogrammed Appropriations of the President—thereby increasing the total Unprogrammed Appropriations from the proposed PHP 281.91 billion to PHP 731.45 billion—Congress exceeded its authority by increasing the budget proposed by the President.

Section 25(1), Article VI not only circumscribes Congress's power of the purse, but underscores the significance of the Executive's role during the budget preparation phase. At the risk of being repetitive, the budget preparation phase is a highly technical phase of the budget cycle, as it is during this period that the Executive decides the budgetary priorities and activities, not only on the basis of available resources, such as its human resources and absorptive capacity, but more importantly, based on available and projected revenues.[40] The national budget proposed by the President to Congress is therefore "the translation of desired priorities and activities into expenditure levels." [41]

As the Court held in *Araullo*:

Policy is always a part of every budget and fiscal decision of any Administration. The national budget the Executive prepares and presents to Congress represents the Administration's "blueprint for public policy" and reflects the Government's goals and strategies. As such, the national budget becomes a tangible representation of the programs of the Government in monetary terms, specifying therein the PAPs and services for which specific amounts of public funds are proposed and allocated. Embodied in every national budget is government spending.[42] (Emphasis supplied)

Stated simply and by way of illustration, if the President proposes to allocate a budget of PHP 10 million for the construction of primary schools and did not propose a budget for the creation of bicycle lanes in major thoroughfares—or did so, but only as an item under Unprogrammed Appropriations—it may be reasonably inferred that the government is prioritizing early education over active transport issues. Following Section 25(1), Article VI, Congress cannot increase the appropriations for bike lanes to PHP 11 million because this effectively overrides the priorities and development goals that the Executive, after much study and deliberation, planned to implement through the proposed budget.

To this end, I emphasize that government budgeting goes far beyond mere allocation of available funds. The national budget is not a product of simple arithmetic computation, but an outcome of carefully set macroeconomic parameters and assumptions, informed policy choices, and prioritization of economic and development goals. To achieve these macroeconomic targets and to realize these goals and priorities, it is therefore crucial for Congress to adhere, as closely as possible, to the budget proposed by the President.

Thus, the importance of the constitutional prohibition against Congress increasing the appropriations recommended by the President for the operation of the government cannot be underscored enough. Such a limitation ensures that the President can exercise effective control over the total government disbursements, and guarantees that, regardless of the plenary power of the purse, the appropriations law remains consistent with and faithful to the policies and priorities of the government, as determined by the Executive.

III.

In the context of the present case, it must be underscored that Congress did not only increase the appropriations recommended by the President by PHP 449.54 billion. Various PAPs originally included in the Programmed Appropriations in the NEP were moved to Unprogrammed Appropriations upon the enactment of the 2024 GAA. This created fiscal space—the available funding that the government may use for priority programs[43]—which

allowed the members of Congress to insert new programs worth PHP 449.54 billion in the Programmed Appropriations for ready implementation.[44]

Congress, in essence, increased the Unprogrammed Appropriations in the 2024 GAA by: one, defunding of priority PAPs that were originally in the Programmed Appropriations of the NEP; two, reallocating the funds meant for these PAPs to new programs inserted during the budget authorization phase; and three, placing the defunded PAPs back in the budget under Unprogrammed Appropriations.

Thus, to my mind, the increase in the Unprogrammed Appropriations was a deliberate maneuver to circumvent the prohibition against increasing the proposed appropriations of the President. By doing so, Congress grossly undermined the development goals and policy priorities of the Executive, as embodied in the BESF and the NEP.

In sum, I respectfully submit that moving PAPs from Programmed to Unprogrammed Appropriations, and the insertion of new PAPs in the Programmed Appropriations, violate the principle of separation of powers based on the following grounds:

First, Congress encroached on the budget preparation phase, by arrogating unto itself the function of prioritization of programs for the implementation of the Executive vis-à-vis the allocation of available funds.

It should be underscored that the fundamental distinction between Programmed and Unprogrammed Appropriations is the funding source of the PAPs and its impact on the fiscal program and priority plan of the President.

By its very nature, the implementation of PAPs in Unprogrammed Appropriations is contingent on the conditions set in the GAA, which is often the occurrence of windfall revenue or approval of foreign loans. In this case, the transfer and replacement of PAPs under the Programmed Appropriations of the 2024 NEP to the Unprogrammed Appropriations under the 2024 GAA essentially means the delayed implementation of these programs. Congress therefore effectively disregarded the President's priority infrastructure and socioeconomic programs under the NEP.

It also bears noting that the proposed Unprogrammed Appropriations in the 2024 NEP constituted 4.7% of the total national budget.[45] This amount of standby appropriations was presumably set at this level based on the projections on revenues and collections, the borrowing capacity of the government for the next three years, and the impact on the fiscal deficit.[46] Thus, by increasing the amount of Unprogrammed Appropriations to 12.7%[47] of the total national budget, Congress also substituted its own judgment for the President's economic managers, essentially intruding into the Executive's domain of budget preparation.

Second, Congress exceeded its power to appropriate when it increased the total appropriations by inserting new PAPs.

The text of Section 25(1) itself is clear. Congress may not increase the "appropriations" recommended by the President, without any distinction as to the nature or type of appropriation. There being no distinction drawn in the Constitution between Programmed or Unprogrammed Appropriations, the Court should not make one. A contrary interpretation renders the constitutional proscription meaningless, as this gives Congress unbridled discretion to increase the budget proposed by the President, as long as the increase is in the Unprogrammed Appropriations. In an extreme scenario, this practically licenses Congress to discard the entire NEP and BESF, make its own economic assumptions, and determine the appropriate budget ceiling for the operation of the government.

This is not to say that Congress is merely a rubber stamp to the budget proposals of the President. Instead, what this means is that the discretion of Congress in relation to the power of the purse is whether to fund a project proposed by the President or not. Thus, in the budget authorization phase, the lens by which Congress should

examine the budget proposal is to ensure that the proposed programs are aligned with the stated priorities, that the government's finite resources are devoted to the implementation of these priorities, and that the proposed budget is fiscally sound and responsible.[48]

As stated earlier, the GAA is essentially a document authorizing the release of public money. The GAA is a check-and-balance mechanism—an assurance that a co-equal branch has scrutinized the President's proposal before public money is released. Congress cannot wield its power of the purse to compel the Executive to implement programs, projects, and activities that it is not equipped to do. The GAA is not a document to lay down new policies or programs to steer the country in a different direction not envisioned or contemplated by the Executive. Should Congress have disagreements with certain policy priorities, it is free to enact new laws where such policies would be encapsulated. After all, its legislative power is plenary, and it can enact legislation that the President would be constitutionally bound to faithfully execute. In short, the GAA is not the place to express legislative disagreement over policies, as the Court has consistently upheld in the decisions discussing inappropriate provisions in appropriation laws.

It was posited during the deliberations that the Court should exercise restraint in matters of fiscal policy, as these are within the discretion of Congress to determine. However, it bears emphasizing that there is no disbursement of public funds without an appropriation sanctioned by Congress. The level of accountability exacted from Congress should therefore be proportionate to the magnitude of this authority. Given the breadth and impact of Congress' power of the purse, it is all the more important for the Court to scrutinize its limits and determine whether Congress acted within the bounds of its authority.

To be sure, in *Belgica v. Ochoa, Jr.*,[49] the Court rejected the submission that budget-related policies are within the realm of the political branches and beyond the power of judicial review:

Scrutinizing the contours of the system along constitutional lines is a task that the political branches of government are incapable of rendering precisely because it is an exercise of judicial power. More importantly, the present Constitution has not only vested the Judiciary the right to exercise judicial power but essentially makes it a duty to proceed therewith.[50] (Emphasis supplied)

This was reiterated in *Araullo*, where the Court expressly stated that it "will not now refrain"[51] from exercising its power to determine the limitation of a coequal branch's power. As in these cases, the Court is not intruding into the discretion or wisdom of Congress; rather, it is only exercising its duty to check the authority of its coequal branch and uphold the supremacy of the Constitution. To exercise judicial restraint, especially in fiscal matters, is tantamount to an abdication of this duty and essentially divests Congress of any form of accountability for public funds. Ultimately, while the Court is precluded from inquiring into the wisdom of the budget, it is certainly not prohibited—and in fact, it is its duty—to inquire into its constitutionality.

It was likewise raised during the deliberations that the Court should refrain from exercising the expanded power of judicial review in light of the President's commitment to return the amount of PhilHealth's reserves already remitted to the National Treasury. But without a corresponding appropriation in the 2026 GAA, the intention to return the amount does not become concrete. More importantly, such a return—after the fact—does not erase the constitutional infirmities of Special Provision 1(d) and DOF Circular No. 003-2024. This is precisely the matter that the Court is tasked to rule upon and any gesture to return, no matter how magnanimous, should not hinder the Court from ruling accordingly.

May this case be a reminder that the power to appropriate vested in Congress is not only a sovereign function but a duty that must be carried out within the limits set by the Constitution, as well as by the relevant statutes. In discharging this duty, Congress must bear in mind that the budget is "the clearest expression of any government's

socioeconomic development agenda,"[52] and as such, the appropriations authorized therein should ultimately redound to the benefit of the public.

In all, subject to the points raised in this opinion, I CONCUR in the result.

[1] An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds (2019).

[2] Ponencia, p. 104.

[3] Guidelines to Implement Special Provision 1(d), XLIII, Unprogrammed Appropriations of Republic Act No. 11975 entitled the General Appropriations Act for Fiscal Year 2024, February 27, 2024.

[4] See ponencia, p. 94.

[5] *Osmeña v. Orbos*, 292-A Phil. 848, 855 (1993) [Per C.J. Narvasa, En Banc].

[6] Republic Act No. 9334 (2005). An Act Increasing the Excise Tax Rates Imposed on Alcohol and Tobacco Products, Amending for the Purpose Sections 131, 141, 142, 143, 144, 145 and 288 of the National Internal Revenue Code of 1997, as Amended.

[7] TAX CODE, sec. 288(C)(l), as amended by Republic Act No. 9334 (2005), sec. 7.

[8] Republic Act No. 10351 (2013), An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended by Republic Act No. 9334, and for Other Purposes.

[9] TAX CODE, sec. 288(C), as amended by Republic Act No. 10351 (2013), sec. 8.

[10] Republic Act No. 111346 (2020), An Act Increasing the Excise Tax on Tobacco Products. Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles Subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection From Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for This Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, and 289, Repealing Section 288(B) and 288(C) and Creating New Sections 263-A, 265-B, and 288-A of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 10963, and for Other Purposes.

[11] Republic Act No. 11467 (2020), An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, and 288-A, and Adding a New Section 290-A to Republic Act No. 8424, as Amended, Otherwise Known as the National Internal Revenue Code of 1997, and for Other Purposes.

[12] See Section 288(B)(l) and Section 288(D)(l), as amended by Republic Act No. 11346 (2020), sec. 14 and Republic Act No. 11467 (2020), sec. 9.

[13] See ponencia, pp. 105-106.

[14] CONST., art. VI, sec. 29(1).

[15] TSN, Oral Arguments, April 2, 2025, pp. 12-13:

ASSOCIATE JUSTICE CACUIOA:

That's right. You have, however, taken the position that Article VI, Section 29(3) of the Constitution there on the screen does not apply because of three main reasons. And let me show you what I understand to be your three main reasons.

So, first will be Section 44, Chapter 5, Book IV of EO 292, which provides that all income shall accrue to the general fund and I quote, "unless otherwise specifically provided by law." The second ground, is Section 10 of the Universal Health Care Act, which provides that, and I quote, and it is highlighted in the screen, "for indirect contributors, premium subsidy shall be gradually adjusted and included annually in the GAA", and that I quote again, "the DOH, in coordination with PhilHealth may request Congress to appropriate supplemental funding to meet targeted milestones." Correct?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

ASSOCIATE JUSTICE CACUIOA:

That's the second ground. The third ground will be Section 37 that you just mentioned, which provides that, it's there on the screen, "The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth." Those are the three main arguments I've discerned from your submissions. Am I correct?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

[16] Republic Act No. 11223 (2019), sec. 6.

[17] 635 Phil. 447 (2010) [Per J. Perez, En Banc].

[18] Id. at 458.

[19] Guidelines on the Operationalization of the Allocations/Appropriations for Republic Act No. 11223, Otherwise Known as the "Universal Health Care Act," DBM-DOF-DOH-PAGCOR-PCSO-PhilHealth May 30, 2022.

[20] Joint Circular No. 1, s. 2022, sec. 5.1.1.

[21] Joint Circular No. 1, s. 2022, sec. 5.1.2.

[22] Joint Circular No. 1, s. 2022, sec. 5.1.3.

[23] Joint Circular No. 1, s. 2022, sec. 5.1.6.

[24] CONST., art. VI, sec. 29(1), Section 29(1), reads: "SEC. 29. (1) No money shall be paid out of the Treasury except in pursuance of an appropriation made by law."

[25] See *Gachon v. Devera, Jr.*, 340 Phil. 647, 656 (1997) [Per J. Panganiban, Third Division].

[26] 2024 Sin Tax Annual Report of the DOH, available at <https://drive.google.com/file/d/leeaOBNzTyoA9ayTLMGJGrhPsSBgI3Ylf/view> (last accessed on November 10, 2025).

[27] 305 Phil. 546 (1994) [Per J. Quiason, En Banc].

[28] Id. at 577.

[29] See *Pascual v. Secretary of Public Works and Communications*, 110 Phil. 331, 340 (1960) [Per J. Concepcion, En Banc].

[30] See CONST., art. VI, secs. 24 and 25.

[31] See Final Memorandum of Amicus Curiae Zy-za Nadine N. Suzara dated May 3, 2025, p. 1.

[32] FY 2024 National Expenditure Program, Introduction and General Provisions, available at <https://www.dbm.gov.ph/wp-content/uploads/NEP2024/Introduction.pdf> (last accessed on November 10, 2025).

[33] FY 2024 National Expenditure Program, Detailed Annexes, available at <https://www.dbm.gov.ph/wp-content/uploads/NEP2024/Detailed-Annexes.pdf> (last accessed on November 10, 2025).

[34] ADMINISTRATIVE CODE of 1987, Book VI, Chapter 3, sec. 12, reads:

SECTION 12. Form and Content of the Budget. — The budget proposal of the President shall include current operating expenditures and capital outlays. It shall comprise such funds as may be necessary for the operation of the programs, projects and activities of the various departments and agencies. The proposed General Appropriations Act and other Appropriations Acts necessary to cover the budget proposals shall be submitted to the Congress to accompany the President's budget submission.

The budget shall be presented to the Congress in such form and content as may be approved by the President and may include the following:

(1)

A budget message setting forth in brief the government's budgetary thrusts for the budget year, including their impact on development goals, monetary and fiscal objectives, and generally on the implications of the revenue, expenditure and debt proposals; and

(2)

Summary financial statements setting forth:

(a)

Estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings;

(b)

Estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals, if any, forming part of the year's financing program;

(c)

Actual appropriations, expenditures, and receipts during the last completed fiscal year;

(d)

Estimated expenditures and receipts and actual or proposed appropriations during the fiscal year in progress;

(e)

Statements of the condition of the National Treasury at the end of the last completed fiscal year, the estimated condition of the Treasury at the end of the fiscal year in progress and the estimated condition of the Treasury at the end of the ensuing fiscal year, taking into account the adoption of financial proposals contained in the budget and showing, at the same time, the unencumbered and unobligated cash resources;

(f)

Essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds; and

(g)

Such other financial statements and data as are deemed necessary or desirable in order to make known in reasonable detail the financial condition of the government.

[35] 737 Phil. 457 (2014) [Per J. Bersamin, En Banc].

[36] Id. at 542-543.

[37] An expense class refers to the category of expenditure, which may be Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses, and Capital Outlays (CO). See *Araullo v. Aquino III*, 752 Phil. 716 (2015) [Per J. Bersamin, En Banc].

[38] "The fiscal program includes the aggregate level of revenues from both tax and non-tax revenues, disbursements (or expenditures), and financing level that is needed to plug the budget deficit.

Based on the fiscal program, the DBCC advises the President on the appropriate level of the government's expenditure program, including the spending ceilings for economic and social development, national defense, general administration, and debt servicing." Brief of Amicus Curiae Zy-za Nadine N. Suzara dated January 23, 2024, pp. 2-3; See also Robert M. Sanders, Jr., *Unprogrammed Appropriations, the Budget Ceiling, and the Accountability Constitution*, 98 Phil. L.J. 1, 52 (2024).

[39] "National Expenditure Program (NEP)," Department of Budget and Management, Budget of Expenditures and Sources of Financing FY 2024, Glossary of Terms, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on November 10, 2025).

[40] See ADMINISTRATIVE CODE OF 1987, Book VI, Chapter 2, sec. 4, which provides:

SECTION 4. Planning and Budgeting Linkage. — The budget shall be formulated as an instrument for the attainment of national development goals and as part of the planning-programming-budgeting continuum. Levels of revenue, expenditure and debt shall be established in relation to macro-economic targets of growth, employment levels, and price level change, and shall be developed consistent with domestic and foreign debt, domestic credit and balance of payments objectives for the budget period. The aggregate magnitudes of the budget shall be determined in close consultation among the planning and fiscal agencies of government. Budgetary priorities shall be those specified in the approved national plans, keeping in mind the capability and performance of the implementing agencies concerned. Agency budget proposals shall explicitly state linkage to approved agency plans.

[41] *Guingona, Jr. v. Carague*, 273 Phil. 443, 460 (1991) [Per J. Gancayco, En Banc].

[42] *Araullo v. Aquino III*, *supra* note 35, at 552-553.

[43] "Fiscal Space" Department of Budget and Management, Budget of Expenditures and Sources of Financing FY 2024, Glossary of Terms, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on November 10, 2025).

[44] See Brief of Amicus Curiae Zy-Za Nadine N. Suzara dated January 23, 2024, pp. 5-6.

[45] Final Memorandum of Amicus Curiae Zy-Za Nadine N. Suzara dated May 3, 2025, p. 3.

[46] N.B. In the Congressional Policy and Budget Research Department's Report entitled "Dimensions of the Proposed National Budget for FY 2025," it was noted that "[h]igher levels of unprogrammed appropriations that cannot be supported by excess/new revenues would have to be funded by additional borrowings—thereby, contributing to the increase in deficit and national debt levels." [Pamela Diaz-Manalo, et al., Dimensions of the Proposed National Budget for FY 2025, CPBRD Budget Brief No. 3, p. 4 (2024), available at <https://cpbrd.congress.gov.ph/wp-content/uploads/2024/09/BB2024-03-Dimensions-of-the-Proposed-National-Budget-for-FY2025-final.pdf> (last accessed on November 10, 2025)].

[47] N.B. The recommended level in various budget modernization bills pending in the 19th Congress is 3%. [Julius I. Dumangas, et al., Dimensions of the 2024 National Government Budget (As Enacted Under RA No. 11975), CPBRD Budget Brief No. 1, pp. 2-3 (2024), available at <https://cpbrd.congress.gov.ph/wp-content/uploads/2024/07/BB2024-01-DIMENSIONS-Enacted-Based-on-GAA-pdf> (last accessed on November 10, 2025)].

[48] In the DBM's Guide to the Two Tier Budget Approach, the following public financial principles were restated: "(1) Spend within means – Use resources within a planned and deliberate medium-term strategy within the aggregate resource constraints (i.e. fiscal discipline); (2) Spend on the right priorities – Align spending with socio-economic priorities, as spelled out in the Philippine Development Plan (PDP) (i.e. allocative efficiency); (3) Spend with value-for-money – Provide public goods and services at the most reasonable cost and taking account of the absorptive capacity of the Agency (i.e. operational efficiency); and (4) Spend with Transparency and Participation – Empower citizens, communities, LGUs and other stakeholders through greater transparency, accountability, and participation in the PFM process (i.e. participatory budgeting)." Department of Budget and Management, Guide to the Two Tier Budget Approach, Budget 2017, p. 6, available at <https://www.dbm.gov.ph/images/pdf/GUIDETOTHEWOTIERBUDGETPROCESS.pdf> (last accessed on November 10, 2025).

[49] 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].

[50] Id. at 526.

[51] Araullo v. Aquino III, *supra* note 35, at 532.

[52] Florencio B. Abad, On the cusp of budget transformation: the work for an inclusive budget process under the Aquino administration, Vol. LI, No. 1, The Philippine Review of Economics, p. 29 (June 2014), available at <https://pre.econ.upd.edu.ph/index.php/pre/article/viewFile/902/802> (last accessed on November 10, 2025).

G.R. No. 274778 – AQUILINO PIMENTEL III; ERNESTO OFRACIO; JANICE LIRZA MELGAR; MARIA CIELO MAGNO; MA. DOMINGA CECILIA B. PADILLA; DANTE B. GATMAYTAN; IBARRA M. GUTIERREZ; SENTRO NG MGA NAGKAKAISA AT PROGRESIBONG MANGGAGAWA; PUBLIC SERVICES LABOR INDEPENDENT CONFEDERATION FOUNDATION, INC.; and PHILIPPINE MEDICAL

ASSOCIATION, Petitioners, ATTY. JOSE SONNY MATULA, President of the Federation of Free Workers (FFW-NAGKAISA LABOR COALITION); DANIEL EDRALIN, Secretary General, National Union of Workers in Hotel Restaurant and Allied Industries (NUWHRAIN- NAGKAISA); RENATO MAGTUBO, Chairperson, Partido Manggagawa (PM-NAGKAISA); JULIUS CAINGLET, CHURCH-LABOR CONFERENCE, GRACE A. ESTRADA, President, Pinay Careworkers Transnational (PIN@Y); ALFREDO MARANAN, FFW National Treasurer; JUN RAMIREZ MENDOZA, Union President, Vishay Employees Philippines Union-FFW and National Vice President, FFW; JUDY ANN CHAN MIRANDA, Chairperson, Nagkaisa Women Committee, General Secretary, PM-NAGKAISA; VILMA G. REYES, Union President, Dela Salle Medical and Health Sciences Institute Employees Union-FFW, National Board Member, FFW; RENE L. CAPITO, National President, Alliance of Filipino Workers (AFW); ELIJA R. SAN FERNANDO, National Vice President, National Federation of Labor (NFL); RENE DE MESA TADLE, President of the Council of Teachers and Staff of Colleges and Universities of the Philippines (CoTeSCUP); EMERITO C. GONZALES, Union President UST Faculty Union (USTFU); DENNIES GUTIERREZ, Union President, Interphil Laboratories Employees Union-FFW (ILEU-FFW); ROLANDO LIBROJO, Convenor, Kilusang Artikulo 13 (A.13); and ATTY. DANILO C. ISIDERIO, FFW Legal Center, Petitioners-in-Intervention, v. HOUSE OF REPRESENTATIVES represented by the Speaker FERDINAND MARTIN ROMUALDEZ; SENATE OF THE REPUBLIC OF THE PHILIPPINES represented by the Senate President FRANCIS ESCUDERO; DEPARTMENT OF FINANCE SECRETARY RALPH RECTO; EXECUTIVE SECRETARY LUCAS BERSAMIN; and PHILIPPINE HEALTH INSURANCE CORPORATION represented by its President EMMANUEL R. LEDESMA, JR., Respondents.

G.R. No. 275405 – BAYAN MUNA CHAIRMAN NERI COLMENARES, BAYAN MUNA VICE CHAIRMAN TEODORO A. CASIÑO, BAYAN MUNA EXECUTIVE VICE PRESIDENT CARLOS ISAGANI T. ZARATE, and FORMER BAYAN MUNA REPRESENTATIVE FERDINAND R. GAITE, Petitioners, v. [*]EXECUTIVE SECRETARY LUCAS P. BERSAMIN, SENATE OF THE PHILIPPINES, and HOUSE OF REPRESENTATIVES, Respondents.

G.R. No. 276233 – 1SAMBAYAN COALITION; MEMBERS OF U.P. LAW CLASS 1975 namely: JOSE P.O. ALILING IV, AUGUSTO H. BACULIO, EDGARDO R. BALBIN, MOISES B. BOQUIA, ANTONIO T. CARPIO, MANUEL C. CASES, JR., RICHARD J. GORDON, OSCAR L. KARAAN, BENJAMIN L. KALAW, LUCAS C. LICREIO, TOMAS N. PRADO, ELIZER A. ODULIO, OSCAR M. ORBOS, AURORA A. SANTIAGO, EMILY SIBULO-HAYUDINI, CONRAD D. SORIANO, and JOSE B. TOMIMBANG; FORMER OMBUDSMAN CONCHITA CARPIO MORALES; SENIOR FOR SENIORS ASSOCIATION, INC., represented by MS. CAROL BLANCO BENAVIDES; KIDNEY FOUNDATION OF THE PHILIPPINES represented by ATTY. VICENTE GREGORIO; and ATTY. CHRISTOPHER JOHN P. LAO, Petitioners, v. HOUSE OF REPRESENTATIVES represented by the Speaker, FERDINAND MARTIN ROMUALDEZ; SENATE OF THE REPUBLIC OF THE PHILIPPINES represented by Senate President; DEPARTMENT OF FINANCE SECRETARY RALPH RECTO; EXECUTIVE SECRETARY LUCAS BERSAMIN; and PHILIPPINE HEALTH INSURANCE CORPORATION represented by its President EMMANUEL R. LEDESMA, JR., Respondents.

SEPARATE CONCURRING AND DISSENTING OPINION
HERNANDO, J.:

I vote as follows:

1. The transfer of the PHP 89.9 billion "fund balance" of the Philippine Health Insurance Corporation (PhilHealth) to the National Treasury is UNCONSTITUTIONAL; and

2. UNPROGRAMMED APPROPRIATIONS, IN ANY FORM, ARE UNCONSTITUTIONAL.

This case exposes a fundamental truth about our constitutional order: The fiscal powers of government are never untethered from constitutional limits, and those limits are at their most exacting when the funds at stake safeguard the people's right to health. PhilHealth's reserves are not ornaments to be shifted at will; they are statutory and constitutional commitments to universal health care. The diversion of PHP 89.9 billion from these reserves, enabled by a legally defective mechanism and executed through an excess of executive authority, demands not only correction but a renewed commitment to the protections against abuse and misuse of public funds that the Constitution deliberately imposes.

At the core of this controversy lies an undeniable truth: Unprogrammed appropriations in the general appropriations act (GAA) are unconstitutional. They create an unregulated space where discretion replaces discipline, and where the temptations of greed and corruption inevitably find room to operate.

It is in this light that I render this Separate Concurring and Dissenting Opinion.

I join the ponencia in ruling that Special Provision 1(d) of Republic Act No. 11975, or the 2024 GAA, and Department of Finance (DOF) Circular No. 003-2024 (DOF Circular No. 003-2024), which authorized the transfer of the PHP 89.9 billion "fund balance" of the PhilHealth to the National Treasury, is unconstitutional for violating Article II, Section 15 of the Constitution,[1] as well as Section 11 of Republic Act No. 11223 or the Universal Health Care Act[2] (UHCA), Section 8 of Republic Act No. 10351,[3] Section 14 of Republic Act No. 11346,[4] and Section 9 of Republic Act No. 11467[5] (Sin Tax Laws). I likewise agree that respondents must cause the restoration of the PHP 60 billion "fund balance" to PhilHealth—no matter the variance in nomenclature or supposed difference in characterization—as these form part of its "reserve funds" that must be allocated for and utilized only for the specific purposes limited by law.[6]

I write separately, however, to stress a particular aspect of this case: the fiscal imprudence of the Executive in treating PhilHealth's statutorily protected reserves as a convenient funding source for unrelated programs, and the grave constitutional dangers that follow when health funds are treated as mere fiscal residuals rather than as the concrete lifeblood of the people's right to health.

However, I dissent from the ponencia insofar as it implicitly accepts the continued validity of unprogrammed appropriations as a budgetary device. I stress that the inclusion of unprogrammed appropriations in the GAA is itself unconstitutional—a mechanism which, as its own legislative history shows, was introduced merely as a matter of convenience and which, in any event, cannot be reconciled with the Constitution's design of a budget of "expenditures and sources of financing" under Article VII, Section 22, and, more pointedly, with the rider prohibition under Article VI, Section 25(2).

Finally, I also take on the President's recent announcement of ordering the restoration of the funds to PhilHealth.

I. The Executive's fiscal imprudence is an abuse of the highest order

"Health is wealth," but in our socio-economic reality, "wealth is also health." [7] The ponencia powerfully recounts how Filipino families, already burdened by high out-of-pocket expenses and rising health care costs, are pushed into debt, despair, and avoidable suffering when the public health financing system fails them. [8] In this context, the Executive branch's decision to strip PhilHealth of PHP 89.9 billion—later partially remitted in tranches of PHP 20 billion, PHP 10 billion, and PHP 30 billion—cannot be defended as a neutral budgetary choice. It is fiscal imprudence of the highest order.

The facts are undisputed:

- Congress, through Special Provision 1(d) under Chapter XLIII on unprogrammed appropriations of the 2024 GAA, directed government owned- or controlled-corporations (GOCCs) to "review and [reduce] their reserve funds to reasonable levels" and authorized the return of any resulting "fund balance" to the National Treasury for the funding of unprogrammed appropriations.[9]
- The President signed the 2024 General Appropriations Bill (GAB) into law, giving effect to Special Provision 1(d).[10]
- The DOF, through DOF Circular No. 003-2024, operationalized the directive by (a) defining a "fund balance" for GOCCs, and (b) requiring remittance of such "fund balance" to the National Treasury, with the Bureau of the Treasury's certification serving as basis for the release of unprogrammed appropriations.[11]
- The Secretary of Finance, in a Letter dated April 24, 2024, specifically ordered PhilHealth to remit PHP 89.9 billion of its so-called "fund balance" to the National Treasury expressly declaring that "PhilHealth's substantial contribution will support the funding of priority infrastructure and social projects of the National Government in ensuring the nation's economic growth and development." [12]
- The PhilHealth Board of Directors, relying on the DOF's directives, approved the remittance of PHP 60 billion in three tranches, with the remaining PHP 29.9 billion enjoined by this Court's Temporary Restraining Order.[13]

These acts were neither incidental nor accidental. They reflected a deliberate policy choice to subordinate the financial stability of the National Health Insurance Program to the fiscal objectives of the national infrastructure and "priority projects" agenda.

The very justification offered by the DOF, i.e. funding "priority infrastructure and social projects," exposes the glaring constitutional error. PhilHealth's funds are held and earmarked for a special constitutional and statutory purpose: to guarantee universal, equitable, and sustainable health insurance coverage pursuant to the UHCA and the Sin Tax Laws. To seize these funds for other, however laudable, purposes is not fiscal "prudence"; it is a repudiation of the State's own articulated priorities in the Constitution and in statute.

When the Executive elects to channel health insurance resources to infrastructure while health benefit coverage remains inadequate, out-of-pocket expenditures remain high, and PhilHealth's own actuarial obligations remain unresolved, it commits not merely a manifest policy misjudgment. It commits blatant constitutional abuse, for it chooses to weaken a self-executing fundamental right in favor of discretionary projects that have no comparable constitutional guarantee.

A. The DOF miscomputed the amount of PhilHealth reserves

Section 11 of the UHCA provides a clear and specific standard for PhilHealth's reserves:

Section 11. Program Reserve Funds. – PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a proposed ceiling equivalent to the amount actuarially estimated for [two] years' projected Program expenditures; Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions. (Emphasis supplied)

The law vests the technical task of determining the reserve ceiling in actuarial estimates. The proper expert, under

the statutory scheme, is PhilHealth's own actuary, operating within the policy framework established by the UHCA. As can be clearly gleaned from the above, the language of Section 11 mandates an actuarial, not arithmetic, method.

This statutory requirement ensures that an adequate buffer is preserved to meet future benefit claims and contingencies, as determined by sound actuarial evaluation. It also provides that any excess beyond the ceiling must be utilized to enhance health benefits or reduce member contributions, thereby plowing back any surplus to improve the National Health Insurance Program. In short, the law ring-fences PhilHealth's insurance funds for health care purposes alone.

Given that the DOF is implementing Special Provision 1(d) of the 2024 GAA, it committed a grave error in fiscal judgment and acted beyond its authority by recomputing PhilHealth's reserve funds using a simplistic average-expenditure approach instead of adhering to the actuarial science mandated by law. Prudent fiscal management of an insurance fund requires careful consideration of expected claims, expanding membership, and emerging health threats, not a mere subtraction of three years' worth of subsidy minus claims paid.[14] The DOF's method effectively presumed that tens of billions were "idle" without regard to PhilHealth's expanding obligations under universal health care. Such presumption directly contravenes Section 11 of the UHCA, which had already set the parameters for determining genuine excess.

Moreover, Section 11 of the UHCA is explicit that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or-controlled corporations."

The DOF's computation of PhilHealth's "fund balance" amounting to PHP 183.1 billion, of which PHP 89.9 billion was ordered remitted, openly contravenes this command. Again, the statute leaves no room for executive discretion to redefine or reallocate PhilHealth's reserves. Only PhilHealth's Office of the Actuary under its Actuarial Services and Risk Management Sector is authorized to determine reserve adequacy, and any excess must be used solely to enhance benefits or reduce premiums. The DOF's interference represents a direct usurpation of statutory authority and a breach of legislative purpose.

DOF Circular No. 03-2024 and the Secretary of Finance's April 24, 2024 Letter are also ultra vires. Administrative agencies possess only such rule-making authority as is delegated to them by statute. The power to issue rules "involves no discretion as to what the law shall be, but merely to fix the details in the execution or enforcement of the policy set out in the law itself." [15] Rules and regulations must therefore be germane to the object and purpose of the law, and must not contradict the Constitution or the statute they purport to implement.[16]

Here, the impugned issuances derogate from and contradict the express mandates of both the UHCA and the Sin Tax Laws, as well as the constitutional right to health. They cannot find refuge in the special provisions of the GAA, which the ponencia rules—and this Opinion concurs—to be void for containing a rider provision unrelated to the appropriations' subject. The time-honored maxim applies: The spring cannot rise higher than its source.[17] Executive circulars cannot create authority where none exists.

The DOF did not rely on PhilHealth's Office of the Actuary in computing the so-called "fund balance." As the ponencia recounts, the DOF instead:

- determined PhilHealth's accumulated net income of PHP 463.7 billion;
- deducted the average two-year actual expenditures of PHP 280.6 billion;

- derived a difference of PHP 183.1 billion; and
- by its own chosen "prudence," decided to demand only PHP 89.9 billion, an amount computed as "[p]remium for indirect contributors (Fiscal Years [FY] 2021-2023) less benefit claims for indirect contributors (FYs 2021-2023)."[18]

This methodology disregarded at least three fundamental legal and technical constraints:

First, it replaced actuarially estimated projected expenditures with a simple average of past expenditures. This contradicts the statutory standard that reserves be measured against future projected obligations, not merely historical spending patterns.[19] PhilHealth's actuarial office had in fact estimated a reserve ceiling of PHP 560.55 billion based on risk modeling and projected obligations. By averaging expenditures from 2018 to 2023, the DOF produced a much smaller "ceiling" of only PHP 280.6 billion, from which it subtracted PhilHealth's PHP 463.7 billion in "reserve funds," identified a remainder of PHP 183.1 billion, and ordered the remittance of PHP 89.9 billion to the National Treasury.

From this, it becomes readily apparent that the DOF did not use the actuarial estimate. This constitutes a direct violation of Section 11 of the UHCA and a manifest abuse of administrative discretion. Actuarial science is integral to the financial integrity of insurance institutions. As this Court held in *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue*,[20] "insurance risk, also known as actuarial risk, is the risk that the cost of insurance claims might be higher than the premiums paid." [21] The statutory requirement of actuarial estimation is therefore not optional: it is essential to solvency and benefit continuity.

Second, it treated government premium subsidies for indirect contributors as if they were surplus revenues. In truth, these subsidies are part of an ongoing, legislatively mandated insurance undertaking for present and future claims. They are not profits; they are contributions paid in advance for future covered risks.[22]

Third, it disregarded PhilHealth's Provision for Insurance Contract Liabilities (ICL). Even if the precise actuarial assumptions behind the ICL may be debated, its very existence underscores that PhilHealth's obligations extend far beyond one or two fiscal years of historical experience. The DOF cannot unilaterally ignore such actuarial constructs merely because they complicate its narrative of "idle funds." [23]

B. The DOF exceeded the limits of its fiscal oversight over PhilHealth

The foregoing discussion demonstrates how the DOF's recomputation of PhilHealth's reserves disregarded the statutory standards governing social health insurance. It is equally necessary, however, to address a more basic defect: The DOF lacked the legal authority to intervene in PhilHealth's reserve management in the first place. Administrative agencies may exercise only such powers as the law confers, and any action taken beyond those limits is void. The DOF's directives did not arise from delegated authority but from an assertion of fiscal control that the governing statutes do not permit.

Under the Administrative Code of 1987, the DOF's functions are confined to the formulation and administration of fiscal policies and the judicious management of the Government's financial resources.[24] The Governance Commission for GOCCs (GCG), created under Republic Act No. 10149, serves as the central oversight body for GOCCs, with the Secretary of Finance sitting merely as an ex officio member. Neither statute grants the DOF or the Secretary of Finance the authority to seize or reallocate funds held by a GOCC for statutory purposes.

PhilHealth, though a GOCC, performs a unique social insurance function governed by its own charter and the

UHCA. The DOF's intervention exceeded its lawful mandate of fiscal oversight and thus constitutes an impermissible encroachment upon PhilHealth's statutory autonomy and upon the legislative design for the National Health Insurance Program.

C. The PhilHealth reserve funds were misused

The impropriety of the DOF's acts is compounded by the intended use of the forcibly remitted funds. As made explicit in DOF Circular No. 03-2024 and in the Secretary of Finance's April 24, 2024 Letter, the extracted PHP 89.9 billion from PhilHealth's reserves was earmarked not for health insurance purposes but for "priority infrastructure and social projects of the National Government."^[25]

In other words, reserves collected and held to finance the National Health Insurance Program were redirected to fund generic, non-health projects under various implementing agencies. This single policy choice is the factual hinge for the rest of this Separate Concurring and Dissenting Opinion. As the succeeding sections explain, this diversion of PhilHealth's ring-fenced reserves to unrelated programs (1) infringes the constitutional right to health under Article II and Article XIII as implemented through the UHCA; (2) contravenes the special-funds rule in Article VI, Section 29(3) and the earmarking regime under the Sin Tax Laws; and, (3) results in an unconstitutional augmentation and cross-border transfer of appropriations proscribed by Article VI, Section 25(5).

I discuss these in turn.

1. The misuse of PhilHealth's reserve funds violates the constitutional right to health

Article II, Section 15 of the Constitution provides "[t]he State shall protect and promote the right to health of the people and instill health consciousness among them."

This commitment is reinforced by Article XIII, Sections 11 to 13 of the Constitution, which mandate an integrated and comprehensive approach to health development, the availability of essential health goods and services at affordable cost, and priority for "the underprivileged sick, elderly, disabled, women, and children." Health is not a peripheral concern; it is a constitutional duty.

In *Spouses Imbong v. Ochoa*,^[26] the Court recognized that the right to health is an essential component of the right to life, and that the constitutional provision is self-executing.^[27] It binds the State directly and immediately. The government cannot plead lack of implementing legislation as an excuse to neglect or dilute this right.

The UHCA is the principal statutory instrument by which the State fulfills this duty. Sections 2 and 3 of the UHCA guarantee equitable access to quality and affordable health care, provide financial risk protection to all Filipinos, and strengthen PhilHealth as the primary vehicle for universal coverage. Section 11 of the UHCA channels this constitutional mandate into concrete budgetary rules: Reserves must be actuarially determined, excesses must be used to improve benefits or reduce contributions, and no portion of the fund may accrue to the general fund.

Against this backdrop, the DOF's actions are plainly unconstitutional. By ordering the remittance of PHP 89.9 billion from PhilHealth's reserves to the National Treasury for use in infrastructure and social projects, the Executive effectively downgraded the right to health from a fundamental guarantee to a residual claimant—to be funded only after more politically visible projects have been satisfied.

As underscored in the Amicus Brief of Dr. Beverly Lorraine C. Ho, MD, MPH, "a stable source of financing is critical in reducing the uncertainty of benefit expansion and timely payout," and the UHCA was designed precisely to be an implementing law for PhilHealth to shore up resources to enable aggressive benefits expansion, in terms of providing more services and higher cost coverage per disease, condition, and clinical procedure.[28] The forced depletion of PhilHealth's reserves, at a time when out-of-pocket expenditures remain high and coverage is far from universal, subverts this constitutional project. It sacrifices long-term health security for short-term fiscal maneuvering.

2. The misuse of PhilHealth's reserve funds violates Article VI, Section 29(3) of the Constitution

Article VI, Section 29(3) of the Constitution states:

All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government.

PhilHealth's resources are sustained in part by earmarked sin tax revenues. Section 288-A(1) of the National Internal Revenue Code, as introduced and amended by Republic Act Nos. 10351, 11346, and 11467, mandates that 50% of total excise-tax revenues on certain products shall be used exclusively in the following manner: 80% to PhilHealth for the implementation of the UHCA.

These receipts are special funds within the meaning of Article VI, Section 29(3) of the Constitution. They are collected under a tax law that explicitly assigns them a special purpose: financing universal health care through PhilHealth. So long as that purpose has not been "fulfilled or abandoned"—and it manifestly has not—neither Congress nor the Executive may lawfully convert these funds into a general-purpose financing pool.

This Court has repeatedly treated such earmarked revenues as special funds that cannot be dissipated at will. To reiterate the ponencia, the Court, in *COCOFED v. Republic*[29] and *Pambansang Koalisyon ng mga Samahang Magsasaka at Manggagawa ng Niyugan v. Executive Secretary*,[30] held that levies collected for industry stabilization and development (of the coconut industry for these cases) could not be diverted without violating Article VI, Section 29(3) of the Constitution. In *Gaston v. Republic Planters Bank*,[31] stabilization fees were held to be special funds for the sugar industry, and in *Osmeña v. Orbos*,[32] the Oil Price Stabilization Fund was recognized as a segregated trust account, even while subject to the Commission on Audit (COA) scrutiny. The common thread is clear: When law and Constitution earmark revenues for a special purpose, the political branches cannot unilaterally move the goalposts.

The same principle applies with equal or greater force to PhilHealth's reserves. Sin Tax allocations intended exclusively for PhilHealth's implementation of the UHCA cannot constitutionally be siphoned off, whether by a DOF circular or by a GAA rider,[33] to fund infrastructure or generic "social projects." The forced remittance under DOF Circular No. 03-2024 thus amounts to a conversion of special health funds into general funds, in direct contravention of Article VI, Section 29(3) of the Constitution and the Sin Tax Laws themselves. In combination with Section 11 of the UHCA, which expressly prohibits any portion of the reserve fund or its income from accruing to the general fund, the special-funds clause closes the door on the Executive's theory that PhilHealth's "excess" reserves may be tapped to finance other priorities. The Constitution and statute concur: Money collected and held for health must be spent for health, or not at all.

PhilHealth's reserve funds, including all income derived therefrom, are statutory trust funds collected and

maintained for the singular purpose of financing the National Health Insurance Program. The use of these monies to fund unrelated projects such as infrastructure or general social assistance not only breaches this constitutional restriction but also undermines the people's right to health under Article II, Section 15 of the Constitution. This constitutional policy would be rendered hollow if resources reserved for universal health coverage were diverted to unrelated programs under the guise of fiscal optimization. The compelled transfer of PhilHealth's reserves effectively converts an earmarked health-insurance fund into a general-purpose resource, eroding the integrity of the National Health Insurance Program and impairing public confidence in social health insurance.

By enforcing DOF Circular No. 03-2024 and implementing the April 24, 2024 Letter, the DOF and the Secretary of Finance disregarded both statutory and constitutional safeguards. The act of appropriating PhilHealth's insurance reserves for non-health purposes constitutes an unconstitutional expenditure of a special fund, and one that operates in manifest contempt of the constitutional right to health and the legislative design of the UHCA.

3. The misuse of PhilHealth reserve funds violates the Constitutional limits on the augmentation and transfer of appropriations

Article VI, Section 25(5) of the Constitution defines and confines the power of augmentation:

No law shall be passed authorizing any transfer of appropriations; however, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

From this provision and based on jurisprudence, three requisites for valid augmentation emerge:

- there must be a law authorizing the official concerned to augment items in the GAA;
- the funds used for augmentation must be savings generated from appropriations for that official's own office; and
- the purpose of the augmentation must be to increase an item within the same office whose savings are being used.[34]

As aptly held by the ponencia, none of these conditions were present in the remittance scheme at bar.[35] The Secretary of Finance, who ordered the transfer, is not among the officials constitutionally enumerated as wielding the power of augmentation. The funds taken were not "savings" of the Office of the President, or of PhilHealth for its own use in augmenting its programs; they were PhilHealth's mandated reserves. Nor were the funds used to augment an item of the same office; they were channeled to unprogrammed appropriations for other agencies and purposes.

It bears emphasis that in *Araullo v. Aquino III*,[36] the Court underscored that savings, their utilization, and their management shall be strictly construed against expanding the scope of the power to augment. It declared that such strict interpretation is crucial to keep the Executive and other budget implementors within the limits of their powers and prerogatives during budget execution and prevent any act that will unduly transgress the Congress's power of the purse.[37]

In *Demetria v. Alba*,[38] the Court invalidated a statute authorizing the President to transfer funds across departments because it offended the same constitutional prohibition, then found in the 1973 Constitution. That

provision, substantially reenacted as Article VI, Section 25(5) of the 1987 Constitution, was crafted to forestall the very abuse now before Us: the cross-border realignment of funds already appropriated or earmarked for a specific purpose, under the flimsy pretense of executive flexibility.

This constitutional history has two consequences here:

First, it confirms that the original transfer of PhilHealth's "fund balance" was an unauthorized cross-border reallocation, tantamount in substance to an illegitimate augmentation of unrelated budget items, and therefore, void.

Second, and as will be discussed, it instructs that any attempt to "restore" the funds by a mirror-image executive action—another realignment, another "augmentation," this time back to PhilHealth—would itself run afoul of the same constitutional restraints. What cannot be done directly cannot be done indirectly, nor cured by a change in direction.

Having shown that the Executive's diversion of PhilHealth's reserves violates specific constitutional and statutory provisions, I now turn to a deeper structural defect: the very inclusion of unprogrammed appropriations in the GAA.

II. The inclusion of unprogrammed funds in the GAA is unconstitutional

Under the regime of the present Constitution, the inception of unprogrammed appropriations can be traced in the 1989 GAA, which provided for around PHP 9.7 billion as unprogrammed funds.[39] This amount was lower than the approximately PHP 12.763-billion proposal of the Executive.[40]

At the level of the House deliberations on the 1989 GAB, concerns were raised as to whether unprogrammed appropriations can be properly embodied in the GAA:

MR. ROBLES: ...

Mr. Speaker, I say that this budget proposal is a sword to pierce the Constitution. The proposal failed to give due regard to Section 22, Article VII of the Constitution which mandates that, and I quote: "The President shall submit to the Congress within [30] days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures." So that the expenditures in the appropriation bill should be based on the expected revenues. And any budget proposal that exceeds the projected revenues submitted by the President is therefore constitutionally baseless and unconstitutional.

The more than [PHP] 12 billion unprogrammed appropriations in the proposal violates paragraph (2), Section 25, of Article VI of the Constitution, which states, and I quote: "No provision or enactment shall be embraced in the general appropriation bill unless it relates specifically to some appropriations therein." It is therefore very clear that budgetary allotments should refer to particular purposes or programs that legally needs appropriations. Consequently, appropriations without particular purposes or programs supporting them becomes inutil and unconstitutional.

....

MR. ALBANO: ...

....

This regime is engaged in debt, in heavy deficit spending even before the euphoria of the EDSA extravaganza petered out. Its budget credo is "spending more money equals good government."

From [PHP] 18.4 billion deficit in 1985, it leaped to [PHP] 35.3 billion in 1986... Congress is being asked to approve [PHP] 12.8 billion in unprogrammed new appropriations which are not covered by new or projected revenue measures.

The majority says spending of these unprogrammed amounts are contingent to the inflow of foreign grants and loans and the realization of excess revenues. But there is nothing in the appropriations bill or in the budget law that prevents the regime from spending these amounts unless revenue is available. If we approve these unprogrammed appropriations, we are virtually granting to the [E]xecutive full authority to spend so much.

If the regime genuinely wants to be fiscally responsible, this unprogrammed appropriations must be scrapped from the budget measure. Should excess revenues be realized, the President can always present to Congress special appropriations bills to meet required needs.

By resorting to special appropriations, we can guarantee the availability of funds and that the regime is not squandering more than the taxpayers can afford. More important, the people would be informed as to why excess financing is required and for what purpose the special appropriations will be spent... so that the genuine transparency and accountability to the people may be attained.[41] (Emphasis supplied)

During the Senate deliberations on the 1989 GAB, among the budget items tackled were the proposed unprogrammed appropriations of approximately PHP 1.2 billion for the "Provision for Foreign Military Sales Account," and PHP 2.5 billion for the "Implementation of the Conversion Plans of the US Bases in the Philippines Upon the Termination of the RP-US Military Bases Agreement." [42] These would be funded by economic and military aid which, at that time, was yet to be granted by the United States of America. The senators discussed the nature of unprogrammed appropriations and debated on the propriety of its inclusion in the GAA:

Senator Guingona. May we know whether the Foreign Military Sales credit is reflected in the Appropriations Bill under consideration?

Senator Gonzales. Mr. President, in the Budget Bill for the unprogrammed appropriations, there is, for the FMS—that is item 2-Provisions for Foreign Military Sales Account—a capital outlay of PHP 1,247,689,000.00.

Senator Guingona. Is that revenue?

Senator Gonzales. No, Mr. President, this is an unprogrammed fund. This is a part of the appropriations, but not a part of the expenditure program, because, as we know, actually, there are really no funds appropriated for them. Insofar as the unprogrammed fund is concerned, they are merely in the nature of enabling appropriations, depending upon the availability of new funds to support the same.

....

Senator Maceda. Mr. President, as we know, the whole package contains both the military assistance program and FMS... However, Mr. President, I do not know whether part or the whole of it is included under unprogrammed.

Senator Gonzales. It is included in the unprogrammed. It will have to depend on our actual receipts of the said grant.

Senator Maceda. And I was told just this morning that there are still balances from 1985, 1986, 1987, and 1988 that are not yet delivered or spent up to now totaling around [USD] 29 million.... This is one of, what I feel, the irregularities or improprieties of this program. While it is given to us and then lately in the context of it[s] being a compensation, actually they are the ones to decide how and when it should be spent.

Senator Gonzales. That is the reason why they are off budget; they are not included in the program expenditure.

....

Senator Guingona. I understand that the best efforts was with regard to appropriations but not for the grants or the military sales credit, [e]specially military sales credits, we are paying for this. Why should we pay for something and then depend on appropriations from another government? That seems illogical, Mr. President.

Senator Gonzales. The distinguished Senator is correct, Mr. President, and that is the reason why we have included in the unprogrammed for the first time a provision for that which is in the amount of [PHP] 1.2 billion. It is unprogrammed because it would have to depend upon our receipt of the grant for this purpose.

....

Senator Shahani. May I go again to the matter of the unprogrammed appropriations which, in the budget, total [PHP] 12,763,000[,000]. As we know, there was considerable debate in this hall on that unprogrammed fund allocated for the alternative uses of the U.S. bases. These appear in the General Appropriations Act.... I wonder whether it is really realistic to put this as an item in the budget, this unprogrammed appropriations, when in fact, we already said in the Senate that really, it is not possible to have that amount. So it is like a consuelo de bobo, if I may say so. It is wise to put it here when really, there is such a big revenue shortfall. And then, this gives rise to added speculation and makes more confusing sensitive and delicate issues like the U.S. bases.

Senator Gonzales. Mr. President, this unprogrammed fund which contains in Item 12 an appropriation of PHP 2.5 billion for implementation of the conversion plans of the U.S. bases in the Philippines upon the termination of the RP-US Military Bases Agreement has been placed there by the House of Representatives. Because in their own resolution, they contemplated to build up a fund of [PHP] 7.5 billion distributed in three consecutive fiscal years...

Senator Shahani. I am not just talking about that sum allocated for the...

Senator Gonzales. We have no strong feeling against a deletion of the entire amount, Mr. President.

Senator Shahani. I see. Not just the entire amount but the entire unprogrammed appropriation. Because when we asked [Budget and Management] Secretary Carague what that exactly meant, he said that there are really no revenues against that but, in the hope that we might be able to collect extra revenues, then we have these unprogrammed appropriations. So, what I am saying is: Since it has been admitted that there will be a shortfall in revenue collections, does it serve any useful purpose to include unprogrammed appropriations? I am not just talking to about that amount... for the U.S. military bases. I think the Gentleman has the page before him—I do not have it—but there is an entire page and a half of unprogrammed appropriations. My question is: Is there any point in putting this page? Is it again one of those exercises which raises hopes unnecessarily? Maybe, we should not be bothered with that anymore.

Senator Gonzales. Mr. President, I realize the validity of what the Senator has pointed out. On the contrary, if we eliminate this budget, we are really cutting through thin air because there is really nothing.... As we have earlier pointed out, in accordance with the provisions of the Bases Agreement, and in accordance with the best efforts clause in the amendment to the Bases Agreement, the United States Congress may make the necessary appropriations. And therefore, should it come to us, then there will be funds therefor.

On the other hand, if we remove this—this is in the nature only of an enabling appropriation—and the funds do come to the Philippines as it will come... when? Only, we do not know because that will have to depend upon the action of the U.S. Congress. Then to utilize it, we will have to enact a supplemental budget. And considering the time that will be involved in the enactment of a supplemental budget, that is what the budget people are trying to foresee.

....

In short, if we will go one by one on this unprogrammed fund, they are already embodied in certain projects...

and foreign-assisted projects, Mr. President, that would require a counterpart. They cannot be implemented unless we can raise the counterpart funds. And should the counterpart funds become available and we do not have this particular provision, then the result again will be delay. These are the reasons for the unprogrammed portion of the budget.

....

Senator Pimentel. In line with our desire to exercise the power and the authority to scrutinize appropriations of this government, does not the Gentleman feel that the unprogrammed appropriations should also be scrapped?

Senator Romulo. Mr. President, the unprogrammed appropriations, I believe, as the title indicates, do not have any funds. Therefore, that will not be spent at all. So it is a choice before us whether or not we want to wait for the availability of funds.

By the way, this is also another source, another possible object of this reallocation that we are proposing. As we said, we can either wait until there are available funds before we tackle the unprogrammed amount, or we continue putting it there, of course, as it is understood that it will not be spent anyway, unless there is a corresponding source of funds. That is a policy decision that we have to make before we decide on this matter.

Senator Pimentel. Even if the observations of the Gentleman may be correct, the fact is, a certain amount is designated to cover the so-called unprogrammed amounts. And if I am not mistaken it is [PHP] 12.8 billion for unprogrammed new appropriations.

Senator Romulo. That is correct, Mr. President.

Senator Pimentel. To my mind, this is a ploy which enables government to go into deficit spending, to begin with, and also to source funds for this by other means.

Since [Executive] Secretary Macaraig has come out with statement that there will be no new taxes, the only alternative, it seems to me, is foreign borrowing. This is exactly, I think, what we should guard against: giving this government the leeway to further increase the burdens of our people by going into foreign borrowing.[43] (Emphasis supplied)

As apparent from the foregoing congressional deliberations, unprogrammed funds were included in the 1989 GAA for mere convenience—to avoid the cumbersome process of passing special appropriations bills. It is for this same reason that unprogrammed appropriations have been incorporated in the annual budget until the present.[44] However, convenience alone can never justify an otherwise unconstitutional practice.

I respectfully submit that the inclusion of unprogrammed appropriations in the GAA is not allowed under the Constitution, for the reasons discussed below. It is my view that the entire amount of unprogrammed appropriations in the 2024 GAA should be struck down as unconstitutional.

First, the Constitution contemplates a GAA that covers only those appropriations for expenditures with sources of financing. Unprogrammed appropriations, having no guaranteed source of financing, cannot thus be included in the GAA.

Article VII, Section 22 of the Constitution provides:

Section 22. The President shall submit to the Congress within thirty days from the opening of the regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures. (Emphasis supplied)

Based on a plain reading of the provision above, all the expenditures to be included in the President's recommended budget—which shall serve as basis for the GAB and, eventually, the GAA—should be backed by

sources of financing. This can be readily discerned from the use of the conjunctive "and"[45] in the phrase "a budget of expenditures and sources of financing." [46]

In contrast, Article VI, Section 25(4) of the Constitution, which governs special appropriations bills, states that "[a] special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified by the National Treasurer, or to be raised by a corresponding revenue proposal therein." [47] The foregoing provision, unlike Article VII, Section 22 of the Constitution on the GAB, specifically mentions that the appropriation shall be backed either by (a) funds actually available as certified by the National Treasurer, or (b) a corresponding revenue proposal. Had the Constitution intended that the GAB can likewise cover expenditures backed only by corresponding revenue proposals and not by guaranteed sources of financing, then Article VII, Section 22 of the Constitution should have plainly and clearly stated so. However, such was not the case.

It is conceded that an "appropriation" is defined as an act by which Congress "designates a particular fund or sets apart a specified portion of the public revenue or of the money in the public treasury, to be applied to some general object of governmental expenditure or to some individual purchase or expense." [48] Simply stated, an "appropriation" is a legislative authorization that money be paid out of the Treasury. This definition should be read in the context of Article VI, Section 29(1) of the Constitution, which prescribes that "[n]o money shall be paid out of the Treasury in pursuance of an appropriation made by law." Most notably, however, Article VII, Section 22 of the Constitution does not merely refer to the GAA as a law composed of appropriations. Instead, it qualifies that the GAA shall be based on a budget of expenditures and sources of financing. The concept of the GAA—and what appropriations it shall properly embrace—should be understood in this light.

On this score, programmed appropriations pertain to the portion of the annual budget that are supported by "definite funding sources and are readily implementable." [49] These are embodied in the document called Budget of Expenditures and Sources of Financing [50] (BESF), which is submitted by the President to Congress in compliance with Article VII, Section 22 of the Constitution. Meanwhile, unprogrammed appropriations are defined as appropriations which do not have guaranteed sources of financing or cash cover. They provide standby authority to incur additional agency obligations for priority programs and projects when any of the following general conditions exists: (a) excess revenue collections in any of the identified non-tax revenue sources from its corresponding revenue collection target as reflected in the BESF; (b) new revenue collections or those arising from new tax or non-tax sources which are not part of nor included in the original sources reflected in the BESF; (c) approved loans for foreign-assisted projects; and (d) fund balance of GOCCs from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement from prior years. [51] Both programmed and unprogrammed appropriations are included in the National Expenditure Program [52] (NEP), which is also submitted by the President to Congress along with the BESF.

Considering that unprogrammed appropriations do not have guaranteed or definite sources of funding, they do not fall within the meaning of "a budget of expenditures and sources of funding," as contemplated under Article VII, Section 22 of the Constitution. This ineluctably leads to the conclusion that they cannot be included in the GAA.

Relatedly, Article VI, Section 25(1) of the Constitution states:

Section 25. (1) The Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the budget. The form, content, and manner of operation of the budget shall be prescribed by law. (Emphasis supplied)

The phrase "appropriations recommended by the President... as specified in the budget" above properly refers to the "budget of expenditures and sources of financing" under Article VII, Section 22 of the Constitution. This

interpretation is anchored in the well-established rule in constitutional construction that every provision of the Constitution should be interpreted not by itself alone but in conjunction with all other provisions bearing upon the particular subject matter at hand.[53] Here, there is no other recommended budget that could have been alluded to except that which is required to be submitted by the President under Article VII, Section 22 of the Constitution. Consequently, reason and logic dictate that the "appropriations" which may not be increased by Congress references to no other than the "budget of expenditures and sources of financing" serving as the basis of the GAA.

The prohibition against increase, as embodied in Article VI, Section 25(1) of the Constitution, is intended to prevent a budget deficit, or a situation where the government's spending exceeds its revenue. This is evident from the following deliberations of the Constitutional Commission on whether the limitation provided under the 1935 Constitution[54] prohibiting Congress to increase the appropriations recommended by the President should be reincorporated in the present Constitution:

MR. NATIVIDAD. May Congress increase or decrease the presidential budget?

MR. DELOS REYES. There is no prohibition.

MR. NATIVIDAD. Is there no prohibition to increase the presidential budget? The historic practice is that the presidential budget may be decreased but not increased. Is it good for the country and for Congress to increase the presidential proposal for a budget?

MR. DE LOS REYES. That will be covered by lines 28 and 29 which state: "The form, content, and manner of preparation of the budget shall be prescribed by law."

MR. NATIVIDAD. So, if it is by law, it is by Congress; and if Congress wishes to increase the presidential budget, it can do so. Is that the concept?

MR. DE LOS REYES. That is the necessary consequence.

MR. NATIVIDAD. So, we have a situation where the President prepares the budget every year based on the expected receipts and earnings of the government. The Constitution gives the President that duty because the President knows the expected earnings of the government. Traditionally, Congress will decrease certain items of the budget but it is not constitutionally authorized to increase because if the various items in the budget will be increased, the earnings of the government as expected from the receipts and taxes may not be enough and there will be a big budget deficit.

MR. DAVIDE. Madam President, the further answer to the question is contained in the section itself, which reads:

The President shall submit to the Congress within thirty days from the opening of each regular session, as the basis of the general appropriations bill, a budget of receipts based on existing and proposed revenue measures, and of expenditures.

In other words, Congress cannot increase because there is a limitation: the budget should be based on existing and proposed revenue measures.

. . . .

MR. NATIVIDAD. . . . But I would just like to clarify because the first response of the Committee is that the Congress may increase or decrease. The distinguished Chairman said Congress may not increase. So, which is the right answer?

MR. DAVIDE. I think the Commissioner may have in mind reincorporating the limitation provided for under the 1935 Constitution, prohibiting specifically the Congress to increase the recommended appropriations made

by the President. We can entertain that at the proper time[.] (Emphasis supplied)

The purpose of Article VI, Section 25(1) of the Constitution reinforces the view that the Constitution contemplates a GAA that is made up of programmed appropriations and not unprogrammed appropriations. Since unprogrammed appropriations have no guaranteed sources of funding to begin with, any increase in their amount from what the President recommended would not result in a budget deficit. This is because unprogrammed appropriations are released only upon the availability of guaranteed sources of financing, i.e., excess revenue collections, new revenue collections, or approved foreign grants. It would be contradictory to say, on the one hand, that the purpose of the prohibition in the increase of amounts in the GAB is to prevent a budget deficit, but state on the other, that the GAB may contain such appropriations that if increased, will never result in such deficit. This bolsters the conclusion that the GAB may contain only those appropriations which, if increased beyond the amount recommended by the President, would result in a budget deficit. Thus, unprogrammed appropriations should not form part of the GAA.

Second, unprogrammed funds do not relate to any appropriation for expenditures with sources of funding. Thus, they are considered as riders, which are prohibited under the Constitution.

Article VI, Section 25(2) of the Constitution states:

(2) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

The foregoing provision refers to "particular appropriation[s]" embraced in the GAB. As discussed above, the GAA, as contemplated under the Constitution, should cover only those appropriations for expenditures with sources of financing. Perforce, the "particular appropriation[s]" referred to in Article VI, Section 25(2) reasonably pertains to such appropriations for expenditures with sources of financing as stated in Article VII, Section 22 of the Constitution.

Provisions in the general appropriations bill must comply with the test of germaneness, failing in which they shall be considered as riders. For such provision to be germane, case law requires that they must be particular, unambiguous, and appropriate. The provision is particular if it relates specifically to a distinct item of appropriation in the bill and does not refer generally to the entire appropriations bill. It is unambiguous when its application or operation is apparent on the face of the bill and does not necessitate reference to details or sources outside the appropriations bill. Finally, it is appropriate when its subject matter does not necessarily have to be treated in a separate legislation.^[55] An item of appropriation is considered inappropriate, if it is an unconstitutional provision.^[56]

Appropriations for expenditures without definite sources of financing are thus considered as riders, which have no place in the GAB by constitutional fiat. Since unprogrammed appropriations have no guaranteed sources of financing, it can be said that they do not relate specifically to any appropriation for expenditures with sources of financing. Unprogrammed appropriations may likewise be considered ambiguous where the details and sources of their operation, still require reference to for example, a declaration as to the availability of excess funds.

Book VI, Chapter 3, Section 12(2) of the Administrative Code of 1987 likewise confirms that only appropriations backed by definite sources of financing may properly be included in the national budget. The provision, which governs the form and content of the budget, requires that the President's budget submission contain "(a) [e]stimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings."

This statutory formulation mirrors the constitutional design: the annual budget may include only those appropriations for which identifiable and available financing exists, whether from operating revenues or authorized borrowings. By negative implication, appropriations not supported by such financing, such as unprogrammed appropriations which depend entirely on uncertain contingencies, cannot be valid components of the budget.

The remaining paragraphs of Section 12 reinforce this limitation. Paragraph (2)(b) covers estimated receipts from existing laws and revenue proposals forming part of the financing program, while paragraph (2)(d) refers to expenditures, receipts, and appropriations for the fiscal year in progress. None of these provisions contemplates a category of contingent appropriations that may be listed in the GAA, absent a corresponding and guaranteed funding source.

Moreover, the succeeding provision, Book VI, Chapter 3, Section 13 of the Administrative Code of 1987 provides:

Section 13. Budget Levels. – The ordinary income of government shall be used primarily to provide appropriations for current operations, except in case of a national emergency or serious financial stress, the existence of which has been duly proclaimed by the President.

The level of aggregate revenue expenditure and debt shall be jointly recommended to the President by the Department of Budget and Management, the Department of Finance, the National Economic and Development Authority and the Central Bank of the Philippines, acting within the Development Budget Coordination Committee of the National Economic and Development Authority.

No appropriations for current operations and capital outlays of the Government shall be proposed unless the amount involved is covered by the ordinary income, or unless it is supported by a proposal creating additional sources of funds or revenue, including those generated from domestic and foreign borrowings, sufficient to cover the same. Likewise, no appropriation for any expenditure, the amount of which is not covered by the estimated income from the existing sources of revenue or available current surplus, may be proposed, unless it is supported by a proposal creating an additional source of funds sufficient to cover the same.

Proposals creating additional sources of funds shall be prepared in the form of revenue bills.

The provisions of this section shall not be construed as impairing in any way the power of the Congress to enact revenue and appropriation bills, nor the authority of the President to propose special revenue and appropriation bills after the submission of the budget. (Emphasis supplied)

It appears from the operationalization by the Administrative Code that the Constitution intended appropriations in the GAB to already be covered by the government's ordinary income or otherwise be supported by definite sources of financing, while expenditures that are not yet covered by existing sources of revenue, to be supported by proposals creating additional sources of funds. Where these expenditures without existing funding sources are more properly the subject of separate legislation, i.e., special appropriations bills, then they are also deemed inappropriate insofar as they are contained in the GAB.

Thus, the concept of unprogrammed appropriations finds no support. The Administrative Code confirms what the Constitution already commands: the national budget must reflect only those appropriations that rest on existing, identifiable, and definite sources of financing. Unprogrammed appropriations depart from this statutory framework and thereby reinforce their constitutional infirmity. Therefore, unprogrammed appropriations are deemed as riders to the GAB, which are prohibited under Article VI, Section 25(2) of the Constitution.

In this regard, Article VI, Section 25(4) of the Constitution states:

(4) A special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified by the National Treasurer, or to be raised by a corresponding revenue proposed therein.

A special appropriations bill enacted by Congress is the correct vehicle to allocate excess and new revenue collections outside the framework of the GAA, consistent with the principle of preserving the delicate balance between the powers of the executive and legislative in the budget process.

The Constitution vests the power of the purse in the Congress. It decides how the budget will be spent; what projects, activities, and programs to fund; and the amounts of money to be spent for the same.[57] There is a recognition that the President proposes the budget, but Congress has the final say on the matter of appropriations.[58] While the budgetary process commences from the proposal submitted by the President to Congress, it is the latter that concludes the exercise by crafting an appropriation act it may deem beneficial to the nation, based on its own judgment, wisdom, and purpose.[59]

Beyond the scope of the GAA, when the government generates excess or new revenue collections, it is only Congress, through its power of appropriation, that can lawfully determine how such public funds should be spent, which I propose to be in the form of a special appropriations law. This proposal is in conformity with Article VI, Section 29(1) of the Constitution, which provides that "[n]o money shall be paid out of the Treasury except in pursuance of an appropriation made by law."

Third, I am aware of the Court's pronouncements in *Belgica v. Ochoa*,[60] where the constitutionality of unprogrammed appropriations in the 2014 GAA was assailed on the ground that they are lump-sum figures without any enumerated public purpose. In debunking this argument, the Court held that the provisions on unprogrammed appropriations sufficiently identified the public purposes for which the funds may be used. In that sense, the Court upheld the constitutionality of unprogrammed funds, as embodied in the GAA.[61]

In this Separate Concurring and Dissenting Opinion, however, I espouse the view that the inclusion of unprogrammed appropriations in the GAA is repugnant to the Constitution. Thus, it is high time to clarify that while *Belgica* held that unprogrammed funds are not unconstitutional as lump-sum appropriations, the same cannot be validly embodied in the GAA. Instead, unprogrammed appropriations should be legislated through a special appropriations law.

In a democracy like ours, the Constitution is the fundamental, paramount, and supreme law of the nation, with which every statute must conform.[62] By this reason, the Court should never hesitate to declare as null and void provisions of law that violate any norm or precept of the Constitution. As discussed above, the Constitution does not contemplate a GAA containing unprogrammed appropriations. Thus, the Court is dutybound to nullify the inclusion of unprogrammed appropriations in the GAA.

III. The PHP 60 billion reserve funds must be restored to PhilHealth

As reflected in the Office of the Solicitor General's Manifestation and Motion dated October 28, 2025, President Ferdinand R. Marcos, Jr. himself has avowed to restore to PhilHealth the PHP 60 billion it remitted to the National Treasury pursuant to Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024.[63] This executive acknowledgment is politically significant, but it is not, and cannot be, the legal ground for restitution. The basis for ordering the return of these funds is the Constitution itself, as construed in our jurisprudence.

The question, therefore, is two-fold: first, why must the PHP 60 billion be returned to PhilHealth as a matter of constitutional and statutory duty; and second, by what means may that return be effected without committing a fresh constitutional violation.

A. Unconstitutional measures produce no legal effects

It is elementary that a statute or governmental act adjudged unconstitutional confers no rights, imposes no duties, affords no protection, and is inoperative as if it had not been passed at all.[64] This is the general rule consistently affirmed by this Court. A governmental act that violates the Constitution cannot serve as a lawful basis for the permanent reallocation of public funds.

As the ponencia has ruled, Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024 have been struck down for, among others, infringing Article VI, Section 29(3) of the Constitution, violating the earmarking and reserve-fund provisions of the UHCA and the Sin Tax Laws, and effectively bypassing Article VI, Sections 25(5) and 29(1) of the Constitution on transfer and appropriation of public funds. The transfers made pursuant to these measures therefore rest on no valid legal foundation.

Consequently, the PHP 60 billion drawn from PhilHealth's reserves and transmitted to the National Treasury cannot be treated as lawfully acquired general funds. They are, in constitutional contemplation, funds that should never have left PhilHealth's coffers. The logical and juridical corollary is restoration.

B. The doctrine of operative fact does not bar restitution

I agree with the ponencia that the State may invoke, in appropriate cases, the doctrine of operative fact to soften the blow of nullity, by recognizing that a law or act, though later declared void, may have produced effects that cannot justly be unwound. But this doctrine is, as the ponencia correctly holds, an exception grounded in equity and fair play. It cannot, however, be stretched to perpetuate an ongoing violation of the Constitution, much less of a fundamental right.

In prior cases, this Court has ordered the refund or restitution of amounts collected or exacted under measures later declared unconstitutional or void, among them: (a) fines collected under a void local ordinance;[65] (b) taxes collected under an unconstitutional tax imposition;[66] and (c) monetary awards limited by a statutory cap subsequently struck down.[67]

In those instances, the Court refused to apply the operative fact doctrine where: (a) the party challenging the measure had contested its validity from the outset; (b) there was no compelling inequity in ordering the return; and (c) the State was fully capable of refunding what it had unlawfully taken.[68]

Those same conditions obtain here, and more. Petitioners challenged Special Provision 1(d) and DOF Circular No. 003-2024 precisely to prevent the diversion of PhilHealth's reserves. The Government has not credibly shown that it is unable to return the amounts. In fact, the Secretary of Finance himself, in response to questioning during oral arguments, admitted that government can comply with a directive to return PhilHealth's remittances, subject to the inclusion of the corresponding amounts in the 2026 NEP.[69]

Most importantly, what is at stake is not a commercial or incidental interest but the right to health of the Filipino people, implemented through the UHCA. To allow the State to retain the PHP 60 billion siphoned from PhilHealth's reserves would be to constitutionalize a continuing violation: Funds statutorily reserved for universal

health care would remain diverted to non-health purposes, even after this Court has found the legal basis for such diversion unconstitutional.

Equity does not favor the violator. The doctrine of operative fact cannot be turned into a shield for the State to keep unchecked control of health insurance reserves. Rather, it is the general rule—that unconstitutional measures produce no legal effect—that must prevail.

Accordingly, the PHP 60 billion must be returned to PhilHealth.

Thus, the question now becomes: How should the funds be returned? As the ponencia has decreed, the path of restoration must therefore be one authorized by the Constitution and securely anchored in the Legislature's power of the purse.

C. The restoration of PhilHealth reserve funds must comply with Article VI, Sections 25 and 29 of the Constitution

Article VI, Section 29(1) of the Constitution is categorical: "No money shall be paid out of the Treasury except in pursuance of an appropriation made by law."

Once the PHP 60 billion entered the National Treasury as part of the general fund, albeit under an unconstitutional scheme, its release back to PhilHealth cannot be done by mere executive pronouncement, memorandum, or circular. Even if the Executive is acting to undo an invalid measure, it remains bound by the formal requisites for disbursement of public funds. Neither can it be through augmentation or transfer of appropriations under Article VI, Section 25(5) of the Constitution, as the requisites are not met.[70] As the funds are already in the National Treasury, these cannot be classified as savings within the purview of the constitutional provision.[71]

Similarly, Article VI, Section 25(1) of the Constitution mandates that the GAA be the primary vehicle for specifying how public monies are to be spent, through itemization of projects, activities, and programs. This Court underscored that Congress, not the Executive, ultimately decides how the budget shall be spent, what programs to fund, and the amounts to be spent on each program. The President may recommend; he may not, by himself, restore or reallocate funds outside the parameters of the GAA.[72]

It follows that any genuine and constitutionally sound restoration of the PHP 60 billion must be embodied in law. That law, given our budget cycle and practice, is the GAA for 2026 (2026 GAA) or another duly enacted appropriations statute.

The inclusion of a specific appropriation in the 2026 GAA for the restoration of PhilHealth's PHP 60 billion is the only constitutionally sound mechanism for restitution. By allocating the amount through a distinct line item to PhilHealth's reserve fund or special account under the UHCA, Congress reasserts its constitutional prerogative over the power of the purse. Such an appropriation would ensure that the release of funds from the National Treasury is "in pursuance of an appropriation made by law," as mandated by Article VI, Section 29(1) of the Constitution.

It likewise prevents a repetition of the constitutional violation under Article VI, Section 25(5) of the Constitution, since restoration through the GAA does not constitute an augmentation from savings by the President or any other constitutional officer, but rather an original appropriation by Congress itself. In this way, the legislative act cures,

rather than compounds, the prior cross-border misallocation of funds.

Moreover, placing the restored amount under the proper budget line for PhilHealth, and expressly designating it as part of PhilHealth's statutory reserve fund pursuant to Section 11 of the UHCA, realigns the public fisc with both statutory and constitutional design, ensuring that these funds are once again ring-fenced for health insurance purposes.

Finally, a specific line-item appropriation enhances transparency and accountability, enabling the public, Congress, and the COA to monitor that the restored funds are utilized solely to expand health benefits, reduce member contributions, or otherwise advance the objectives of universal health care, rather than to subsidize unrelated or discretionary expenditures.

I am aware that utilizing the 2026 GAA as the vehicle for restitution is neither the most expeditious nor practical mechanism to correct the wrong that has been done. In fact, it may even appear that the transgression committed by the respondents is incentivized for funds were taken out so easily, but the restoration will prove to be tedious. However, it is my position that this is the only course of action that will pass constitutional tests; the haste and expediency that attended the removal of funds from the state insurer cannot be repeated in its restoration without violating constitutional safeguards. Indeed, two wrongs do not make a right.

The Court cannot, of course, draft the precise text of the appropriation or compel Congress to enact a specific line-item in a specific form. That would trench upon legislative prerogatives. But the Court can declare: (1) that the original transfer was unconstitutional; (2) that the PHP 60 billion remains, in legal contemplation, part of PhilHealth's reserve funds and special health-care funds; and (3) that any lawful restoration or release of these monies from the Treasury must be carried out through an appropriation in the GAA or a similar law, not by unilateral executive action.

In this sense, inclusion in the 2026 GAA is not merely an option—it is the constitutional path to vindicating both the UHCA's design and the right to health, without repeating the errors of cross-border transfers and unauthorized augmentation.

D. Equity, solvency, and the right to health

Two further considerations reinforce the conclusion that the PHP 60 billion must not only be declared unlawfully taken but actually returned.

First, the State is presumed solvent and has not claimed otherwise. On the contrary and as earlier pointed out, the Secretary of Finance admitted before the Court that government can comply with a directive to return the funds, subject only to their inclusion in the NEP and the ensuing GAA.^[73] This is not a case where restitution is practically impossible or would bankrupt the State.

Second, the funds are not ordinary revenues. They are health insurance reserves held in trust for the Filipino people's access to preventive, promotive, curative, rehabilitative, and palliative care. To deny their return would be to condone a continuing deprivation of resources mandated for universal health care, at a time when health costs are rising, poverty remains entrenched, and PhilHealth's financial capacity is under strain.

The right to health cannot be vindicated by declaratory words alone. It must be matched by the restoration of the

very funds unlawfully stripped from the institution charged with implementing universal health care. To permit the State to retain these reserves despite their unconstitutional diversion would establish a perilous precedent—one that normalizes the erosion of funds dedicated to the realization of fundamental rights, even after this Court has declared the underlying acts void. The Constitution abhors such a result; it demands restoration, not perpetuation of error.

IV. Concluding observations

The disregard of actuarial mandates, misuse of special funds, violation of statutory limits, and encroachment on legislative fiscal prerogatives are not mere technical lapses; they are the very conditions under which corruption takes root. Each deviation from constitutional discipline widens the space for discretion, opacity, and unaccountable fiscal maneuvering, precisely the evils our constitutional architecture was designed to prevent.

The right to health is not rhetorical. It is a binding constitutional command that imposes real limits on fiscal discretion. When government agencies divert funds dedicated to that right, they do not merely mismanage public finances—they betray a constitutional trust.

This case also lays bare the deeper structural flaw of unprogrammed appropriations: as presently conceived, they have no place in a constitutional order that requires appropriations to rest on defined sources of financing and prohibits riders in the GAA. To tolerate such a device is to normalize precisely the kind of discretionary fiscal space that made the diversion of PhilHealth's reserves possible in the first place.

Fidelity to that trust requires that every peso collected for health be spent for health and for no other purpose.

ACCORDINGLY, I vote to PARTLY GRANT the Petitions.

Special Provision 1(d) of Republic Act No. 11975, or the General Appropriations Act of 2024, and Department of Finance Circular No. 003-2024, which authorized the transfer of PHP 89.9 billion "fund balance" of the Philippine Health Insurance Corporation to the National Treasury, are UNCONSTITUTIONAL having been issued and implemented with grave abuse of discretion amounting to a lack or excess of jurisdiction in violation of Article VI, Sections 25(2), 25(5), and 29(3), as well as Article II, Section 15, and Article XIII, Section 11 of the Constitution.

The inclusion of unprogrammed appropriations in the General Appropriations Act of 2024 is likewise declared UNCONSTITUTIONAL for contravening Article VI, Section 25(2) and Article VII, Section 22 of the Constitution.

Respondents are DIRECTED to cause the restoration of the PHP 60 billion "fund balance" to the Philippine Health Insurance Corporation, through the inclusion of a line item in the 2026 General Appropriations Act.

The Temporary Restraining Order against the transfer to the National Treasury of the remaining PHP 29.9 billion fund balance of the Philippine Health Insurance Corporation and the further implementation of Special Provision 1(d) and Department of Finance Circular No. 003-2024 issued under Resolution dated October 29, 2024, is MADE PERMANENT.

[*] President Ferdinand Marcos, Jr. was dropped as respondent from the case and his name was deleted from the caption following the doctrine of immunity from suit.

[1] CONST., art. II, sec. 15, states:

SECTION 15. The State shall protect and promote the right to health of the people and instill health consciousness among them.

[2] An Act Instituting Universal Health Care for all Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor (2019).

[3] An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334, and for Other Purposes (2012).

[4] An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products For Universal Health Care, Amending for this Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 388 and 289, Repealing Section 288 (B) and 288 (C), and Creating New Sections 263-A, 265-B, And 288-A of the National Internal Revenue Code or 1997, as amended by Republic Act No. 10963, and for other Purposes (2019).

[5] An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, and 288-A, and adding a New Section 290-A to Republic Act No. 8424, as Amended, Otherwise Known as The National Internal Revenue Code of 1997, and for other Purposes (2020).

[6] Ponencia, pp. 56-115, 123-128.

[7] Id. at 4.

[8] Id. at 4-5.

[9] Id. at 10-11.

[10] Id. at 11.

[11] Id. at 11-12.

[12] Id. at 12, citing rollo (G.R. No. 274778), p. 82.

[13] Ponencia, pp. 12, 22.

[14] Id. at 69-70.

[15] Republic v. Maria Basa Express Jeepney Operators, 928 Phil. 182, 217-218 (2022) [Per J. Lopez, J., En Banc]. (Citation omitted)

[16] Smart Communications v. National Telecommunications Commission, 456 Phil. 145, 156 (2003) [Per J. Ynares-Santiago, First Division]. (Citations omitted)

[17] Bernas v. Estate of Felipe Yu Han Yat, 838 Phil. 710, 745 (2018) [Per J. Caguioa, Second Division]. (Citation omitted)

[18] Ponencia, p. 25.

[19] Id. at 71.

[20] 616 Phil. 387 (2009) [Per J. Corona, Special First Division].

[21] Id. at 414. (Citation omitted)

[22] See ponencia, pp. 58-59, 84.

[23] Id. at 87-89.

[24] REV. ADM. CODE, Book IV, Title II, Chapter 1, sec. 1.

[25] Ponencia, p. 12, citing rollo (G.R. No. 274778), p. 82.

[26] 732 Phil. 1 (2014) [Per J. Mendoza, En Banc].

[27] Id. at 157. (Citation omitted)

[28] Undated Memorandum filed by Dr. Beverly Lorraine C. Ho, MD, MPH, pp. 14-15.

[29] 679 Phil. 508 (2012) [Per J. Velasco, Jr., En Banc].

[30] 685 Phil. 295 (2012) [Per J. Abad, En Banc].

[31] 242 Phil. 377 (1988) [Per J. Melencio-Herrera, En Banc].

[32] 292-A Phil. 848 (1993) [Per C.J. Narvasa, En Banc].

[33] Ponencia, p. 55.

[34] Id. at 116; Araullo v. Aquino III, 737 Phil. 457, 580 (2014) [Per J. Bersamin, En Banc].

[35] Ponencia, p. 116.

[36] 752 Phil. 716 (2015) [Per J. Bersamin, En Banc].

[37] Id. at 762.

[38] 232 Phil. 222 (1987) [Per J. Fernan, En Banc].

[39] 1989 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA1989/XLIII.%20Unprogrammed%20Fund.pdf> (last accessed on November 30, 2025).

[40] Conference Committee Report on House Bill 19186, 8[th] Congress (undated), p. 9; Record, Senate, 8[th] Congress (December 5, 1988), p. 584.

[41] Record, House of Representatives, 8[th] Congress (October 20, 1988), pp. 355-356, 370-373.

[42] Record, Senate, 8[th] Congress (December 5, 1988), pp. 650-651, 667-668. See also 1989 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA1989/XLIII.%20Unprogrammed%20Fund.pdf> (last accessed on November 30, 2025). The other projects under unprogrammed funds in the 1989 GAA were: (a) permanent insurance fund equity pursuant to Presidential Decree No. 1985; (b) three Epifanio Delos Santos Avenue interchanges; (c) widening or Zapote-Tagaytay; (d) Laguna Lake coastal road from Bicutan to Paranaque; (e) coastal road from Manila to Bataan; (f) Balog-Balog multi-purpose project; (g) Central Luzon East West road; (h) conversion to equity of advances made by the National Government pursuant to Presidential Decree No. 1967; (i) support for foreign-assisted projects not otherwise appropriated under the 1989 GAA; (j) general fund adjustments for capital requirements; (k) tax expenditure subsidy of various government agencies and government-owned and/or -controlled corporations pursuant to Section 23 of Presidential Decree No. 1177 and Executive Order No. 93; and (l) Laguna Lake flood control program.

[43] Record, Senate, 8[th] Congress (December 5, 1988), pp. 650-651, 667-668, 717.

[44] See 2024 GAA, available at

<https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2024/VolumeI/UA.pdf> (last accessed on November 30, 2025); 2023 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2023/VolumeI/UA.pdf> (last accessed on November 30, 2025); 2022 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2022/VolumeI/UA.pdf> (last accessed on November 30, 2025); 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1993, 1992, 1991, 1990 GAA, available at <https://www.dbm.gov.ph/index.php/budget-documents-archives#gaa> (last accessed on November 30, 2025).

[45] See *Solanda Enterprises, Inc. v. Court of Appeals*, 365 Phil. 194, 206 (1999) [Per J. Panganiban, Third Division], where the Court held that the term "and" in statutory construction implies conjunction, joinder or union, as understood from its common and usual meaning.

[46] CONST., art. VII, sec. 22. (Emphasis supplied)

[47] Emphasis supplied.

[48] *Araullo v. Aquino III*, 737 Phil. 457, 571 (2014) [Per J. Bersamin, En Banc], citing BLACK'S LAW DICTIONARY 102 (Revised 6th ed., 1990).

[49] Department of Budget and Management, Basic Concepts in Budgeting, available at <https://www.dbm.gov.ph/wp-content/uploads/2012/03/PGB-BL.pdf> (last accessed on November 18, 2025).

[50] 2024 Budget of Expenditures and Sources of Financing Glossary of Terms, p. 858, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on December 1, 2025). The BESF is "[a] budget document which reflects the annual program of estimated expenditures and sources of financing, constitutionally mandated to be submitted by the executive branch to the legislature to support the National Budget proposal."

[51] 2024 Budget of Expenditures and Sources of Financing Glossary of Terms, p. 875, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on December 1, 2025).

[52] 2024 Budget of Expenditures and Sources of Financing Glossary of Terms, p. 866, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on December 1, 2025). The NEP is "[a] budget document... containing the details of the government's proposed programs submitted to Congress in the review and deliberation of the proposed national budget for the legislation of the annual appropriations measures for the next fiscal year[.]"

[53] *Civil Liberties Union v. Executive Secretary*, 272 Phil. 147, 162 (1991) [Per C.J. Fernan, En Banc].

[54] CONST. (1935), art. VI, sec. 19(l), states:

The President shall submit within fifteen days of the opening of each regular session of the Congress a budget of receipts and expenditures, which shall be the basis of the general appropriations bill. The Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the Budget, except the appropriations for the Congress and the Judicial Department. The form of the Budget and the information that it should contain shall be prescribed by law. (Emphasis supplied)

[55] *Atitiw v. Zamora*, 508 Phil. 321, 336 (2005) [Per J. Tinga, En Banc].

[56] *Philippine Constitution Association v. Enriquez*, 305 Phil. 546, 577 (1994) [Per J. Quiason, En Banc].

[57] *Araullo v. Aquino III*, 737 Phil. 457 (2014) [Per J. Bersamin, En Banc].

- [58] Philippine Constitutional Association v. Enriquez, 305 Phil. 546 (1994) [Per J. Quason, En Banc].
- [59] Lawyers Against Monopoly and Property v. Secretary of Budget and Management, 686 Phil. 357, 375 (2012) [Per J. Mendoza, En Banc].
- [60] 864 Phil. 461 (2019) [Per Curiam, En Banc].
- [61] Id. at 504-506.
- [62] Bonifacio Communications Corporation v. National Telecommunications Commission, 940 Phil. 765, 786 (2023) [Per J. Hernando, First Division], citing Manila Prince Hotel v. Government Service Insurance System, 335 Phil. 82 (1997) [Per J. Bellosillo, Second Division].
- [63] Ponencia, p. 128.
- [64] Id. at 124, citing Aldovino v. Orpilla, 854 Phil. 100, 124 (2019) [Per J. Leonen, Third Division].
- [65] Municipality of Tupi v. Faustino, 860 Phil. 363 (2019) [Per J. Lazaro-Javier, En Banc].
- [66] Saint Wealth Ltd. v. Bureau of Internal Revenue, 918-B Phil. 1110 (2023) [Per J. Gaerlan, En Banc].
- [67] Yap v. Thenamaris Ship's Management, 664 Phil. 614, 627-628 (2011) [Per J. Nachura, Second Division].
- [68] Ponencia, pp. 124-126.
- [69] Id. at 126.
- [70] See Araullo v. Aquino III, 737 Phil. 457, 580 (2014) [Per J. Bersamin, En Banc].
- [71] Id.
- [72] Id.
- [73] Ponencia, pp. 127-128.

SEPARATE CONCURRING OPINION INTING, J.:

I concur in the ponencia which comprehensively discusses the basis for partly granting the petitions. I share the sentiments of my esteemed colleagues that the right to health of every Filipino is of paramount importance.

I write this opinion to briefly discuss Article VI, Section 26(2) of the 1987 Constitution that provides:

ARTICLE VI
The Legislative Department
SECTION 26. ...

(2) No bill passed by either House shall become a law unless it has passed three readings on separate days, and printed copies thereof in its final form have been distributed to its Members three days before its passage, except when the President certifies to the necessity of its immediate enactment to meet a public calamity or emergency. Upon the last reading of a bill, no amendment thereto shall be allowed, and the vote thereon shall be taken immediately thereafter, and the yeas and nays entered in the Journal.[1]

I agree with the ponencia that President Ferdinand R. Marcos, Jr. did not gravely abuse his discretion in certifying House Bill No. 8980 as urgent.

The point of contention of petitioners Bayan Muna Chairman Neri Colmenares et al. is that there was no public calamity or emergency that necessitated the certification of House Bill No. 8980 as urgent. To resolve this, it is imperative to determine what constitutes an emergency.

Section 3(r) of Republic Act No. 10121[2] entitled the Philippine Disaster Risk Reduction and Management Act of 2010, defines an emergency as an "unforeseen or sudden occurrence, especially danger, demanding immediate action." And in the context of Article VI, Section 23[3] of the 1987 Constitution, the Court stated that emergency, as a generic term, "connotes the existence of conditions suddenly intensifying the degree of existing danger to life or well-being beyond that which is accepted as normal." [4] But with respect to Article VI, Section 26(2) of the 1987 Constitution, law and jurisprudence do not provide a specific definition of emergency.

Nonetheless, the Court, in *Tolentino v. Secretary of Finance*, [5] addressed the argument that a "growing budget deficit" does not qualify as an emergency:

It is noteworthy that no member of the Senate saw fit to controvert the reality of the factual basis of the certification. To the contrary, by passing S. No. 1630 on second and third readings on March 24, 1994, the Senate accepted the President's certification. Should such certification be now reviewed by this Court, especially when no evidence has been shown that, because S. No. 1630 was taken up on second and third readings on the same day, the members of the Senate were deprived of the time needed for the study of a vital piece of legislation?

The sufficiency of the factual basis of the suspension of the writ of habeas corpus or declaration of martial law under Art. VII, § 18, or the existence of a national emergency justifying the delegation of extraordinary powers to the President under Art. VI, § 23(2), is subject to judicial review because basic rights of individuals may be at hazard. But the factual basis of presidential certification of bills, which involves doing away with procedural requirements designed to insure that bills are duly considered by members of Congress, certainly should elicit a different standard of review. [6]

And in ruling on the motions for reconsideration in the same case, the Court stated as follows:

Petitioners further contend that a "growing budget deficit" is not an emergency, especially in a country like the Philippines where budget deficit is a chronic condition. Even if this were the case, an enormous budget deficit does not make the need for R.A. No. 7716 any less urgent or the situation calling for its enactment any less an emergency. [7]

The Court respected the assessment of the Senate that the passage of the bill was indeed urgent and found that it did not commit grave abuse of discretion.

In *Abas Kida v. Senate of the Philippines*, [8] the Court reiterated its ruling in *Tolentino* in finding that there was no grave abuse of discretion in upholding the immediate enactment of Republic Act No. 10153, entitled "An Act Providing for the Synchronization of the Elections in the Autonomous Region in Muslim Mindanao (ARMM) with the National and Local Elections and for Other Purposes."

The Court similarly upheld the certification of then President Rodrigo R. Duterte that the immediate enactment of Republic Act No. 11479 or the Anti-Terrorism Act of 2020 was necessary in *Calleja v. Executive Secretary*. [9] The Court explained:

Therefore, the President's exercise of the power to issue such certification is one that should be accorded with due deference. As such, the Court must refrain from intruding into such matter through the exercise of its judicial power in the absence of grave abuse of discretion, considering that the passage of laws is essentially an affair that falls within the purview of the political branches of government. [10]

As can be seen, the Court respects the assessment of its co-equal branches as to the necessity of the immediate

passage of a law. After all, they are in a better position to make such determination, having access to a wealth of information. I therefore agree with the ponencia that the terms public calamity or emergency should not be restricted to those physical in nature or to fortuitous events. It is my humble view that a restrictive interpretation of Article VI, Section 26(2) of the 1987 Constitution may unduly stifle the President and the Congress in serving the people.

Nonetheless, this does not mean that the Court is a mere rubber stamp of its co-equal branches. It shall not hesitate to perform its sworn duty to call them out when they act with grave abuse of discretion. However, this is not the case here.

The certification of House Bill No. 8980 as urgent does not constitute grave abuse of discretion. The decision to ensure that the government is able to sufficiently respond to the current needs of our nation hardly qualifies as arbitrary, capricious, or a despotic exercise of judgment. Hence, there is no reason to declare the act in question unconstitutional.

[1] CONSTITUTION (1987), art. VI, sec. 26(2). (Emphasis supplied)

[2] Approved on May 27, 2010.

[3] SECTION 23. (1) The Congress, by a vote of two-thirds of both Houses in joint session assembled, voting separately, shall have the sole power to declare the existence of a state of war.

(2) In times of war or other national emergency, the Congress may, by law, authorize the President, for a limited period and subject to such restrictions as it may prescribe, to exercise powers necessary and proper to carry out a declared national policy. Unless sooner withdrawn by resolution of the Congress, such powers shall cease upon the next adjournment thereof.

[4] *David v. Macapagal-Arroyo*, 522 Phil. 705, 790 (2006).

[5] 305 Phil. 686 (1994).

[6] *Id.* at 746.

[7] *Tolentino v. Secretary of Finance*, 319 Phil. 755, 781 (1995).

[8] 675 Phil. 316 (2011).

[9] 918-B Phil. 1 (2021).

[10] *Id.* at 270.

SEPARATE CONCURRING OPINION

ZALAMEDA, J.:

I concur with the ponencia's ruling that the transfer of funds of Philippine Health Insurance Corporation (PhilHealth) is void. In reaching its conclusion, the ponencia primarily considered that Special Provision 1(d), Chapter XLIII of Republic Act No. 11975, or "the General Appropriations Act of 2024" (2024 GAA), which was statutory basis of the transfer of PhilHealth funds, was a rider due to its ambiguity and its amendatory effect on Republic Act No. 11223, or the Universal Health Care Act (UHCA) and the Sin Tax laws.[1] It also found that diversion of the "reserve funds" of PhilHealth to a different purpose,[2] infringes on the people's right to health

and right to an affordable, sustainable, and accessible public health care insurance system.[3] Taken together, the ponencia's considerations underscore the centrality of a universal health coverage.

This legal framework rests on a broader principle that amidst all inequalities in our society, universal health coverage is the ultimate expression of fairness. It is the hallmark of a government's commitment, its duty, to take care of its citizens, all of its citizens.[4]

Notwithstanding, I write separately to bring to the fore the necessity of excluding the President as respondent, to further examine our government's recent history of fund transfers, and to assess the possible unintended implications of this ruling for the Philippine Deposit Insurance Corporation (PDIC). I also share the express reservations of my colleagues on a wholesale invalidation of Special Provision 1(d) of the 2024 GAA and the Department of Finance (DOF) Circular No. 003-2024.

The exclusion of the President as respondent in G.R. No. 275405 is warranted and necessary

The doctrine of presidential immunity is firmly entrenched in our system of government. It allows no qualifications or restrictions that the President cannot be sued while holding such office. This is in recognition that any litigation, whether big or small, naturally serves as a distraction to a party-litigant. Even while represented by counsel, a litigant is still responsible for certain facets of the case, like presenting evidence and disputing claims, and thus cannot simply leave the course and conduct of the proceedings entirely to the discretion of his or her chosen counsel.[5]

This is precisely true in the case of the Chief Executive. The President is granted the privilege of immunity from suit to ensure the exercise of presidential duties and functions free from any hindrance or distraction.[6] The President must devote full attention and energies to the high duties of his office, especially amid the grave challenges confronting the nation. Thus, even if represented by the Solicitor General, to embroil the President in litigation would still be to encumber the exercise of his paramount constitutional responsibilities, an intrusion the law will not countenance.

As succinctly explained in *David v. Macapagal-Arroyo*:[7]

Settled is the doctrine that the President, during [their] tenure of office or actual incumbency, may not be sued in any civil or criminal case, and there is no need to provide for it in the Constitution or law. It will degrade the dignity of the high office of the President, the Head of State, if [they] can be dragged into court litigations while serving as such. Furthermore, it is important that [they] be freed from any form of harassment, hindrance[,] or distraction to enable [them] to fully attend to the performance of [their] official duties and functions. Unlike the legislative and judicial branch, only one constitutes the executive branch and anything which impairs [their] usefulness in the discharge of the many great and important duties imposed upon [them] by the Constitution necessarily impairs the operation of the Government. However, this does not mean that the President is not accountable to anyone. Like any other official, [they remain] accountable to the people but [they] may be removed from office only in the mode provided by law and that is by impeachment.[8]

Even more so considering that the matter principally involves the Congress's power of the purse and the President has already expressed his commitment to rectify any misstep on the part of government. As rightly observed and commended in the ponencia, the President avowed to return to the PhilHealth the sum of PHP 60 Billion remitted to the National Treasury.[9] Further, as represented by the Office of the Solicitor General, the Department of Budget and Management (DBM) is already working with the Congress and the Executive to implement such restoration.[10]

Despite the finding that the transfer of PhilHealth's funds is unconstitutional, the government may nonetheless be considered in good faith

If We look back at recent history, there have been several notable instances where the government directed the transfer of funds from one agency to another. During the Ramos Administration, Executive Order No. 338, series of 1996, required all covered government offices and agencies to immediately transfer all funds deposited with banks to the Bureau of the Treasury (BTr).[11] Under the Arroyo Administration, Executive Order No. 431, series of 2005, mandated the Permanent Committee, which was composed of the DOF Secretary, the DBM Secretary, and the Commission on Audit (COA) Chairperson, to:

- examine, look into, and evaluate all existing cash deposits of whatever nature, whether foreign or local currency, maintained outside of the BTr with authorized government depository banks and other institutions by departments, bureaus, and all other agencies of the National Government;
- review and determine the legal basis for the maintenance of said funds with authorized government depository banks or other institutions where the funds are deposited;
- prepare an inventory of the cash accounts of each and every department, bureau, and agency of the National Government; and
- recommend to the President the transfer thereof to the National Treasury where no legal impediment exists.[12]

In 2020, amid the COVID-19 pandemic, the Congress enacted Republic Act No. 11494, or "the Bayanihan to Recover as One Act," which authorized the President to allocate cash, funds, investments, including unutilized or unreleased subsidies and transfers, held by any government-owned or -controlled corporation (GOCC) or national government agency to address the pandemic, viz.:

(ss) Notwithstanding any law to the contrary, the President is hereby authorized to allocate cash, funds, investments, including unutilized or unreleased subsidies and transfers, held by any GOCC or any national government agency in order to address the COVID-19 pandemic[.][13]

During the oral arguments, amicus curiae and former DOF Secretary Margarito B. Teves explained the context under which Executive Order No. 338 was issued. He recalled that, at the time, the country faced significant financial challenges brought about by the Asian Financial Crisis, necessitating measures to source additional funds to support government operations. Similarly, when Executive Order No. 431 was issued, the country was experiencing a substantial budget deficit or rising public debt, creating an urgent need to identify and mobilize resources. Thus, if there were balances from special funds no longer required for their original purposes, the government could be granted flexibility to reallocate these funds to more pressing and urgent needs. In the same vein, Republic Act No. 11494 was later enacted to address the extraordinary fiscal requirements brought about by the COVID-19 pandemic.[14]

It merits emphasis that Executive Order Nos. 338 and 431 were never challenged before the Supreme Court, while the petition for certiorari and prohibition questioning the constitutionality of Republic Act No. 11494 was dismissed outright by the Court in *Ibañez v. Secretary Nograles*. [15]

The foregoing executive issuances underscore the roles of the DOF and the DBM as the principal fund managers of the National Government's cash resources to ensure efficiency and fiscal discipline. Consistent with Executive Order No. 292, or the "Administrative Code of 1987," the DOF is primarily responsible for the sound and efficient management of the financial resources of the Government, its subdivisions, agencies, and

instrumentalities. It is mandated to formulate and administer fiscal policies, as well as to generate and manage the financial resources of the government.[16] Complementing this, the DBM is tasked with ensuring the efficient and sound utilization of government funds and revenues to effectively achieve our country's development objectives.[17] Our ruling in this case does not diminish the DOF and the DBM's respective roles in government operations.

Significantly, Article VI, Section 25(5) of the Constitution authorizes the President, the President of the Senate, the Speaker of the House of Representative, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions, by law, to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations. In *Araullo v. Aquino III*, [18] We recognized that the Executive is granted some degree of fiscal flexibility during budget execution to allow it to respond to unforeseeable contingencies. Thus, it can be said that the transfer of funds, standing alone, is not intrinsically illegal. When undertaken in strict compliance [19] with the letter of the Constitution, it may fairly be viewed as a legitimate fiscal measure. The transfer of funds becomes improper only when it exceeds the limits imposed by the Constitution.

At this juncture, it is worth highlighting the Court's disposition in cases involving notices of disallowance issued by the COA. In such cases, the Court has recognized certain circumstances as badges of good faith, including: (1) the existence of a Certificate of Availability of Funds pursuant to Section 40 of the Administrative Code; (2) reliance on an in-house or Department of Justice legal opinion; (3) the absence of jurisprudence disallowing a similar transaction; (4) that it is traditionally practiced within the agency and no prior disallowance has been issued; and (5) a reasonable textual interpretation supporting the legality of the act.[20]

Although the present case does not directly involve a COA notice of disallowance, several comparable factors may likewise be considered as indicia of good faith on the part of government. As established during the oral arguments, PhilHealth sought a legal opinion from the Office of the Government Corporate Counsel (OGCC), which found sufficient basis for the remittance to the National Treasury.[21] It also consulted the Governance Commission for GOCCs (GCG) and the COA.[22] Moreover, as earlier discussed, prior administrations have undertaken similar fund reallocations, and there is no precedent in jurisprudence disallowing a comparable measure.

In 2023, the Congress enacted Special Provision 1(d) as part of the 2024 GAA, and the following year, the DOF implemented it through DOF Circular No. 003-2024. Upon determining that PhilHealth has unused or idle funds, the DOF directed the transfer of these funds to the National Treasury. In the DOF's view, this fiscal measure was sound, as it conformed to the "use-it-or-lose-it" principle. In effect, both the Congress and the DOF were construing such act as abandonment under Article VI, Section 29(3) of the Constitution, which provides:

All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government. (Emphasis supplied)

As the ponencia aptly rules, sin tax collections that were remitted to PhilHealth as the indirect contributors' premiums are special funds allowed for a specific purpose. Since PhilHealth was not fully utilizing its special funds (it has historically shown low budget utilization rates and absorptive capacity), said funds may arguably be deemed "abandoned," such that they may be transferred to the general funds of the Government. The understanding of both the Congress and the DOF, therefore, may be regarded as a reasonable textual interpretation of Article VI, Section 29(3) of the Constitution, a badge of good faith.

It must also be underscored that the ponencia faulted the DOF for failing to consider the Provision for Insurance

Contract Liability (ICL) in the computation of PhilHealth's fund balance.[23] The Provision for ICL is an estimate required by Accounting Standards to provide for future claims and expenses.[24] In an insurance business, it may be a good measure of the amount of probable outflow of cash or other economic resources.[25] However, it would be amiss not to point out that there are legitimate questions on the reliability of PhilHealth's estimate of its Provision for ICL.

On September 11, 2024, the COA rendered a qualified opinion on PhilHealth's Audited Financial Statements (AFS) for the years ended December 31, 2023 and 2022, and a disclaimer of opinion on the AFS ending December 31, 2022 because of significant doubts on the faithful representation of PhilHealth's Provision for ICL. To wit:

In our opinion, except for the matters discussed in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material aspects, the financial position of PhilHealth as at December 31, 2023 and 2022, and its financial performance and cash flows for the years ended, in accordance with Philippine Financial Reporting Standards (PFRS).

Bases for Qualified Opinion[26]

The faithful representation in the FSs of Provision for Insurance Contract Liabilities (ICL) amounting to [PHP 1.150 Trillion] and [PHP 266.873 Billion] for the Calendar Years (CYs) 2023 and 2022, respectively, cannot be ascertained due to the following factors: a) the completeness and accuracy of the claims and premium data cannot be established, casting doubt on the reliability of the reported figures, b) the evaluation of the CY 2023 Actuarial Valuation Report, intended to assess the adequacy of the ICL, revealed inconsistencies and irregularities that affects its reliability and validity to third parties, c) the use of different measurement bases for the Provision for ICL diminishes the comparability of information in the FSs, hindering the users from making informed economic decisions, and d) the absence of reasonableness test on expense loading further undermines the reliability of the ICL account in the FSs, which are inconsistent with Philippine Accounting Standard (PAS) 1 – Presentation of FSs, Philippine Financial Reporting Standard (PFRS) 4 – Insurance Contracts, and Revised Conceptual Framework for Financial Reporting (CFFR).

....

Other Matter

In our previous report dated June 29, 2023, covering the calendar year ending December 31, 2022, we did not express our opinion[27] on the fairness of the FSs due to the significant limitations in verifying the faithful representation of the Provision for ICL, Premium Contributions – Direct Contributors, Provision for Health Benefits – IBNR amounting to [PHP 266.873 Billion, PHP 139.475 Billion, PHP 95.907 Billion], respectively. Additionally, other asset, liability, expense, and revenue accounts were similarly affected.[28] (Emphases supplied)

Aside from the concerns raised by the COA, both amici curiae Sec. Teves and Professor Emeritus and Former Dean Orville Jose C. Solon also concluded that PhilHealth's estimate for Provision for ICL is unrealistic and overstated.[29] It is, therefore, reasonable for the DOF not to utilize the amounts represented by PhilHealth as its Provision for ICL in determining its fund balance.

As a final badge of good faith, the DOF Secretary conveyed during the oral arguments that the government is willing to restore to PhilHealth the amount remitted to the National Treasury should the Court so direct, subject to the inclusion of the said sum in the 2026 National Expenditure Program.[30]

To prove this commitment, the President publicly announced on September 20, 2025 that he has ordered the return of PHP 60 Billion to restore PhilHealth's funds. He expressed that his decision allays public fear on the

misuse of the funds and strengthens the services provided by PhilHealth.[31] In line with this, the DBM stated on September 30, 2025 that it would restore the PHP 60 Billion by proposing a special provision in the 2026 GAA, that would specify the source and intended use of the funds.[32]

Lastly, any assertion that criminal acts such as technical malversation or plunder were committed by the government officials and legislative bodies involved in the implementation of Special Provision 1(d) and DOF Circular No. 003-2024 is unsubstantiated and improper in the proceedings before this Court.

In terms of procedure, We explicitly declined to determine criminal liability because the consolidated petitions were filed as civil actions for Certiorari and Prohibition, which are strictly limited to determining the existence of grave abuse of discretion. These are not proper remedies for determining criminal liability or declaring innocence. We cannot adjudicate or even suggest criminal culpability within this judicial scope, as the commission of a crime must be determined in a proper criminal action where the accused's guaranteed rights are observed.

Substantively, the requisite elements for both plunder and technical malversation are absent for all involved parties. For plunder, the core element of amassing or acquiring ill-gotten wealth is negated because the PhilHealth fund balance was remitted to the BTr and nowhere else. For technical malversation, a key element requires the funds to be "under [the offender's] administration." The PhilHealth Fund Balance was never under the administration of the DOF Secretary, thereby ruling out this specific charge.

It cannot be emphasized enough that the actions of the executive and legislative officials lacked the necessary criminal intent or procedural irregularity. The DOF Secretary's actions were strictly ministerial and were executed pursuant to the explicit and mandatory language of the provision of the 2024 GAA. As discussed above, they were characterized by institutional good faith and due diligence, as they relied on formal clearances from agencies like the OGCC, the COA, and the GCG. Similarly, the President's actions, such as certifying the bill as urgent, were declared not unconstitutional, and Congress acted within its domain by exercising its constitutional power of the purse in enacting the GAA. Since the actions complied with the mandates provided by Congress, they failed to meet the substantive elements necessary to establish criminal charges.

That said, while I join the ponencia in holding that the transfer of PhilHealth funds is constitutionally infirm. I am persuaded that the government's actions were made, at the very least, in good faith. Moreover, the allegations of technical malversation or plunder are clearly unfounded.

The ruling of the Court in this case must not be extended to automatically invalidate the PDIC's transfer of funds

It bears emphasizing that PhilHealth was not the only GOCC that remitted funds to the National Treasury pursuant to Special Provision 1(d) and its implementing DOF Circular No. 003-2024. As admitted by the DOF Secretary during the oral arguments, the PDIC likewise remitted to the National Treasury pursuant to Special Provision No. 1(d) and DOF Circular No. 003-2024.[33]

Even though the transfer of PDIC's funds was similarly anchored on Special Provision 1(d) and DOF Circular No. 003-2024, it is my considered view that the Court's present determination of their unconstitutionality should not be automatically extended to cover the PDIC's transfer of funds. To begin with, the ponencia struck down Special Provision 1(d) as unconstitutional for being a rider primarily because it amended or contravened the provisions of the UHCA and the Sin Tax laws, and infringed the people's right to health and right to an affordable, sustainable, and accessible public health care insurance. PDIC, however, operates under a wholly different statutory framework. The factual and legal conditions that rendered Special Provision 1(d) infirm in the healthcare context

do not necessarily obtain in the case of PDIC, and there is yet no showing that the challenged transfer amends or violates the PDIC Charter or implicates comparable constitutional rights.

Neither do I agree with the ponencia's reasoning that Special Provision 1(d) is ambiguous because it did not provide a definition of "fund balance" and "reasonable levels," such that the DOF was required to issue guidelines to supply the details for the implementation of Special Provision 1(d). In *Atitiw v. Zamora*,^[34] We said that a provision is unambiguous when its application or operation is apparent on the face of the bill and it does not necessitate reference to details or sources outside the appropriations bill.^[35] Here, it is apparent on the face of the 2024 GAA that the fund balance is "any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement from prior years." The 2024 GAA need not specifically define what constitutes "reasonable levels". We have recognized reasonableness as a valid and well-established legal standard. Various laws and jurisprudence apply the concept, such as the "reasonable person" under the Revised Securities Act, the "reasonable man" standard in negligence and purchase in good faith,^[36] and "reasonable time" in contractual obligations, among others. The absence of a precise statutory definition does not render the concept vague, as reasonableness has long been understood through judicial interpretation and established legal doctrine.

Thus, on this score, I vote against a wholesale invalidation of Special Provision 1(d) of the 2024 GAA on the grounds of supposed ambiguity, amendatory effect on the UHCA, the Sin Tax laws, and infringement on the people's right to health and right to an affordable, sustainable, and accessible public health care insurance. Consequently, DOF Circular No. 003-2024, which was issued to implement Special Provision 1(d), should likewise be nullified as to PhilHealth only. It cannot be emphasized enough that any pronouncement of infirmity of Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024 should solely be limited to PhilHealth.

Moreover, the constitutionality of PDIC's fund transfer was not specifically raised as an issue in these proceedings. The relevant facts, statutory provisions, and fiscal policies affecting PDIC have not been fully ventilated before the Court. In the absence of a properly framed case or controversy, and consistent with the doctrine of judicial restraint and the due process rights of all stakeholders, there is as yet no factual or legal basis to strike down the transfer of PDIC's funds to the National Treasury. This stance is, of course, without prejudice to the decision's precedential effect should a proper case be brought before us.

Lest there be doubt, the dispositive portion of the Court's Decision explicitly limits the declaration of unconstitutionality on the transfer of PhilHealth funds to the National Treasury, viz.:

Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act, DOF Circular No. 003-2024, and the transfer of the PHP 60 [B]illion fund balance of the Philippine Health Insurance Corporation to the National Treasury are declared VOID for having been issued and implemented with grave abuse of discretion amounting to lack or excess of jurisdiction in violation of Sections 25(2), 25(5), and 29(3), Article VI, as well as Section 15, Article II and Section 11, Article XIII of the Constitution. (Emphasis supplied)

Ultimately, to stress, the ruling's invalidity of Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024 should be limited only to its application to PhilHealth (due to the unique statutory framework of the UHCA and Sin Tax Laws), thus preserving the provision's effect on other GOCCs whose funds are not restricted by similar special laws, thereby avoiding unnecessary disruption and maintaining fund management efficiency across government entities.

- [1] Ponencia, pp. 50-105.
- [2] Id. at 90-107.
- [3] Id. at 107-114.
- [4] WHO Speech entitled, "Universal Coverage is the Ultimate Expression of Fairness," May 23, 2012, available at <https://www.who.int/director-general/speeches/detail/universal-coverage-is-the-ultimate-expression-of-fairness> (last accessed on September 25, 2025).
- [5] *De Lima v. Duterte*, 865 Phil. 578, 608 (2019) [Per C.J. Bersamin, En Banc].
- [6] *Aguinaldo v. Aquino III*, 801 Phil. 492, 521 (2016) [Per J. Leonardo-De Castro, En Banc].
- [7] 522 Phil. 705 (2006) [Per J. Sandoval-Gutierrez, En Banc].
- [8] Id. at 763-764.
- [9] Ponencia, p. 128.
- [10] Id. at 34-35.
- [11] Executive Order No. 338 (1996), Directing the Deposit of Cash Balances to the National Treasury.
- [12] Executive Order No. 431 (2005), Reverting All Dormant Accounts, Unnecessary Special and Trust Funds to the General Fund and for Other Purposes.
- [13] Republic Act No. 11494, sec. 4(ss).
- [14] TSN of the Oral Arguments, April 3, 2025, pp. 82-84.
- [15] G.R. No. 252167, June 30, 2020 [Notice, En Banc].
- [16] Executive Order No. 292, or the Administrative Code of 1987, Title II, Chapter 1, Secs. 1 and 2.
- [17] Id. Title XVII, Chapter 1, Sec. 2.
- [18] *Araullo v. Aquino III*, 752 Phil. 716 (2015) [Per J. Bersamin, En Banc].
- [19] Id. at 771.
- [20] *Philippine Overseas Employment Administration v. Commission on Audit*, 890 Phil. 498., 527 (2020) [Per J. Gaerlan, En Banc].
- [21] Rollo (G.R. No. 274778), pp. 212-217. OGCC Opinion dated April 11, 2024.
- [22] TSN of the Oral Arguments, April 3, 2025, p. 134.
- [23] Ponencia, pp. 87-90.
- [24] The recognition of ICL was required by the Philippine Financial Reporting Standards (PFRS) 4. It was in 2021 when DOF directed the full compliance with PFRS 4. But PFRS 4 will soon be replaced by PFRS 17. Under PFRS 17, companies are required to use updated estimates and assumptions that reflect the timing of cash flows and any uncertainty (thus, it is more stringent than PFRS 4). Effective January 1, 2027, companies are required to adopt PFRS 17, but they may opt for early adoption.
- [25] Philippine Accounting Standard 37.

[26] A qualified opinion is one that is issued when the auditor (a) having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statement (FS); or (b) is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the FS of undetected misstatements, if any, could be material but not pervasive, available at <https://www.coa.gov.ph/FAQS/what-is-a-qualified-opinion/> (last accessed on November 10, 2025).

[27] This is a disclaimer of opinion, which is issued when the auditor is unable to obtain sufficient appropriate evidence on which to base the opinion, and the auditor concludes that the possible effects on the FS of undetected misstatements, if any, could be both material and pervasive. A disclaimer is also rendered when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties; it is not possible to form an opinion on the FS due to the potential interaction of the uncertainties and their possible cumulative effect on the FS, available at <https://www.coa.gov.ph/FAQS/what-is-a-disclaimer-of-opinion/> (last accessed on November 10, 2025).

[28] COA's Auditor's Report dated September 11, 2024, available at <https://www.coa.gov.ph/reports/annual-audit-reports/aar-government-owned-and-or-controlled-corporations/#199-7267-philippine-health-insurance-corporation-2023-1708561753> (last accessed on November 10, 2025).

[29] Dean Orville B. Solon's Amicus Curiae Brief dated January 24, 2025; TSN of the Oral Arguments, April 3, 2025, p. 88.

[30] Id. at 125-126.

[31] Ruth Abbey Gita-Carlos, PBBM orders P60-B PhilHealth fund return for service expansion, Philippine News Agency, September 20, 2025, available at <https://www.pna.gov.ph/articles/1259149> (last accessed on November 25, 2025).

[32] Darryl John Esguerra, DBM: P60-B for PHilHealth to be restored via 2026 budget, September 30, 2025, available at <https://www.pna.gov.ph/articles/1259865> (last accessed on November 25, 2025).

[33] Based on the DOF website, PDIC remitted PHP 107.23 Billion. See "PDIC remittance to the national government supports national development while maintaining a sound deposit insurance system," January 12, 2025, available at <https://www.dof.gov.ph/pdic-remittance-to-the-national-government-supports-national-development-while-maintaining-a-sound-deposit-insurance-system/> (last accessed on September 28, 2025).

[34] 508 Phil. 321 (2005) [Per J. Tinga, En Banc].

[35] Id. at 336.

[36] Securities and Exchange Commission v. Interport Resources Corporation, 588 Phil. 651, 678 (2008) [Per J. Chico-Nazario, En Banc].

SEPARATE CONCURRING OPINION

GAERLAN, J.:

I concur with the ponencia's reasoning and result, as indeed, all the salient points have been discussed thoroughly and decidedly. I only offer for the record my humble opinion on the matter of the purported criminal liability of

Secretary of Finance Ralph G. Recto (Secretary Recto) for technical malversation and/or plunder.

Petitioners Aquilino Pimentel III et al. (Pimentel et al.) would have the Court pass on Secretary Recto's alleged culpability for technical malversation or plunder for the purpose of determining the propriety of issuing an injunctive writ.[1] However, as was discussed in the ponencia, the references to purported criminal liability to challenge the acts of Secretary Recto are improper in this proceeding. In these petitions for certiorari, the only issue to be adjudicated is the constitutionality of Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act (GAA) and Department of Finance (DOF) Circular No. 003-2024, and whether they were tainted with grave abuse of discretion amounting to lack or excess of jurisdiction. As such, the ponencia rightfully declares that the Court cannot even suggest that such type of liability exists even only as a basis for nullifying the assailed issuances.

Nonetheless, based on the records of this case, it appears that Secretary Recto was only fulfilling his legal duty in issuing DOF Circular No. 003-2024.

In the 1987 Constitution, executive power is vested in the President of the Philippines.[2] While the 1987 Constitution does not define what is meant by "executive power," Article VII thereof identifies certain powers to be exercised by the President, including but not limited to, the power to ensure that the laws be faithfully executed.[3] In *Marcos v. Manglapus*,[4] the Court expounded that the 1987 Constitution maintains intact what is traditionally considered as within the scope of "executive power." It is not limited only to the specific powers enumerated in the Constitution but includes whatever power inherent in the government that is neither legislative nor judicial.

The Court has explicated that in our presidential form of government, all executive organizations are adjuncts of a single Chief Executive; that the heads of the Executive Departments are assistants and agents of the Chief Executive; and that the multiple executive functions of the President as the Chief Executive are performed through the Executive Departments.[5] From this arose the doctrine of qualified political agency, which postulates that the heads of the various executive departments are the alter egos of the President, and, thus, the actions taken by such heads in the performance of their official duties are deemed the acts of the President unless the President himself should disapprove such acts.[6] Fittingly, Executive Order No. 292, otherwise known as the "Administrative Code of 1987" provides that there shall be, under the Executive Branch, as many Departments "as are necessary for the functional distribution of the work of the President." [7]

Particularly relevant to this case, the Department of Finance's mandate includes:

(a)

Formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government;

(b)

Generation and management of the financial resources of government;

(c)

Supervision of the revenue operations of all local government units;

(d)

Review, approval and management of all public sector debt, domestic or foreign; and

(e)

Rationalization, privatization and public accountability of corporations and assets owned, controlled or acquired by the government.[8]

As Secretary of Finance, Secretary Recto has the authority and responsibility for the exercise of the above mandate of the DOF and for the discharge of its powers and functions.[9]

Pursuant to the above mandate, Special Provision 1(d), Chapter XLIII of the 2024 GAA expressly directed the DOF to "issue the guidelines to implement this provision." In compliance therewith, Secretary Recto issued DOF Circular No. 003-2024 to realize the collection of Unprogrammed Appropriation sourced from the "[f]und balance of the Government-Owned or -Controlled Corporations (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement from prior years."

On this point, it bears to emphasize that Secretary Recto, as the head of the DOF, has no discretion as to whether he will comply with said legislative directive. As DOF Secretary, Secretary Recto is duty-bound to faithfully execute all laws pertaining to the DOF's mandate.[10] As the alter ego of the President, he must implement and execute all laws relative to matters under the jurisdiction of the DOF and any other functions provided by law.[11]

Surely, Secretary Recto had no obligation to first verify the validity of the laws, nor even to question their wisdom, prior to faithfully executing them. Generally, all laws are presumed to be constitutional.[12] In *Peralta v. Commission on Elections*,[13] the Court stated, thus:

An act of the legislature, approved by the executive, is presumed to be within constitutional limitations. The responsibility of upholding the Constitution rests not on the courts alone but on the legislature as well. The question of the validity of every statute is first determined by the legislative department of the government itself.[14]

Nonetheless, in good faith, Secretary Recto exercised due diligence by first consulting with the Governance Commission of Government-Owned and Controlled Corporations (GCG), the Office of the Government Corporate Counsel (OGCC), and the Commission on Audit (COA).[15] It was only after securing the favorable legal opinions of the GCG, the OGCC, and the COA that Secretary Recto issued DOF Circular No. 003-2024.

One need not be hard-pressed to see how all three agencies would confirm the validity of issuing the implementing guidelines for the transfer of the fund balance of the Philippine Health Insurance Corporation (PhilHealth) to the National Treasury. In *Guingona, Jr. v. Hon. Carague*,[16] the Court declared that Congress's participation in the national budgeting process is the formulation of the appropriations act, whereas the implementation or execution of the national budget, as primarily contained in the GAA, is indisputably the function of the Executive Branch. It is the Congress that determines the specific purposes for which public funds will be used.

To stress, in issuing DOF Circular No. 003-2024, Secretary Recto was only implementing the appropriations law. He did not determine or decide the purpose for which public funds were appropriated. Instead, Secretary Recto merely directed public funds for the exact purpose for which Congress intended them under the 2024 GAA. He simply enforced Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act by applying the "fund balance" to the Unprogrammed Appropriations as the Congress determined.

Lastly, that the Court now declares Special Provision 1(d), Chapter XLIII of the 2024 GAA and DOF Circular No. 003-2024 as void does not negate Secretary Recto's good faith, nor does it automatically create a basis for his liability. A public officer shall not be civilly liable for acts done in the performance of his or her official duties, unless there is a clear showing of bad faith, malice or gross negligence.[17]

In this case, it was certainly reasonable for Secretary Recto to rely on and enforce Special Provision 1(d) as it had yet to be invalidated by the Court at that time.

I would like to close with the Court's pronouncement in *Hagedorn v. COA*,^[18] viz.:

It does not admit of doubt that prior to the declaration of nullity such challenged legislative or executive act must have been in force and had to be complied with. This is so ... until after the judiciary, in an appropriate case, declares its invalidity, it is entitled to obedience and respect. Parties may have acted under it and may have changed their positions. What could be more fitting than that in a subsequent litigation regard be had to what has been done while such legislative or executive act was in operation and presumed to be valid in all respects. It is now accepted as a doctrine that prior to its being nullified, its existence as a fact must be reckoned with. This is merely to reflect awareness that precisely because the judiciary is the governmental organ which has the final say on whether or not a legislative or executive measure is valid, a period of time may have elapsed before it can exercise the power of judicial review that may lead to a declaration of nullity. It would be to deprive the law of its quality of fairness and justice then, if there be no recognition of what had transpired prior to such adjudication.^[19]

[1] Petition dated October 16, 2024 in G.R. No. 276233, pp. 35-40.

[2] 1987 CONSTITUTION, art. VII, sec. 1.

[3] 1987 CONSTITUTION, art. VII, sec. 17.

[4] 258 Phil. 479 (1989) [Per J. Cortes, En Banc].

[5] *Teves v. Commission on Audit*, 872 Phil. 671 (2020) [Per J. Reyes, Jr., En Banc].

[6] *Id.* at 682.

[7] EXECUTIVE ORDER NO. 292, Book IV, Chapter 1, sec. 1, otherwise known as the "Administrative Code of 1987."

[8] EXECUTIVE ORDER NOS. 127, 127-A, and 292.

[9] EXECUTIVE ORDER NO. 292, Book IV, Chapter 2, sec. 6, otherwise known as the "Administrative Code of 1987."

[10] EXECUTIVE ORDER No. 292, Book IV, Chapter 2, sec. 7, otherwise known as the "Administrative Code of 1987."

[11] *Id.*

[12] *Macalintal v. Commission on Elections*, 453 Phil. 586, 628 (2003) [Per J. Austria-Martinez, En Banc].

[13] 172 Phil. 31 (1978) [Per J. Antonio, En Banc], citing *People v. Vera*, 65 Phil. 56, 95 (1937) [Per J. Laurel, En Banc].

[14] *Id.* at 52.

[15] Oral Arguments, April 3, 2025. Audio recording accessed at <https://sc.judiciary.gov.ph/274778-275405/> on November 10, 2025.

[16] 273 Phil. 443 (1991) [Per J. Gancayco, En Banc].

[17] cf EXECUTIVE ORDER NO. 292, Book, I, Chapter 9, sec. 38(1).

[18] 955 Phil. 342 (2024) [Per J. Hernando, En Banc].

[19] Id. at 360.

CONCURRING OPINION

ROSARIO, J.:

I concur in the result and join the ponencia in full. I write separately to reinforce specifically the reasoning meticulously developed by the ponente that the assailed Special Provision 1(d), Chapter XLIII (Special Provision 1[d]) of Republic Act No. 11975[1] or the General Appropriations Act of 2004 (GAA) and Department of Finance (DOF) Circular No. 003-2024 are unconstitutional.

I also seek to clarify an issue raised by the petitioners that this Court should make a finding that those who participated in the implementation of Special Provision No. 1(d) and DOF Circular No. 003-2024 may be held criminally liable for plunder or technical malversation. As I will explain further in this Concurring Opinion, the petitions before the Court are not the proper forum for the adjudication of criminal guilt. Moreover, even assuming that criminal liability may be somehow evaluated in this proceeding, none of the elements of these crimes have been established by the undisputed facts on record.

Special Provision 1(d) and DOF Circular No. 003-2024 are unconstitutional

The ponencia eloquently demonstrates that Special Provision 1(d), as interpreted and implemented through DOF Circular No. 003-2024, constitutes an impermissible statutory re-engineering of the Universal Health Care Act (UHCA)[2] and the Sin Tax Laws. I write separately to reinforce the institutional and constitutional stakes.

Article VI, Section 25(1) of the Constitution provides a fundamental limit to the Congressional power to enact a general appropriations bill. It states:

SECTION 25.

....

(2) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates. (Emphasis supplied)

The Court explained the precise contours of this limit in *Philippine Constitution Association v. Hon. Enriquez*.^[3] The Court said:

As the Constitution is explicit that the provision which Congress can include in an appropriations bill must "relate specifically to some particular appropriation therein" and "be limited in its operation to the appropriation to which it relates," it follows that any provision which does not relate to any particular item, or which extends in its operation beyond an item of appropriation, is considered "an inappropriate provision" which can be vetoed separately from an item. Also to be included in the category of "inappropriate provisions" are unconstitutional provisions and provisions which are intended to amend other laws, because clearly these kind of laws have no place in an appropriations bill. These are matters of general legislation more appropriately dealt with in separate enactments. Former Justice Irene Cortes, as *Amicus Curiae*, commented

that Congress cannot by law establish conditions for and regulate the exercise of powers of the President given by the Constitution for that would be an unconstitutional intrusion into executive prerogative.[4] (Emphasis supplied)

A general appropriations act cannot contain any provision that purports to amend other laws. I agree with the ponencia that Special Provision 1(d) and DOF Circular No. 003-24 did precisely what the Constitution, Philippine Constitution Association, and a plethora of other cases, forbid. They amended Section 11 of the UHCA.

Section 11 of the UHCA provides in full:

SEC. 11. Program Reserve Funds. – PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:(a) In interest-bearing bonds, securities or other evidences of indebtedness of the Government of the Philippines: Provided, That such investment shall be at least fifty percent (50%) of the reserve fund;

(b) In debt securities and corporate bonds of prime or solvent corporations created or existing under the laws of the Philippines: Provided, That the issuing or its predecessor entity shall not have defaulted in the payment of interest on any of its securities: Provided, further, That the securities are issued by companies with high growth opportunities and earnings potentials: Provided, finally, That such investment shall not exceed thirty percent (30%) of the reserve fund;

(c) 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 the bank shall have been designated as a depository for this purpose by the Monetary Board of the Bangko Sentral ng Pilipinas;

(d) In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record or profitability over the last three (3) years and payment of dividends for a period of at least three (3) years immediately preceding the date of investment in such preferred stocks;

(e) In common stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with high growth opportunities and earnings potentials;

(f) In bonds, securities, promissory notes, or other evidences of indebtedness of accredited and financially sound medical institutions exclusively to finance the construction, improvement and maintenance of hospitals and other medical facilities: Provided, That such securities and instruments shall be guaranteed by the Republic of the Philippines or the issuing medical institution and the issued securities are both rated triple 'A' by authorized accredited domestic rating agencies: Provided, further, That said investments shall not exceed ten percent (10%) of the total reserve fund; and

(g) In debt instruments and other securities traded in the secondary markets with the same intrinsic quality as those enumerated in paragraphs (a) to (e) hereof, subject to the approval of the PhilHealth Board.

No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or-controlled corporations.

As part of its investments operations, PhilHealth may hire institutions with valid trust licenses as its external local fund managers to manage the reserve fund, as it may deem appropriate, through public bidding. The fund manager shall submit an annual report on investment performance to PhilHealth.

The PhilHealth shall set up the following funds:

- (1) A fund to secure benefit payouts to members prior to their becoming lifetime members;
- (2) A fund to secure payouts to lifetime members; and
- (3) A fund for optional supplemental benefits that are subject to additional contributions.

A portion of each of the above funds shall be identified as current and kept in liquid instruments. In no case shall said portion be considered part of invested assets.

The PhilHealth shall allocate a portion of all contributions to the fund for lifetime members based on an allocation to be determined by the PhilHealth actuary based on a pre-determined percentage using the current average age of members and the current life expectancy and morbidity curve of Filipinos.

The PhilHealth shall manage the supplemental benefits and the lifetime members' fund in an actuarially sound manner.

The PhilHealth shall manage the supplemental benefits fund to the minimum required to ensure that the supplemental benefit payments are secure. (Emphasis supplied)

As the ponencia explains, Section 11 of the UHCA is a mandatory framework governing how PhilHealth's reserve funds must be computed, preserved, and deployed.

Section 11 creates a self-contained and strictly protected financial system for PhilHealth's reserve funds and categorically bars their use for any purpose outside the UHCA. In particular, Section 11 provides that PhilHealth may maintain reserves only to the extent of the actuarially determined amount needed for two years of projected program expenditures. The UHCA's design is deliberate: the reserve mechanism is intended to be dynamic, allowing contributions and revenues to accumulate until they naturally exceed the statutory ceiling. When this happens, as the law anticipates will occur in a well-functioning and solvent national health insurance program, the resulting excess is not a surplus to be clawed back or captured by the State but a mandatory dividend to the Filipino people, distributable solely through expanded benefits and reduced member contributions.

This structure demonstrates that the Legislature conceived the reserve fund as an instrument for continually improving the National Health Insurance Program, not as a reservoir of transferable public money. Any unused reserve amounts must remain within PhilHealth and be placed only in the Investment Reserve Fund, which the law restricts to a narrow set of conservative, safety-focused investment vehicles. Section 11 underscores that no part of the reserve fund or its income may accrue to the National Government, its general fund, its agencies, or any government-owned-and-controlled corporation. This is an unequivocal prohibition that erects a legal firewall around PhilHealth's resources.

By requiring actuarially sound management and forward-looking computations, the UHCA ensures that the reserve fund will eventually reach and surpass the statutory ceiling, thereby triggering the law's built-in mandate to return those gains to contributors and beneficiaries. Stated more simply, Section 11 is not merely a housekeeping rule on fund retention. It is a rights-enhancing mechanism crafted to ensure that the success and

growth of PhilHealth's finances flow back to the people, and the law strictly forbids diverting these funds, or any income they generate, to purposes outside the UHCA and the National Health Insurance Program.

What Special Provision 1(d) and DOF Circular No. 003-24 attempted was to convert actuarially-determined reserves into a fungible fiscal surplus, available for general expenditure. This directly contradicted the UHCA, which explicitly bars any diversion of reserve funds to the General Fund or to any agency other than PhilHealth.

In imposing an entirely different formula for determining what it called a "fund balance," Special Provision 1(d) and DOF Circular No. 003-24 displaced the actuarial, forward-looking reserve structure chosen by Congress and replaced it with a retrospective averaging approach that is alien to the statute. Clearly, the impugned measures are prohibited riders in the GAA. They exceeded the narrow purposes of appropriations and entered the forbidden realm of statutory amendment.

This, I submit, is a true injury wrought against our constitutional system. The harm lies not merely in funds transferred, but in the structural violation inflicted when an appropriations act is used to smuggle in a substantive amendment to existing law. A rider in a general appropriations act inflicts constitutional injury the moment it is enacted because it circumvents the mandatory procedures of legislation, i.e., the three-reading rule, bicameral reconciliation, and presidential presentment. This circumvention prevents meaningful debate as to policy choices that the Legislature is tasked to make. Worse, it deprives the people of the transparency and accountability ensured by the lawmaking process.

Such a provision also distorts the separation of powers as it allows the budget process to intrude into the domain of substantive policymaking that belongs to ordinary legislation.

These structural harms are not speculative. They are complete the instant the Constitution's safeguards are bypassed. Special Provision 1(d) and DOF Circular No. 003-24 thus produced a real and cognizable injury—the erosion of the constitutional architecture that ensures that laws are made only through the channels the Constitution prescribes. These errors are even more critical especially in this case where the earmarked fund directly support the constitutional right to health. This case is not simply about fiscal arithmetic. It is about preserving the financial backbone of a social right that the Constitution declares as essential to the dignity of the Filipino people.

Thus, the Court is compelled to correct these errors, not because it exercises powers superior to that of the other branches of government, but because it has the fundamental duty to interpret and uphold the Constitution. In declaring Special Provision 1(d) and DOF Circular No. 003-2024 unconstitutional, the Court does not elevate itself above the political branches, nor does it presume a superior grasp of the nation's fiscal or social challenges. The Court acts here only in fidelity to its constitutional duty to police the boundaries that the Constitution imposes on all branches of government.^[5] Far from frustrating the efforts of Congress and the Executive to respond creatively to budgetary pressures and societal needs, the Court's ruling seeks to support those efforts by providing a clear and reliable articulation of the constitutional and statutory parameters within which such innovation must occur. By clarifying what the Constitution permits and what it withholds, the Court aims to strengthen, not impede, the cooperative enterprise of democratic governance. In this sense, the judgment rendered today is not an act of supremacy, but an act of partnership. It is the Court's contribution to the difficult ongoing work of ensuring that every branch may pursue the public good with both vigor and respect for the Constitution.

There is no criminal liability for plunder or technical malversation

Some of the petitioners have framed this case as implicating potential criminal wrongdoing on the part of the public officials involved in the drafting of Special Provision 1(d) and DOF Circular No. 003-24 and their implementation. This Concurring Opinion aims to clarify expectations and prevent a misreading of the Court's ruling.

These consolidated cases are petitions for certiorari and prohibition under Rule 65 of the Rules of Court. In this regard, the Rules of Court is clear. These procedural remedies pertain to the determination of the existence of grave abuse of discretion,[6] not criminal liability.

That the Court cannot make conclusions as to criminal liability in a Rule 65 petition is a rule mandated by no less than the Constitution. The Constitution guarantees that no person shall be held to answer for a criminal offense without due process of law.[7]

The Constitution and the Rules of Criminal Procedure define what due process is in the context of criminal liability. In particular, the finding of criminal guilt requires a process which begins with the institution of a formal criminal action by the appropriate prosecutorial authority. There must be a finding of probable cause warranting the institution of a criminal complaint. Moreover, there must be a full criminal trial where the prosecution must prove the accused's guilt beyond reasonable doubt. Through all these, there must be a full observance of the constitutional rights of the accused, such as the right to cross-examination and the production of evidence on the accused's behalf. None of these constitutionally-mandated steps were observed in these consolidated cases, precisely because these are not required in a Rule 65 proceeding. It is patent, therefore, that no finding of criminal liability can be adjudged in these consolidated cases without violating constitutional due process.

A determination of grave abuse of discretion under Rule 65 is fundamentally different, both in nature and in consequence, from a finding of criminal liability in a criminal prosecution. Rule 65 operates within the Court's constitutional power of judicial review, expanded under Article VIII, Section 1 of the Constitution, which empowers the Court to correct acts of any branch or instrumentality of government that are tainted with grave abuse of discretion amounting to lack or excess of jurisdiction. The purpose of the remedy is institutional correction, not penal attribution. It does not involve an adjudication of individual wrongdoing. In contrast, as I have already explained, a finding of criminal guilt requires a full criminal proceeding governed by the Rules of Criminal Procedure and the constitutional guarantees attendant to criminal prosecution.

For these reasons, a ruling that an official committed grave abuse of discretion, or that an administrative or executive act is unconstitutional, does not and cannot amount to a judicial determination of criminal guilt. Grave abuse of discretion is a jurisdictional error while criminal guilt is a factual and evidentiary conclusion reached only after trial. The former corrects governmental acts for being undertaken without or in excess of lawful authority. The latter punishes individuals for violations of the penal law. The Constitution itself maintains this separation to ensure that judicial review remains a safeguard of legality, while criminal adjudication remains a safeguard of individual liberty.

Thus, this Court cannot declare any official guilty of plunder or technical malversation in these consolidated cases.

Even assuming that the Court may rule on the hypothetical question of whether the public officials involved in this case may be held criminally liable for plunder or technical malversation (the Court may not), I submit that the records of these consolidated cases do not permit such a conclusion.

The elements of plunder, penalized under Republic Act No. 7080, are the following: (a) the offender is a public officer who acts by themselves or in connivance with members of their family, relatives by affinity or

consanguinity, business associates, subordinates or other persons; (b) the offender amasses, accumulates or acquires ill-gotten wealth through a combination or series of overt or criminal acts described in Section 1(d) of Republic Act No. 7080; and (c) the aggregate amount or total value of the ill-gotten wealth amassed, accumulated or acquired is at least PHP 50 million.[8]

The "corpus delicti of plunder is the amassment, accumulation or acquisition of ill-gotten wealth valued at not less than [PHP] 50,000,000.00." [9] Proof that the offender obtained personal benefit is required.[10] The hallmark of plunder is private gain.

Here, there is no indication that any public official involved in these consolidated cases personally benefitted from the remittance of PhilHealth's funds to the National Treasury.

I cannot overemphasize that the transfer of funds in this case arose out of the Legislature's decision to include Special Provision 1(d) in the GAA. The DOF and the PhilHealth then complied with Special Provision 1(d) as it was a provision carrying the force of law at that time. Policy-driven fiscal decisions, whether valid or invalid, cannot be equated with the criminal intent to amass ill-gotten wealth that the law punishes, especially where the public funds involved at no point became subject to the control of any of the public officials involved, for their own personal use and benefit.

Further, the transfer of funds, unconstitutional though it may be, resulted in the money being deposited into a public account. The act of transferring PHP 60 billion from the PhilHealth's reserve funds to the National Treasury did not lead to any personal benefit on the part of any of the public officials involved in these consolidated cases. These funds, it is worth reiterating, went to a public account intended for government expenditure. None of the public officials who included Special Provision 1(d) into the GAA, as well as those who drafted and implemented DOF Circular No. 003-24, and complied with these directives to release the "fund balance" to the National Treasury amassed or accumulated wealth for their own personal benefit. The act may be unconstitutional, but it is not plunder.

The same conclusion applies to technical malversation. Technical malversation under Article 220 of the Revised Penal Code punishes a public officer who applies public funds to a public use other than that for which they were appropriated by law. The elements of technical malversation are:

- (a) the offender is an accountable public officer; (b) he applies public funds or property under his administration to some public use; and (c) the public use for which the public funds or property were applied is different from the purpose for which they were originally appropriated by law or ordinance.[11]

The gravamen of the offense is diversion of public funds, i.e. the officer knowingly allocates money that the law has earmarked for one purpose to an entirely different purpose. The offense exists to preserve the legislative intent embedded in appropriations laws and to ensure that public money is not diverted from the purpose that Congress has fixed. Its core element is diversion without lawful authority, and the crime is committed only when a public officer knowingly departs from the statutory appropriation.

The facts of this case do not satisfy the doctrinal elements of the crime. Here, the Legislature itself, through Special Provision No. 1(d), made a policy determination that what it termed the "fund balance" of GOCCs may be used to support unprogrammed appropriations. Whether or not this policy was ultimately unconstitutional, as the Court now holds, the provision was nonetheless part of a duly enacted statute, passed by Congress and approved by the President. As with all statutes, it carried a presumption of regularity and good faith, which public officers are entitled to rely upon.[12] In this regard, it is worth noting that the ultimate outcome of Special Provision 1(d)—which was to amend, albeit unconstitutional, Section 11 of the UHCA—is not something that is completely outside of the Legislature's authority. To be sure, the Legislature has the legislative power to amend Section 11 of

the UHCA. The constitutional issue in these consolidated cases is that the Legislature cannot do so through the inclusion of a rider in the GAA. Nonetheless, Special Provision 1(d) was an expression of what the Legislature believed to be necessary for the public interest, and its statutory command had the force of law until struck down.

In turn, the DOF complied with that statutory directive. It computed what it understood to be the "fund balance" and ordered the remittance of the amount necessary to carry out Special Provision No. 1(d). In doing so, the DOF did not substitute its own judgment for the law but merely followed it as written. As the Executive's primary fiscal manager, the DOF cannot be faulted for implementing a GAA provision that was, at that moment, presumptively valid. The Constitution does not permit administrative agencies to disregard statutory commands simply because they suspect that the law may later be challenged or struck down. To insist that an agency should have unilaterally refused to enforce a statute on the belief that it was unconstitutional would set a dangerous precedent—one that allows executive officials to become arbiters of constitutionality. This will undermine the rule of law and destabilize the predictable functioning of government.

PhilHealth was in the same position. Upon receiving the DOF's directive, it sought guidance and confirmation from the Office of the Government Corporate Counsel, Governance Commission for GOCCs, and from the Commission on Audit.^[13] PhilHealth complied only after receiving advice that the remittance was legally permissible. These actions, far from showing criminal intent, affirm that PhilHealth acted cautiously, transparently, and in reliance on the existing legal framework and the opinions of the government's own counsel and auditor.

Given this context, the statutory element that the public officer must divert funds appropriated by law for a specific purpose to another purpose can hardly be said to exist. The public officers involved here implemented the transfer of funds with apparent legal authority—the GAA itself. Indeed, it may even be said that as far as these public officers were concerned, Special Provision 1(d) mandated a specific use for the "fund balance" which they were duty bound to comply with. Even though Special Provision 1(d) was later declared unconstitutional, its implementation before such declaration was done under the mantle of legality and good faith. The subsequent invalidation of a statute does not retroactively transform faithful compliance into a criminal act, for criminal liability cannot arise from obedience to a law that is, at the time, operative and binding.

Given the foregoing, no liability for technical malversation may attach. The officials carried out the statutory commands in good faith, pursuant to a law then presumed valid, and without any intention to divert funds contrary to legislative will. The constitutional infirmity of Special Provision No. 1(d) renders the provision void—but it does not render criminal those who were duty-bound to follow it.

Not every flawed or subsequently invalidated policy judgment warrants the imposition of criminal liability upon government officials. The Constitution entrusts to the Legislature the authority, and the necessary leeway, to explore innovative solutions to evolving social and fiscal challenges, so long as these solutions remain within constitutional bounds. Policymaking is inherently experimental. Laws are often crafted against shifting economic, administrative, and public welfare considerations. It is therefore neither realistic nor consistent with constitutional structure to presume that every policy choice later declared unconstitutional or contrary to statute must automatically expose its drafters or implementers to criminal prosecution. Criminal liability demands intentional, unauthorized, and wrongful conduct, not the mere exercise of legislative or administrative judgment that is later determined, through judicial review, to have exceeded constitutional limits. The law must distinguish between good-faith innovation and willful violation, lest judicial review be transformed into a punitive instrument rather than a mechanism for clarifying constitutional boundaries.

Our criminal laws are not designed to punish good-faith efforts to navigate the complexities of public

administration. To hold otherwise would produce a profound chilling effect on the ability of government officers to perform their functions. Public officials would hesitate and even freeze in the face of urgent administrative or fiscal decisions, apprehensive that a law, regulation, or directive they rely upon today may later be declared void, and that their well-intentioned compliance could be retroactively recharacterized as a felony.

If every administrative or fiscal misinterpretation were treated as potential criminal conduct, the consequences for public service would be far-reaching. Government would lose the ability to innovate in responding to complex and evolving societal issues. Officers would grow risk-averse, preferring inaction over initiative, paralysis over problem-solving. Creative solutions to governance challenges, which often require reasonable discretion, would be stifled for fear that hindsight judicial scrutiny may criminalize decisions made in good faith. Such a regime would disincentivize creative thinking and discourage innovation in addressing the difficult, evolving problems of governance.

Over time, such an environment would deter competent and qualified individuals from entering government, unwilling to expose themselves to the specter of prosecution for faithfully implementing the laws as they understood them. Even more troubling, expanding criminal liability to encompass mere administrative error would invite the weaponization of criminal statutes, turning prosecution into a political tool rather than an instrument of justice. The rule of law requires predictability and fair notice. It cannot coexist with a system where faithful adherence to an enacted statute exposes an officer to retroactive criminal sanction. To be sure, our Constitution does not require a climate of fear in public administration, it only demands accountability.

The Court has already warned of this type of danger. In *Martel v. People*,^[14] the Court underscored that criminal liability cannot be imposed in corruption cases involving procurement issues for mere defects in the procurement procedure, in the absence of evident bad faith, gross inexcusable negligence, or manifest partiality on the part of the accused. I submit that the pronouncement of the Court in *Martel* is relevant in these consolidated cases:

The demand for accountability should not be at the expense of well-meaning public officials who may have erred in the performance of their duties but have done so without a criminal mind. Our penal laws against corruption in the government are meant to enhance, and not stifle, public service. If every mistake, error, or oversight is met with criminal punishment, then qualified individuals would be hindered in serving in the government. If we all continue to "weaponize" each misstep in governmental functions, we run the risk of losing the many good people in the government. Again, it should be underscored that while public office is a public trust, the constitutionally enshrined right to presumption of innocence encompasses all persons – private individuals or public servants alike.^[15]

A Final Note

The Court is correct to strike down Special Provision No. 1(d) and DOF Circular No. 003-2024, for they infringe both the Constitution and the UHCA. Yet our ruling should not be construed as a finding, explicit or implied, that any public official has committed plunder or technical malversation. Criminal liability demands processes, constitutional protections, and proof that this proceeding neither contemplates nor supplies. The factual record before us does not meet the doctrinal requirements of either offense, even in theory.

In closing, I submit that the Court, through the ponencia, affirms the vital need to grant the Legislative and Executive branches adequate space to craft responsive and creative solutions to the nation's evolving challenges. Policymaking in a constitutional democracy requires both imagination and flexibility, and the political branches must be allowed to innovate in pursuit of the public good. Yet it is equally the Court's solemn duty to ensure that the constitutional parameters within which these solutions must operate remain clear, stable, and respected, so that creativity never comes at the expense of constitutional order.

The Court likewise recognizes the enduring importance of public accountability, especially in a political climate

where public trust in institutions is fragile and vigilance against abuse is indispensable. But accountability must be tempered by an appreciation of good-faith public service (and the Court recognizes that there are honest, dedicated, and hard-working public servants, despite the prevailing political climate) without which government cannot function and no reform can succeed. The Court, in these consolidated cases, seeks to harmonize these imperatives—clarity in constitutional limits, respect for the policymaking role of the political branches, accountability for unlawful acts, and protection for good-faith governance—so that each branch of government may perform its role with both confidence and constitutional fidelity.

With these clarifications, I CONCUR.

[1] Approved on July 24, 2023. An Act Appropriating Funds For the Operation of the Government of the Republic of the Philippines from January One to December Thirty One, Two Thousand and Twenty Four.

[2] Approved on July 23, 2018. An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor.

[3] 305 Phil. 546 (1994) [Per J. Quiason, En Banc].

[4] Id. at 577-578.

[5] See *Francisco v. House of Representatives*, 460 Phil. 830 (2003) [Per J. Carpio-Morales, En Banc].

[6] RULES OF COURT, Rule 65, sec. 1 & 2.

[7] CONST., art. III, sec. 14 (1).

[8] *Napoles v. Carpio-Morales*, 948 Phil. 169, 181-182 (2023) [Per J. Dimaampao, En Banc].

[9] *Macapagal-Arroyo v. People*, 790 Phil. 367, 436 (2016) [Per J. Bersamin, En Banc].

[10] Id.

[11] *Parungao v. Sandiganbayan*, 274 Phil. 451, 460 (1991) [Per J. Gutierrez, Jr., En Banc].

[12] *Cajayon v. Spouses Batuyong*, 517 Phil. 648, 661 (2006) [Per J. Tinga, Third Division].

[13] Ponencia, p. 27.

[14] 895 Phil. 270 (2021) [Per J. Caguioa, En Banc].

[15] Id. at 314.

SEPARATE CONCURRING OPINION

LOPEZ, J., J.:

I concur with the disposition in the ponencia of our esteemed colleague, Associate Justice Amy Lazaro-Javier, ordering the respondents to return to the Philippine Health Insurance Corporation (Philhealth) the PHP 60 billion as a specific item in the 2026 General Appropriations Act (GAA), and enjoining the Department of Finance (DOF) to be permanently prohibited from implementing the transfer of the remaining PHP 29.9 billion fund balance of the Philhealth.

I write this opinion, however, to raise my reservation against the declaration of Special Provision No. 1(d) and

DOF Circular No. 003-2024 as both unconstitutional in their entirety. It is my humble view that given the factual milieu and legal implications of the present case, the resolution of this Court should be limited to the transfer of funds involving Philhealth, which can be annulled and set aside on the ground of grave abuse of discretion pursuant to Article VIII, Section 1, of the Constitution.

To recall, the ponencia struck down as unconstitutional Special Provision No. 1(d) for being a rider or an inappropriate provision to the 2024 GAA for its amendatory effect on the Universal Health Care Act (UHCA), Section 11, and the Sin Tax Laws, and for being violative of Article VI, Section 29(3) of the Constitution. It was also declared as DOF Circular No. 003-2024 as unconstitutional since it implements Special Provision No. 1(d).

To begin with, it is a settled principle that in view of the inherent and stated powers and prerogative of the legislative department, as well as the policy of faithful adherence to the principle of separation of powers, laws are accorded the presumption of constitutionality. To successfully overcome this presumption, the challenger has the burden of clearly and unequivocally proving its unconstitutionality.[1] Indeed, failing in this regard, the law must be upheld and sustained.

Contrary to the ruling of the ponencia, I opine that the present petition fell short of the requirement necessary to overturn the presumption of constitutionality which the questioned provisions enjoy.

Article VI, Section 25(2) of the Constitution states:

SEC. 25(2) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

This Court has defined a rider as a "provision which is alien to or not germane to the subject or purpose of the bill in which it is incorporated." [2] With respect to the appropriations bill, the reason for prohibiting riders, similar to the rationale of the single subject title rule, is to "prevent hodge-podge or log-rolling legislation, to avoid surprise or fraud upon the legislature, and to fairly apprise the people of the subjects of legislation that are being considered." [3]

Since an appropriations bill naturally covers a broad range of subject matter and includes more details compared to an ordinary bill, the requirement is only that "all the provisions in a general appropriations bill are either appropriation items or non-appropriation items which relate specifically to appropriation items." Consequently, "provisions or clauses that do not directly appropriate funds are deemed appurtenant in a general appropriations bill when they specify certain conditions and restrictions in the manner by which the funds to which they relate have to be spent." [4]

As settled by jurisprudence, the test of germaneness requires that the provisions in the appropriations bill be: (1) particular; (2) unambiguous; and (3) appropriate. [5] Hence:

A provision or clause is particular if it relates specifically to a distinct item of appropriation in the bill and does not refer generally to the entire appropriations bill. It is unambiguous when its application or operation is apparent on the face of the bill. It is an appropriate provision or clause when its subject matter does not necessarily have to be treated in a separate legislation. [6]

Here, the questioned Special Provision 1(d) states:

Special Provision(s)

1. Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

. . . (d) Fund balance of the Government-Owned or -Controlled Corporation (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to a reasonable levels taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act. (Emphasis supplied)

It is my view that Special Provision No. 1(d) satisfies all the requirements of germaneness and is thus not a rider to the 2024 GAA. As pointed out by the ponencia, the provision is particular and ambiguous. It is particular since it relates to a distinct item of appropriation in the 2024 GAA, particularly the unprogrammed appropriations, which list down the purposes for which the appropriated funds may be utilized. Also, the provision is unambiguous since its application, i.e., the utilization of unprogrammed funds with its corresponding sources, is explicitly stated, and no external reference to sources outside the law is necessary.

On the other hand, it must be reiterated that the ultimate test for the "appropriateness" of a provision is whether its subject matter is properly embraced in the relevant law. If the subject matter is more fitting to be treated and contained in a separate law, then the provision is inappropriate. On this note, I agree with the ponencia that since the amendment or repeal of an existing law should be done in a separate legislation,[7] provisions in the general appropriations law of this nature are also deemed inappropriate provisions.

I am not inclined to agree, however, that using these standards, Special Provision No. 1(d) is deemed inappropriate.

First, Special Provision No. 1(d) only refers to another source of funds to be used for unprogrammed appropriations, which is a matter properly dealt with in the general appropriations law. The provision of unprogrammed appropriations and its corresponding sources in the general appropriations law has been traditionally practiced and upheld as valid, as it is intended to only "cover unexpected, excess, or windfall" revenue that may only be used to fund specified public purposes upon compliance with the conditions for its release." [8]

Too, Special Provision 1(d) did not amend or repeal the UHCA or the Sin Tax Laws. There are two kinds of repeal recognized in our jurisdiction:

A repeal may be express or implied. An express repeal is one wherein a statute declares, usually in its repealing clause, that a particular and specific law, identified by its number or title, is repealed. An implied repeal, on the other hand, transpires when a substantial conflict exists between the new and the prior laws. In the absence of an express repeal, a subsequent law cannot be construed as repealing a prior law unless an irreconcilable inconsistency and repugnancy exist in the terms of the new and the old laws.[9] (Citations omitted)

As worded, the 2024 GAA did not expressly repeal or amend the UHCA and the Sin Tax Laws in view of the absence of a repealing or amendatory clause to that effect. Implied repeal, on the other hand, "proceeds on the premise that where a statute of later date clearly reveals an intention on the part of the legislature to abrogate a prior act on the subject, that intention must be given effect." [10] On this score, implied repeal typically involves two conflicting provisions or two incompatible laws, thus:

The first is where the provisions in the two acts on the same subject matter are in an irreconcilable conflict, the latter act to the extent of the conflict constitutes an implied repeal of the earlier one. The second is if the later act covers the whole subject of the earlier one and is clearly intended as a substitute, it will operate to repeal the earlier law. The second category of repeal is only possible if the revised statute was intended to cover the whole subject matter and as a complete and perfect system in itself. It is the rule that a subsequent statute is

deemed to repeal a prior law if the former revises the whole subject matter of the former statute.[11] (Citations omitted)

In the present case, the ponencia found that the first form of implied repeal applies, particularly, that Special Provision 1(d) impliedly repealed Section 11 of the UHCA and the Sin Tax Laws.

At the outset, I would like to emphasize that the ponencia had accurately and adequately characterized the reserve funds of Philhealth as provided under the UHCA. I fully concur with the extensive discussion by the ponente that, by express mandate of the UHCA, Philhealth funds should be administered strictly in accordance with its provisions. As correctly enunciated by the ponencia, Section 11 of the UHCA commands how the Philhealth funds shall be utilized and in what order. It mandates the Philhealth to "first, determine its actuarially-estimated ceiling equivalent to two years" projected program expenditures; second, set aside at least a portion of its net income as "reserve funds," which shall not exceed the actuarially-estimated ceiling; third, invest the unused or unutilized portion of its "reserve funds" to earn an average annual income until the total "reserve funds," which includes the interest income from investments, exceed the ceiling; and, fourth, once the accumulated "reserve funds" exceeds the ceiling, the excess actual "reserve funds" shall be used to increase the benefits under the NHIP and to decrease the amount of members' contributions." [12] In other words, the UHCA itself restricts the reserve funds of Philhealth, which must be used solely for the purposes and exclusively managed in the manner stated in the law. Thus, Philhealth could not transmit its reserve funds, or even a portion thereof, for a different purpose without crying afoul of the express provision of the UHCA. Notably, the UHCA itself emphasizes this limitation and prescribes that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned and controlled corporations." [13]

It is, however, precisely on this score that I cannot share the conclusion that Special Provision No. 1(d) impliedly amended the UHCA and the Sin Tax Laws.

"A fundamental rule in statutory construction is that a special law cannot be repealed or modified by a subsequently enacted general law in the absence of any express provision in the new law to that effect." [14] Thus, it has been held that "a special law must be interpreted to constitute an exception to the general law in the absence of special circumstances warranting a contrary conclusion." [15]

The UHCA is a highly specialized law. It is a landmark legislation, passed after decades of lobbying and unyielding demands of the public. One of its distinctive features is Section 11, which evidently has for its purpose strengthening the financial capacity of Philhealth, to the end of ensuring its viability and sustainability in fulfilling its mandate of providing quality services and benefits. I dare say it is one of the most important pieces of legislation that we have today, which undertakes, in the ultimate, universal healthcare for each and every Filipino, a promise that is admittedly still far from realization.

Given the importance and significance of the UHCA, it is my humble view that its provisions, particularly Section 11, should be read as constituting an exception to Special Provision No. 1(d). After all, implied repeals are not favored. [16] There is even a presumption against implied repeal. [17] The reason is because laws are presumed to be passed with deliberation and full knowledge of all laws existing on the subject. For a law to be deemed repealed, manifest intention by the legislature must be clearly shown. In fact, the lack of an express repealing clause indicates that the intent was not to repeal any existing law, in the absence of showing of irreconcilable inconsistency and repugnancy exist in the terms of the new and old laws. [18]

It is only reasonable to presume that Congress approved and passed Special Provision No. 1(d) with the knowledge and understanding of all laws, including the UHCA and the Sin Tax Laws. Indeed, it was not clearly

shown that Congress manifestly intended to repeal Section 11 of the UHCA and the Sin Tax Laws to the end of allowing Philhealth's reserve funds be diverted to purposes other than what it was designed for.

Since Section 11 of the UHCA constitutes an exception to Special Provision No. 1(d), the DOF could not have legally ordered Philhealth to transmit to the National Treasury a portion of its reserve funds. In ordering the transfer of Philhealth's reserve funds, therefore, the DOF gravely abused its discretion since the application of Special Provision No. 1(d) and its implementing rule, DOF Circular No. 003-2024, to Philhealth violated the UHCA and as the ponencia correctly declared, the Constitution with respect to the people's right to health. The rule is that "there is grave abuse of discretion when an act is (1) done contrary to the Constitution, the law or jurisprudence or (2) executed whimsically, capriciously or arbitrarily, out of malice, ill will or personal bias." [19]

Verily, this conservative approach reinforces the principle of deference which the Court accords to a co-equal branch of the government, in this case, the legislature. We have said that:

Preliminarily, the whole gamut of legal concepts pertaining to the validity of legislation is predicated on the basic principle that a legislative measure is presumed to be in harmony with the Constitution. Courts invariably train their sights on this fundamental rule whenever a legislative act is under a constitutional attack, for it is the postulate of constitutional adjudication. This strong predilection for constitutionality takes its bearings on the idea that it is forbidden for one branch of the government to encroach upon the duties and powers of another. Thus it has been said that the presumption is based on the deference the judicial branch accords to its coordinate branch—the legislature.

If there is any reasonable basis upon which the legislation may firmly rest, the courts must assume that the legislature is ever conscious of the borders and edges of its plenary powers, and has passed the law with full knowledge of the facts and for the purpose of promoting what is right and advancing the welfare of the majority. Hence in determining whether the acts of the legislature are in tune with the fundamental law, courts should proceed with judicial restraint and act with caution and forbearance. Every intendment of the law must be adjudged by the courts in favor of its constitutionality, invalidity being a measure of last resort. In construing therefore the provisions of a statute, courts must first ascertain whether an interpretation is fairly possible to sidestep the question of constitutionality.[20] (Citation omitted, emphasis supplied)

It should also be stressed that refraining from declaring the unconstitutionality of Special Provision No. 1(d) and DOF Circular No. 003-2024 allows room for their application to other Government-Owned or -Controlled Corporations, the specific charters and circumstances of which were not brought before us in the present petitions. According to the DOF, the Philippine Deposit Insurance Corporation also remitted PHP 107.23 billion to the National Treasury pursuant to Special Provision No. 1(d).[21] this leaves a void as to the full effects of Special Provision No. 1(d) before the declaration of its unconstitutionality.

To this point, since the arguments of petitioners revolved mainly around the application of Special Provision No. 1(d) to Philhealth and the validity of the transfer of its reserve funds to the National Treasury particularly in relation to the UHCA, our approach should be pursuant to an as-applied challenge and our resolution be limited to actual facts proved before the Court. We have previously recognized that:

In an as-applied challenge, the question before the Court is the constitutionality of a statute's application to a particular set of proven facts as applied to the actual parties. It is one "under which the plaintiff argues that a statute, even though generally constitutional, operates unconstitutionally as to him or her because of the plaintiffs particular circumstances." Put in another way, the plaintiff argues that "a statute cannot be applied to [him or] her because its application would violate [his or] her personal constitutional rights." Thus, an as-applied challenge is strictly predicated on proven facts particular to an individual and his or her relation to the statute in question. If the facts so warrant, "case severability" may occur, where the Court "severs" or separates the unconstitutional applications of the statute from the constitutional applications of the same

statute, but the statute itself may not be completely struck down. That said, it is conceivable that a case which starts out as an as-applied challenge may eventually result in the total invalidation of the statute if, in the process, the Court is satisfied that it could never have any constitutional application.[22] (Citations omitted, emphasis supplied)

All told, I agree that the transfer of Philhealth's reserve funds to the National Treasury pursuant to the DOF's order must be annulled and set aside, but for the reasons stated in this opinion. I respectfully proffer that the Court can still dispose of the main issue and grant the ultimate relief prayed for by petitioners without necessarily invalidating and declaring Special Provision No. 1(d) and DOF Circular No. 003-2024 as unconstitutional.

Relatedly, while the transfer of Philhealth's reserve funds to the National Treasury is void, this does not translate to a finding that the Secretary of Finance or the public respondents may be held liable for technical malversation and/or plunder.

Indeed, the argument that the Secretary of Finance is criminally liable for the transfer of Philhealth funds[23] fails on procedural and substantive grounds.

Procedurally, petitioners came before this Court through the remedies of certiorari and prohibition. As the ponencia succinctly declared, the present petitions are not the proper procedural vehicles for the initiation of a criminal action, much less the finding of a verdict for one. The function of a special civil action of certiorari and prohibition, to note, is "to correct errors of jurisdiction committed not only by a tribunal, corporation, board or officer exercising judicial, quasi-judicial or ministerial functions but also to set right, undo and restrain any act of grave abuse of discretion amounting to lack or excess of jurisdiction by any branch or instrumentality of the Government[.]"[24] It is very limited in its scope, and does not in any way empower the courts to adjudicate criminal liability or innocence in the same proceeding, no matter how serious the allegations are. Any imputation of criminal liability must be made through the proper criminal proceedings, where the rights of the accused are adequately observed and protected.

Even assuming that the issue on criminal liability may be raised in the present petitions, petitioners failed to substantiate their claim that the acts of the Secretary of Finance constitute plunder and/or technical malversation.

Plunder is committed by any public officer who, by themselves or in connivance with members of their family, relatives by affinity or consanguinity, business associates, subordinates or other persons, amasses, accumulates or acquires ill-gotten wealth through a combination or series of overt criminal acts in the aggregate amount or total value of at least PHP 50,000,000.00.[25] In other words, the gravamen of plunder is the accumulation or acquisition of ill-gotten wealth by a public officer, by themselves, or in connivance with others. Here, it was not disputed that the Philhealth funds were transferred to the Bureau of Treasury. There was no allegation, much less proof, that the funds were personally amassed or acquired by the Secretary of Finance or any of the public respondents.

On the other hand, technical malversation requires the concurrence of three elements: "(a) that the offender is an accountable public officer; (b) that [they apply] public funds or property under [their] administration to some public use; and (c) that the public use for which such funds or property were applied is different from the purpose for which they were originally appropriated by law or ordinance." [26] In the present case, the second element is conspicuously absent. The Philhealth funds were not under the administration of the Department of Finance or any of the public respondents.

As it is, I find that the actions of the Secretary of Finance and the public respondents were made, only in compliance with the mandatory language Special Provision No. 1(d). They acted with institutional good faith and due diligence, relying on formal clearances from several government agencies, including the Office of the

Government Corporate Counsel, the Commission on Audit, and the Governance Commission for GOCCs. For faithfully observing the mandates of Congress as expressed in the GAA of 2024, at a time where there was no obstacle to do so, the Secretary of Finance and public respondents should not be held criminally liable.

[1] *Atitiw v. Zamora*, 508 Phil. 321, 334 (2005) [Per J. Tinga, En Banc].

[2] *Id.*

[3] *Id.* at 335. (Citation omitted)

[4] *Id.*

[5] *Id.* at 336.

[6] *Id.*

[7] *Mandanas v. Romulo*, 473 Phil. 806 (2004) [Per J. Callejo, Sr., En Banc].

[8] *Belgica v. Ochoa*, 864 Phil. 461, 585 (2019) [Separate Concurring Opinion, J. Caguioa].

[9] *Gov. Javier v. Commission on Elections*, 777 Phil. 700, 725 (2016) [Per J. Brion, En Banc].

[10] *Spouses Delfino v. St. James Hospital, Inc.*, 532 Phil. 551, 564 (2006) [Per J. Chico-Nazario, First Division].

[11] *Id.* at 564-565.

[12] *Ponencia*, p. 64.

[13] Universal Health Care Act, sec. 11.

[14] *Commissioner of Internal Revenue v. Semirara Mining Corp.*, 811 Phil. 113, 122 (2017) [Per J. Caguioa, First Division].

[15] *Id.*

[16] *Freedom From Debt Coalition v. Energy Regulatory Commission*, 476 Phil. 134, 191 (2004) [Per J. Tinga, En Banc]. (Citations omitted)

[17] *Berces, Sr. v. Guingona, Jr.*, 311 Phil. 614, 620 (1995) [Per J. Quason, En Banc].

[18] *Magkalas v. National Housing Authority*, 587 Phil. 152, 166 (2008) [Per J. Leonardo-De Castro, First Division].

[19] *Samahan ng mga Progresibong Kabataan (SPARK) v. Quezon City*, 815 Phil. 1067, 1088 (2017) [Per J. Perlas-Bernabe, En Banc]. (Citation omitted)

[20] *Estrada v. Sandiganbayan*, 421 Phil. 290, 342 (2001) [Per J. Bellosillo, En Banc].

[21] PDIC remittance to the national government supports national development while maintaining a sound deposit insurance system, Department of Finance, January 12, 2025, <https://www.dof.gov.ph/pdic-remittance-to-the-national-government-supports-national-development-while-maintaining-a-sound-deposit-insurance-system/>, last accessed on September 26, 2025.

[22] *Calleja v. Executive Secretary*, 918-B Phil. 1, 70-71 (2021). [Per J. Carandang, En Banc].

[23] *Ponencia*, pp. 15; 17.

[24] *Kilusang Mayo Uno, et al. v. Aquino III*, 850 Phil. 1168 (2019); *Private Hospitals Association of the Philippines, Inc. v. Exec. Sec. Medialdea, et al.*, 842 Phil. 747 (2018); *Araullo, et al. v. Pres. Aquino III, et al.*, 752 Phil. 716 (2014); *Imbong v. Ochoa, Jr.*, 732 Phil. 1 (2014); *Belgica v. Ochoa*, 721 Phil. 416 (2013); *Magallona v. Ermita*, 671 Phil. 243 (2011); *The Province of North Cotabato v. The Government of the Republic of the Philippines Peace Panel on Ancestral Domain*, 589 Phil. 387 (2008).

[25] Section 2, Republic Act No. 7080, as amended by Republic Act No. 7659.

[26] *Villarosa v. Ombudsman*, 846 Phil. 64-82 (2019) [Per J. Peralta, Third Division]. Citations omitted.

SEPARATE OPINION

DIMAAMPAO, J.:

I concur in the ponencia insofar as it invalidated the transfer of the PHP 60 billion Philippine Health Insurance Corporation (PhilHealth) funds to the National Treasury and directed the return of the said amount to PhilHealth. Nonetheless, I express my reservations regarding the ponencia's decision to defer the resolution of the issue of whether the increase of unprogrammed appropriations from PHP 281.9 billion to PHP 731.4 billion is not unconstitutional. Moreover, I disagree with the wholesale invalidation of Chapter XLIII of the 2024 General Appropriations Act (Special Provision 1(d)) and Department of Finance (DOF) Circular No. 003-2024 and the conclusion that there was an invalid exercise of power of augmentation in this case.

The legal issues relating to the creation, powers, and actions of the BCC must be resolved herein.

At the onset, I must express disagreement regarding the ponente's decision to avoid resolving the issue on "the creation, powers, and actions of the [Bicameral Conference Committee (BCC)]" relative to the enactment of the 2024 General Appropriation Act (GAA) "in order not to preempt" the Court's discussion in G.R. No. 277975, entitled *Rodriguez, et al. v. House of Representatives, Senate of the Philippines, and Executive Secretary Lucas P. Bersamin* and G.R. Nos. 271059 & 271347 entitled *Lagman v. Congress, et al.*^[1] Considering that this legal issue was squarely raised in this controversy—a point which the ponencia itself recognizes^[2]—I submit that the more prudent course of action would be to resolve it once and for all.

For one, there appears to be a notable difference in the legal issues between the two cases. A cursory examination of the relevant arguments in these petitions reveals the nuances in the actions of the BCC that each petition is trying to question. For example, while G.R. No. 277975 concerns the submission of a report with blank items, G.R. No. 275405 brings to the fore the increase in the amount and insertion of a new item in the unprogrammed appropriations, viz.:

Arguments in G.R. No. 277975 (*Rodriguez* Petition) pertaining to purported unconstitutional actions of the BCC vis-à-vis the 2025 GAA

Arguments in G.R. No. 275405 (*Colmenares* Petition) pertaining to purported unconstitutional actions of the BCC vis-à-vis the 2024 GAA

IV. REPUBLIC ACT NO. 12116 IS UNCONSTITUTIONAL FOR VIOLATING ARTICLE VI, SECTION 27 OF THE 1987 CONSTITUTION WHEN THE BICAMERAL CONFERENCE COMMITTEE SUBMITTED A REPORT WITH BLANK ITEMS ON THE GENERAL APPROPRIATIONS BILL.

III. THE BICAMERAL CONFERENCE COMMITTEE COMMITTED GRAVE ABUSE OF DISCRETION

AMOUNTING TO LACK OF OR EXCESS OF JURISDICTION WHEN IT:

a. INCREASED THE AMOUNT OF THE UNPROGRAMMED APPROPRIATIONS BY PHP 449.5 BILLION; AND

b. INSERTED A NEW ITEM TO THE SPECIAL PROVISIONS OF THE UNPROGRAMMED FUND.

Consequently, in choosing to defer the resolution of issues related to the BCC in the deliberations of G.R. No. 277975 and G.R. Nos. 271059 & 271347, there is a likelihood that specific queries raised herein may not be squarely addressed. Besides, it may not be amiss to point out that the factual circumstances narrated in the present consolidated Petitions serve as the context, and even a crucial parameter, in answering these constitutional questions.

It likewise bears stressing that the two aforecited cases do not appear to have been consolidated by the Court, so the crucial question remains which between these two cases would definitively and actually resolve the core issue.

For another, this course of action, i.e., taking this opportunity to resolve all BCC-related issues herein, completely obviates the need to retroactively apply a potential declaration of unconstitutionality arising from a grave abuse of discretion on the part of the BCC—one of the possible legal outcomes in G.R. No. 277975 or G.R. Nos. 271059 & 271347. In turn, this retroactive application may result in an untenable situation in which the pronouncements in this landmark decision will immediately have to be directly modified by a subsequent ruling.

Incidentally, deferring the resolution of a legal issue to avoid preempting a case that is filed at a later time, and which will be subsequently decided, seems to run counter to fundamental concepts such as the principle of res judicata and *litis pendentia*, which applies the "barring" effect to the proceedings that were initiated after the first action. In other words, it is the eventual decision in G.R. No. 277975 or G.R. Nos. 271059 & 271347 that should be restricted by the Court's verdict herein, not the other way around.

Accordingly, the ponencia must have considered disposing herein the issues relative to the creation, powers, and actions of the BCC vis-à-vis the 2024 GAA.

As presently drafted, the ponencia is deafeningly silent on the important and timely issue regarding the inclusion of unprogrammed appropriations or budgetary allocations for items or amounts not provided in the NEP.

On this score—and if only for the complete resolution of the issue at hand—I respectfully submit that such increase violates Article VI, Section 25(1) of the Constitution for three reasons:

One. Article VI, Section 25(1) of the Constitution plainly forbids Congress from increasing the appropriations recommended by the President for the operation of the Government as specified in the budget. In as much as the ponencia itself provides that the amount of PHP 281.9 billion unprogrammed appropriations was included in the recommendations of President Ferdinand R. Marcos, Jr. in his budget submissions to Congress,[3] then this amount cannot be characterized as anything but an "appropriation[] recommended by the President for the operation of the Government" to which the above prohibition applies. Any contrary interpretation, i.e., that only appropriations included in the document known as the BESF may not be increased, would introduce a distinction that is not found in the aforementioned constitutional provision.

In addition, there is neither rhyme nor reason to differentiate between programmed and unprogrammed appropriations, at least as viewed from the lens of the requirement that these projects must originate from and be

limited by the amounts set by the Executive branch.

As understood in the budget process, the only divergence between these two is the certainty of funding. Whereas programmed appropriations have a definite or identified funding as of the time the budget is prepared, unprogrammed appropriations refer to those "which provide standby authority to incur additional agency obligations for priority programs or projects when revenue collection exceed targets, and when additional grants or foreign funds are generated." [4]

However, this is where their dissimilarity ends. There is no significant discrepancy, for instance, in the nature or type of projects that are respectively enumerated in each of these appropriations. Indeed, projects that fall under the former, such as the "strengthening of assistance for government infrastructures and social program" or the "maintenance, repair and rehabilitation of infrastructure facilities," [5] are no different from the projects that fall within the ambit of the latter that also pertain, for instance, to infrastructure facilities.

The lack of distinction on this aspect demonstrates why, similar to that of programmed appropriations, the preparation of unprogrammed appropriations should be subjected to the various steps in the budget preparation phase of the budget cycle. [6] In turn, this provides a compelling reason why the changes that Congress must introduce to unprogrammed appropriations cannot also exceed the amounts set by the Executive. Precisely, this gives due regard to the level of evaluation and assessment that they have undergone during budget preparation.

Two. Corollary to the first point, there is no reason why there should be a striking difference in the treatment of the NEP and the BESE. To my mind, the NEP is unlike the BESF only because it is not concerned with the specific sources of financing for the proposed projects. This notwithstanding, what is crystal clear is that the NEP is inextricably intertwined with the "BESF" as it contains the details of the government's estimated expenditures, which is the crux of the "BE" portion of the "BESF." In fact, the NEP is so crucial that it even "serves as the basis in the eventual drafting of the general appropriations bill." [7]

From this perspective, the prohibition against increasing the appropriations recommended by the President applies equally, if not with greater force, to those specified in the NEP. Logically speaking, if it is the NEP that incontrovertibly serves as the "basis" for the general appropriations bill itself, then the appropriations indicated therein are the ones that "must not be increased."

The foregoing leads to no other conclusion other than that the requirement under Article VII, Section 22 of the Constitution of submitting a "budget of expenditure" which would be the "basis of the general appropriations bill," encompasses the contents of the NEP. After all, what is surely more important in the budget process is not the title of a document, but rather the details provided therein. For reference, Article VII, Section 22 reads:

The President shall submit to the Congress within thirty days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures. (Underscoring supplied)

Notably, this ties up with my earlier point that the prohibition against increase under Article VI, Section 25(1) should be interpreted to cover all types of appropriations, even unprogrammed appropriations that are only found in the NEP.

Three. Adopting the stance that unprogrammed appropriations are within the purview of Article VI, Section 25(1) and Article VII, Section 22 would irrefutably strengthen safeguards against illicit practices during the budget cycle. By characterizing the recommendation of the President for unprogrammed appropriations as the maximum limit for the said amount, additions or insertions that ultimately give rise to controversies, such as the massive corruption relating to flood control and infrastructure projects that the country is now uncovering, [8] would be

severely restricted. In theory, these items that would have otherwise been added or inserted would be subjected to more checks. This is because they would also have to undergo the entire budget preparation process in the Executive Department, and not merely the budget legislation phase that is entirely within the hands of Congress.

Upon this point, in determining the amount of the unprogrammed appropriations, the discretion of Congress is always subject to the limits provided under the Constitution. In this case, it comes in the form of the straightforward proscription under Article VI, Section 25(1) that, "Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the budget."

All told, I submit that the issue of the increase in the amount of unprogrammed appropriations from PHP 281.9 billion to PHP 731.4 billion calls for a direct intervention and must consequently be declared unconstitutional.

The transfer of the PHP 60 billion PhilHealth funds to the National Treasury violates Article VI, Section 29(3) of the Constitution. As part of PhilHealth's reserve funds, these are considered special funds which cannot be lawfully diverted through the invocation of Special Provision 1(d)

I wholeheartedly concur in the ponencia insofar as it declared unconstitutional the transfer of the PHP 60 billion fund balance of PhilHealth to the National Treasury.

Article VI, Section 29(3) of the Constitution states that "[a]ll money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only." In *CCFOP v. Aquino*,^[9] the Court reiterated that the "revenue collected for a special purpose shall be treated as a special fund to be used exclusively for the stated purpose," and cannot be used for any other reason other than such stated purpose.^[10] Irrefragably, the "Program Reserve Funds" under Section 11 of the Universal Health Care Act (UHCA) may be considered as special funds to which Article VI, Section 29(3) applies.

I expound.

Section 11 of the Universal Health Care Act (UHCA) states:

Section 11. Program Reserve Funds. — PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:

[. . .]

No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations[.]

The above provision outlines the rules concerning the determination and use of the Reserve Funds. It sets a ceiling for these funds, mandating that any surplus be used to boost benefits and lower member contributions. Section 11 also dictates how the Investment Reserve Fund, which is an unused portion of the reserve funds, must be invested.

It specifies investment types, such as government bonds and corporate securities, and sets limits on how much can be invested in each.

As astutely pointed out by the ponente, the provision explicitly forbids the transfer of these funds to the National Government's general fund. To quote the ponencia:

The language of Section 11 does not leave PhilHealth any discretion on what to do with their 'reserve funds,' but strictly requires PhilHealth, for the sake of fulfilling their mandate as a public health insurer, to comply with the directives of this provision. Any action contrary to, or outside, the clear dictum of Section 11 of the UHCA is ultra vires, hence, void.

Finally, Section 11 of the UHCA, in no equivocal terms, further commands that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including [GOCCs]."[11]

Based on Section 11 of the UHCA, as long as funds are part of PhilHealth's legally defined "reserve funds," they cannot be transferred to the National Government or any of its agencies. This includes contributions from both direct and indirect members, government subsidies, and the earnings from investing these funds.

Here, the constitutional infirmity lies in the transfer of PhilHealth's reserve funds which were transferred using Special Provision 1(d) as basis. For reference, the provision reads:

Special Provision(s)

1. Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

. . . (d) Fund balance of the Government-Owned or -Controlled Corporation (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to a reasonable levels taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act.

While Special Provision 1(d) mandates the transfer of the fund balance of Government-Owned or -Controlled Corporations (GOCCs) from the remainder which would have resulted from the review and reduction of their reserve funds, such transfer, at least in the case of PhilHealth, may be said to be precluded by Article VI, Section 29(3) of the Constitution because of Section 11 of the UHCA.

During the oral arguments, one line of questioning sought to ascertain whether, taking into consideration the language of Section 11 of the UHCA, PhilHealth's fund balance remitted to the National Treasury could have been sourced from an account separate from its legally defined reserve fund.[12] Admittedly, if it was verified that the remitted amount was, in fact, not sourced from PhilHealth's reserve fund, but from a separate, un-earmarked account, then the constitutional prohibition against the use of special funds for any other purpose would have arguably been avoided.

To better illustrate the cited exchange, the diagrams referred to is reproduced herein:

(image supposed to be here)

As seen from the above illustrations, there is an essential distinction between PhilHealth's "reserve funds" and "Y," which is the "other portion" of "X." Under Section 11, "X" is the difference between the accumulated revenues and the cost of the current year's expenditures. Verily, the fact that the provision states that the reserve

fund is "a portion" of "X" implies that there may be other portions of X that are not necessarily reserve funds, i.e., "Y"

As above adumbrated, the reserve fund is isolated and must remain "untouched" and cannot be transferred to the National Treasury pursuant to Article VI, Section 29(3) of the Constitution. However, the "other portion"—which can be designated as an "excess," "surplus," or the "fund balance"—is not subject to the same limitations. From this analysis, it may therefore be said that it is possible for the government to source funds for unprogrammed appropriations from this "other portion" or "Y," instead of the reserve fund itself.

Such theory may find legal mooring in Department of Finance (DOF) Circular No. 003-2024, which sets forth the guidelines on the implementation of Special Provision 1(d). Specifically, Section 3.1 thereof defines "Fund Balance" as an unrestricted fund, to which "Y" could have qualified. For reference, Section 3.1 reads:

Section 3. DEFINITION OF TERMS

For purposes of these Guidelines, the following definitions shall apply:

- Fund Balance refers to the unrestricted fund in the form of (i) cash on hand, (ii) cash in banks (e.g., savings account, current account, or time deposits), (iii) investment in government securities, private institutions (e.g., corporate securities and Unit Investment Trust Funds), and other securities, and (iv) other fund balances, including government funds and balances created for specific purposes (e.g., subsidy releases from the National Government and fund transfers from other national government agencies), financial assets (e.g., Treasury Bills, marketable securities, money market funds) and other cash equivalents/investments that are classified under other accounts in the Financial Statements (e.g., Other Assets), subject to the factors as provided in Sections 4.2 and 4.3. (Emphasis supplied)

Atty. Christopher John P. Lao, counsel for petitioner 1Sambayan Coalition et al., however, claims that the foregoing construction was not followed in this case. Verily, the government's actions, specifically in the computation of the funds, suggest that the unprogrammed appropriations may have come from the reserve fund. On the other hand, the Solicitor General agrees that there is a distinction between the reserve funds and the "other portion", stating that the government sources unprogrammed appropriations from these "unrestricted funds", "retained earnings", or the "Y" factor, and not the legally protected reserve funds.

Despite such debate, the matter was definitively settled when Justice Caguioa's incisive interpellation of the Solicitor General himself revealed that the computed PHP 89.9 billion "fund balance" to be remitted to the National Treasury—PHP 60 billion of which were actually already remitted—would originate from PhilHealth's reserve funds. This amount, in turn, is a portion of the PHP 183.1 billion surplus that exceeded the PHP 280.1 billion ceiling set by the DOF when the original, actuarially estimated reserve fund of PHP 463.7 billion was reviewed and reduced in accordance with Special Provision 1(d).[13]

Likewise, it was determined that in order to comply with Special Provision 1(d), PhilHealth moved this PHP 183.1 billion from its reserve funds account to its surplus or net income account. This was an admission of a deviation from PhilHealth's standard practice, supported by its financial statements, of adding all annual surplus to its reserve funds. Therefore, the PHP 89.9 billion was a portion of funds that, under normal circumstances, would have been considered part of PhilHealth's legally restricted reserve funds.[14]

Simply put, the oral arguments confirmed that the amount of PHP 60 billion transferred from PhilHealth to the National Treasury originated and formed part of the former's reserve funds. Consequently, such transfer was riddled with infirmity, considering the restrictions placed by the UHCA upon the reserve funds, as well as the disregard of actuarial computation needed to determine the amount necessary to earmark as reserve funds.

While Special Provision 1(d) cannot be validly invoked to transfer the PHP 60 billion PhilHealth funds to the National Treasury, it may be prudent for the Court to exercise restraint in striking down the same. Declaring it unconstitutional necessitates the invalidation of all other transfers pursuant thereto and the inclusion of a directive regarding their return.

Corollary to its finding that the transfer of the PHP 60 billion PhilHealth fund is invalid, the ponencia also declared Special Provision 1(d) unconstitutional for being an inappropriate provision or rider due to its amendatory effect on the UHCA and the Sin Tax Laws, and for violating Article VI, Section 29(3) of the Constitution.

While there is no denying that the transfer of the PHP 60 billion PhilHealth fund pursuant to Special Provision 1(d) is invalid, I submit that the wholesale invalidation of Special Provision 1(d) should be avoided. As I will elucidate below, the Court should be mindful of the particular context within which the instant constitutional challenge was raised, i.e., vis-à-vis the transfer of the PHP 60 billion from PhilHealth to the National Treasury. As such, its pronouncements herein should not extend beyond the confines of the present controversy.

Prefatorily, it is my view that it would be prudent to avoid categorically declaring Special Provision 1(d) as a rider.

A rider is a provision that is alien or irrelevant to a bill's subject or purpose.[15] The rationale against riders in an appropriations bill, as embodied in Article VI, Section 25(2) of the Constitution, is similar to the "one subject, one title" rule under Article VI, Section 26(1). Both constitutional principles require that every provision in a bill be germane or reasonably related to its subject.[16]

This unity of subject matter is mandatory to prevent hodgepodge or log-rolling legislation, avoid legislative surprise or fraud, and fairly inform the public about the subjects being considered.[17] At any rate, the constitutional requirement must be given a reasonable and not an unduly technical meaning.[18]

Following jurisprudential guidelines, it is clear that Special Provision 1(d) is not a subject alien to the 2024 GAA, in relation to Article VI, Section 26(1) of the Constitution, insofar as it is germane to the law's purpose.

Specifically, the provision functions as a non-appropriation item which does not set aside a specific amount of money. Instead, it places a condition which must first be fulfilled before the amounts authorized—in this case, the fund balances of GOCCs—for the programs identified under Unprogrammed Appropriations may be utilized. Hence, since these funds are directed toward programs already covered by the 2024 GAA, such as those in health, social services, and infrastructure, the provision is germane thereto and is therefore not in the nature of a rider, at least on this ground.

The ponencia, however, premised its ruling that Special Provision 1(d) is a rider on its finding that it amended the UHCA and Sin Tax Laws. Citing *Gov. Mandanas v. Hon. Romulo*,[19] the ponencia maintained that the amendment of existing statutes requires the enactment of a separate law, as Congress cannot effect such changes solely through a provision in the general appropriations measure.[20]

Respectfully, it is humbly submitted that such conclusion may be avoided through a reconciliation of the foregoing laws.

When confronted with seemingly conflicting statutes, courts should seek to harmonize and reconcile them rather than declaring one invalid. This is because both statutes are products of the same legislature, which is presumed to be aware of existing laws and would expressly state an intent to repeal. Accordingly, all doubts must be resolved

against the implied repeal of a statute, and every law should be interpreted in a way that creates a consistent and uniform system of jurisprudence.[21] Moreover, repeals by implication are not favored. A repeal is only valid if Congress manifestly intends it or if the laws are so unambiguously inconsistent that they cannot coexist.[22]

Here, it could be reasonably argued that there is no patent inconsistency between Special Provision 1(d) on one hand, and the UHCA and the Sin Tax Laws on the other for the following reasons:

One. The apparent conflict between the subject laws could have been avoided if the DOF had sourced PhilHealth's "fund balance" from the "other portion", which is essentially distinct from its reserve funds. As exhaustively discussed, the Section 11 of the UHCA designates the reserve fund as only one "portion" of the total accumulated revenues left over after covering current expenditures. Thus, while such portion must remain, by law, untouched, there is another portion, or the "Y" factor as labeled previously, which is unrestricted.

To my mind, the existence of such interpretation means that the two provisions can stand together.

True, both Special Provision 1(d) and DOF Circular No. 003-2024 make use of the term "reserve fund", which as mentioned, is a distinct fund under the UHCA given the well-defined parameters under Section 11 thereof. Nonetheless, Section 3.1 of DOF Circular No. 003-2024—which, to reiterate provides the guidelines in implementing Special Provision 1(d)—defines "Fund Balance" as an "unrestricted fund." Accordingly, vis-à-vis PhilHealth, this simply means that the Fund Balance must originate from the unrestricted "Y" portion in the diagram above. Appositely, the directive that "[i]n computing the Fund Balance, a reasonable level of Reserve Funds must be maintained by the GOCC," should then be interpreted to mean that, anent PhilHealth, the Program Reserve Fund must remain untouched.

Two. The bedrock principle of statutory construction, "Generalia specialibus nan derogant"[23] ("A general law does not derogate from a special one"), applies to the apparent irreconcilability between Special Provision 1(d) and the UHCA and the Sin Tax Laws. Upon this point, a general law and a special law on the same subject are statutes in pari materia, and should be read together and harmonized, if possible, with a view to giving effect to both. The general law will yield to the special law in the specific and particular subject embraced in the latter.[24]

The 2024 GAA is a general law providing for the government's overall budget, while the UHCA and the Sin Tax Laws are special statutes governing the specific funding and operation of the National Health Insurance Program. Special Provision 1(d) of the 2024 GAA and the UHCA and the Sin Tax Laws must be read and construed together, then, by taking the UHCA and Sin Tax Laws as exceptions to the general law in order to reconcile them. Consequently, the UHCA and the Sin Tax Laws, as special laws, should prevail with respect to the use of excess reserve funds, as a general law does not repeal a special law by implication.

The same reasoning applies to the Sin Tax Laws, in relation to the limitations imposed by Article VI, Section 29(5) of the Constitution. The ponencia invalidated Special Provision 1(d), with respect to the Sin Tax Laws, on the ground that it violated the prohibition against disbursing special funds for anything other than a special purpose. However, the specific purpose for which these revenues were collected cannot be subverted by Special Provision 1(d). The provision is a general statement that refers only to a general class of entities, i.e., GOCCs, and a general process to "review and reduce" reserve funds. This is not the clear and express statement of repeal required by law to override a special statute. As such, the presumption against implied repeal applies with full force.

Three. The very language of the statutes resolves any apparent conflict. A textual analysis reveals a clear hierarchy among the mandatory duties imposed by the UHCA and Sin Tax Laws, on one hand, and the discretionary authority granted by Special Provision 1(d), on the other. The use of the word "may" in the latter

signifies that this is a permissive or discretionary power, not a mandatory directive. It grants the Executive, specifically the DOF and the Department of Budget and Management, the discretion to act, but does not compel them to do so. This is in stark contrast to the UHCA and the Sin Tax Laws, which contains mandatory language that PhilHealth shall establish a reserve fund and that specific portions of the Sin Tax collections shall be used for implementation of the UHCA.

The specific, non-discretionary nature of the UHCA's mandate for a reserve fund reinforces the above interpretation: "PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures." [25] Verily, the UHCA is based on actuarial principles and studies to ensure the long-term viability of the National Health Insurance Program.

In sum, the discretionary power to "review and reduce" cannot be used to defeat a specific and scientifically based legal requirement. Considering the mandatory application of actuarial principles and studies, the "reasonable levels" for PhilHealth's reserve funds are simply not subject to mere executive review. Such are determined by a specific law to be actuarially sound. For the Executive to "reduce" these funds based on a general provision in the 2024 GAA would be a direct violation of the UHCA's legal and actuarial mandate.

The use of mandatory language in a statute was well-explored in *Guiao v. PAGCOR*, [26] likewise cited in the ponencia. In that case, the Philippine Sports Commission's (PSC) Charter mandated that "five percent (5%) of the gross income ... shall be automatically remitted." However, PAGCOR was remitting a lesser amount based on an executive memorandum. The Court decisively ruled that a clear, mandatory statutory provision could not be subverted by an executive issuance. Hence, when a law establishes a definitive policy with mandatory language, that policy takes supremacy over any discretionary directive in a separate law or executive issuance.

The same conclusion may be drawn in this case. As in the PSC's charter analyzed in *Guiao*, the Sin Tax Laws are worded without qualification, thereby removing any discretion from the respondents. They are obligated to account for the percentage of sin tax collections earmarked for the UHCA and ensure that this specific amount is allocated to PhilHealth in the general appropriations law.

In sum, far from impliedly repealing the UHCA and the Sin Tax Laws, a mere discretionary power granted to the Executive branch under Special Provision 1(d) cannot subvert clear and mandatory legislative policies. The discretion to "review and reduce" cannot be interpreted as a power to contravene the specific purpose of the funds as defined by a special laws. Verily, Special Provision 1(d) is best interpreted as being inapplicable to GOCCs like PhilHealth.

Proceeding from the discussion, the total invalidation of the legal provision based on the theory that the same is an inappropriate provision is unwarranted. As discussed, it does not appear to be imperative to declare Special Provision 1(d) as unconstitutional per se. To reiterate, its perceived infirmity arises only when the same is improperly used as basis to divert special funds under the UHCA and the Sin Tax Laws.

In addition to the above suggestion regarding the possible construction of these seemingly conflicting set of laws, the Court must be mindful that it should constantly strive to exercise judicial restraint. Thus, it must refrain from nullifying an act of a co-equal branch where the ostensible violation may be remedied by some other way without declaring the provision invalid. Here, the return of the PHP 60 billion PhilHealth funds may be achieved by holding that it was grave abuse of discretion on the part of the DOF to invoke Special Provision 1(d) in transferring the said money to the National Treasury, even sans the concomitant invalidation of the legal provision.

This tempered approach recognizes that Special Provision 1(d), as worded and as previously mentioned, does not solely apply to PhilHealth, but also to all other GOCCs. For instance, as brought up by the Solicitor General, Special Provision 1(d) was also applied against PDIC's reserve funds,[27] resulting in the remittance of the amount of PHP 107.23 billion from its unrestricted funds.[28]

Accordingly, it must be accentuated that the wholesale invalidation of Special Provision 1(d) carries far more significant implications beyond PhilHealth. For one, it suggests that the remittances already made by other GOCCs, like PDIC as mentioned—which did not necessarily breach any prohibition on the use and transfer of their own reserve funds—must also be reversed, despite there being no unique constitutional or statutory basis to compel a refund in those cases. For another, unlike in PhilHealth's case, the ponencia did not undertake the same thorough analysis of these other GOCCs' separate charters or their statutory definitions of reserve funds. Hence, it is entirely possible that the laws governing these other GOCCs, such as the PDIC, may permit, or otherwise can be interpreted, to allow for such remittances to the National Treasury. This unintended, or even untenable implications, as well as the lack of individualized scrutiny over other GOCCs, only confirms that the declaration of unconstitutionality should have been strictly confined to the specific transfer of PhilHealth's reserve funds.

At the very least, as the ponencia is of the position that Special Provision 1(d) is unconstitutional per se, other transfers to GOCCs pursuant thereto must also be struck down and they must be instructed to return the transferred money.

Special Provision 1(d) is not-unconstitutional on the basis of an invalid exercise of power of augmentation.

The ponencia also hinged its determination that Special Provision 1(d) is unconstitutional on the fact that it violated Article VI, Section 25(5). In this regard, the Secretary of Finance supposedly exercised the power of augmentation exclusively belonging to the President.

I respectfully disagree.

The appropriation under Special Provision 1(d) and the transfer of savings under Article VI, Section 25(5) of the Constitution are fundamentally distinct legal concepts. The fact that Special Provision 1(d) did not meet any of the requisites for a valid augmentation does not automatically mean that what transpired is a breach of the said Constitutional provision. Contrary to the ponencia's postulation therefore, this is not a case in which the "very infirmity" of the act is used "as a defense." [29] Instead, it means that it is not the type of transaction that is covered by the constitutional provision in the first place.

The power of augmentation under Article VI, Section 25(5) of the Constitution is a limited and exceptional power granted to specific officials, i.e., the President, heads of the Senate and House, the Chief Justice, and heads of Constitutional Commissions. This power is strictly confined to the transfer of savings from one appropriation item to another within the same office.

In contrast, Special Provision 1(d) is not an agency-specific appropriation that is contemplated in Article VI, Section 25(5) of the 1987 Constitution. Otherwise stated, it does not deal at all with the use of savings of an office to "augment" another item in its respective appropriation. As mentioned, it instead serves as one of the four eventualities in which the amounts authorized under unprogrammed appropriations may be used. In fact, as earlier defined, unprogrammed appropriations "provide standby authority to incur additional agency obligations for priority programs or projects when revenue collection exceed[s] targets, and when additional grants or foreign funds are generated." [30]

Moreover, it bears stressing that the ponencia's analysis leads to the invalidation of the entire Special Provision 1. Its discussion in p. 113-115 of the ponencia, for instance, may be likewise used to invalidate Special Provision 1(a) relating to "excess revenue collections in the total tax revenues or any one of the identified non-tax revenue sources from its corresponding revenue collection target, as reflected in the 2024 BESF submitted by the President," for the simple reason that none of the requisites under Section 25(5) have been complied with despite the fact that there is also movement of money in this instance.

In sum, examining Special Provision 1(d) against the standards set by Article VI, Section 25(5) of the Constitution would be akin to judging a fish by its ability to climb a tree. Stated differently, such criteria are simply and outrightly inapplicable, and even irrelevant in this case.

A final cadence. I agree with the inclusion of the directive to return the amount of PHP 60 billion to be returned to PhilHealth. Aside from the representations from the Executive Department that the government will comply^[31] with the orders of the Court in this case, the operative fact doctrine is, at its core, a rule of equity.^[32] As such, it is "applied in circumstances where the nullification of the effects of what used to be a valid law would result in inequity and injustice."^[33] While the Court has applied the said doctrine several times in cases involving constitutional questions relating to the budget,^[34] the biggest "inequity and injustice" in this case would be to deprive the Filipino people of an actual redress in the face of a violation of their right to health.

Nonetheless, it would appear that the same consideration may not be present with respect to the declaration of unconstitutionality of Congress' increase of the Unprogrammed Appropriation from PHP 281.9 billion to PHP 731.4 billion. Among others, this is an issue that is completely independent from the violation of the right to health. As well, the money herein may have already been used to fund various projects that can no longer be undone. Hence, the operative fact doctrine will not apply.

[1] Ponencia, p. 36.

[2] Id.

[3] Id. at 10. "House Bill No. 8980 adopted the PHP 5.7676 trillion budget, with PHP 4.0198 trillion programmed appropriations, PHP 1.7478 trillion automatic appropriations, and PHP 281.9 billion unprogrammed appropriations, as recommended by President Marcos, Jr. in his budget submissions." (Emphasis supplied) Id.

[4] See Department of Budget and Management, OFTEN MISCONSTRUED BUDGET TERMINOLOGIES, available at <https://www.dbm.gov.ph/wp-content/uploads/2012/03/PGB-B6.pdf> (last accessed September 28, 2025).

[5] Republic Act No. 11975 (2024), General Appropriations Act, Chapter XLIII, pp. 739-740. See Unprogrammed Appropriations, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2024/VolumeI/UA.pdf> (last accessed September 28, 2025).

[6] See *Araullo v. Aquino III*, G.R. Nos. 209287, et al., July 1, 2014 [Per J. Bersamin, En Banc].

[7] Department of Budget and Management, GLOSSARY OF TERMS, <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed October 27, 2025) GLOSSARY.pdf, p. 866.

[8] 20th Congress of the Senate of the Philippines, Lacson Pushes Ban on Infra Project Insertions in Budget, September 21, 2025, available at https://web.senate.gov.ph/press_release/2025/0921_lacson2.asp (last accessed

September 28, 2025).

[9] G.R. No. 217965, August 8, 2017 [J. Mendoza, En Banc].

[10] Id.

[11] Ponencia, p. 61-62.

[12] ASSOCIATE JUSTICE DIMAAMPAO:

Is it accurate to say that the difference of accumulated and the cost of current year's expenditures is the "reserve fund"? Is that an accurate statement?

. . . .

GOVERNMENT CORPORATE COUNSEL HERMOSURA:

The reserve fund is the accumulated ... is taken from the past years.

ASSOCIATE JUSTICE DIMAAMPAO

So, it's not accurate because, as the law says, [a] "portion". So that reserve fund is just a portion of the difference between accumulated revenues and cost of current year's expenditures.

Now, since the reserve fund is just a portion, let's label that as "X". So how do you now term that "X"? [...] Can you think of a term that will describe the difference between accumulated revenues and cost of current year's expenditures, given that reserve funds is just a portion of that? Can you think of a term, inasmuch as the law does not mention any term about such difference? [...]

GOVERNMENT CORPORATE COUNSEL HERMOSURA:

Actually, the current year's expenditures are matched against the current year's revenue. You Honor.

ASSOCIATE JUSTICE DIMAAMPAO

Can we use this word "excess"? [...] In the absence of a clear term, "excess" of accumulated revenues and cost of current year's expenditures. From that excess, a "portion" forms part of the reserve fund.

GOVERNMENT CORPORATE COUNSEL HERMOSURA:

Actually, the COA also uses the term "surplus".

ASSOCIATE JUSTICE DIMAAMPAO

Okay, last week, I heard the term "'gap". There is a "gap". Now, you are espousing the theory that should be termed as "surplus". The literal term is "excess". Is the word "surplus" appropriate to describe such excess? What do you mean by "surplus"?

. . . .

ASSOCIATE JUSTICE DIMAAMPAO

Okay, in any case, since the law provides no clear term that will describe excess or surplus, as the case may be, so when it says "portion", so there is that "other portion". Do you agree?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.

ASSOCIATE JUSTICE DIMAAMPAO

Okay, so we can label that as "Y". Now, can you think of a technical term that will describe that "other portion"? So, literally, it's "other portion" because the [...] portion [pertaining to the] reserve fund is another one. So let's label it as "Y". [...]

Hermosura:

Actually, we can replace that diagram with like, say, Your Honors, a circle, like a pie. So the pie represents the total accumulated revenues. That total accumulated revenues, you can slice it into parts: one part is called the "reserve fund". So in this case, the total pie is 500 billion. And then you take a slice of that total pie, make it into the reserve funds. That's the 280 [billion]. [...] And then the [...] remainder of this pie, that's the fund balance, actually.

ASSOCIATE JUSTICE DIMAAMPAO

Fund balance?

GOVERNMENT CORPORATE COUNSEL HERMOSURA:

Yes.

ASSOCIATE JUSTICE DIMAAMPAO

So, you mean "Y" can also be considered fund balance?

GOVERNMENT CORPORATE COUNSEL HERMOSURA:

Yes, yes. That's correct, Your Honor. [...]

....

ASSOCIATE JUSTICE DIMAAMPAO

Given this PowerPoint Presentation, [...] is it not possible that the source for unprogrammed appropriations may come from "Y", which we label [...] "other portion"? [...]

ATTY. LAO:

Your Honor, for me, [...] per admission by the government, [...] as labelled in the GAA, the one that was taken away, the 60 billion, so far, came from Sin Taxes, Your Honor, because the GAA says this is the appropriation for Sin Taxes.

ASSOCIATE JUSTICE DIMAAMPAO

Just answer yes or no.

ATTY. LAO:

No, Your Honor.

ASSOCIATE JUSTICE DIMAAMPAO

The reserve fund is isolated. It must remain untouched. That's why there is a barrier there, which implies that reserve fund must be untouched, isolated from the other portion.

Now, the Solicitor General, please, is that the one that the government has been doing? That it may source such unprogrammed appropriation from the other portion.

SOLICITOR GENERAL CUEVARRA:

Exactly, Your Honor.

ASSOCIATE JUSTICE DIMAAMPAO

Not the reserve fund?

SOLICITOR GENERAL GUEVARRA:

No, because the DOF Circular clearly stated that the GOCCs shall review and reduce to a reasonable level their reserve funds, making into account their historical expenditures from the previous years. And the remainder—meaning, outside the reduced or reasonably reduced reserve fund—will be the base for the computation of what should be remitted back to the Treasury.

And in that particular example. Your Honor, [that is] your "Y" factor, which refers to accumulated revenues over the past years. In the case of the PDIC, which is the other GOCC that remitted funds to the National Treasury. These are the unrestricted funds, these are the retained earnings of PDIC. Precisely, your "Y" factor And that was the amount determined to be returned to the treasury.

ASSOCIATE JUSTICE DIMAAMPAO

Any refutation?

ATTY. LAO:

Yes, Your Honor, in the Bureau of Treasury's presentation for the House of Representatives on May 8, 2024. They determined the fund balance [...] from 2021 to 2023 as premium for indirect contributors minus benefit claims [...].

ASSOCIATE JUSTICE DIMAAMPAO

We have repeatedly mentioned "fund balance", where in that presentation is the fund balance?

ATTY. LAO:

That's actually my quandary Your Honor, because they based on the presentations, they just computed it on their subsidy minus benefit claims of indirect contributors. That's it. [...]

ASSOCIATE JUSTICE DIMAAMPAO

Will you espouse the theory that it may come from the reserve fund?

ATTY. LAO:

Yes, Your Honor.

[13] Ponencia, p. 66.

[14] Id. at 66-67.

[15] Atitiw v. Zamora, 508 Phil. 321 (2005) [Per J. Tinga, En Banc].

[16] Saint Wealth Ltd. v. Bureau of Internal Revenue, G.R. Nos. 252965 & 254102, December 7, 2021 [Per J. Gaerlan, En Banc].

[17] Id.

[18] Sinsuat v. Ebrahim, G.R. Nos. 271741 & 271972, August 20, 2024 [Per J. Zalameda, En Banc].

[19] 473 Phil. 806 (2004) [Per J. Callejo, Sr., En Banc].

[20] Ponencia, p. 54.

[21] Bangko Sentral ng Pilipinas v. Commission on Audit, G.R. No. 210314, October 12, 2021 [Per J. Hernando, En Banc].

[22] Id.

[23] Tomawis v. Hon. Balindong, G.R. No. 182434, March, 5, 2010 [Per J. Velasco, Jr., En Banc].

[24] Id.

[25] Section 11, UHCA.

[26] Guiao v. Philippine Amusement and Gaming Corp., G.R. No. 223845, May 28, 2024 [Per S.A.J. Leonen, En Banc].

[27] ASSOCIATE JUSTICE DIMAAMPAO

The reserve fund is isolated. It must remain untouched. That's why there is a barrier there, which implies that reserve fund must be untouched, isolated from the other portion.

Now, the Solicitor General, please, is that the one that the government has been doing? That it may source such, unprogrammed appropriation from the other portion.

SOLICITOR GENERAL GUEVARRA:

Exactly, Your Honor.

ASSOCIATE JUSTICE DIMAAMPAO

Not the reserve fund?

SOLICITOR GENERAL GUEVARRA:

No, because the DOF Circular clearly stated that the GOCCs shall review and reduce to a reasonable level their reserve funds, taking into account their historical expenditures from the previous years. And the remainder—meaning, outside the reduced or reasonably reduced reserve fund—will be the base for the computation of what should be remitted back to the Treasury.

And in that particular example, Your Honor, [that is] your "Y" factor, which refers to accumulated revenues over the past years. In the case of the PDIC, which is the other GOCC that remitted funds to the National Treasury. These are the unrestricted funds, these are the retained earnings of PDIC. Precisely, your "Y" factor. And that was the amount determined to be returned to the treasury.

[28] See Department of Finance, PDIC remittance to the national government supports national development while maintaining a sound deposit insurance system, January 12, 2025, available at <https://www.dof.gov.ph/pdic-remittance-to-the-national-government-supports-national-development-while-maintaining-a-sound-deposit-insurance-system/> (last accessed September 27, 2025).

[29] Ponencia, p. 115.

[30] See Department of Budget and Management. OFTEN MISCONSTRUED BUDGET TERMINOLOGIES, available at <https://www.dbm.gov.ph/wp-content/uploads/2012/03/PGB-B6.pdf> (last accessed September 28, 2025).

[31] Ponencia, p. 124.

[32] Id. at 122.

[33] Id.

[34] See e.g. *Belgica v. Ochoa*, G.R. Nos. 208566, 208493 & 209251, November 19, 2013 [Per J. Perlas-Bernabe, En Banc].

SEPARATE OPINION

MARQUEZ, J.:

I commend our highly esteemed colleague, Associate Justice Amy Lazaro-Javier, on another incisive and erudite ponencia. I fully concur with the ponencia's ruling that respondents should be ordered to return the PHP 60 billion taken from the Philippine Health Insurance Corporation (PhilHealth), as already mandated by President Ferdinand R. Marcos, Jr., and that the Department of Finance (DOF) should be prohibited from implementing the transfer of PHP 29.9 billion "fund balance" from PhilHealth.

However, I, like Associate Justices Jhosep Y. Lopez, Japar B. Dimaampao, and Raul B. Villanueva, have serious reservations regarding the wholesale invalidation of Special Provision No. 1(d) of the 2024 General Appropriations Act (GAA) and DOF Circular No. 003-2024. I will no longer reiterate the arguments which Associate Justices Lopez, Dimaampao, and Villanueva already exhaustively discussed in their well-reasoned separate opinions; rather, I write only to express a few additional points.

First, Special Provision No. 1(d) is presumed constitutional.

As a rule, any analysis of the validity of a law must prescind from the presumption that said law is constitutional. Thus, in *Gerochi v. Department of Energy*,^[1] the Court emphasized that "every law has in its favor the

presumption of constitutionality, and to justify its nullification, there must be a clear and unequivocal breach of the Constitution and not one that is doubtful, speculative, or argumentative." [2]

Consistent with the presumption of constitutionality, "in cases where the statute seems to be in conflict with the Constitution, but a construction that it is in harmony with the Constitution is also possible, that construction should be preferred." [3]

In this regard, analysis of the constitutionality of Special Provision No. 1(d) must begin from the presumption that this provision is constitutional. Moreover, if Special Provision No. 1(d) appears to be in conflict with the Constitution in any way, but the Court can adopt a construction that harmonizes this law with the requirements of the Constitution, the Court is duty-bound to so harmonize Special Provision No. 1(d) and the Constitution.

With these fundamental principles in mind, the instant controversy presents the Court with a crossroads: it can nullify Special Provision No. 1(d) of the 2024 GAA and DOF Circular No. 003-2024 in their entirety, or it can exercise judicial restraint, harmonize Special Provision No. 1(d) and the Constitution, and rule only on the facts before it, i.e., the transfer of PhilHealth's reserve funds to the National Treasury. For the reasons explained below, I believe the latter option is more in accordance with the Constitution, established limits on the Court's power of judicial review, and the principle of separation of powers.

Second, I respectfully disagree with the ponencia's ruling that Special Provision No. 1(d) is not germane to the purpose of the 2024 GAA and is thus a prohibited rider.

As stated in the ponencia, all provisions in a GAA must be germane to the purpose of the law, i.e., they must be particular, unambiguous, and appropriate. [4]

The ponencia recognizes that the first requisite of germaneness is fulfilled by Special Provision No. 1(d). According to the ponencia, Special Provision No. 1(d) is particular as "it relates to a particular appropriation in the 2024 GAA, i.e., the unprogrammed appropriations, which do not have definite funding sources, save for foreign assisted projects funded by foreign loans[.]" [5]

However, the ponencia finds that the other two requisites of germaneness are absent, as Special Provision No. 1(d) is: (a) ambiguous; and (b) inappropriate, because it impliedly repeals Section 11 of the United Healthcare Act (UHCA). I respectfully disagree on both counts.

Special Provision No. 1(d) is unambiguous

In *Atitiw v. Zamora*, [6] as cited in the ponencia, the Court explained that a provision in a GAA "is unambiguous when its application or operation is apparent on the face of the bill and it does not necessitate reference to details or sources outside the appropriations bill." [7]

Applying this principle, the ponencia argues that Special Provision No. 1(d) is ambiguous because it does not define "fund balance" and "reasonable levels," and instead requires the DOF to issue guidelines to implement this provision. [8] According to the ponencia, this directive constitutes an undue delegation of legislative authority to the DOF.

To the contrary, however, I respectfully posit that the lack of a statutory definition of "fund balance" and "reasonable levels" does not render Special Provision No. 1(d) ambiguous, and that Special Provision No. 1(d) is a valid delegation of legislative authority to the DOF.

At the outset, "courts bend as far back as possible to sustain the constitutionality of laws which are assailed as unduly delegating legislative powers." [9] This judicial policy is consistent with the principle of separation of powers, as well as the reality that delegation of legislative authority to administrative agencies "has become necessary because of 'the growing complexity of the modern society.' These agencies are considered specialists, which 'can deal with the problems [in their respective fields] with more expertise and dispatch than can be expected from the legislature or the courts of justice.'" [10]

Mindful that the Court must exercise caution in determining the existence of an undue delegation of legislative authority, I submit that Special Provision No. 1(d) is not an undue delegation of legislative authority.

In *ABAKADA GURO Party List (formerly AASJS) v. Hon. Purisima*, [11] the Court explained the standards for determining whether a delegation of legislative power is valid:

Two tests determine the validity of delegation or legislative power: (1) the completeness test and (2) the sufficient standard test. A law is complete when it sets forth therein the policy to be executed, carried out or implemented by the delegate. It lays down a sufficient standard when it provides adequate guidelines or limitations in the law to map out the boundaries of the delegate's authority and prevent the delegation from running riot. To be sufficient, the standard must specify the limits of the delegate's authority, announce the legislative policy and identify the conditions under which it is to be implemented. [12] (Emphasis supplied)

With respect to the requirement of completeness, the Court has explained that "[a]ll the terms and provisions of the law must leave nothing to the delegate except to implement it. What only can be delegated is not the discretion to determine what the law should be but the discretion to determine how the law shall be enforced." [13]

As to the requirement of a sufficient standard, the Court has recognized that:

The standards set for subordinate legislation in the exercise of rule-making authority by an administrative agency are necessarily broad and highly abstract.

A review of jurisprudence reveals that the Court has found the following, despite being broad principles, to be sufficient standards to constitute a valid delegation of legislative power: "the standardization and regulation of medical education," "safe transit upon the roads," "public welfare," "interest of law and order," "public interest," "public convenience and welfare," and "promote simplicity, economy and efficiency." [14] (Emphasis supplied, citations omitted)

To further illustrate, general standards such as "'as far as practicable,' 'decline of crude oil prices in the world market,' and 'stability of the peso exchange rate to the US dollar'" [15] are not "unclear nor inconcrete in meaning, but are in fact determinable by the simple expedient of referring to their dictionary meanings." [16]

In cases involving the delegation of rate-fixing power, "the only standard which the legislature is required to prescribe for the guidance of the administrative authority is that the rate be reasonable and just." [17]

In addition, a standard imposed by the legislature does not have to be expressly stated; in fact, implied standards have been deemed sufficient to guide the legislature's delegate. As the Court has held, these standards "do not have to be spelled out specifically, and could be implied from the purpose of the act considered as a whole." [18]

In *Belgica v. Ochoa*, [19] the Court was tasked, among other issues, to determine whether the phrase "and for such other purposes as may be hereafter directed by the President" under Section 8 of Presidential Decree No. 910, an appropriations law, was an undue delegation of legislative authority. [20] The Court held that this phrase was an undue delegation of legislative authority as it did not provide a sufficient standard to guide the delegate:

While the designation of a determinate or determinable amount for a particular public purpose is sufficient for a legal appropriation to exist, the appropriation law must contain adequate legislative guidelines if the same

law delegates rule-making authority to the Executive either for the purpose of (a) filling up the details of the law for its enforcement, known as supplementary rule-making, or (b) ascertaining facts to bring the law into actual operation, referred to as contingent rule-making. There are [two] fundamental tests to ensure that the legislative guidelines for delegated rule-making are indeed adequate. The first test is called the "completeness test." Case law states that a law is complete when it sets forth therein the policy to be executed, carried out, or implemented by the delegate. On the other hand, the second test is called the "sufficient standard test." Jurisprudence holds that a law lays down a sufficient standard when it provides adequate guidelines or limitations in the law to map out the boundaries of the delegate's authority and prevent the delegation from running riot. To be sufficient, the standard must specify the limits of the delegate's authority, announce the legislative policy, and identify the conditions under which it is to be implemented.

... Thus, while Section 8 of [Presidential Decree No.] 910 may have passed the completeness test since the policy of energy development is clearly deducible from its text, the phrase "and for such other purposes as may be hereafter directed by the President" under the same provision of law should nonetheless be stricken down as unconstitutional as it lies independently unfettered by any sufficient standard of the delegating law.[21] (Emphasis supplied)

In my view, there is a sea of difference between an impermissibly vague standard such as "for such other purposes as may be hereafter directed by the President" and the standards provided in Special Provision No. 1(d).

To recall, Special Provision No. 1(d) provides:

1. Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any or the following exists: ...

(d) Fund balance or the Government-Owned or -Controlled Corporations (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to a reasonable level taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within [15] days from effectivity of this Act. (Emphasis supplied)

As explained by the ponente, Special Provision No. 1(d) "provides the sources of funds including the conditions for the utilization of the allocated funds therefor i.e., among others, that there be a fund balance from a [government-owned or controlled corporation (GOCC)]."[22] Consequently, Special Provision No. 1(d) is complete. It does not clothe the DOF with any discretion to decide on the sources of funds or the conditions for the utilization of funds, as these matters were already determined by Congress when it passed the 2024 GAA.

Special Provision No. 1(d) also provides the DOF, as the legislature's delegate, sufficient standards to carry out the delegated task. Under this provision, the DOF is not given unfettered authority to designate any and all funds of GOCCs as "fund balance"; instead, "fund balance" is to be determined based on "any remainder resulting from the review and reduction of their reserve funds to a reasonable level." [23] The determination of the "reasonable level" is also subject to a legislative standard under Special Provision No. 1(d), i.e., it must "tak[e] into account disbursement from private years."

The ponencia also distinguishes Special Provision No. 1(d) from Special Provision No. 1(a) to (c), which do not require supplementary issuances from the DOF.

In this regard, I respectfully draw the ponente's attention to other portions of the Special Provisions which refer to supplementary issuances by other government agencies, as follows:

- Special Provision No. 2 of the 2024 GAA, entitled "Strengthening Assistance for Government Infrastructure and Social Programs," provides that "[r]elease of funds shall be subject to Special Provision No. 1 hereof and

the guidelines issued by the agencies concerned."^[24] This provision can also be found in the 2025 GAA, while a similar provision can be found in the 2022 and 2023 GAAs.

- Special Provision No. 6 of the 2024 GAA, on "Risk Management Program," indicates that "[i]mplementation of this provision shall be subject to guidelines that may be issued for the purpose."^[25] This provision can also be found in the 2022 and 2023 GAAs, as well as the 2025 GAA.

Indeed, references to the need for guidelines issued by other government agencies are replete throughout the 2024 GAA. To illustrate, a few examples are listed below:

- Section 6, on "Trust Receipts," provides that deposit and recording of trust receipts with the National Treasury shall be in accordance with [Executive Order] No. 338, s. 1996, as implemented by COA-DBM-DOF J.C. No. 1-97 dated January 2, 1997, and such other guidelines issued thereon."^[26]

- Section 11, entitled "Reversion, Closure, and Transfer of Balances of Special Accounts, Fiduciary or Trust Funds, Revolving Funds, and Unauthorized Accounts," states that "[i]mplementation of this Section shall be subject to Permanent Committee J.C. No. 4-2012 dated September 11, 2012 and such other guidelines issued by the agencies concerned."^[27]

- Section 16, entitled "National Internal Revenue Taxes and Import Duties," states that "[i]mplementation of this Section shall be subject to the guidelines issued by the DOF and Department of Budget and Management (DBM), and such other guidelines issued by the agencies concerned."^[28]

- Section 32 on "Multi-Year Contracts" provides that "[i]mplementation of this provision shall be subject to the relevant [Government Procurement Policy Board (GPPB)] guidelines issued thereon," and "[p]rocurement of multi-year projects shall be subject to the provisions of [Republic Act] No. 9184, its [implementing Rules and Regulation], and GPPB guidelines."^[29]

- Section 35, entitled "Programs and Projects Related to Gender and Development," requires government agencies to "implement the application provisions under [Republic Act] No. 9710 or the Magna Carta of Women, Convention on the Elimination of all Forms of Discrimination Against Women, the Beijing Platform for Action, the Philippine Plan for Gender-Responsive Development (1995-2005) and the Philippine Development Plan," and further states that "preparation[] and submission of the annual [Gender and Development (GAD)] Plan and annual GAD Accomplishment Report shall be subject to the guidelines issued by the agencies concerned."^[30]

- Section 49, entitled "Philippine Open Government Partnership," provides that "implementation of this provision shall be consistent with [Executive Order] No. 31, the strategies identified under the Philippine Development Plan 2023-2028, and the applicable guidelines to be issued by the DBM, in coordination with other concerned agencies."^[31]

- Section 54, on "Appropriations for Personnel Services," provides that "[i]mplementation of this Section shall be subject to guidelines issued by the DBM."^[32]

- Section 70, on "Cash Budgeting System," authorizes the DBM to "issue the necessary guidelines for the effective implementation of the cash budgeting system."^[33]

- Section 84, on "Intelligence Funds," provides that "[i]mplementation of this Section shall be subject to COA-DBM-DILG-GCG-DND J.C. No. 2015-01 dated January 8, 2015 and such other guidelines issued thereon."^[34]

- Section 87, on "Use of Funds for Foreign-Assisted Projects," provides that the use of such funds shall be in accordance with "the rules and regulations prescribed under DBM-COA-DOF J.C. No. 2-97 dated March 21, 1997, N.B.C. No. 581 dated December 27, 2020, and such other guidelines that may be issued thereon."^[35]

- Section 88, on "Disbursement of Funds," provides that disbursement shall be subject to guidelines issued under the Modified Disbursement System.

If a reference to guidelines or rules issued or to be issued by other government agencies is sufficient to render a provision of a GAA ambiguous, it would appear that numerous provisions of the 2024 GAA are ambiguous and therefore fail the test of germaneness. Surely this was not the result intended by the Court when it handed down its ruling in *Atitiw*. Such a ruling would "tie the hands of Congress in providing budgetary policies in the appropriations bill,"[36] precisely the outcome the Court in *Atitiw* wished to avoid.

For the above reasons, I disagree that the directive to the DOF to issue guidelines to implement the Special Provisions of the 2024 GAA renders Special Provision No. 1(d) ambiguous and therefore a prohibited rider under the Constitution. Special Provision No. 1(d) does not unduly delegate legislative power, and the resulting DOF Circular No. 003-2024 is a valid exercise of delegated legislative authority.

Special Provision No. 1(d) does not impliedly repeal Section 11 of the UHCA, and is therefore not inappropriate

The third requisite for germaneness is that the provision must be appropriate. Citing *Philippine Constitution Association v. Enriquez*,[37] the ponencia explains that the following provisions are not appropriate in a GAA: (1) provisions that do not relate specifically to some particular appropriation; (2) even if they relate to some particular appropriation, they nonetheless violate the Constitution; or (3) provisions that intend to amend or repeal, or have the effect of amending or repealing, existing laws.[38] According to the ponencia, Special Provision No. 1(d) impliedly repealed Section 11 of the UHCA and is thus an inappropriate rider.

I respectfully disagree. Associate Justices Lopez, Dimaampao, and Villanueva already explained why Special Provision No. 1(d) did not impliedly repeal Section 11 of the UHCA and Sin Tax Laws. I wish only to add a few points on this subject for the consideration of the banc.

In *Mecano v. Commission on Audit*,[39] the Court distinguished between two types of implied repeal:

Repeal by implication proceeds on the premise that where a statute of later date clearly reveals an intention on the part of the legislature to abrogate a prior act on the subject, that intention must be given effect. Hence, before there can be a repeal, there must be a clear showing on the part of the lawmaker that the intent in enacting the new law was to abrogate the old one. The intention to repeal must be clear and manifest; otherwise, at least, as a general rule, the later act is to be construed as a continuation of, and not a substitute for, the first act and will continue so far as the two acts are the same from the time of the first enactment.

There are two categories of repeal by implication. The first is where provisions in the two acts on the same subject matter are in an irreconcilable conflict, the later act to the extent of the conflict constitutes an implied repeal of the earlier one. The second is if the later act covers the whole subject of the earlier one and is clearly intended as a substitute, it will operate to repeal the earlier law.

Implied repeal by irreconcilable inconsistency takes place when the two statutes cover the same subject matter; they are so clearly inconsistent and incompatible with each other that they cannot be reconciled or harmonized; and both cannot be given effect, that is, that one law cannot be enforced without nullifying the other.[40] (Emphasis supplied)

I respectfully submit that neither mode of implied repeal is present in this case.

As to the first mode of implied repeal: even assuming that Special Provision No. 1(d) and Section 11 of the

UHCA govern the same subject matter (i.e., that PhilHealth's reserve funds and fund balance are one and the same), these statutory provisions are not irreconcilable. It is a basic rule that "general legislation must give way to special legislation on the same subject, and generally is so interpreted as to embrace only cases in which the special provisions are not applicable—*lex specialis derogat generali*." [41]

As pointed out by Associate Justices Lopez and Dimaampao, the *lex specialis* with regard to PhilHealth's reserve funds is PhilHealth's mandatory duties with respect to these funds under Section 11 of the UHCA. The broad language of Special Provision No. 1(d), which specially identifies neither PhilHealth nor its reserve funds but rather speaks generally of GOCCs and their fund balances, is general legislation that must give way to the particular requirements of Section 11 of the UHCA.

As regards the second mode of implied repeal, it can hardly be disputed that Special Provision No. 1(d) does not cover the whole subject of Section 11 of the UHCA. As explained by the ponencia, Special Provision No. 1(d) "provides the sources of funds [for unprogrammed appropriations,] including the conditions for the utilization of the allocated funds therefore[.]" [42] On the other hand, Section 11 of the UHCA: (1) identifies the "reserve funds" of PhilHealth; (2) sets forth its ceiling, usage, and investment parameters; (3) establishes a prohibition against the transfer of this "reserve funds"; and (4) requires the creation of the "reserve funds" for specific purposes. [43]

Assuming, again, that "fund balance" and "reserve funds" under Special Provision No. 1(d) and Section 11 of the UHCA are one and the same, Section 11 of the UHCA contains numerous details on the use and safekeeping of these funds, details which are beyond the scope of Special Provision No. 1(d). Accordingly, Special Provision No. 1(d) does not cover the whole subject of Section 11 of the UHCA.

In addition, implied repeal requires a finding that Congress intended to repeal the previous law:

[S]tatutes and ordinances are presumed to be passed only after careful deliberation and with knowledge of all existing ones on the subject, it follows that, in passing a law, the legislature did not intend to interfere with or abrogate a former law relating to the same subject matter. If the intent to repeal is not clear, the later act should be construed as a continuation of, and not a substitute for the earlier act. [44]

I do not believe that such intent can be inferred from the general language of Special Provision No. 1(d). Moreover, since provisions that intend to amend or repeal, or have the effect of amending or repealing, existing laws, are not appropriate in a GAA, to infer such intent on the part of Congress would be to presume that Congress intended to craft ineffective legislation. Such an inference is contrary to the Court's duty to interpret existing laws such that they can be made effective.

It is an established principle that "construction of a statute which creates an inconsistency should be avoided when a reasonable interpretation can be adopted which will not do violence to the plain words of the act and will carry out the intention of Congress." [45] Moreover, "statutes are to be read in a manner that would 'breathe life into it, rather than defeat it, and ... all reasonable doubts should be resolved in favor of the constitutionality of a statute.'" [46] These principles are not simply tools to simplify statutory construction or meaningless motherhood statements; these principles are borne out of the Court's respect for the legislature as a co-equal branch of government. Thus, they should not be carelessly set aside and disregarded.

For the foregoing reasons, I respectfully submit that Special Provision 1(d) is not a rider, as it is particular, unambiguous, and appropriate. I further submit that Special Provision No. 1(d) did not unduly delegate legislative authority to the DOF. While the DOF erred in ordering the transfer of PhilHealth's reserve funds to the National Treasury, this error was one of implementation, not legislation.

Third, the Court must exercise judicial restraint and rule only on the facts before it.

In his Concurring Opinion in *Gios-Samar, Inc. v. Department of Transportation and Communications*,^[47] Senior Associate Justice Marvic M.V.F. Leonen succinctly explained the notion of judicial restraint:

When interpretations of a constitutional provision are equally valid but lead to contrary results, this Court should exercise judicial restraint and allow the political forces to shed light on a choice. This Court steps in only when it discerns clear fallacies in the application of certain norms or their interpretation. Judicial restraint requires that this Court does not involve itself into matters in which only those who join in democratic political deliberation should participate. As magistrates of the highest court, we should distinguish our role from that of an ordinary citizen who can vote.

Judicial restraint is also founded on a policy of conscious and deliberate caution. This Court should refrain from speculating on the facts of a case and should allow parties to shape their case instead. Likewise, this Court should avoid projecting hypothetical situations where none of the parties can fully argue simply because they have not established the facts or are not interested in the issues raised by the hypothetical situations. In a way, courts are mandated to adopt an attitude of judicial skepticism. What we think may be happening may not at all be the case. Therefore, this Court should always await the proper case to be properly pleaded and proved.^[48] (Emphasis supplied)

As discussed by Associate Justice Lopez in his Separate Concurring Opinion, the substance of the petitioners' arguments against the validity of Special Provision No. 1(d) and the assailed DOF Circular focus on the effect of these issuances on PhilHealth, not on their invalidity in all instances. Associate Justices Lopez and Dimaampao also note that at least one other GOCC has remitted funds to the National Treasury pursuant to Special Provision No. 1(d), and the question of whether this transfer is void is not before this Court. To my mind, the Court should exercise restraint and base its ruling only on the facts before it, lest its Decision in this case trigger a ripple of unforeseen consequences that unduly hamper the operations of government.

For similar reasons, the argument of the petitioners that the transfer of funds from PhilHealth to the National Treasury constitutes malversation or technical malversation and plunder for which the DOF Secretary should be held criminally liable is misplaced since it involves issues of criminal liability beyond the scope of the instant proceedings.^[49] I fully agree with the ponencia and wish only to emphasize that this Court is not the proper forum to allege and try criminal charges in the first instance, regardless of the nature of the proceedings. There is no procedural vehicle by which an aggrieved party may bring criminal charges before this Court without first resorting to the trial courts. Moreover, without determination of probable cause, arraignment, trial, and all the other procedural measures designed to ensure that persons accused of criminal wrongdoing are afforded due process, any ruling on the merits of petitioners' allegations of criminal conduct would violate the rights of the DOF Secretary.

All told, the Court's power of judicial review empowers the Court to correct grave abuse of discretion on the part of the Executive and Legislative. It is not *carte blanche* for the Court to interfere with the workings of government through judicial legislation, nor is it authority for the Court to flout the fundamental principle of separation of powers and dismiss the wisdom and expertise of its co-equal branches of government. For these reasons, I respectfully submit that the Court should (a) limit its declaration of invalidity to the transfer of PHP 60 billion of PhilHealth's reserve funds to the National Treasury, and (b) refrain from invalidating Special Provision No. 1(d) and DOF Circular No. 003-2024 in their entirety.

[1] *Gerochi v. Department of Energy*, 554 Phil. 563 (2007) [Per J. Nachura, En Banc].

[2] *Id.* at 590.

- [3] Resident Marine Mammals of the Protected Seascape Tañon Strait v. Reyes, 758 Phil. 724, 764 (2015) [Per J. Leonardo-de Castro, En Banc].
- [4] Ponencia, p. 51.
- [5] Id. at 52-53.
- [6] 508 Phil. 321 (2005) [Per J. Tinga, En Banc].
- [7] Id. at 336. (Emphasis supplied)
- [8] Ponencia, p. 54.
- [9] Department of Transportation v. Philippine Petroleum Sea Transport Association, 837 Phil. 144, 175 (2018) [Per J. Velasco, Jr., En Banc], citing Tatad v. Secretary of Department of Energy, 346 Phil. 321, 361 (1997) [Per J. Puno, En Banc].
- [10] Heirs of Zoleta v. Land Bank of the Philippines, 816 Phil. 389, 410 (2017) [Per J. Leonen, Second Division].
- [11] 584 Phil. 246 (2008) [Per J. Corona, En Banc].
- [12] Id. at 272.
- [13] Venus Commercial Co., Inc. v. Department of Health, 916 Phil. 16, 51 (2021) [Per J. Lazaro-Javier, First Division]. (Emphasis supplied)
- [14] Federation of Jeepney Operators and Drivers Association of the Philippines v. Government of Manila City, 944 Phil. 81, 121-122 (2023) [Per J. Caguioa, En Banc].
- [15] Department of Transportation v. Philippine Petroleum Sea Transport Association, 837 Phil. 144, 176 (2018) [Per J. Velasco, Jr., En Banc].
- [16] Id.
- [17] Philippine Communications Satellite Corp. v. Alcuaz, 259 Phil. 707, 715 (1989) [Per J. Regalado, En Banc].
- [18] Sobrejuanite-Flores v. Pilando, Jr., 916 Phil. 333, 344 (2021) [Per J. Lopez, M., En Banc], citing Tablarin v. Gutierrez, 236 Phil. 768, 780 (1987) [Per J. Feliciano, En Banc].
- [19] 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].
- [20] Id. at 568. (Emphasis supplied)
- [21] Id. at 568-570.
- [22] Ponencia, p. 53.
- [23] Emphasis supplied.
- [24] Emphasis supplied.
- [25] Emphasis supplied.
- [26] Emphasis supplied.
- [27] Emphasis supplied.
- [28] Emphasis supplied.

- [29] Emphasis supplied.
- [30] Emphasis supplied.
- [31] Emphasis supplied.
- [32] Emphasis supplied.
- [33] Emphasis supplied.
- [34] Emphasis supplied.
- [35] Emphasis supplied.
- [36] *Atitiw v. Zamora*, 508 Phil. 321-344, 335 (2005) [Per J. Tinga, En Banc].
- [37] 305 Phil. 546 (1994) [Per J. Quiason, En Banc].
- [38] Ponencia, p. 52.
- [39] *Mecano v. Commission on Audit*, 290-A Phil. 272 (1991) [Per J. Campos, Jr., En Banc].
- [40] *Id.* at 280-281.
- [41] *Disuanco v. Villafuerte*, 907 Phil. 822, 834 (2021) [Per J. Lopez, J., En Banc].
- [42] Ponencia, p. 58.
- [43] *Id.* at 56.
- [44] *Social Justice Society et al. v. Atienza, Jr., et al.*, 568 Phil. 658, 695 (2008) [Per J. Corona, En Banc].
- [45] *Asturias Sugar Central, Inc. v. Commissioner of Customs*, G.R. No. L-19337, September 30, 1969 [Per J. Castro, En Banc].
- [46] *Hicap v. Energy Regulatory Commission*, G.R. No. 210334, August 1, 2023 [Unsigned Resolution, En Banc].
- [47] 849 Phil. 120 (2019) [Per J. Jardeleza, En Banc].
- [48] *Id.* at 194.
- [49] Ponencia, p. 123.

SEPARATE CONCURRING OPINION

SINGH, J.:

I concur with the ponencia that the reversion of the Philippine Health Insurance Corporation (PhilHealth) funds to the National Treasury under Special Provision No. 1(d) of the 2024 General Appropriations Act (GAA), as implemented by Department of Finance (DOF) Circular No. 003-2024, is unconstitutional. Aside from being inappropriate, I submit that Special Provision No. 1(d) is a prohibited rider under Section 25(2), Article VI of the Constitution because it is also ambiguous. I also write separately to underscore the implications of this case on health system governance and fiscal discipline.

The Role of PhilHealth under the Universal Health Care Act

PhilHealth was created under Republic Act No. 7875,[1] or the National Health Insurance Act of 1995, as the national health insurance agency mandated to ensure that all Filipinos are automatically covered by the National Health Insurance Program (NHIP).[2]

More than two decades later, the Congress enacted Republic Act No. 11223, or the Universal Health Care Act (UHCA),[3] instituting comprehensive healthcare reforms and strengthening PhilHealth's role within the broader goal of universal healthcare. The law set out the following general objectives:

- (1) Progressively realize universal health care in the country through a systemic approach and clear delineation of roles of key agencies and stakeholders towards better performance in the health system; and
- (2) Ensure that all Filipinos are guaranteed equitable access to quality and affordable health care goods and services and protected against financial risk.[4]

Under Section 8 of the UHCA, membership in the NHIP is of two types – direct and indirect contributors. Direct contributors are those with capacity to pay premiums, are gainfully employed or are self-earning, lifetime members, and their dependents,[5] while indirect contributors are those not included in the foregoing and whose premiums are subsidized by the government because of financial incapacity or by reason of coverage by special laws.[6] The law emphasizes the principles of equity and solidarity in health care financing, and access to health for vulnerable populations.[7]

The UHCA reiterates PhilHealth's duty to ensure the automatic inclusion of every Filipino into the NHIP and mandates the development of a comprehensive benefit package, as recommended by the Health Technology Assessment Council (HTAC).[8] PhilHealth is also tasked to regulate, in coordination with the Department of Health (DOH), the co-payments and co-insurance for amenities in public hospitals;[9] oversee the quality, safety and equity of services through rating systems and incentives; and monitor health facilities' compliance with co-payment and quality standards.[10] Meanwhile, the PhilHealth Board is responsible for policy direction, budgeting, financial oversight and personnel management, with the President executing day to day operations under Board supervision.[11]

Section 10 of the UHCA, which provides for a staggered increase in premium rates from years 2019 to 2025, mandates PhilHealth to provide direct contributors with a corresponding increase in benefits for every increase in the rate of contributions. It further obliges the State to fully subsidize the premium contributions of all indirect contributors, which subsidy shall be included annually in the General Appropriations Act (GAA), the funds to be released to PhilHealth.

The funds reverted under the questioned DOF Circular No. 003-2024 were part of the appropriations for premium subsidies for indirect contributors[12] – typically the poorest and marginalized Filipinos, namely, indigents,[13] senior citizens[14] and persons with disability.[15] The DOF Letter, dated April 24, 2024, instructed PhilHealth to remit the fund balance of PHP 89.9 Billion to the Bureau of Treasury (BoT), the same being alleged excesses for the years 2021 to 2023 from the government subsidy for the premium contributions.[16] Said subsidies, which the National Government appropriated for PhilHealth for payment of the premium contributions of indirect members, are from excise tax collections earmarked for PhilHealth and the implementation of universal healthcare, as provided in Section 37[17] of the UHCA; and Section 8 (C) of Republic Act No. 10351[18] and Section 288-A of Republic Act No. 11346[19] (the Sin Tax Laws). Such funds, appropriated and earmarked for a statutory purpose, are thus impressed with a trust character,[20] meant exclusively to fulfill the State's constitutional and statutory

obligation to provide healthcare.

The impact of the fund reversion is severe. By removing critical financing for premium subsidies, the State effectively undermined PhilHealth's capability to deliver on its universal healthcare obligations, disenfranchising millions of indirect contributors.

As of December 21, 2023, PhilHealth reported a total of 108,505,167 beneficiaries (members and their dependents),^[21] consisting of 66,666,112 direct contributors and 41,839,055 indirect contributors.^[22] This means indirect contributors make up about 38.6% of the total PhilHealth beneficiaries. The indirect contributors comprise of 26,190,883 indigent beneficiaries,^[23] 12,583,683 senior citizens,^[24] and 3,064,489 sponsored program beneficiaries.^[25]

In identifying the indigent persons to be enrolled under the NHIP, PhilHealth adopted the Department of Social Welfare and Development (DSWD)'s National Household Targeting System for Poverty Reduction (NHTS-PR) otherwise known as the Listahanan.^[26] Listahanan 3 (2021),^[27] the most recent nationwide household assessment completed and the basis for PhilHealth's 2023 indigent classification,^[28] identified 30,397,224 individuals residing in a poor household, or 45% of the 67,011,704 individuals assessed.^[29] Of these 30,397,224 poor individuals, 15,698,419 are male and 14,698,805 are female, while 45.2% or 13,739,545 individuals were identified as dependents below 15 or above 64 years old.^[30]

Considering the 26,190,883 indigent beneficiaries reported by PhilHealth, it is apparent that PhilHealth has not yet achieved full coverage of the poor as identified by the latest Listahanan. This leaves a coverage gap of approximately 4,206,341 poor Filipino men, women and children who remain without subsidized PhilHealth protection. This coverage gap may be even wider, as the Listahanan does not yet assess all Filipinos, and more households may have fallen into poverty since the last assessment in 2021. The reverted funds could have enrolled millions more indigent families, senior citizens and other vulnerable groups, thereby closing a significant portion of the coverage gap among Filipinos living below the poverty line.

Reverted funds could have had an impact on out-of-pocket spending

To put things into perspective, the Philippines spent over PHP 1 trillion in health care services in 2022. A bulk of this total health spending is paid from family out-of-pocket sources, which is an inefficient and inequitable health financing source.^[31]

In 1999, the DOH Health Sector Reform Agenda set a target that within five years, or by 2004, the Philippine National Health Insurance Program should have been paying for at least 30% of total health spending. When the target was missed, the DOH Health Care Financing Strategy 2023-2028 lowered the target to 27% by 2028 – a much lower figure which is still yet to be achieved.^[32]

Thus, while the amount may pale in comparison to the country's total health care spending, had the PHP 89.9 billion in PhilHealth reserve funds been utilized in accordance with law, the amount could have been deployed directly for the expansion of health coverage and the payment of legitimate obligations to service providers.

Further, according to the Amicus Curiae Brief of Prof. Orville Solon, the PHP 89.9 billion is equivalent to 50%, 27% and 24% of the government premium subsidies for indirect contributors for 2021, 2022 and 2023, respectively.^[33] Thus, funds taken from PhilHealth and reverted into the national fund could have had a direct impact on the health care needs of indirect contributors – indigents, senior citizens and persons with disabilities –

whom the UHCA prioritizes as subsidized members due to heightened barriers to care.

To further illustrate the impact of the fund transfer, one may look to the Amicus Curiae Brief of Sonny Africa, which referenced the mean cost of confinement in hospitals according to the 2022 National Demographic Health Survey.[34] For private hospitals it was PHP 70,568.00, while public facilities have a mean cost of PHP 27,136.00, with the overall mean cost of hospital bills coming out to PHP 46,640.00. However, the mean costs paid by PhilHealth are only around PHP 17,507.00 for hospital bills regardless of the type of facility. At an average of PHP 46,640.00 per person for a single hospital bill, the PHP 89.9 billion equates to free hospital confinement for nearly 2 million Filipinos.[35] As the Amicus Curiae Brief of Dr. Beverly Ho (Dr. Ho) underscored, PhilHealth covered only about 40% of in-patient bills in 2022,[36] a shortfall that these funds could mitigate.

From another perspective, the Amicus Curiae Brief of Prof. Orville Solon presented data showing that, setting aside Insurance Contract Liabilities, PhilHealth reserves and investments alone can sustain at least 3.6 years of benefit payments and operations on average claims plus operating expenses, without any additional premium collection from direct contributors or government subsidiaries.[37]

Service expansion under Section 11, UHCA

Apart from subsidizing additional members, the PHP 89.9 billion could also have been lawfully applied to expand the benefit packages under the NHIP, consistent with Section 11[38] of the UHCA, which requires that excess reserves be used either to increase benefits or reduce contributions.

In her Brief, Dr. Ho highlighted the material limitations of PhilHealth's coverage.[39] Of the roughly 9,000 case rate packages, a mere 17 have been upgraded to Z benefits, which support the entire clinical pathway from diagnosis to recovery. Outpatient coverage is even narrower: only 13 diagnostic tests are included, representing just 7% of the 183 diagnostic tests that the World Health Organization (WHO) identified as "essential" in 2023. Similarly, only 21 drug molecules are covered – about 11% of the 189 listed in the Philippines' Primary Care Formulary. The primary care benefit package itself is confined to fever, allergic reactions, dehydration and common conditions such as hypertension, diabetes, dyslipidemia and asthma. Specialist outpatient care is restricted to physical medicine and rehabilitation, assistive mobility devices, mental health, oral health, HIV, tuberculosis, malaria, children with visual and developmental disabilities, hearing and mobility impairments, and surgical contraception such as vasectomy and ligation.[40]

The effect of PhilHealth's fiscal strain is not limited to the care it provides. Even healthcare providers accredited by PhilHealth are affected, since they are currently paid only after each service has been rendered. This results in uncertain revenues, which are, in turn, caused by an unorganized patient base, variable duration of payment and non-certainty as to the approval of claims. Once again, the burden ultimately falls on the patients, who bear the brunt in the form of higher out-of-pocket payments levied to augment whatever amount PhilHealth is able to cover.[41]

PhilHealth's Audited Financial Statements as of December 31, 2023 disclosed that one of the accounting estimates made is the setting up of accrued benefit expense for Incurred But Not Yet Paid (INBP) claims.[42] These claims are categorized as follows:

- In-Course of Settlement (ICS) – These are claims still in process at the end of the reporting period. They include claims already approved for payment awaiting Automatic Debit Arrangement (ADA) and Return to

Hospitals (RTH) of the current year. The estimate is based on the case rate amount extracted from the N-Claims.

- Provision for Denied Claims – Denied claims are claims determined to be invalid and unworthy of payment due to an absolute deficiency that cannot be remedied through return to Health Facility or due to a finding of an unmet requirement. However, provision is necessary for those claims with pending motions for reconsideration where it is highly probable that payment shall be made after evaluation.

- Incurred But Not Yet Reported (IBNR) – These are claims which are estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the year and have yet to be submitted to PhilHealth. The IBNR is the balance between IBNP and ICS, whereas IBNP are those claims yet to be paid by PhilHealth. The amount to be recorded is actuarially estimated. The IBNR is computed as follows:

$$\text{IBNR} = \text{IBNP} - \text{ICS} - \text{Provision for Denied}[43]$$

Based on the foregoing, the 2023 PhilHealth Audited Financial Statements reflects an Accrued Benefits Payable balance of PHP 37 billion. According to Note 17.4 of PhilHealth's Notes to the Financial Statements for the year 2023, this amount represents accrued expenses from claims filed by members or HCIs that have been received by PhilHealth but remain unprocessed and unpaid.[44]

Of the PHP 37 billion, PHP 32.037 billion pertains to ICS or estimated benefit claims still in process, while PHP 132 million represents the amount actuarially estimated to be outstanding claims. The remaining balance consists of claims awaiting payment.

In addition to Accrued Benefits Payable, the Audited Financial Statements also present a Provision for Health Benefits amounting to PHP 57.507 billion as of December 31, 2023. Of this amount, PHP 54.994 billion corresponds to IBNR claims which are actuarially estimated to be in the possession of HCIs as of the end of the month and have yet to be submitted to PhilHealth within the allowable 60-day period after the date of discharge per Corporate Order (CO) No. 2015-0017, dated December 8, 2015.[45] The remaining PHP 2.5 billion represents provisions for denied claims, which are actuarially estimated and may still be paid pending motions for reconsideration filed by health facilities.[46]

However, the COA noted that the reported amounts for Accrued Benefit Claims Payable and Provision for Health Benefits were unreliable due to inadequate monitoring and reporting mechanisms.[47]

Despite this concern, PhilHealth recognized a reduction in its Benefit Claims Expenses following adjustments to INBP, as computed by its Actuary.[48] The DOF subsequently deducted the Benefits Claim Expenses for Indirect Contributors from the Premium for Indirect Contributions to arrive at PhilHealth's Fund Balance, which totaled PHP 89.9 billion.

Given the substantial obligations of PhilHealth and the uncertainty surrounding the estimates for unpaid claims, a more prudent action would have been to address the potential misstatements in the reported balances and reserve sufficient funds to ensure the timely payment of its claims.

In this context, the reversion of PhilHealth funds, despite their clear earmarking for the NHIP, is not only legally impermissible but fundamentally disruptive to the UHCA's framework. The core mechanism through which the State fulfills its healthcare obligations is undermined, and the financial integrity of the UHC System threatened, at a time when public reliance on PhilHealth's services remains critical.

UHCA Fund Sources and the General Appropriations Act

The subject reversion of PhilHealth's funds not only undermines the fulfillment of universal healthcare, it also contravenes existing law.

As established during the Oral Arguments on this case,[49] PhilHealth's funds are created by law as a special fund dedicated exclusively to financing universal healthcare for Filipinos. The statutory sources of PhilHealth's funding underscore its special and protected character, distinct from the general funds of the government. These sources include:

Earmarked Sin Tax Revenues: A substantial portion of "incremental" excise tax collections on alcohol, tobacco, sweetened beverages and other products is earmarked by law for universal health care. Notably, 80% of certain excise tax revenues, such as those from sugar-sweetened beverages and tobacco, is allocated exclusively to PhilHealth for the implementation of the UHCA. This mandate originates from the Sin Tax Reform Law,[50] which treats these taxes as "special purpose funds" for health care.

Shares from Philippine Amusement and Gaming Corporation and Philippine Charity Sweepstakes Office Revenues: By virtue of the UHCA, fixed shares of other government revenue streams are also set aside for health. For example, 50% of the national government's share of PAGCOR's income and 40% of the Charity Fund of the PCSO are legally required to be transferred to PhilHealth each quarter for health services. These too are earmarked funds dedicated by law to improving PhilHealth benefit packages.[51]

Member Contributions: PhilHealth's NHIP is funded in part by premium contributions from members – both direct contributors and government-subsidized indirect contributors.[52] These contributions are held in trust to pay for members' future health benefits, reinforcing the fiduciary character of the fund.

Annual Budgetary Appropriations: Congress also supports PhilHealth through yearly appropriations in the GAA. The UHCA specifies that the necessary funding shall be included under the Department of Health (DOH) budget and as a National Government subsidy to PhilHealth.[53] In practice, the GAA appropriates substantial amounts to subsidize the premiums of indirect contributors such as indigents and senior citizens. Once released to PhilHealth, these appropriated subsidies form part of PhilHealth's fund for paying claims and expanding benefits, pursuant to the UHCA.

These funding sources all feed into the National Health Insurance Fund administered by PhilHealth, expressly established to provide for universal healthcare coverage. By statutory design, it is clear that PhilHealth's funds are special funds devoted solely to health insurance purposes. As such, under Section 29(3),[54] Article VI of the Constitution, said funds cannot be diverted to any other end until the purpose for which the special fund was created is fulfilled or abandoned.

Section 11[55] of the UHCA governing PhilHealth's "reserve funds" provides even stricter parameters for its use. PhilHealth is required to set aside a portion of its accumulated revenues, not needed to meet the cost of the current year's expenditures, as a reserve for anticipated claims, with a maximum ceiling equivalent to two years' worth of projected program expenditures. If reserves exceed this ceiling at the end of a fiscal year, Section 11 expressly provides that the excess must be used to increase the Program's benefits and to reduce the amount of members' contributions. Any unused reserves are to be invested following strict guidelines, primarily in government securities, high-quality corporate bonds, deposits and selected stocks, subject to risk management and oversight by the PhilHealth Board.[56]

Critically, Section 11 explicitly prohibits any part of the reserve or its income from accruing to the general fund of the National Government, or any of its agencies or instrumentalities, including government-owned and -controlled corporations.[57] This categorical proscription reflects the legislature's intent to shield PhilHealth funds from being absorbed into the Treasury or repurposed elsewhere.

Thus, by both constitutional principle and statutory command, PhilHealth's monies are segregated for healthcare use and protected from reallocation.

The special fund nature of PhilHealth's budgetary resources has been consistently recognized. They are funds held in trust for the health needs of the Filipino people, not a surplus fiscal pool to be tapped at will. The Congress itself, in crafting the UHCA and Sin Tax Laws earmarks, has legislated that these monies be used exclusively for improving health services and achieving universal health coverage. There is no doubt that the purpose for which these funds were appropriated – universal healthcare – remains urgent and ongoing, and has neither been accomplished nor abandoned. Indeed, universal healthcare is a continuing program, far from "fulfilled" in a country still striving to extend basic health services to all citizens. Absent a fulfillment or lawful abandonment of the UHC Program, the undersigned concurs with the ponencia that diverting PhilHealth's dedicated funds violates the constitutional injunction that special funds be used solely for their intended purpose.[58]

Reallocation of "excess fund balances" or "unutilized funds" under Special Provision 1 (d)

The Executive Branch, through the Department of Budget and Management (DBM) and the DOF, categorized a portion of PhilHealth's money as "excess fund balances" or "unutilized funds" that could be swept back into the National Treasury. The DOF determined that about PHP 89.9 billion of PhilHealth's resources constituted an "accumulated surplus" from prior years' budgetary subsidies. This figure was computed by totaling the national government subsidy releases to PhilHealth for the premiums of indirect contributors from 2021 to 2023 and subtracting the amount of PhilHealth benefit payments made for those members in the same period. The remainder, PHP 89.9 billion, was deemed an unutilized balance of government funds, allegedly sitting idle in PhilHealth's coffers.

DOF Circular No. 003-2024 accordingly defined "fund balance" as the unrestricted cash and investments of GOCCs, including government subsidies that remain unspent. By this definition, the unused portion of the government subsidies given to PhilHealth was classified as part of the corporate "fund balance" that could be tapped. The DBM and the DOF essentially characterized these amounts as surplus public funds, analogous to year-end "savings" of an agency, which they argued could be mobilized for other urgent programs.

This characterization is flawed both in law and fact. Labeling PhilHealth's unexpended funds as "savings" or general "fund balance" ignores the distinct legal status of those monies as trust funds for a continuing purpose. In budgetary parlance, "savings" refers to portions of appropriations that officially remain unused after the completion, discontinuance, or abandonment of the work or purpose for which the funds were allocated. Here, the appropriations in question were the annual subsidies intended to finance health insurance coverage for certain population sectors, i.e., indirect contributors. These appropriated amounts were released to PhilHealth and formed part of the National Health Insurance Fund to pay for future claims for covered beneficiaries. Again, at no point has the purpose of the appropriation been completed or abandoned – the insured beneficiaries continue to exist, and their medical needs are ongoing. The fact that some of the funds were not immediately spent within the fiscal year does not mean they are "excess" in an absolute sense; rather, they are allocated to pay for future or still-pending claims and to ensure actuarial stability of the insurance program. Under the UHCA, PhilHealth must carry over such unspent subsidies to succeeding years as part of its reserves to guarantee that it can pay claims and expand benefits.

The Executive Branch's own recent fiscal jurisprudence underscores that funds cannot be declared "savings"

arbitrarily or prematurely. In *Araullo v. Aquino III*,^[59] the Court struck down the practice of declaring unobligated appropriations as "savings" in the middle of the fiscal year without the authorized conditions being met. The Court emphasized that the power to juggle appropriated funds is tightly constrained: only when the intended programs have been fulfilled or legitimately discontinued can leftover funds be considered savings available for augmentation. By analogy, PhilHealth subsidies at issue here cannot be deemed "free" or "unobligated" funds while the very purpose for which they were appropriated—universal health coverage—remains in progress.

The respondents contend that what they swept were not technically "savings" as defined in the GAA, but "unutilized fund balances," implying a category of idle GOCC cash outside the usual budget execution rules. This is a distinction without difference. The constitutional prohibition on unauthorized fund transfers is not confined to items formally labeled as "savings;" it broadly forbids any reallocation of appropriated monies absent legal authority and compliance with strict conditions. The Executive cannot circumvent constitutional spending limits by simply inventing new labels for public funds. Whether termed "excess fund balance" or "savings," the fact remains that these PhilHealth monies were appropriated by Congress for a specific purpose – funding the NHIP, were released to fulfill that purpose, and have not been used up solely because the need they address is ongoing and longitudinal. They are committed funds, not windfalls.

Indeed, PhilHealth's supposed "excess" reserve must be viewed in light of its actuarial obligations. PhilHealth is required by law to maintain reserves up to a two-year buffer of projected expenditures. The PHP 89.9 billion identified as "unused" corresponds to roughly the amount needed to cover a little over one year of PhilHealth benefit payments, given its expenditure levels. Thus, that money is hardly excessive or unneeded; rather, it shores up the Fund's stability and permits the expansion of benefits mandated by the UHCA when reserves exceed the ceiling. In truth, the only lawful way to handle true excess beyond the reserve ceiling is already provided by the UHCA: increase benefits and reduce premiums, thereby plowing the surplus back into improving UHC coverage. The Executive Branch's re-characterization of the funds as generic "balances" available for reallocation runs afoul of this clear statutory directive.

In sum, the classification of PhilHealth's unspent funds as disposable surplus or "savings" is contrary to the UHCA and the constitutional definition of savings. These monies are not idle funds of a GOCC that can be plucked for unrelated uses, but funds in trust for a dedicated public health purpose. Rebranding them as "fund balance" does not erase the legal conditions attached to their use.

As to Special Provision No. 1(d) which defined the concept of "fund balance," the same qualifies as a prohibited rider under Section 25 (2), Article VI of the Constitution:

Section 25. [...] (2) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

In *Atitiw v. Zamora*,^[60] the Court explained that the prohibition against riders in appropriations bills mirrors the "one subject in the title" rule in Article VI, Section 26(1), which mandates that all provisions in a bill must be germane or relate to its stated subject. This rule ensures legislative unity, prevents log-rolling, and protects against surprise or fraud, while keeping the public informed of proposed legislation.^[61]

Thus, all provisions in a general appropriations bill must either be appropriation items or directly relate to them. Non-appropriation clauses are permissible only if they impose conditions or restrictions on how the appropriated funds are to be used.

To determine whether a provision or clause in a general appropriations bill is germane, the Court declared in

Atitiw that it must be particular, unambiguous, and appropriate. A provision or clause is particular if it relates specifically to a distinct item of appropriation in the bill and does not refer generally to the entire appropriations bill. It is unambiguous when its application or operation is apparent on the face of the bill, and it does not necessitate reference to details or sources outside the appropriations bill. It is an appropriate provision or clause when its subject matter does not necessarily have to be treated in a separate legislation.[62]

Applying these standards, I respectfully submit that while Special Provision No. 1(d) is particular, it is neither unambiguous nor appropriate. The assailed provision reads:

Special Provision(s)

1. Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:(a) Excess revenue collections in any one of the identified non-tax revenue sources from its corresponding revenue collection target, as reflected in the BESF submitted by the President;

(b) New revenue collections or those arising from new tax or non-tax sources which are not part of, nor included in, the original revenue sources reflected in the BESF;

(c) Fund balance of the Government-Owned or -Controlled Corporations (GOCCs) from any rem[a]inder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement from prior years.

(d) Fund balance of the Government-Owned or -Controlled Corporation (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) days from effectivity of this Act. (Emphasis supplied)

Special Provision No. 1(d) satisfies the requirement of particularity as it specifically relates to additional sources of revenue for unprogrammed appropriations. It is my humble view that the assailed provision is ambiguous as it requires reference to sources outside of the appropriations bill.

Critically, Special Provision No. 1(d) introduces the concept of "fund balance" which is not defined in the 2024 GAA. It was simply described as the "remainder" which will be obtained after the review and reduction of the GOCC's reserve funds to reasonable levels taking into account disbursement from prior years. The components of the so-called "fund balance" are unclear. First, the concept of "reserve funds" of GOCCs is undefined. Additionally, the term "reasonable levels" is vague and lacks objective criteria and the process for reviewing and reducing reserve funds is unspecified. The ambiguity is further underscored by the requirement to the DOF to issue guidelines to implement this provision. Notably, this mandate was not required for Items (a) to (c). This leads to no other conclusion than that the so-called "fund balance" in Special Provision No. 1(d) is ambiguous.

Moreover, Special Provision No. 1(d) is inappropriate.

In *Philippine Constitution Association v. Enriquez*,^[63] the Court held that unconstitutional provisions and those intended to amend other laws are considered inappropriate, as they have no place in an appropriations bill.^[64]

On this point, I concur with the ponencia in finding that Special Provision No. 1(d) effectively amends the provisions of the UHCA and the Sin Tax Laws. Its description of what constitutes "fund balance" also alters the existing laws and charters of GOCCs, which are required to review and reduce their reserve funds.

The general concept of "reserve fund" may be gleaned from the Revised Implementing Rules and Regulations of

Republic Act No. 7656, which define reserves as "the portion of Retained Earnings of a GOCC that has been appropriated by its governing board for a specific purpose, i.e., legal or contractual obligation, plant expansion, and other contingencies."

Simply stated, reserve funds or reserves are set aside to cover future financial liabilities or emergencies – they serve as a financial safety net.

In the case of PhilHealth, the allocation of its reserve fund is pursuant to its legal obligation as explicitly declared in Section 11 of the UHCA, which pertinently provides:

Section 11. Program Reserve Funds. — PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following: [...]

No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations. (Emphasis supplied)

From the foregoing, the source, usage, ceiling and limitations of PhilHealth's reserve funds are clearly defined. Most notably, Section 11 categorically states that the reserve fund consists of a portion of PhilHealth's accumulated revenues not needed to meet the cost of the current year's expenditures.

According to the respondents, PhilHealth's Accumulated Revenues refers to the totality of (i) government subsidies, (ii) premium contributions, and (iii) income from its investments less the totality of its normal operating and administrative expenditures and claims benefits. From the Accumulated Revenues, the "cost of the current year's expenditures" is subtracted before a portion can be set aside as reserve fund.[65]

The respondents argue that PhilHealth's "fund balance" was not part of PhilHealth's reserve fund and, therefore, there was no violation of Section 11[66] of the UHCA. They assert that, as indicated in Section 11, the reserve fund is only a portion of the difference between the Accumulated Revenues and the Cost of Current Year's Expenditures. The fund balance which was ordered to be transferred pertained to the other portion not allocated for the reserve fund. Since Section 11 does not prescribe any specific treatment for this remaining portion not allocated to the reserve fund, the respondents claim that it should be considered an unrestricted fund of PhilHealth. Consequently, they argue that the remittance of PhilHealth's "fund balance" did not violate Section 11 of the UHCA.

The respondents are gravely mistaken.

As comprehensively discussed in the ponencia, PhilHealth's practice in determining its reserve fund begins with identifying the ceiling. The reserve fund is then computed by carrying over the amount of reserve funds from the preceding fiscal year plus PhilHealth's net income for the current year plus adjustments during the prior year, if any.[67] This computation method is reflected in PhilHealth's Audited Financial Statements.

Based on this, "the accumulated revenues not needed to meet the cost of the current year's expenditures" referred

to in Section 11 of the UHCA effectively refers to PhilHealth's net income for the current year. Notably, instead of allocating only a portion of its net income, PhilHealth adds the entire amount to the beginning balance of the reserve fund to determine the reserve fund for the current year. Thus, there is no "other portion" to speak of from which the "fund balance" could be derived.

Furthermore, the ponencia astutely pointed out that in defining the source of the "fund balance," Special Provision No. 1(d) of the 2024 GAA expressly states that it is the "remainder resulting from the review and reduction of [the GOCC's] 'reserve funds' to a reasonable level taking into account the disbursements from prior years." This provision clearly implies that to derive the "fund balance," the reserve funds of the GOCCs should first be "reviewed and reduced." From this reduction, results the remainder, and from this remainder, the "fund balance" is obtained.[68]

If the fund balance were truly sourced from the other portion of the excess of the Accumulated Revenues and the Cost of Current Year's Expenditures not allocated to the Reserve Fund, then why would Special Provision No. 1(d) require a review and reduction of the GOCC's reserve funds?

The answer is straightforward: the remittance pertains to the difference between the original and reduced reserve fund, which is then designated as "fund balance." I concur with the ponencia's observation that the PHP 183.1 billion "fund balance," out of which the PHP 89.9 billion amount remitted formed part, was actually sourced from and was part of the reserve funds of PhilHealth. Clearly, this violates the express mandate of Section 11 of the UHCA. The respondents further argue that the DOF, in computing the PHP 89.9 billion total "fund balance" to be remitted by PhilHealth, allegedly included the government subsidies portion only of PhilHealth's Accumulated Revenues. Allegedly, this was done to avoid touching the premium contributions of direct members, and the DOF "carved out" the PHP 89.9 billion from the unutilized government subsidies for the premium contributions of indirect members.

This distinction made between direct premium contributions and indirect premium contributions is unfounded and outrightly disregards the UHCA's objective to protect and promote the right and health of all Filipinos – whether direct or indirect contributors. In fact, PhilHealth itself admitted that it adopts the "one fund concept," which pertains to a general fund that is available to carry out all functions and activities of PhilHealth, regardless of source.[69]

Moreover, the movement of PhilHealth's reserve funds directly defies the express wording of the Sin Tax Laws that a portion of the sin tax collections shall be allocated and used exclusively for the implementation of the UHCA.

All told, the attempt to reclassify PhilHealth's unspent subsidies as "excess fund balances" or "unutilized funds" collapses under constitutional and statutory scrutiny. These monies are not idle assets of a GOCC, but earmarked trust funds dedicated to the continuing purpose of universal healthcare. By mandating their reversion to the Treasury, Special Provision No. 1(d) effectively reduced PhilHealth's reserves, in violation of Section 11 of the UHCA and disregarded actuarial requirements essential to the stability of the national health insurance system. Neither the Constitution nor the UHCA permits the Executive to relabel appropriated health funds as "balances" for reallocation. To uphold such practice would be to condone the erosion of fiscal discipline and, as properly held by the ponencia,[70] directly violate the institutional safeguards designed to protect the people's right to health.

The Role of the PhilHealth Board and the Secretary of Health

In her Amicus Curiae Brief, Dr. Ho emphasized that a stable source of financing is critical to reduce uncertain benefits and payout of services. In PhilHealth's case, the primary source of financing has always been premiums paid by the formal sector. Prior to the UHCA, the power to increase the premium was within the purview of the PhilHealth Board. Hence, any proposal to expand benefits was met with challenges like constrained financing and unpredictable premium increases. According to Dr. Ho, the UHCA enabled PhilHealth to build up resources and enable aggressive benefits expansion, such as providing more services and higher cost coverage per condition and/or procedure. She concluded that PhilHealth's benefit expansions in 2024 and early 2025 were only made possible because of secured financing. No question, PhilHealth plays a critical role in fulfilling the policy objectives of the UHCA, such that any inaccurate and unjustified claims of "savings" will only deter the complete realization of the law.

The UHCA reconstituted the composition of the PhilHealth Board under its Section 13.[71] Under said provision, the PhilHealth Board has a maximum of 13 members. There are five ex officio members, namely: the Secretary of Social Welfare and Development, Secretary of Budget and Management, Secretary of Finance (SOF), Secretary of Labor and Employment, and the Secretary of Health (SOH), who shall be the ex officio non-voting Chairperson. Additionally, the Board must have three expert panel members with expertise in public health, management, finance, and health economics, as well as five sectoral panel members representing the direct contributors, indirect contributors, employers group, and health care providers – to be endorsed by their national associations of health care institutions and health care professionals – and a representative of the elected local chief executives to be endorsed by the League of Provinces of the Philippines, League of Cities of the Philippines and League of Municipalities of the Philippines. It is further required that, at least, one of the expert panel members and, at least, two of the sectoral panel members are women. All members must be Filipino citizens of good moral character.[72] Moreover, expert panel members must meet several additional qualifications under the law, as well as the UHCA's IRR:[73]

13.4. The expert panel members must:

13.4.a. Be of recognized probity and independence and must have distinguished themselves professionally in public, civic or academic service;

13.4.b. Be in the active practice of their professions for at least seven (7) years; and

13.4.c. Not be appointed within one (1) year after losing in the immediately preceding elections, whether regular or special. [...]

13.6. All appointive members of the Board shall be required to undergo training in health care financing, health systems, costing health services and [health technology assessment] prior to the start of their term. Noncompliance shall be a ground for dismissal.

Under Republic Act No. 7875, as amended by Republic Act No. 10606, or the National Health Insurance Act of 2013 (NHIA), the PhilHealth Board is tasked to administer the NHIP, ensure the Program's overall objectives and perform such acts as may be appropriate to attain the objectives of PhilHealth and the enforcement of the NHIA. Under Section 16 of UHCA, PhilHealth was accorded additional powers and functions to fix the reasonable compensation, allowances and other benefits of all positions, including its President and CEO, as well as to establish the organizational structure and staffing pattern of PhilHealth's central and regional offices subject to the approval by the Board. The UHCA further empowered PhilHealth to maintain a Provident Fund consisting of contributions made by both PhilHealth and its officials and employees and earnings thereon. The Provident Fund will be used to pay benefits to PhilHealth's officials and employees, or their dependents or heirs, under such terms and conditions as may be prescribed by the Board, subject to the approval of the President of the Philippines.[74]

Similarly, Section 26 of the NHIA governs the Financial Management of PhilHealth. The provision provides that the use, disbursement, or administration of the National Health Insurance Fund shall be governed by applicable laws and existing resolutions of the PhilHealth Board, subject to certain limitations. Specifically, all funds under the management and control of PhilHealth are subject to rules and regulations applicable to public funds; PhilHealth may charge against the funds the costs of administering the NHIP. Relatedly, Section 27 requires that PhilHealth set aside a portion of its accumulated revenues which is not needed to meet the cost of the current year's expenditures. These are referred to in the law as "reserve funds." Section 27 also provides explicit instruction on how the reserve fund is to be managed:

Provided, That the total amount or reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the Corporation's fiscal year, the excess of the Corporation's reserve fund shall be used to increase the Program's benefits, decrease the member's contributions, and augment the health facilities enhancement program of the DOH.

The remaining portion of the reserve fund that are not needed to meet the current expenditure obligations or used for the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be known as the 'Investment Reserve Fund' which shall be invested in any or all of the following: [...]

As part of its investments operations, the Corporation may hire institutions with valid trust licenses as its external local fund managers to manage the investment reserve fund, as it may deem appropriate, through public bidding. The fund managers shall submit annual reports on investment performance to the Corporation. [...][75]

Following Section 13(b) of the UHCA, the SOH, serving as a non-voting member of the PhilHealth Board, does not take an active role in governing PhilHealth. Instead, their function is primarily to facilitate discussion and decision-making.

This set-up differs from the previous provision found under the NHIA, as amended, which did not include the word "non-voting" before designating the SOH as the ex officio chairperson of the Board:

Section. 18. The Board of Directors. –

(a) Composition. The Corporation shall be governed by a Board of Directors hereinafter referred to as the Board, composed of eleven members as follows:

- The Secretary of Health;
- The Secretary of Labor and Employment or his representative;
- The Secretary of Interior and Local Government or his representative;
- The Secretary of Social Welfare and Development or his representative;
- The President of the Corporation;
- A representative of the labor sector;
- A representative of employers;
- The SSS Administrator or his representative;
- The GSIS General Manager or his representative;

- A representative of the self-employed sector; and
- A representative of health care providers.

The Secretary of Health shall be the ex-officio Chairperson while the President of the Corporation shall be the Vice-Chairperson of the Board. (Emphasis supplied)

The previous provision under the NHIA mirrors the typical board structure of government-owned or -controlled corporations (GOCCs), where the chairperson is not barred from voting on matters concerning the management of the corporation, as reflected in Section 7[76] of Republic Act No. 10149 or the GOCC Governance Act of 2011.[77]

As it stands, the UHCA limits the participation of the SOH in shaping PhilHealth's policy direction. The law reduces the SOH's role on the PhilHealth Board to that of a recommendatory member – trading his or her expertise for supposed impartiality and neutrality:

Section 13 (b). The Secretary of Health shall be an ex officio non-voting Chairperson of the Board. [...]

This board structure differs significantly from the organizational structure of other universal healthcare systems in the world.

In April 2022, the Health and Care Act of United Kingdom came into effect and introduced reforms on the governance of healthcare delivery through the country's National Health Service (NHS). The Act granted more powers to the Secretary of State for Health and Social Care to intervene in decisions about changes to local services and to direct NHS England[78] – the national body that leads the NHS.[79] Although the Secretary of State for Health and Social Care is not a sitting member of NHS England, the Secretary maintains overall financial control and oversight of the NHS.[80]

Similarly, the Secretary of Health of Vietnam, through their Ministry of Health, is responsible for setting the policy and overseeing the Vietnam Social Security (VSS) which implements health insurance in Vietnam.[81]

In comparison, the UHCA's framework limits the SOH's power to decide on health insurance policies in the PhilHealth Board. Although the UHCA's design aims to insulate PhilHealth from political influence, it has had the unintended effect of diluting accountability. The SOH, though Chairperson, cannot vote. In controversies involving fund management, this structure may leave PhilHealth vulnerable to fiscal raids with little recourse to executive oversight. The present controversy demonstrates how there is a seeming governance gap that can be exploited. Safeguards may be reconsidered, in order to restore public trust in universal healthcare, which depends on both financial viability and accountable stewardship.

In its Compliance, dated April 30, 2025, the Office of the Government Corporate Counsel submitted a copy of the Secretary's Certificate stating that the PhilHealth Board approved the remittance of the Fund Balance in the total amount of PHP 89.9 billion to the Bureau of Treasury. During its regular Board Meeting on May 8, 2024, the PhilHealth Board discussed the Fund Balance relative to the assailed DOF Circular and determined that the Fund Balance consisted only of unutilized Government Subsidies and are, therefore, distinct from the Reserve Fund. The same Secretary's Certificate also certified that during the PhilHealth Board's regular Board Meeting on September 11, 2024, they approved the Audited Financial Statements as of December 31, 2023, which indicated that the Reserve Fund for 2024 amounted to PHP 280.6 billion. During the meeting, management confirmed that the PHP 89.9 billion in unutilized subsidies does not include PhilHealth premium contributions from direct contributors.

The record reflects that the PhilHealth Board, including the SOH as non-voting Chair, acquiesced to the

reclassification and remittance of the so-called "fund balance." While the UHCA intentionally restricted the SOH's voting power to insulate the Board from political influence,[82] this design also constrained the Department's ability to check actions that may compromise the NHIP's financial integrity. Although non-voting, the SOH would have been the best qualified to raise an issue regarding the raid against PhilHealth's funds. Surely, the SOH, even in a non-voting capacity, could have protected his program, the NHIP, health services being his primary lookout.

The approval of the remittance, as certified by the OGCC in its April 30, 2025 Compliance, reflects a lapse in the Board's fiduciary responsibility to safeguard the actuarial soundness of the Fund. At the very least, the Board failed to assert that the PHP 89.9 billion formed part of the statutory reserve fund, and thus could not lawfully be treated as disposable surplus. The SOH, though stripped of a vote, could have exercised greater vigilance by forcefully raising this objection on record to defend the sustainability of UHC. He did not.

To the undersigned, the controversy highlights a structural weakness in PhilHealth's governance: a board empowered to manage billions in trust funds but diffused in accountability, and a chairperson who presides without a vote. In practice, this set-up allowed the questionable reallocation of PhilHealth's reserves to proceed under the guise of "fund balance." To prevent further erosion of confidence in the health insurance system, it is important to revisit and fortify the accountability mechanisms of the PhilHealth Board. Again, public trust in the healthcare system cannot rest on technical compliance alone, but depends on vigilant stewardship that ensures every peso of health insurance funds is preserved for its lawful and intended purpose.

Conclusion

In view of the foregoing, the undersigned fully concurs with the Decision to declare as void Special Provision No. 1(d), and DOF Circular No. 003-2024 implementing the same, for violating the Constitution and existing statutes. In addition to being inappropriate, the undersigned also submits that Special Provision No. 1(d) is ambiguous for introducing the undefined concept of "fund balance," relying on vague standards such as "reasonable levels" of reserves, and requiring external guidelines from the DOF to clarify its operation, which are matters that cannot be left to implication or subsequent regulation.

All told, the decision to revert PhilHealth funds disrupted the framework of universal healthcare financing and eroded public trust in national health institutions. I thus fully concur in declaring said reversion unconstitutional.

[1] Approved January 21, 1995.

[2] Republic Act No. 7875 (1995), sec. 16.

[3] Approved February 20, 2019.

[4] Republic Act No. 11223 (2019), sec. 3.

[5] Republic Act No. 11223 (2019), sec. 4(f).

[6] Republic Act No. 11223 (2019), sec. 4(o).

[7] Republic Act No. 11223 (2019), secs. 2 and 4.

[8] Republic Act No. 11223 (2019), secs. 5 and 6.

[9] Republic Act No. 11223 (2019), sec. 9.

[10] Republic Act No. 11223 (2019), secs. 27-29.

[11] Republic Act No. 11223 (2019), secs. 13-16.

[12] Decision, p. 12; Rollo, G.R. No. 274778, p. 18.

[13] PhilHealth Board Resolution No. 1417, s. 2010, Adopting the Department of Social Welfare and Development (DSWD)'s National Household Targeting System for Poverty Reduction (NHTS-PR) in identifying indigent families and persons to be enrolled under the [NHIP].

[14] All senior citizens shall be covered by the [NHIP] of PhilHealth. Funds necessary to ensure the enrollment of all senior citizens not currently covered by any existing category shall be sourced from the National Health Insurance Fund of PhilHealth from proceeds of Republic Act No. 10351, in accordance with the pertinent laws and regulations. (Republic Act No. 7432 (1995), as amended by Republic Act No. 10645 (2014), sec. 5, par. h(2))

[15] Republic Act No. 7277, sec. 20-A, as amended, reads:

Section 20-A. Mandatory PhilHealth Coverage. – All persons with disability (PWDs) shall be automatically covered under the [NHIP] of the [PhilHealth]. Premium contributions for all PWDs shall be paid by the national government [...]

[16] Letter – Annex E, Pimentel Petition.

[17] Republic Act No. 11223, sec. 37 reads:

Section 37. Appropriations. – The amount necessary to implement this Act shall be sourced from the following:

(a) Total incremental sin tax collections as provided for in Republic Act No. 10351, otherwise known as the "Sin Tax Reform Law": Provided, That the mandated earmarks as provided for in Republic Act Nos. 7171 and 8240 shall be retained;

(b) Fifty percent (50%) of the National Government share from the income of the Philippine Amusement Gaming Corporation (PAGCOR) as provided for in Presidential Decree No. 1869, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting and auditing rules and regulations: Provided, further, That the funds shall be used by PhilHealth to improve its benefit packages;

(c) Forty percent (40%) of the Charity Fund, net of Documentary Stamp Tax Payments, and mandatory contributions of the Philippine Charity Sweepstakes Office (PCSO) as provided for in Republic Act No. 1169, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting, and auditing rules and regulations: Provided, further, That the fund shall be used by PhilHealth to improve its benefit packages;

(d) Premium contributions of members;

(e) Annual appropriations of the DOH included in the GAA; and

(f) National Government subsidy to PhilHealth included in the GAA.

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth. In addition, the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act. (Republic Act No. 11223, sec. 37).

[18] An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code

of 1997, as amended by Republic Act No. 9334, and for Other Purposes.

[19] An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles Subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for this Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, and 289, Repealing Section 288(B) and 288(C), and Creating New Sections 263-A, 265-B, and 288-A of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 10963, and for Other Purposes.

[20] See *Mandanas v. Executive Secretary*, 835 Phil. 97 (2018) [Per J. Bersamin, En Banc].

[21] Stats and Charts, PhilHealth, January 30, 2024, available at https://www.philhealth.gov.ph/about_us/statsncharts/SNC2023_02142024.pdf (last accessed on September 25, 2025).

[22] *Id.* at 2. Registered Members and Dependents as of December 31, 2023.

[23] Listahanan Info Kit, Department of Social Welfare and Development's National Household Targeting System for Poverty Reduction (NHTS-PR) or the "Listahanan," available at https://listahanan.dswd.gov.ph/wp-content/uploads/2019/11/listahanan_info_kit_7.pdf (last accessed on September 25, 2025). This was adopted by the PhilHealth pursuant to Board Resolution No. 1417 s. 2010, as the government's information management system that identifies who and where the poor are nationwide.

[24] Stats and Charts, PhilHealth, January 30, 2024, p. 2, available at https://www.philhealth.gov.ph/about_us/statsncharts/SNC2023_02142024.pdf (last accessed on September 25, 2025).

[25] Who else are included in this category?, PhilHealth, available at https://www.philhealth.gov.ph/members/sponsored/other_members.php (last accessed on September 25, 2025). This includes persons with disability (PWD), battered women under the care or the DSWD, orphans, abandoned and abused minors, out-of-school youths, street children, and members of the informal economy from the lower income segment who do not qualify for full subsidy under the means test rule of the DSWD.

[26] PhilHealth Board Resolution No. 1417, s. 2010, Adopting the Department of Social Welfare and Development (DSWD)'s National Household Targeting System for Poverty Reduction (NHTS-PR) in identifying indigent families and persons to be enrolled under the [NHIP].

[27] Executive Order No. 867 (2010) mandates the DSWD to update the database of poor households every four years. The National Household Targeting Office (NHTO) carried out (Listahan 3 Updates, Department of Social Welfare and Development, January 2021, available at <https://listahan.dswd.gov.ph/wp-content/uploads/2021/01/Final-as-of-22-January-newsletter-1.pdf?> (last accessed on September 25, 2025))

[28] Note: While the DSWD has announced that Listahanan will be replaced by the Community-Based Monitoring System (CBMS) in 2024, pursuant to Republic Act No. 11315 or the Community-Based Monitoring System Act, the Philippine Statistics Authority (PSA), as of 2025, has only begun transmitting 2024 CBMS data and local government units (LGU) have started receiving LGU-level CBMS datasets for use in planning and targeting social protection programs. ('Listahanan' to end this year with CBMS implementation in 2024 – Sec. Gatchalian, DSWD's Digital Media Service, May 16, 2023, available at

<https://old.dswd.gov.ph/listahan-to-end-this-year-with-cbms-implementation-in-2024-sec-gatchalian/> (last accessed on September 25, 2025) and PSA Transmits 2024 CBMS and 2023 FIES Data to DEPDev for Use in Designing Proxy Means Test Model for Targeted Social Protection, Philippine Statistics Authority, May 14, 2025, available at <https://psa.gov.ph/content/psa-transmits-2024-cbms-and-2023-fies-data-depdev-use-designing-proxy-means-test-model?> (last accessed on September 25, 2025))

[29] The Philippines: National Profile of the Poor, available at <https://listahanan.dswd.gov.ph/listahanan3> (last accessed on September 25, 2025).

[30] Id.

[31] Amicus Curiae Brief of Orville Jose C. Solon, dated January 24, 2025.

[32] Id.

[33] Id.

[34] Letter of Sonny Africa, dated January 28, 2025.

[35] Id.

[36] Amicus Brief of Dr. Beverly Ho, p. 12, cited in the Court's Decision, p. 75.

[37] Amicus Curiae Brief of Orville Jose C. Solon, dated January 24, 2025.

[38] Republic Act No. 11223, sec. 11 reads:

Section 11. Program Reserve Funds. [...] Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions. [...]

[39] Amicus Brief of Dr. Beverly Ho, p. 12.

[40] Id. at 12.

[41] Id. at 12-13.

[42] PhilHealth's Audited Financial Statements as of December 31, 2023.

[43] Id. at 23.

[44] Id.

[45] Id. at Note 20.1.

[46] Id. at Note 20.2.

[47] Id. at 3.

[48] Id.

[49] Decision, pp. 91-98.

[50] Republic Act No. 10351 (2012), as amended by Republic Act Nos. 11346 (2019) and 11467 (2020).

[51] Republic Act No. 11223 (2019), secs. 37(b) and 37(c).

[52] Republic Act No. 11223 (2019). sec. 37(d).

[53] Republic Act No. 11223 (2019), secs. 37(e) and 37(f).

[54] CONST, art. VI, sec. 29, par. 3. All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government.

[55] Republic Act No. 11223, sec. 11, reads:

Section 11. Program Reserve Funds. — PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions. Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following: [...]

[56] Id.

[57] No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations. (Republic Act No. 11223, sec. 11).

[58] Decision, p. 100.

[59] 737 Phil. 457 (2014) [Per J. Bersamin, En Banc].

[60] 508 Phil. 321 (2005) [Per J. Tinga, En Banc].

[61] Id. at 335.

[62] Id. at 336.

[63] 305 Phil. 546 (1994) [Per J. Quason, En Banc].

[64] Id. at 336.

[65] Memorandum of Respondents House of Representatives, Senate of the Philippines, Department of Finance (DOF) Secretary Ralph Recto, and the Executive Secretary, through the Office of the Solicitor General, p. 79.

[66] Section 11. Program Reserve Funds. — PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions. Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following: [...] No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations. (Emphasis supplied)

[67] Decision, p. 61.

[68] Id. at 66-67.

[69] Decision, p. 23; Rollo, G.R. No. 274778, pp. 2226-2233.

[70] Decision, p. 107.

[71] Republic Act No. 11223, sec. 13 reads:

Section 13. PhilHealth Board of Directors. – (a) PhilHealth Board of Directors, hereinafter referred to as the Board, is hereby reconstituted to have a maximum of thirteen (13) members, consisting of the following: (1) five (5) ex officio members, namely: the Secretary of Health, Secretary of Social Welfare and Development, Secretary of Budget and Management, Secretary of Finance, Secretary of Labor and Employment; (2) three (3) expert panel members with expertise in public health, management, finance, and health economics; and (3) five (5) sectoral panel members, representing the direct contributors, indirect contributors, employers group, health care providers to be endorsed by their national associations of health care institutions and health care professionals, and representative of the elected local chief executives to be endorsed by the League of Provinces of the Philippines, League of Cities or the Philippines and League of Municipalities of the Philippines: Provided, That at least one (1) of the expert panel members and at least two (2) of the sectoral panel members are women. The sectoral and expert panel members must be Filipino citizens and of good moral character. The expert panel members must: (i) be of recognized probity and independence and must have distinguished themselves professionally in public, civic or academic service; (ii) be in the active practice of their professions for at least seven (7) years; and (iii) not be appointed within one (1) year after losing in the immediately preceding elections, whether regular or special. (b) The Secretary of Health shall be an ex officio nonvoting Chairperson of the Board. (c) All appointive members of the Board shall be required to undergo training in health care financing, health systems, costing health services and HTA prior to the start of their term. Noncompliance shall be a ground for dismissal.

[72] Republic Act No. 11223 (2019)

[73] Implementing Rules and Regulations of the Universal Health Care Act, Republic Act No. 11223 (2019).

[74] Republic Act No. 11223 (2019).

[75] Republic Act No. 10606 (2013).

[76] Republic Act No. 10149, sec. 7 reads:

Section 7. Powers and Functions of the Chairman. — The management of the GCG shall be vested in the Chairman who shall have the following powers and duties: (a) Preside over the meetings of the GCG; (b) Direct and manage the day-to-day affairs and business of the GCG; (c) With the approval of the GCG, determine the staffing pattern and the number of personnel of the GCG and define their duties and responsibilities; (d) With the approval of the GCG, to appoint, remove, suspend, or otherwise discipline for cause, any employee of the GCG; and (e) Perform such other duties as may be delegated or assigned to him by the GCG from time to time.

[77] Approved on June 6, 2011.

[78] The King's Fund, The Health and Care Act: six key questions, available at <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/health-and-care-act-key-questions> (last accessed on September 2, 2025).

[79] NHS England, Who's who at NHS England, available at <https://www.england.nhs.uk/wp-content/uploads/2022/10/nhs-england-structure-chart-18july2023.pdf> (last

accessed on September 2, 2025).

[80] NHS England, Structure of the NHS, available at <https://www.england.nhs.uk/long-read/structure-of-the-nhs/> (last accessed on September 2, 2025).

[81] LAW ON HEALTH INSURANCE, arts. 5-7, available at https://vss.gov.vn:3535/File_Server_BHXXH/documents/LawonHealthInsurancehopnhat.pdf (last accessed on September 2, 2025)

[82] Section 13(b), UHCA.

SEPARATE OPINION

VILLANUEVA, J.:

Absolutely, our most esteemed and admired colleague Associate Justice Amy C. Lazaro-Javier was correct when she declared that "[t]he right to health is not abstract philosophy. It is the heartbeat of the right to life—the foundation on which all other freedoms stand. It is *primus inter pares*—first among equals—in the constellation of rights that uphold human dignity." [1] Indeed, "the right to health is not merely important. It is enabling, elevating, empowering. A government that protects this right affirms the value of every human life. It anchors dignity in policy. It puts compassion into practice." [2]

There is no debate as well about the constitutional mandate of the Judiciary when it comes to the right to health of all Filipinos, which is, among others, "[t]o protect not only the abstract right to health, but the concrete right to accessible, affordable, and sustainable public healthcare." [3] Particularly, it is acknowledged that "[t]he Universal Health Care Act (UHCA) is a landmark step. It speaks of inclusion, protection, and equity. But laws are only as strong as the commitment behind them. And commitment needs funding, structure, empathy, and vigilance." [4]

However, it is respectfully submitted that the instant petitions are not just about "not doing enough" to "support or uplift" our fellow Filipinos' right to health. To be clear, there is no imminent failure of or impending danger that threatens our healthcare system. Very far from it, the petitions plainly center on "Special Provision 1(d), Chapter XLIII [Special Provision 1(d)] of Republic Act No. 11975 or the General Appropriations Act of 2024 (2024 GAA) and Department of Finance Circular No. 003-2024 (DOF Circular No. 003-2024) which mandated the transfer to the National Treasury of PHP 89.9 billion representing the 'fund balance' of the Philippine Health Insurance Corporation (PhilHealth)." [5]

Despite the very speculative nature of the allegations coming from the petitioners, there is no denying the fact that nothing untoward happened simply because PhilHealth remitted a total of PHP 60 billion [6] to the National Treasury. Other than plain statements, no concrete evidence was presented to establish an alarming "healthcare" crisis. No reliable reports indicate that PhilHealth's direct and indirect contributors, who are also beneficiaries of the country's healthcare system, have been allegedly deprived en masse of the benefits due to them, or that these may have been drastically reduced. No one has been deprived of their PhilHealth benefits regularly due to them in a widespread magnitude. This is the plain truth.

Instead, it is disclosed in the ponencia that PhilHealth in 2024 "also rationalized its inpatient case rates, or the fixed predetermined rate or amount that it shall reimburse for specific illness or case, thus: (1) a 30% increase to select case rates was first applied; and (2) a 50% increase to another set of select case rates was then implemented." [7] Aside from these, PhilHealth "expanded or enhanced the benefit packages[.]" [8] All these were happening even when, for the same year, PhilHealth remitted a total of PHP 60 billion to the National Treasury.

The ponencia decreed, among others, that "Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act, DOF Circular No. 003-2024, and the transfer of the PHP 60 billion fund balance of the Philippine Health Insurance Corporation to the National Treasury are declared VOID[.]"[9] Consequently, the amount of PHP 60 billion remitted by PhilHealth to the National Treasury should be returned.

With all due respect and save for some rulings that need to be further clarified, I completely adhere to the inapplicability of the questioned special provision and DOF circular to the "reserve funds" of PhilHealth that, thus, necessitates the return to it of the PHP 60 billion that was transferred to the National Treasury.

Special Provision 1(d) is not unconstitutional

i. Inclusion of special provisions in the 2024 GM is an inherent power of Congress

Special Provision 1(d) under Chapter XLIII of the 2024 GAA on unprogrammed appropriations authorized the remittance of the "fund balance" or the excess "reserve funds" of Government-Owned or -Controlled Corporations (GOCC) to the National Treasury to fund unprogrammed appropriations under the 2024 GAA,[10] viz.:

Special Provision(s)

- Availment of the Unprogrammed Appropriations. The amounts authorized herein for Purpose Nos. 1, 3-5, and 7-51 may be used when any of the following exists:

....

(d)

Fund balance of the Government-Owned or -Controlled Corpora/ion (GOCCs) from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account disbursement from prior years.

The Department of Finance shall issue the guidelines to implement this provision within fifteen (15) day from effectivity of this Act. (Emphasis supplied)

The 1987 Constitution allows the addition by Congress of "special provisions"—conditions to items in an appropriations bill which cannot be vetoed separately from the items to which they relate, so long as they are "appropriate" in the budgetary sense.[11] In other words, special provisions that do not appropriate funds are still deemed "appropriate" in a general appropriations bill when they specify certain conditions and restrictions in the manner by which the funds to which they relate have to be spent.[12]

Indeed, inherent in the power of appropriation is the power to specify how money or funds shall be utilized. In addition to distinct items of appropriation, the Legislative Department or Congress may include in appropriation bills certain qualifications, conditions, limitations, or restrictions on expenditure of funds.[13]

ii. Special Provision 1(d) is not a rider

In brief, the ponencia concludes that Special Provision 1(d) "is an unconstitutional rider to the 2024 GAA"[14] for being an inappropriate provision[15] due to its ambiguity and amendatory effect on Section 11 of Republic Act No. 11223,[16] otherwise known as the Universal Healthcare Act (UHCA), and Section 8 of Republic Act No. 10351,[17] or the "Sin Tax Reform Law," as amended by Section 14 of Republic Act No. 11346[18] and Section 9 of Republic Act No. 11467[19] (the Sin Tax Laws), as well as for being violative of Article VI, Section 29(3) of

the Constitution, diverting the "reserve funds" of PhilHealth for a different purpose.

A "rider" is defined as any provision "which is alien to or not germane to the subject or purpose of the bill in which it is incorporated." [20] It is specifically prohibited under Article VI, Section 26(1) of the 1987 Constitution, which provides that "[e]very bill passed by the Congress shall embrace only one subject which shall be expressed in the title thereof."

In appropriations measures, the prohibition against riders is also found in Article VI, Section 25(2) of the Constitution, which states that all provisions in a general appropriations bill must relate "specifically to some particular appropriation therein" and "[a]ny such provision or enactment shall be limited in its operation to the appropriation to which it relates." The subsection simply requires that all the provisions in a general appropriations bill are either appropriation items or non-appropriation items, wherein the latter still relate specifically to appropriation items.

Atitiw v. Zamora instructs that a provision in a general appropriations bill complies with the test of germaneness and is not an unconstitutional rider if it is particular, unambiguous, and appropriate, thus:

Therefore, in order that a provision or clause in a general appropriations bill may comply with the test of germaneness, it must be particular, unambiguous, and appropriate. A provision or clause is particular if it relates specifically to a distinct item of appropriation in the bill and does not refer generally to the entire appropriations bill. It is unambiguous when its application or operation is apparent on the face of the bill and it does not necessitate reference to details or sources outside the appropriations bill. It is an appropriate provision or clause when its subject matter does not necessarily have to be treated in a separate legislation. [21] (Emphasis supplied)

A plain reading of Special Provision 1(d) convincingly shows that it complies with the doctrine in *Atitiw*.

iii. Special Provision 1(d) passed the test of germaneness

According to the ponencia, the "test of germaneness is meant to prevent hodge-podge or log-rolling legislation. It is a protective mechanism to avoid surprise or fraud upon the legislature and to fairly apprise the people of the subjects of legislation that are being considered." [22] As discussed above, to satisfy the "test of germaneness," a special provision in an appropriations bill must be particular, unambiguous, and appropriate.

While conceding that Special Provision 1(d) is particular as "it relates to a particular appropriation in the 2024 GAA, i.e., unprogrammed appropriations, which do not have definite funding sources, save for foreign-assisted projects funded by foreign loans," [23] the ponencia declares said special provision as ambiguous. [24]

I respectfully share a different view on the finding that Special Provision 1(d) is ambiguous [25] when it only provides that if a GOCC has a fund balance, such fund balance may be used for unprogrammed appropriations. Basically, if there is no fund balance from a given GOCC, no amount may be taken from the funds of that GOCC to be used for unprogrammed appropriations. Clearly, the implementation of the provision does not require any reference to details outside the 2024 GAA.

To say that the mere introduction of the concept of "fund balance" in Special Provision 1(d), wherein, for one, the components thereof are unclear, [26] makes it ambiguous is insufficient. On the contrary, the "fund balance" referred therein clearly pertains to the "remainder resulting from the review and reduction of their reserve funds to reasonable levels, taking into account disbursement from prior years." [27] Further, it is evident therein that Special Provision 1(d) requires, as a condition sine qua non for its release, that, among others, there are excess "reserve funds" or a "fund balance" from GOCCs. Otherwise, the same will not apply.

In addition, the application or operation of Special Provision 1(d) did not necessitate reference to details or

sources outside the appropriations bill. In fact, it distinctly included the requirement that the DOF participate as an implementing agency. Thus, everything to enable the application and operation of Special Provision 1(d) can be found in it, with the DOF participating only in providing the implementing guidelines for the same, which it did, through the issuance of DOF Circular No. 003-2024.

True, Section 3.1[28] of DOF Circular No. 003-2024 specifically defined what "fund balance" is as contemplated in Special Provision 1(d). Still, this does not support the conclusion that its application or operation depended primarily on such DOF issuance.

On the supposed finding that Special Provision 1(d) is not appropriate,[29] it is submitted that this apparently is not so. To reiterate, a provision is appropriate when its subject matter does not necessarily have to be treated in a separate legislation.[30] Conversely, a provision is inappropriate if it is actually a general law measure more appropriate for substantive consideration and, therefore, calls for a separate legislation.[31] Thus, restrictions or conditions in an appropriations bill, to be appropriate, must exhibit a connection with money items in a budgetary sense in the schedule of expenditures.[32] Any provision which does not relate to any particular item, or which extends in its operation beyond an item of appropriation, is considered an "inappropriate provision." Also to be included in the category of "inappropriate provisions" are unconstitutional provisions and provisions which are intended to amend other laws.[33]

A perusal of the challenged Special Provision 1(d) shows that it cannot be the subject of a separate legislation because it pertains directly to an item stated in the 2024 GAA, i.e., the unprogrammed appropriations. It has a connection with the schedule of expenditures such that it authorizes the use of the unprogrammed appropriations when fund balances from GOCCs arise after the review and reduction of their reserve funds. The provision directly regulates how fund sources earmarked for certain appropriations in the 2024 GAA may be availed of. It does not create a new source of revenue, impose a new tax, amend the powers of GOCCs, or establish a new substantive policy. Instead, it merely provides the condition under which funds for unprogrammed appropriations may be utilized vis-à-vis the fund balance from GOCCs.

Special Provision 1(d) did not repeal Section 11 of the UHCA or the Sin Tax Laws

The ponencia states that Special Provision 1(d), as implemented by DOF Circular No. 003-2024, "are therefore inconsistent and irreconcilable with Section 11 of the UHCA as they repealed or at the very least, amended Section 11 in several ways:

- In determining the ceiling of PhilHealth's "reserve fund", Special Provision 1(d) and DOF Circular No. 003-2024 commanded the use of the averaging method, while Section 11 of the UHCA requires an actuarial estimation of two years' of PhilHealth's projected program expenditures.
- These divergent methods resulted in different ceilings with the averaging method yielding a lower ceiling than the actuarial estimation.
- Special Provision 1(d) and DOF Circular No. 003-2024 then
 - used this lower ceiling to come out with a bizarre formula to set aside what is in reality a part of the "reserve funds";
 - labeled this amount as "fund balance"; and
 - required the remittance of this portion of PhilHealth's "reserve funds", a.k.a. "fund balance", to the National

Treasury, contrary to the express prohibition in Section 11 against the accrual and transfer of PhilHealth's "reserve funds" or a portion thereof."^[34]

Essentially, for being violative of the provisions of Section 11 of the UHCA, the ponencia declares "Special Provision 1(d), which DOF Circular No. 003-2024 implemented, became an inappropriate provision in the 2024 GAA and is, therefore, void."^[35]

Section 11 of the UHCA reads:

Section 11. Program Reserve Funds. – PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. The Investment Reserve Fund shall be invested in any or all of the following:

. . . .

No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or-controlled corporations.

As part of its investment operations, PhilHealth may hire institutions with valid trust licenses as its external local fund managers to manage the reserve fund, as it may deem appropriate, through public bidding. The fund manager shall submit an annual report on investment performance to PhilHealth.

The PhilHealth shall set up the following funds:

- (1) A fund to secure benefit payouts to members prior to their becoming lifetime members;
- (2) A fund to secure payouts to lifetime members; and
- (3) A fund for optional supplemental benefits that are subject to additional contributions.

A portion of each of the above funds shall be identified as current and kept in liquid instruments. In no case shall said portion be considered part of invested assets.

The PhilHealth shall allocate a portion of all contributions to the fund for lifetime members based on an allocation to be determined by the PhilHealth actuary based on a pre-determined percentage using the current average age of members and the current life expectancy and morbidity curve of Filipinos.

The PhilHealth shall manage the supplemental benefits and the lifetime members' fund in an actuarially sound manner.

The PhilHealth shall manage the supplemental benefits fund to the minimum required to ensure that the supplemental benefit payments are secure. (Emphasis supplied)

Off hand, Special Provision 1(d) did not directly repeal Section 11 of the UHCA or even the Sin Tax Laws. This is obvious and evident from the wording of the said special provision. Thus, and if at all, what is being alluded to is the possible "implied repeal" of the subject section and laws.

Well-settled is the rule that implied repeals are not favored and will not be so declared unless the intent of the

legislators is manifest.[36] In the case of *Social Justice Society v. Atienza, Jr.*, the Court discussed the concept of implied repeal as follows:

Repeal by implication proceeds on the premise that where a statute of later date clearly reveals the intention of the legislature to abrogate a prior act on the subject, that intention must be given effect.

There are two kinds of implied repeal. The first is: where the provisions in the two acts on the same subject matter are irreconcilably contradictory, the latter act, to the extent of the conflict, constitutes an implied repeal of the earlier one. The second is: if the later act covers the whole subject of the earlier one and is clearly intended as a substitute, it will operate to repeal the earlier law....

Implied repeals are not favored and will not be so declared unless the intent of the legislators is manifest. As statutes and ordinances are presumed to be passed only after careful deliberation and with knowledge of all existing ones on the subject, it follows that, in passing a law, the legislature did not intend to interfere with or abrogate a former law relating to the same subject matter. If the intent to repeal is not clear, the later act should be construed as a continuation of, and not a substitute for, the earlier act.[37] (Emphasis supplied)

In *Bangko Sentral ng Pilipinas v. Commission on Audit*,[38] this Court held that Section 2(d) in relation to Section 3 of Republic Act No. 7656, entitled "An Act Requiring Government-Owned or Controlled Corporations to Declare Dividends under Certain Conditions to the National Government, and for Other Purposes" did not repeal Section 43 of Republic Act No. 7653, otherwise known as the "New Central Bank Act."

The issue for resolution by the Court in that case is whether or not the petitioner *Bangko Sentral ng Pilipinas* (BSP) was allowed to deduct any reserve from its net profits to be remitted to the government, pursuant to Section 43 of Republic Act No. 7653 to wit:

SECTION 43. Computations of Profits and Losses. — Within the first thirty (30) days following the end of each year, the *Bangko Sentral* shall determine its net profits or losses. In the calculation of net profits, the *Bangko Sentral* shall make adequate allowance or establish adequate reserves for bad and doubtful accounts. (Emphasis in the original)

On the other hand, the Commission on Audit (COA) disagreed and argued that Section 43 of Republic Act No. 7653 was impliedly repealed by Section 2(d) in relation to Section 3 of Republic Act No. 7656, which states:

SECTION 2. Definition of Terms. — As used in this Act, the term:

....

(d) "Net earnings" shall mean income derived from whatever source, whether exempt or subject to tax, net of deductions allowed under Section 29 of the National Internal Revenue Code, as amended, and income tax and other taxes paid thereon, but in no case shall any reserve for whatever purpose be allowed as a deduction from net earnings.

SECTION 3. Dividends. — All government-owned or -controlled corporations shall declare and remit at least fifty percent (50%) of their annual net earnings as cash, stock or property dividends to the National Government. This section shall also apply to those government-owned or -controlled corporations whose profit distribution is provided by their respective charters or by special law, but shall exclude those enumerated in Section 4 hereof: Provided, That such dividends accruing to the National Government shall be received by the National Treasury and recorded as income of the General Fund. (Emphasis in the original)

This Court rejected the COA's claim of implied repeal, viz.:

When confronted with apparently conflicting statutes, the courts should endeavor to harmonize and reconcile them instead of declaring the outright invalidity of one against the other because they are equally the

handiwork of the same legislature. The legislature is presumed to know the existing laws on the subject and would express a repeal if one is intended. Indeed, all doubts must be resolved against the implied repeal of a statute and every statute must be interpreted and harmonized with other laws to form a uniform system of jurisprudence:

Well-settled is the rule that repeals of laws by implication are not favored, and that courts must generally assume their congruent application. The two laws must be absolutely incompatible, and a clear finding thereof must surface, before the inference of implied repeal may be drawn. The rule is expressed in the maxim, *interpretare et concordare legibus est optimus interpretendi*, i.e., every statute must be so interpreted and brought into accord with other laws as to form a uniform system of jurisprudence. The fundament is that the legislature should be presumed to have known the existing laws on the subject and not have enacted conflicting statutes. Hence, all doubts must be resolved against any implied repeal, and all efforts should be exerted in order to harmonize and give effect to all laws on the subject.

....

As applied, to determine whether Section 2 (d) of RA 7656 repealed Section 43 of RA 7653 or the BSP Charter, it is necessary to ascertain whether the BSP is within the coverage of RA 7656. In the event that the BSP is indeed outside the coverage of RA 7656, then there could be no irreconcilable conflict between the two provisions resulting in an implied repeal.

After a judicious examination of the applicable laws and jurisprudence, we find and so hold that the BSP is outside the coverage of RA 7656. Thus, Section 2 (d) of RA 7656 did not repeal Section 43 of RA 7653.[39] (Emphasis supplied)

Relevant to the concept of implied repeal is the consequence when a general law that is incompatible with a prior special law is subsequently passed. It is a fundamental rule in statutory construction that a special law cannot be repealed or modified by a subsequently enacted general law in the absence of any express provision in the latter law to that effect.[40] A general law is one which embraces a class of subjects or places and does not omit any subject or place naturally belonging to such class, while a special act is one which relates to particular persons or things of a class.[41]

The reason for this is that the legislature, in passing a law of special character, considers and makes special provisions for the particular circumstances dealt with by the special law. This being so, the legislature, by adopting a general law containing provisions repugnant to those of the special law and without making any mention of its intention to amend or modify such special law, cannot be deemed to have intended an amendment, repeal, or modification of the latter.[42]

In Section 2 of Executive Order No. 292, or the "Administrative Code of 1987," a GOCC is defined, thus:

Section 2. General Terms Defined. - unless the specific words of the text, or the context as a whole, or a particular statute, shall require a different meaning:

....

(13) Government-owned or controlled corporation - refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government directly or through its instrumentalities either wholly, or, where applicable as in the case of stock corporations, to the extent of at least fifty-one (51) per cent of its capital stock: Provided, That government-owned or controlled corporations may be further categorized by the Department of Budget, the Civil Service Commission, and the Commission on Audit for purposes of the exercise and discharge of their respective powers, functions and responsibilities with respect to such corporations.

PhilHealth is one example of a GOCC. Other examples of GOCCs are the Government Service Insurance System (GSIS) and the Social Security System (SSS), among others.

That the income of GOCCs is a source of financing for the operation of the national government is provided for by law. Republic Act No. 7656 and its implementing rules and regulations state that the dividends received from GOCCs form part of the National Treasury and raise additional revenues for the National Government^[43] and all GOCCs are required to declare and remit at least 50% of their annual net earnings as cash, stock, or property dividends to the National Government, except for GOCCs created or organized by law to administer real or personal properties or funds held in trust for the use and benefit of its members.^[44]

Under the Budget of Expenditures and Sources of Financing (BESF), the sources of revenues can either be tax or non-tax revenues. Non-tax revenues include those collected in exchange for direct services rendered by government agencies to the public and those which arise from the government's regulatory and investment activities.^[45] Non-tax revenues under the 2024 BESF include dividends on shares of stocks, interest on advances to GOCCs, and income from investments.^[46] In this regard, what Special Provision 1(d) provides is that a portion of a GOCC's funds, i.e., its "fund balance" as defined in Section 3(1) of DOF Circular No. 003-2024, if available, may be used to fund unprogrammed appropriations.

There is therefore no general constitutional or statutory prohibition against using GOCC funds for government programs. However, specific GOCC charters (e.g., PhilHealth, GSIS, SSS) contain explicit provisions barring their reserve funds or income from accruing to the national treasury or being used for unrelated appropriations.

For example, as discussed in the ponencia, Section 11 of the UHCA authorizes PhilHealth to invest its reserve funds in specified instruments but provides that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations." This means that PhilHealth's reserve funds cannot be tapped to fund programs outside its health insurance and healthcare mandates. As such, this should be respected.

Section 34 of Republic Act No. 8291,^[47] or the "Government Service Insurance System Act of 1997," states that the funds of the GSIS shall be used only for purposes provided in the law and that "no portion of the funds of the GSIS or income thereof shall accrue to the General Fund of the national government..." GSIS funds may thus be invested only in specified assets or investments and cannot be reallocated to other government programs. Again, this should not be contravened.

Section 26 of Republic Act No. 11199,^[48] or the "Social Security System Act of 2018" imposes similar limits on the SSS Investment Reserve Fund, i.e., no portion of the reserve fund or its income may accrue to the general fund of the national government or any government agency or GOCC. The SSS may invest the fund in permitted instruments, but it cannot use the fund to finance unrelated government projects. Obviously, this should be complied with.

Evidently, these charters are special laws, for they relate to specific GOCCs, and these statutory prohibitions provide legal basis for concluding that specific GOCC funds cannot be used to support GAA appropriations. They also show that GOCC funds are treated as trust funds earmarked for the benefit of members or contributors and must remain separate from the national treasury.

While no Supreme Court case has pronounced a blanket rule barring all GOCC funds from financing budget appropriations, the Court has consistently upheld two related principles:

First, special funds must be used only for their designated purpose. Article VI, Section 29(3) of the Constitution requires that money collected on any tax levied for a special purpose be treated as a special fund and spent only

for that purpose. In *Confederation of Coconut Farmers Organizations v. Aquino III*,^[49] the Court ruled that the coconut levy funds collected from coconut farmers to develop the industry must be deposited in a special account and appropriated only for the benefit of the coconut farmers and for the development of the coconut industry.^[50] The funds could not be transferred to the general fund for other programs. This reasoning applies to other special funds such as those held by GSIS, SSS, and PhilHealth.

Second, a GAA cannot override a special law governing a GOCC's funds. In *Securities and Exchange Commission v. Commission on Audit*,^[51] the Court held that a special provision in the GAA limiting the Securities and Exchange Commission's (SEC) use of retained income did not repeal the authority granted to it under the Securities Regulation Code; at most, it was a supplementary restriction.^[52]

More broadly, this Court has ruled that a provision in a GAA, a general law, cannot repeal—much less repeal by implication—a special law. In *Leynes v. Commission on Audit*, this Court upheld the power of the LGUs to grant allowances and other benefits to judges and other national officials stationed in their respective territories,^[53] as provided under Republic Act No. 7160, otherwise known as the "Local Government Code of 1991." This, despite a provision in the 1993 GAA which provided that representation and transportation allowance (RATA) must be paid from the programmed appropriations of the applicable national agency and that no one may collect RATA from more than one source. The Court ruled, thus:

It is also an elementary principle in statutory construction that repeal of statutes by implication is not favored, unless it is manifest that the legislature so intended. The legislature assumed to know the existing laws on the subject and cannot be presumed to have enacted inconsistent or conflicting statutes. Respondent COA alleges that Section 36 of RA 7645 (the GAA of 1993) repealed Section 447(a)(1)(xi) of RA 7160 (the LGC of 1991). A review of the two laws, however, shows that this was not so. Section 36 of RA 7645 merely provided for the different rates of RATA payable to national government officials or employees, depending on their position, and stated that these amounts were payable from the programmed appropriations of the parent agencies to which the concerned national officials or employees belonged. Furthermore, there was no other provision in RA 7645 from which a repeal of Section 447(a)(1)(xi) of RA 7160 could be implied. In the absence, therefore, of any clear repeal of Section 447(a)(1)(xi) of RA 7160, we cannot presume such intention on the part of the legislature.

Moreover, the presumption against implied repeal becomes stronger when, as in this case, one law is special and the other is general. The principle is expressed in the maxim *generalia specialibus non derogant*, a general law does not nullify a specific or special law. The reason for this is that the legislature, in passing a law of special character, considers and makes special provisions for the particular circumstances dealt with by the special law. This being so, the legislature, by adopting a general law containing provisions repugnant to those of the special law and without making any mention of its intention to amend or modify such special law, cannot be deemed to have intended an amendment, repeal or modification of the latter.

In this case, RA 7160 (the LGC of 1991) is a special law which exclusively deals with local government units (LGUs), outlining their powers and functions in consonance with the constitutionally mandated policy of local autonomy. RA 7645 (the GAA of 1993), on the other hand, was a general law which outlined the share in the national fund of all branches of the national government. RA 7645 therefore, being a general law, could not have, by mere implication, repealed RA 7160. Rather, RA 7160 should be taken as the exception to RA 7645 in the absence of circumstances warranting a contrary conclusion.^[54] (Emphasis supplied)

Applying the foregoing principles in the case at bar, Special Provision 1(d), being a general provision applying to all GOCCs, is neither a rider nor an "inappropriate provision" as it does not operate to directly repeal Section 11 of the UHCA, a special law, or even the Sin Tax Laws related thereto. Moreso, there is no reason to favor declaring it as having operated to "impliedly repeal" said section or laws.

Special Provision 1(d), which allows the use of unprogrammed appropriations sourced from fund balances of GOCCs, applies broadly to the government's fiscal framework and to multiple GOCCs, not to PhilHealth only. To emphasize, Special Provision 1(d) did not zero in or focus mainly on the fund balances or reserve funds of PhilHealth, nor on any specific GOCC, for that matter. It is a provision in a general law like the 2024 GAA which applies broadly, or across the board, to all GOCCs without distinction. Notably, however, the ponencia concentrated on the incompatibility of the special provision as to PhilHealth only, without considering its applicability to other GOCCs that may not have the same restriction on their fund balances as compared to Section 11 of the UHCA.

In contrast, Section 11 of the UHCA specifically deals with the retention, use, and allocation of the income and funds of PhilHealth. It establishes how PhilHealth's reserve funds are to be maintained and used to ensure the sustainability of universal health coverage for covered Filipinos. Being focused solely on PhilHealth and the implementation of universal healthcare, Section 11 is downright a special law. Thus, it applies to a particular entity and addresses a distinct policy area that Congress has deliberately treated as unique and requiring special regulation for PhilHealth.

As already explained, under established principles of statutory construction, a special law prevails over a general law on matters expressly covered by the former. Even if the provisions of the general law are broad enough to include the subject matter of the special law, the latter is interpreted to constitute an exception to the former in order to harmonize the two provisions. Thus, the ponencia's contention that both cannot be given legal effect at the same time is rather incorrect.

To harmonize the two provisions, Section 11 of the UHCA must be deemed as an exception to Special Provision 1(d), such that the funds of PhilHealth cannot be used for purposes not expressly included in its Charter or applicable special laws like the Sin Tax Laws. This should likewise apply to GOCCs, such as the GSIS and SSS, which have similar restrictive provisions in their charters regarding the use of their funds or reserves. Indeed, it is inappropriate to invalidate the entirety of Special Provision 1(d) just because it is purportedly incompatible with only one GOCC or several GOCCs. The legislature cannot be expected to enumerate all GOCCs^[55] just to make the special provision valid, then end up inadvertently not including one GOCC with a restrictive provision like PhilHealth.

Special Provision 1(d) cannot be construed to extend beyond what the specific laws creating the GOCCs allow; otherwise, it would be violative of the doctrine that statutes must be so construed as to harmonize and give effect to all their provisions whenever possible.^[56] In fine, Special Provision 1(d), being a general law or provision in the 2024 GAA, should apply only to GOCCs where no special laws prevent the transfer of their funds to the general fund of the National Government for purposes other than those specified in such special laws.

As separately discussed, the ponencia posits that Special Provision 1(d) "repealed the categorical mandatum of the Sin Tax Laws to limit the use of the excise tax percentages for funding the UHCA and directly contravened the prohibition enshrined in Section 29(3), Article VI of the Constitution," for which reason, said special provision must be declared "as unconstitutional and thus, void for being an inappropriate provision of the 2024 GAA."^[57] It was stressed as well that "the language of the Sin Tax Laws is crystal clear—that a portion shall be allocated and used exclusively for the implementation of the UHCA,"^[58] and that "sin tax collections, subsequently remitted to PhilHealth in the form of premiums of indirect contributors, are special funds allotted for a specific purpose."^[59]

Similarly, the Sin Tax Laws are also special laws because they deal with a specific class of revenues, a defined source of funds, and a designated purpose, i.e., the earmarking of excise tax collections from alcohol and tobacco products and how such revenues are to be distributed among various government programs, particularly for the

implementation of the UHCA, medical assistance, and health infrastructure, as well as for other public health-related purposes. In relation to PhilHealth, the specificity of the subject matter and the clear legislative intent to earmark these funds for defined health-related objectives set the Sin Tax Laws apart as a special legislation.

Still, Special Provision 1(d) merely establishes a condition governing when unprogrammed appropriations may be availed of; it does not authorize the reallocation or diversion of earmarked sin tax collections. Nothing in its language directs, authorizes, or even implies the transfer of sin tax collections, much less those specifically earmarked for PhilHealth under the UHCA, to the unprogrammed appropriations. Its operative phrase "fund balance of the [GOCCs]" even refers to "unrestricted" excess reserve funds.^[60] Special Provision 1(d) does not include, and cannot include, funds already earmarked for a specific purpose. Therefore, Special Provision 1(d) cannot likewise repeal or amend the earmarking provisions of the Sin Tax Laws.

Further, the ponencia's conclusion that Special Provision 1(d) effectively repeals the Sin Tax Laws is legally and factually unfounded. There is no showing that the fund balance computed by the DOF, which forms the basis for availment of unprogrammed appropriations, was taken from sin tax collections specifically earmarked for the implementation of the UHCA. To assume so is speculative and contrary to settled rules of statutory construction, which require clear and irreconcilable conflict before a repeal by implication can be recognized. Ultimately, sin tax collections continue to be applied exclusively to the implementation of the UHCA, as Special Provision 1(d) specifically does not touch on or mention it at all.

In sum, Special Provision 1(d) of the 2024 GAA does not amend, modify, or repeal Section 11 of the UHCA and the Sin Tax Laws, whether expressly or impliedly. This being so, Special Provision 1(d) is not an "inappropriate provision" in the GAA, and consequently, it is not an unconstitutional rider provision. Instead, and if at all, Special Provision 1(d) is inapplicable to PhilHealth for being inconsistent with or violative of Section 11 of the UHCA.

Even assuming *arguendo* that Special Provision 1(d) was "inappropriate," it still cannot be declared as unconstitutional

Assuming, for the sake of argument, that Special Provision 1(d) was "inappropriate" within the meaning of Article VI, Section 25(2)^[61] of the Constitution, the defect would concern legislative form, not constitutional validity. Under said constitutional rule, provisions in a general appropriations bill must relate specifically to some particular appropriation therein.

Philippine Constitution Association v. Enriquez^[62] clarifies that a provision in an appropriations act becomes inappropriate only when it amends or repeals a substantive law or stands wholly unrelated to an item of appropriation, *viz.*:

As the Constitution is explicit that the provision which Congress can include in an appropriations bill must "relate specifically to some particular appropriation therein" and "be limited in its operation to the appropriation to which it relates." It follows that any provision which does not relate to any particular item, or which extends in its operation beyond an item of appropriation, is considered "an inappropriate provision" which can be vetoed separately from an item. Also to be included in the category of "inappropriate provisions" are unconstitutional provisions and provisions which are intended to amend other laws, because clearly these kind of laws have no place in an appropriations bill. These are matters of general legislation more appropriately dealt with in separate enactments. Former Justice Irene Cortes, as *Amicus Curiae*, commented

that Congress cannot by law establish conditions for and regulate the exercise of powers of the President given by the Constitution for that would be an unconstitutional intrusion into executive prerogative.[63] (Emphasis supplied)

Crucially, nowhere did Philippine Constitution Association v. Enriquez declare such provisions ipso facto unconstitutional. When so declared as "inappropriate," such a clause is merely misplaced and may be corrected through the President's veto under Article VI, Section 27(2),[64] or validly reenacted in a proper statute. The constitutional remedy lies in the political process of veto and legislative reenactment, not judicial nullification.

This doctrinal boundary was reiterated in Governor Mandanas v. Romulo,[65] where the Court recognized that Congress may amend substantive law, but it must use the proper vehicle; attempting to do so in the GAA reveals a defect in the placement of the provision rather than a lack of legislative authority, viz.:

The Local Government Code of 1991 is a substantive law. And while it is conceded that Congress may amend any of the provisions therein, it may not do so through appropriations laws or GAAs. Any amendment to the Local Government Code of 1991 should be done in a separate law, not in the appropriations law, because Congress cannot include in a general appropriation bill matters that should be more properly enacted in a separate legislation. (Emphasis supplied)

Read altogether, the rule is clear: when a clause in the General Appropriations Act extends beyond budgeting mechanics or attempts to amend substantive law, the defect lies in its placement, not in a lack of legislative power. Applied here, even if Special Provision 1(d) goes beyond a release mechanism, it is best understood as an inappropriate provision subject to political or legislative correction, not a finding that it is substantively an unconstitutional act.

Thus, even if Special Provision 1(d) was deemed misplaced, it would not be unconstitutional per se. As extensively discussed already, the provision would simply be inoperative as part of the GAA for GOCCs where this is inappropriate but could be validly re-enacted in a separate statute, if there is any need for it. The Court's role is to recognize such misplacement, not to strike down the provision as substantively void. In short, it is submitted that "inappropriate" does not outright mean "unconstitutional."

This distinction between constitutional validity and legislative form was underscored in a Separate Opinion in Belgica v. Executive Secretary,[66] which explained that an appropriation's validity depends on the specificity of its purpose:

Thus, appropriations for personal services need not be further itemized or broken down in the GAA as the purpose for such appropriation is sufficiently specific satisfying the constitutional requirement for a valid appropriation. The constitutional test for validity is not how itemized the appropriation is down to the project level but whether the purpose of the appropriation is specific enough to allow the President to exercise his line-item veto power.... The Constitution only requires a corresponding appropriation for a specific purpose or program, not for the sub-set of projects or activities.[67]

The same opinion also emphasized that special purpose and unprogrammed funds are not unconstitutional per se, so long as each fund has a definite and singular purpose:

Also, special purpose funds and discretionary funds would be constitutional for as long as they follow the rule on singular correspondence.

The Court further ruled in Belgica I that what is constitutionally infirm are appropriations which merely provide for a singular lump-sum amount to be used as a source of funding multiple purposes. These appropriations require the further determination of both the actual amount to be expended and the actual

purpose of the appropriation which must still be chosen from the multiple purposes stated in the law.

....

To repeat, in *Belgica I*, the Court did not declare that all lump-sum appropriations are unconstitutional.[68]

Here, the finding that Special Provision 1(d) is constitutionally infirm is rather not in order. It is submitted that Special Provision 1(d) remains germane to an item of appropriation. It merely governs the release and use of funds, which is precisely the kind of operational condition traditionally included in appropriations laws.

Special Provision 1(d) does not exceed Congress's power of the purse

Congress's power to prescribe conditions on the use or release of public funds is plenary under Article VI, Section 29(1) of the Constitution. Special provisions are longstanding tools used by Congress to impose fiscal limitations or to treat as activation conditions. So long as they do not expressly repeal or amend existing substantive laws, they fail squarely within legislative competence.

Special Provision 1(d) of the 2024 GAA merely sets a timing mechanism for the availability of unprogrammed appropriations based on the fund balances of GOCCs. That it supposedly included PhilHealth's reserve balance does not, by itself, constitute a policy reversal.

In *Belgica v. Executive Secretary*, the Court expressly recognized Congress's authority to establish conditional triggers for the release of unprogrammed appropriations, viz.:

Contrary to Petitioner's claim, the appropriation for the Unprogrammed Fund under the 2014 GAA, similar to those in previous GAAs, sufficiently identifies the public purposes for which the funds may be used, the only difference being that the GAA for the preceding years consisted of one volume, whereas the specified public purposes and the amounts therefor for the Unprogrammed Fund are found nestled in Annex "A" of the 2014 GAA.

With respect to the test of compliance with the rule on singular correspondence in the 2013 *Belgica* case, the Unprogrammed Fund stands square. It has a clearly discernible singular appropriation purpose of providing standby appropriation to be sourced from unexpected or windfall revenues to fund the specific programs and projects.

Considering the foregoing, the appropriation in the 2014 GAA for the Unprogrammed Fund is constitutional.[69]

The condition for availability—whether tied to excess revenue collections, foreign grants, or fund balances—is part of Congress's fiscal design, not an encroachment on substantive law.

Even if the provision is debatable as a policy, that does not render it as unconstitutional or void in its entirety. As recognized in a Separate Opinion in *Araullo v. Aquino III*,[70] questions of budgetary design fall primarily within the political branches, viz.:

Justiciability refers to the fitness or propriety of undertaking the judicial review of particular matters or cases; it describes the character of issues that are inherently susceptible of being decided on grounds recognized by law.

In contradistinction, political questions refer to those that, under the Constitution, are to be decided by the people in their sovereign capacity or in regard to which full discretionary authority has been delegated to the

legislative or executive branch of the government; it is concerned with issues dependent upon the wisdom, and not the legality of a particular measure. Where the issues so posed are political, the Court normally cannot assume jurisdiction under the doctrine of separation of powers except where the court finds that there are constitutionally-imposed limits on the exercise of the powers conferred on a political branch of the government.

....

From this perspective, constitutional provisions touching on economic matters are understandably broadly worded to accommodate competing needs and to give policy-makers (and even the Court) the necessary flexibility to decide policy questions or disputes on a case-to-case basis.[71]

Accordingly, the Executive branch may exercise its line-item veto under Article VI, Section 27(2) of the Constitution, or defer fund release consistent with fiscal conditions. Judicial intervention is not necessary or urgent and justified only upon a clear breach of constitutional constraints, such as unlawful fund transfers or augmentations outside those permitted by law, viz.:

Under the complementary principle of checks and balances, as applied to the budget process, both the Executive and the Legislative play constitutionally-defined roles.

At the budget preparation and proposal stage, the Executive is given the initiative; it starts the budgetary process by submitting to Congress, within 30 days from the opening of every regular session, a budget of expenditures and sources of financing that becomes the basis for the general appropriations bill. This budget contains the appropriations recommended by the President for the operation of the government.

While the President undertakes the planning and recommendation, the Constitution requires him to comply with the form, content and manner of its preparation as prescribed by law. The Constitution relents to the President's judgment in preparing the budget by prohibiting Congress from increasing the budget recommended by the Executive for the next fiscal year.

....

Once Congress has spoken through the passage of the general appropriations bill based on the budget submitted by the President, the Constitution authorizes the President to exercise some degree of control over an appropriation legislation by allowing him to exercise an item-veto power. As a counterbalance, Congress may override the President's veto by a vote of 2/3 of all its members.[72]

Against this backdrop, the Court must exercise restraint in fiscal matters. Judicial review of appropriations acts must be guided by the principle that budget-making is primarily a political function entrusted to the Executive and Congress. Courts intervene only when clear constitutional boundaries are breached, not to assess the wisdom or efficiency of fiscal policy.

To reiterate, the special provision at issue neither transfers funds of GOCCs beyond their appropriated purpose nor creates a new spending authority outside legislative sanction—the core defect remedied in *Araullo*. It does not confer post-enactment discretion or conceal indefinite lump sums that subvert the line-item requirement condemned in *Belgica*. Nor does it rewrite or repeal any substantive law, the vice characterized in *Philconsa* as "inappropriateness" correctible by veto, and not judicial review. The legislative condition here is germane to the appropriation it governs and merely delineates when the fund for an unprogrammed item may be released, a routine mechanism in budget practice. The earmarked funds remain in their proper channels, their use confined to the statutory purpose of financing health care; no right, allocation, or constitutional entitlement has been diminished or redefined, as was the case in *Gov. Mandanas v. Romulo*.^[73] What remains is not a constitutional question but a matter of fiscal calibration—an expression of Congress's power of the purse operating within the

boundaries that the Constitution itself entrusts to the political branches.

Declaring a provision unconstitutional simply because it is "inappropriately" placed in a GAA transforms the judiciary into a continuing budget reviewer—contrary to the principle of separation of powers. Senior Associate Justice Marvic M.V.F. Leonen similarly warned in his Dissenting Opinion in *Mandanas v. Executive Secretary Ochoa*[74] that judicial annulment should be avoided where the challenged act merely raises issues of budgetary structure or legislative style, to wit:

We should be aware that Congress consists of both the Senate and the House of Representatives. The House of Representatives meantime also includes district representatives. We should assume that in the passage of the Local Government Code and the General Appropriations Act, both Senate and the House are fully aware of the needs of the local government units and the limitations of the budget.

On the other hand, the President, who is sensitive to the political needs or local governments, likewise, would seek the balance between expenditures and revenues.

What petitioners seek is to short-circuit the process. They will to empower us, unelected magistrates, to substitute our political judgment disguised as a decision of this Court.

The provisions of the Constitution may be reasonably read to defer to the actions of the political branches. Their interpretation is neither absurd nor odious.

We should stay our hand.[75]

....

Absent any clear and unequivocal breach of the Constitution, this Court should proceed with restraint when a legislative act is challenged in deference to a co-equal branch of the Government. "If a particular statute is within the constitutional powers of the Legislature to enact, it should be sustained whether the courts agree or not in the wisdom of its enactment." [76] (Citations omitted)

As this Court has consistently held, absent a clear and unmistakable violation of a constitutional provision, budgetary disputes—especially those involving legislative conditions on fund release—must be resolved by the political branches. Inappropriateness does not justify judicial invalidation. It simply invites executive veto or future legislative correction.

The transfer of a portion of PhilHealth's reserved funds from the accumulated revenue, which was determined as the fund balance, does not trigger the application of Art. VI, Section 25(5) of the Constitution

i. Article VI, Section 25(5) of the Constitution is inapplicable

The ponencia characterized the transfer of PhilHealth's fund balance to the National Treasury as augmentation, which supposedly failed to comply with the command of Article VI, Section 25(5) of the Constitution, thus:

Another. What cannot be done directly cannot be done indirectly. While the form may differ from direct augmentation under Section 25(5), Article VI of the Constitution, the result is the same: funds appropriated to PhilHealth are redirected and repurposed for the use or other budget items, here, Unprogrammed Appropriations. This set-up attempts to side-step but brazenly infringes the prohibition against the cross-border transfer of funds—that is, moving funds across institutional boundaries—and violates the proscription on the re-alignment of funds that have already been specifically appropriated.

The Constitution expressly prohibits cross-border transfers and reallocation of funds already appropriated for a

particular purpose. To allow these assailed measures to take their course under the guise of congressional power would be to render this constitutional safeguard meaningless.[77]

In all humility, I have to differ again.

The constitutional provision pertaining to augmentation reads as follows:

SECTION 25.

. . . .

(5) No law shall be passed authorizing any transfer or appropriations; however, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

In *Araullo v. Aquino III*,^[78] and as echoed in the ponencia, the Court reiterated the requisites for a valid augmentation, thus:

The transfer of appropriated funds, to be valid under Section 25(5), *supra*, must be made upon a concurrence of the following requisites, namely:

(1)

There is a law authorizing the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of the Constitutional Commissions to transfer funds within their respective offices;

(2)

The funds to be transferred are savings generated from the appropriations for their respective offices; and

(3)

The purpose of the transfer is to augment an item in the general appropriations law for their respective offices.[79]

In discussing that these requisites were not present, the ponencia ruled that: (1) the list on those authorized to "transfer savings under Section 25(5), Article VI of the Constitution" is exclusive and signifies no other so that, "[i]n fine, the [S]ecretary of [F]inance cannot, in any capacity whether as alter ego of the [P]resident or as head of department, exercise the power of augmentation under the Constitution[;]"^[80] (2) the "funds transferred were no 'savings' generated from the appropriations for the Office of the President[;]"^[81] (3) the transfer "was not made to augment an item in the general appropriations law for the Office of the President."^[82]

With all due respect, the requisites for a valid exercise of the power of augmentation insofar as DOF Circular No. 003-2024 are not present precisely because this rule or prohibition on augmentation does not apply to the extant circumstances in this case in the first place.

As lengthily discussed already, the PhilHealth funds that were transferred to the National Treasury came from its internal funds, not from its specific appropriations from the 2024 GAA, if there were any. It was an amount within PhilHealth, in fact, traced from previous years' fund balances, not concentrated only from fiscal year 2024. These amounts are an amalgamation of its inflows from contributions, interest income from its investments, and reserve funds from previous years, among others. It is not considered as "savings" from the appropriations of other Executive offices, which are transferred to the Office of the President or the departments under it. Therefore, it is clear that the transfer of the PhilHealth's "fund balance" does not trigger at all the application of Article VI,

Section 25(5) of the Constitution. Indeed, the facts and circumstances surrounding the transfer of funds in this case cannot be categorized as a form of improper augmentation since it is not the kind of scenario contemplated under such constitutional provision.

Obviously, the transfer of the PHP 60 billion PhilHealth funds cannot be "struck down"[83] as it does not rise to the level of having violated the prohibition on an invalid augmentation. Hence, the test of a valid augmentation should not be applied in this case. It is plainly non sequitur to apply a constitutional provision that does not come into play insofar as DOF Circular No. 003-2024 is concerned, which actually applies to all GOCCs subject thereof and not just to PhilHealth, and the transfer of a portion of the latter's "reserve funds" to the National Treasury, if at all, that is not sourced from any appropriation in the 2024 GAA. Insisting on this, with all due respect, is like putting a square peg in a round hole.

Incidentally, the ponencia declined to rule on the prayer of petitioners, among others, to "determine the alleged liability of the DOF Secretary for technical malversation and/or plunder" on the reasoning that a "petition for certiorari and prohibition—a special civil action limited to a determination of grave abuse of discretion—is not the proper remedy to adjudge criminal liability or innocence for technical malversation or plunder, which must be raised in a proper criminal action." [84] While the reasoning is in order, but more than this, there is actually no basis at all for any separate criminal proceeding to begin with.

As previously discussed, and further explained herein, Special Provision 1(d) and DOF Circular No. 003-2024 are not unconstitutional. Congress, which has the recognized "power of the purse", has every right and has the exclusive legislative authority to include a special provision regarding unprogrammed appropriations. For its part, the Executive branch, through the DOF Secretary, cannot be faulted for simply implementing what is contained in the GAA as a special provision.

Crucially as well, the requisite elements, among others, for both technical malversation or plunder are not present. For plunder, the core element of amassing or acquiring ill-gotten wealth [85] is completely negated as the PhilHealth fund balance was actually remitted to the National Treasury, and to no one else, particularly not even to the Office of the President or the DOF. As to technical malversation, a key element is that the questioned funds was placed "under (the offender's) administration," [86] which is not what happened in the case of the PhilHealth fund balance since what was transferred to the National Treasury was not directly handled by the President or the DOF Secretary.

More importantly, the actions of the Executive and Legislative departments clearly lacked the necessary criminal intent or procedural irregularity. The DOF Secretary's action of issuing DOF Circular No. 003-2024, as well be further discussed, was strictly ministerial, executed as a matter of course pursuant to the explicit mandatory language of Special Provision 1(d) in the 2024 GAA. This action is evidently characterized by institutional good faith and due diligence, relying on formal clearances from, among others, the COA, Office of the Government Corporate Counsel, and the Governance Commission for GOCCs. It was not an independent action that disregarded institutional protocols and procedures. The President's action in certifying the appropriations bill as urgent is a settled issue that is consistent with the exercise of his executive powers. In fact, the ponencia declared the same as not unconstitutional. And for Congress, it acted within its domain by exercising its constitutional power of the purse in enacting the 2024 GAA with, among others, Special Provision 1(d) on unprogrammed appropriations. It cannot be faulted at all for doing so, even if said provision turns out to be inconsistent with Section 11 of the UHCA.

Thus, as the actions were legally and administratively compliant with the mandates provided by the Constitution, any claim of a supposed criminal liability arising from the inclusion of Special Provision 1(d) in the 2024 GAA

and the issuance of DOF Circular No. 003-2024 to implement it that resulted in the remittance by PhilHealth of the sum of PHP60 billion to the National Treasury, but which has already been ordered by President Marcos, Jr. to be returned back to PhilHealth, is misplaced and baseless. No criminal liability arises at all when the substantive elements necessary to establish a justified criminal charge against the President, Members of Congress, and the DOF Secretary, not to mention any PhilHealth official, can be shown under the herein circumstances.

ii. Secretary Recto cannot be held liable for issuing DOF Circular No. 003-2024

To be clear, DOF Circular No. 003-2024 was issued to implement Special Provision 1(d), Section 3.1, wherein the "fund balance" mentioned therein is validly referred to as an unrestricted fund, to wit:

Section 3. Definition Of Terms

For purposes of these Guidelines, the following definitions shall apply:

- Fund Balance refers to the unrestricted fund in the form of (i) cash on hand, (ii) cash in banks (e.g., savings account, current account or time deposits), (iii) investment in government securities, private institutions (e.g., corporate securities and Unit Investment Trust Funds), and other securities, and (iv) other fund balances, including government funds and balances created for specific purposes (e.g., subsidy releases from the National Government and fund transfers from other national government agencies), financial assets (e.g., Treasury Bills, marketable securities, money market funds) and other cash equivalents/investments that are classified under other accounts in the Financial Statements (e.g., Other Assets), subject to the factors as provided in Sections 4.2 and 4.3.

The DOF was directed to issue DOF Circular No. 003-2024 as required in Special Provision 1(d). In doing so, it precisely obeyed a special provision in the 2024 GAA. Clearly, the DOF did not act solely on its own or issued the subject circular without any basis or authority at all. The language of Special Provision 1(d) is unequivocal; the DOF has the duty to issue the guidelines to implement the said provision within 15 days from the effectivity of the 2024 GAA. For its obedience, no fault can or should be attributed to the DOF.

In *National Grid Corp. of the Philippines v. Manila Electric Co.*,^[87] the Court echoed the fundamental concept in statutory construction that when the law is clear and free from any doubt or ambiguity, there is no room for construction or interpretation, thus:

A cardinal rule in statutory construction is that when the law is clear and free from any doubt or ambiguity, there is no room for construction or interpretation. There is only room for application. As the statute is clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation. This is what is known as the plain-meaning rule or *verba legis*. It is expressed in the maxim, *index animi sermo*, or "speech is the index of intention." Furthermore, there is the maxim *verba legis non est recedendum*, or "from the words of a statute there should be no departure."^[88] (Emphasis supplied)

It is heartwarming to note that the ponencia declined the prayer of the petitioners to "determine the alleged liability of the DOF Secretary for technical malversation and/or plunder; and [to] issue guidelines for the [P]resident's exercise of his power to certify a bill as urgent under Article VI, Section 26(2) of the Constitution."^[89] This is not just a logical ruling but a definitely right one. To hold Secretary Recto liable in any way whatsoever is like punishing him for simply doing his job. If he did not comply with the valid dictates of Special Provision 1(d), then he may possibly become culpable of violating the law, which would have made his situation even worse.

Up to this point in time, there is no ruling yet regarding the validity or constitutionality of Special Provision 1(d). In fact, and in ignoring the call to punish Secretary Recto for his supposed criminal liability, the ponencia recognizes that:

Clearly, the references to alleged criminal liability for malversation or plunder to challenge the acts of the DOF Secretary are improper in this proceeding. To reiterate, the only issue to be adjudicated here is the constitutionality of the assailed issuances and whether they were tainted with grave abuse of discretion amounting to lack or excess of jurisdiction.[90] (Emphasis supplied)

Following a valid special provision, even if later on this may be declared as invalid or unconstitutional, does not render the acts of Secretary Recto as legally infirm. As held in *Macalintal v. Comelec*:^[91]

By way of exception, the Court has recognized the legal and practical reality that a judicial declaration of invalidity may not necessarily obliterate all the effects and consequences of a void act occurring prior to such declaration. Moreover, there may be situations that "may aptly be described as *fait accompli*," in that they "may no longer be open for further inquiry, let alone to be unsettled by a subsequent declaration or nullity of a governing statute."

In these situations, the Court has declared that the "actual existence of a statute, prior to such a determination [of unconstitutionality], is an operative fact and may have consequences which cannot justly be ignored. The past cannot always be erased by a new judicial declaration. The effect of the subsequent ruling as to invalidity may have to be considered in various aspects, with respect to particular relations, individual and corporate, and particular conduct, private and official."

The doctrine of operative fact recognizes the possibility that not all the effects and consequences of a void act prior to judicial declaration of invalidity may be obliterated or completely ignored. As a matter of equity and fair play, and in recognition of the undeniable reality that the act existed for the time being, there is an imperative necessity to leave the effects undisturbed despite the unconstitutionality of the law.^[92] (Emphasis in the original, citations omitted)

Moreso, no grave abuse of discretion can be attributed to Secretary Recto in issuing DOF Circular No. 003-2024. As already determined, he was merely obeying a command included in Special Provision 1(d). Considering that this circular applies not only to PhilHealth, but also to other GOCCs that are covered by Special Provision 1(d), he cannot be declared as having acted with grave abuse of discretion regarding the matter to deserve being punished at all. Far from it, Secretary Recto did not commit such a "capricious and whimsical exercise of judgment amounting to lack or excess of jurisdiction,"^[93] or that he exercised his power to issue such circular "in a despotic manner by reason of passion or personal hostility"^[94] that is so "patent and so gross as to amount to an evasion of a positive duty or a virtual refusal to perform the duty enjoined or to act at all in contemplation of law"^[95] to hold him liable in any manner.

Again, there is nothing erroneous in what Secretary Recto did when he issued DOF Circular No. 003-2024. His department was tasked to issue the implementing guidelines for Special Provision 1(d). Being a DOF Secretary, and as derived from the Administrative Code of 1987^[96], among others, he has the express legal authority to issue such a circular to ensure the efficient administration of his department and the proper execution of relevant laws, which includes Special Provision 1(d) of the 2024 GAA.

The President validly exercised his power to certify House Bill No. 8980 as urgent bill under Section 26(2), Article VI of the Constitution

From the very beginning, it is the position of the undersigned that in certifying House Bill No. 8980^[97] as an urgent bill, President Ferdinand R. Marcos, Jr. (President Marcos, Jr.) was acting within the power and authority vested in him to do so. There is absolutely nothing wrong, in fact or in law, with what he did when he sent his

Letter dated September 20, 2023, addressed to Speaker Ferdinand Martin G. Romualdez (Speaker Romualdez) certifying as urgent House Bill No. 8980.[98]

The petitioners argued that President Marcos, Jr. committed a grave abuse of discretion in certifying House Bill No. 8980 as urgent because there was no public calamity or emergency at the time, which, in turn, violates Article VI, Section 26(2) of the Constitution. The petitioners further pointed out that the presidential certification infringes on the constitutional power and duty of Congress to deliberate on a bill in three readings on separate days before voting thereon. Petitioners claimed that there was no point in rushing the passage of the 2024 GAA as early as September 2023, as it would not take effect until January 1, 2024. Even so, Article VI, Section 25(7)[99] of the Constitution governs in the event that Congress fails to pass a general appropriations bill for the ensuing fiscal year, i.e., the general appropriations law for the preceding fiscal year shall be deemed re-enacted and remain in force until Congress passes the corresponding general appropriations bill.[100]

I fully agree with the ponencia that "the Congress is the sole judge of the sufficiency and propriety of the urgency certification by the President." [101] Definitely, "the Court cannot overrule the wisdom of the President and the wisdom of the Congress and substitute its own. The Court is enjoined by the long standing principle of separation of powers to give due deference and respect to the exercise of a constitutional prerogative by a co-equal branch of government absent any grave abuse of discretion, amounting to excess or lack of jurisdiction, as in these cases." [102]

Moreover, the issue of its appropriateness of such certification is submitted to be a political question, beyond the ambit of the Court's power to review. A political question is a question of policy, which is to be decided by the people in their sovereign capacity or by the legislative or the executive branch of the government to which full discretionary authority has been delegated.[103] It is concerned with issues dependent upon the wisdom, not the legality, of a particular measure.[104] Conversely, a justiciable question is one that is inherently susceptible of being decided on grounds recognized by law, as where the court finds that there are constitutionally-imposed limits on the exercise of the powers conferred on a political branch of the government.[105]

While the Court's expanded powers of review meant that it may look into the questioned acts on the ground of grave abuse of discretion, the Court is only bound to check if the President's act of certifying the bill as urgent is within the scope or limits of his authority, not to look into the wisdom behind it. The Court's expanded power of review does not obliterate political questions. In *Marcos v. Manglapus*, [106] the Court explained:

The deliberations of the Constitutional Commission cited by petitioners show that the framers intended to widen the scope of judicial review but they did not intend courts of justice to settle all actual controversies before them. When political questions are involved, the Constitution limits the determination to whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the official whose action is being questioned. If grave abuse is not established, the Court will not substitute its judgment for that of the official concerned and decide a matter which by its nature or by law is for the latter alone to decide.[107]

Indeed, the determination as to whether a bill requires immediate enactment due to a public calamity or emergency rests solely with the Legislative and Executive Departments. As appropriately cited in the ponencia, "public calamity or emergency does not only refer to actual disasters or emergencies, like pandemics, typhoons, or earthquakes," but may also refer to "anything that in the [P]resident's reasoned opinion causes or has the effect of causing harm, suffering, or damage, typically but not always, involving a large number of people and resulting in significant loss of life or property," [108] which is but a recognition of the exclusive and sole discretion or prerogative of the President in certifying urgent bills for enactment into law.

The petitioners in these cases failed to sufficiently show that the President's act of certifying the subject bill as urgent is capricious, whimsical, arbitrary, or that the abuse is so patent that it amounts to an evasion of a positive duty or a refusal to perform a duty enjoined by law. Grave abuse of discretion involves errors of jurisdiction, not merely errors of judgment.[109] Other than petitioners' allegation concerning the absence of a calamity or actual emergency, and that there is no need to rush the passage of the appropriations bill Since the previous general appropriations law will be deemed re-enacted in the event of delay, no other evidence was submitted, nor a convincing argument presented to support their claims.

Corollarily, it is noteworthy that Congress accepted the President's certification for the immediate enactment of House Bill No. 8980.[110] The House of Representatives approved the bill on its Second and Third Readings. It was read in the Senate on its First Reading on November 6, 2023, and on its Second Reading with amendments, and on its Third Reading on November 28, 2023.[111] And the issue concerning the non-distribution of printed copies of the bill before subjecting it to a vote for approval is settled in the case of *Tolentino v. Secretary of Finance*[112] which declared that "a presidential certification for immediate enactment of a bill dispenses not only with the requirement of reading on three separate days but also the requirement of printing and distribution of printed copies in advance." [113]

It should be stressed that the principle of separation of powers ordains that each of the three great branches of government has exclusive cognizance of and is supreme in matters falling within its own constitutionally allocated sphere. Constitutional respect and a becoming regard for the sovereign acts of a coequal branch prevents this Court from prying into the internal workings of the Legislative and Executive Departments.[114] Where there is no apparent violation or patent disregard of the rules or of the Constitution, grave abuse of discretion cannot be imputed for acts done within competence and authority.[115] In *Lansang v. Garcia*, [116] Chief Justice Roberto Concepcion reminded us that "the function of the Court is merely to check—not to supplant—the Executive, or to ascertain merely whether he has gone beyond the constitutional limits of his jurisdiction, not to exercise the power vested in him or to determine the wisdom of his act." [117] Indeed, the Court's power to review should focus on the means and limits rather than substituting policy wisdom. A balanced and calibrated approach is necessary to honor the Court's expanded powers of review without resorting to judicial legislation.

As eventually decreed in the ponencia, that the Letter dated September 20, 2025 of President Marcos, Jr. addressed to Speaker Romualdez "certifying the urgency of House Bill No. 8980 of the 2024 General Appropriations Bill is declared NOT UNCONSTITUTIONAL" [118] is now completely in order.

Judicial notice of the Executive's return of PHP 60 billion to PhilHealth

i. The return of PHP 60 billion to PhilHealth need not be solely done as a specific item in the 2026 GAA

President Marcos, Jr. has publicly and officially committed to the return of the PHP 60 billion fund balance to the National Health Insurance Fund administered by PhilHealth. Speaking at the Dr. Jose Fabella Memorial Hospital in Manila, the President declared:

Yung PHP60 billion na iyan ibabalik na natin sa PhilHealth. Hindi lamang para sa pangamba ng tao kung hindi dahil gagamitin na natin yan para palawakin pa ang services ng PhilHealth.[119] (Emphasis supplied)

The ponencia likewise recognizes that "[on] September 20, 2025, President Marcos, Jr. announced that the PHP 60 billion fund balance of PhilHealth remitted to the National Treasury will be returned to the PhilHealth." [120] To reinforce this, the ponencia noted and commended the recent pronouncement of President Marcos, Jr. himself,

"avowing to restore to the PhilHealth the PHP 60 billion funds transmitted to the National Treasury as contained in the Motion for Leave to File and Admit Manifestation and Motion dated October 28, 2025 of the [Office of the Solicitor General (OSG)]."[121]

Thus, there is no dispute that no less than President Marcos, Jr., who publicly announced that the funds previously transferred to the National Treasury would be restored to PhilHealth, both to ease public concern and to fund expanded services. Under Rule 129, Section 1 of the Rules of Court, courts are mandated to take judicial notice, without the introduction of evidence, of:

(1)

The existence and territorial extent of states;

(2)

The political history, forms of government, and symbols of nationality of states;

(3)

The law of nations;

(4)

The admiralty and maritime courts of the world and their seals;

(5)

The political constitution and history of the Philippines;

(6)

The official acts of the legislative, executive, and judicial departments of the Philippines;

(7)

The laws of nature;

(8)

The measure of time; and

(9)

The geographical divisions.

Apolinario v. Heirs of Francisco De Los Santos[122] further reinforced that courts are mandated to take judicial notice of official acts of the legislative, executive, and judicial departments of the Philippines without the need for formal proof.[123]

Official acts of the executive branch are not confined to formal issuances such as proclamations or executive orders. They also include public statements and conduct by the President or executive officials when made in the discharge of their official duties, particularly when these are matters of public knowledge or undisputed fact.

Thus, in Estrada v. Desierto,[124] the Court took judicial notice of the series of events, most of which were publicly broadcast and widely reported, that led to President Estrada's resignation, including the televised withdrawal of the military's support and Estrada's own media statement upon leaving Malacañang. These were deemed "facts of public knowledge" requiring no formal proof, and part of the President's official conduct.[125]

In *David v. Macapagal-Arroyo*,^[126] the Court, in resolving challenges to Proclamation No. 1017 and General Order No. 5, took judicial notice of the President's publicly announced directives, such as the ban on rallies and the suspension of assembly permits, as part of the factual context for the state of national emergency. These executive acts, publicly declared and widely reported, were treated as matters of official knowledge not requiring further proof.^[127]

Consistent with this approach, the Court in *Suplico v. National Economic and Development Authority*,^[128] likewise took judicial notice of then-President Gloria Macapagal-Arroyo's public declaration, during an official meeting with the Chinese President, that the Philippine Government had decided not to proceed with the ZTE-NBN project. This act, though known primarily through official statements and public reports, was deemed an official act of the Executive requiring no further proof.^[129]

Courts have, at times, treated publicly announced executive directives as part of the factual backdrop of a controversy, even when not embodied in a formal issuance. Against that backdrop, *Ranada v. Office of the President*^[130] acknowledged that then-President Rodrigo Roa Duterte's press statements and speeches barring Rappler reporters from presidential events framed the dispute, though the case was ultimately dismissed as moot.

Based on these authorities, the case at hand likewise warrants judicial notice of the return already of the PHP 60 billion back to PhilHealth. The President's pronouncement, made during an official engagement and covered by national media, forms part of the Executive's official act which is now of widespread public knowledge and requires no further proof. The ponencia itself takes judicial notice of this development. So, this must not be taken lightly.

With the announcement coming from no less than President Marcos, Jr., as formally manifested to the Court by the OSG in its recent pleading, particularly the Motion for Leave to File and Admit Manifestation and Motion dated October 28, 2025, the Executive branch should be allowed to determine the legal and correct manner to return to PhilHealth the PHP 60 billion fund balance remitted to the National Treasury. To order the House of Representatives, Senate of the Philippines, Department of Finance, and Office of the Executive Secretary to include as a specific item in the 2026 GAA the said amount is akin to limiting, if not dictating, on coequal branches of government without letting them exercise their discretion or constitutional prerogative on the matter. After all, the budgetary process is strictly confined to the Executive and Legislative branches, and with the aid of executive agencies, they determine the fiscal space and allowable budgets that may be appropriated during every fiscal year. Unless the return of the PHP 60 billion fund balance of PhilHealth remitted to the National Treasury is returned to it within the fiscal year 2025, or if not implemented as announced by President Marcos, Jr., due to fiscal or audit considerations, it is then that the Executive and Legislative branches should immediately resort to effecting such return through the budgetary process.

ii. President Marcos, Jr. did the right thing

Moreover, this Executive action negates any continuing constitutional injury or, at the very least, no longer needs to call both the Executive and Legislative departments "to INCLUDE as a specific item in the 2026 General Appropriations Act the amount of PHP 60 billion to be returned to the Philippine Health Insurance Corporation[.]"^[131] The perceived harm to the PhilHealth fund reserve has been addressed. The very purpose of a petition for certiorari, which is to remedy grave abuse of discretion resulting in prejudice to constitutional rights, has thus ended up being mooted by corrective action. As such, no grave or irremediable violation now persists.

This Court has recognized that constitutional controversies may be rendered moot by subsequent action of the Executive or Legislative departments. In *Pangilinan v. Cayetano*,^[132] the Court dismissed the petitions assailing the President's withdrawal from the Rome Statute of the International Criminal Court, holding that the withdrawal

had already been fully executed and formally accepted by the United Nations. The Court emphasized that the act was *fait accompli*—a completed and irreversible exercise of executive authority—and that no countervailing act of the Legislature existed to alter its effect. The petitions, therefore, no longer presented an actual case or controversy requiring judicial resolution.

The present case fits that mold, especially with respect to the return of the PHP 60 billion fund balance of PhilHealth. The gravamen of the petitions was the supposed depletion of PhilHealth's reserves caused by the transfer of PHP 60 billion to the National Treasury. The President has since publicly and officially directed the return of that entire amount to PhilHealth, and that directive is expected to be carried out if it has not yet been duly accomplished. As an official act of the Executive, this is a matter of mandatory judicial notice. With the funds restored, the concrete harm asserted by petitioners no longer exists; there is nothing left for this Court to enjoin or undo, much less to require the Executive and Legislature to do for the 2026 GAA.

In the context of judicial notice, this posture is importantly different from *Belgica v. Ochoa*.^[133] There, a presidential announcement "abolishing" the PDAF could not moot a live constitutional challenge because the fund itself rested on statute: only Congress could repeal it or this Court could strike it down. Here, by contrast, no statutory appropriation sustains the complained-of measure. The issue concerns execution—the placement and return of funds within the Executive's administrative control. Once the President issued an unequivocal directive and it was implemented, the petitioners claimed injury was fully remedied through lawful executive action. No countervailing legislative act is urgently needed, no collateral legal question remains, and none of the recognized exceptions to mootness sensibly applies.^[134]

Again, there is no grave or continuing constitutional violation—the asserted harm to the PhilHealth reserve has been cured; while the stewardship of public health funds is a matter of public concern, it does not rise to the paramount public interest that justifies deciding a settled controversy; the dispute is not capable of repetition yet evading review because any similar transfer can be challenged while live; and no controlling principle demands formulation beyond what *Belgica* and *Pangilinan* already supply regarding the distinction between statutory appropriations and executive implementation.

In short, what remains is a completed executive act that has eliminated the controversy. As in *Pangilinan*, the case is moot.

It goes without saying that the ponencia was absolutely correct in pointing out that President Marcos, Jr. was dropped as a respondent in these cases as he is immune from suit as decreed in the Court's Resolution dated February 11, 2025,^[135] citing the case of *De Lima v. President Duterte*,^[136] wherein the Court has lengthily discussed the origin and concept of presidential immunity from suit and affirmed that in the Philippines, the incumbent President may not be sued during his or her tenure, regardless of whether the suit arose from his or her official acts. Having done the right thing in ordering the return of the PHP 60 billion already remitted by PhilHealth back to it, President Marcos, Jr. all the more deserves not to be questioned about it and whatever may be the outcome of the petitions assailing Special Provision 1(d) and DOF Circular No. 003-2024.

To be clear, it is a cardinal rule of constitutional adjudication that courts should exercise restraint when political remedies are available or already in motion. Judicial power must not rush to preempt good faith governmental correction. As *Lagman v. Medialdea*^[137] teaches, the Court's task is limited to determining the sufficiency, not the correctness, of the Executive's factual basis on the written record, recognizing that:

The Court is not a fact-finding body required to make a determination of the correctness of the factual basis for the declaration or extension of martial law and suspension of the writ of habeas corpus.

....

The Court need not delve into the accuracy of the reports upon which the President's decision is based, or the correctness of his decision to declare martial law or suspend the writ, for this is an executive function. The threshold or level (degree) of sufficiency is, after all, an executive call.[138] (Emphasis supplied)

Absent arbitrariness or abuse of discretion, the judiciary cannot substitute its judgment for that of the political departments, especially where constitutional safeguards and ordinary legal remedies remain available.

This principle of restraint equally governs the present case. Here, the Executive branch has already taken corrective action through the lawful return of the PHP 60 billion PhilHealth fund—an act implemented within its administrative and fiscal authority and subject to established political oversight. As in *Lagman*, judicial review should not displace the Executive's policy judgment or preempt political accountability mechanisms, absent any showing of arbitrariness or grave abuse.[139] In this case, the controversy has been resolved through constitutional processes, with the exercise by the President of his executive prerogatives not to implement Special Provision 1(d) when it comes to PhilHealth, leaving no justiciable issue for the Court to decide, particularly on the PHP 60 billion that has been returned to PhilHealth already.

Here, the issue pertaining to the PHP 60 billion has turned into a factual matter. "When the resolution of issues is inextricably intertwined with underlying questions of fact, this Court (should) refuse to take cognizance of the petition, its invocation of compelling reasons notwithstanding." [140] Quite simply, this is an appropriate act of judicial restraint.

iii. Providing a specific item in the 2026 GAA the amount of PHP 60 billion to be returned to PhilHealth may not be the only option

The President's unequivocal declaration and action call for the Court to allow the Executive branch to address by itself first the return of the PHP 60 billion fund to PhilHealth. The Executive branch should have first crack at this. Judicial restraint mandates that the Executive branch should be afforded the opportunity to resolve the matter as legally and constitutionally sanctioned.

As discussed earlier, Article VI, Section 29(1) of the 1987 Constitution ordains that "[n]o money shall be paid out of the Treasury except in pursuance of an appropriation made by law." The only exception is found in Article VI, Section 25(5) of the 1987 Constitution, by which the President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Philippines, and the heads of the Constitutional Commissions are authorized to transfer appropriations to augment any item in the GAA for their respective offices from the savings in other items of their respective appropriations.[141] Augmentation denotes that an appropriation was determined to be deficient after the implementation of the project or activity for which an appropriation was made, or after an evaluation of the needed resources.[142]

Again, in *Sanchez v. COA*, the Court, citing *Demetria v. Alba*, [143] identified two essential requisites in order that a transfer of appropriations with the corresponding funds may legally be effected. First, there must be savings in the programmed appropriation of the transferring agency. Second, there must be an existing item, project or activity with an appropriation in the receiving agency to which the savings will be transferred.[144] Bearing these in mind, and if all these requisites are complied with or are applicable to the return of the PHP 60 billion fund balance of PhilHealth, subject to prevailing accounting and auditing principles, then the Executive branch should be allowed to explore this option.

To comply with the first requisite, the GAA of a given fiscal year must provide for it. In this case, the current 2025 GAA, if it has an augmentation provision in favor of the President, may serve as the authority to "realign

funds" to simply return the PHP 60 billion mistakenly remitted to the National Treasury by reason of Special Provision 1(d) contained in the 2024 GAA.

As to the second requisite, so long as there is a line item in the 2025 GAA pertaining to the operational and related fund requirements of PhilHealth, then this may be taken into account when returning the PHP 60 billion fund balance remitted to the National Treasury that the President ordered or announced to be returned to PhilHealth. Again, this will have to consider the limitations that auditing and accounting principles may allow.

The 2025 GAA contains a provision on the definition of savings, to wit:

Sec. 77. Meaning of Savings. Savings refer to portions or balances of any released appropriations in this Act which have not been obligated as a result of any of the following:

(a)

Completion, final discontinuance, or abandonment of a program, activity, or project for which the appropriation is authorized; or

(b)

Implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs, and services approved in this Act at a lesser cost.

In case final discontinuance or abandonment is used as basis in the declaration of savings, such discontinued or abandoned program, activity, or project shall no longer be proposed for funding in the next two (2) fiscal years.

Allotments that were not obligated due to the fault of the agency concerned shall not be considered as savings. (Emphasis in the original)

The foregoing definition is consistent that savings refer to "portions or balances of any programmed appropriation in this Act" or current GAA free from any obligation. Thus, savings from a previous fiscal year cannot be used for programs, activities or projects (PAP) of a later fiscal year. Indeed, the Court in *Araullo* likewise emphasized that "the balances of appropriations that remained unexpended at the end of the fiscal year were to be reverted to the General Fund" in accordance with Book VI, Chapter IV, Section 28 of the Administrative Code and that the "Executive could not circumvent this provision by declaring unreleased appropriations and unobligated allotments as savings prior to the end of the fiscal year."

Nonetheless, in *Nazareth v. Villar*,^[145] the Court stressed that there must be an existing item, project or activity, purpose or object of expenditure with an appropriation to which savings may be transferred for the purpose of augmentation.^[146] In *Pichay, Jr. v. Office of the Deputy Executive Secretary for Legal Affairs-IAD*,^[147] the Court also ruled that any PAP approved after the enactment of the GAA may be the subject of augmentation, thus:

And to further enable the President to run the affairs of the executive department, he is likewise given constitutional authority to augment any item in the General Appropriations Law using the savings in other items of the appropriation for his office. In fact, he is explicitly allowed by law to transfer any fund appropriated for the different departments, bureaus, offices and agencies of the Executive Department which is included in the General Appropriations Act, to any program, project, or activity of any department, bureau or office included in the General Appropriations Act or approved after its enactment.

Thus, while there may be no specific amount earmarked for the IAD-ODESLA from the total amount appropriated by Congress in the annual budget for the Office of the President, the necessary funds for the IAD-ODESLA may be properly sourced from the President's own office budget without committing any illegal appropriation. After all, there is no usurpation of the legislature's power to appropriate funds when the

President simply allocates the existing funds previously appropriated by Congress for his office.[148]

Obviously, if in the assessment of the Office of the President its own funds or adequate savings have been accumulated, should there be enough available that may be sufficient to cover the return of the PHP 60 billion fund reserve remitted by PhilHealth to the National Treasury, and should this be compliant with prevailing jurisprudence and legal or constitutional boundaries, then the Executive branch should not be prevented from taking such measure into consideration before the end of the fiscal year 2025. After all, what is important is that appropriate alternatives be explored to immediately correct the apparent error in using the fund balance or reserve funds of PhilHealth to fund unprogrammed appropriations.

Concluding remarks

In its final note, the ponencia recognized that "PhilHealth has introduced programs aimed at improving its services," but still, "this new vigor is not enough." [149] As our people "waited long enough, suffered long enough, and hoped long enough," there indeed should be "[n]o more excuses" and "[n]o more misdirection—of funds and of priorities." [150] Despite such statements, though, the fact remains that the assailed special provision and DOF circular are not the primary sources of a healthcare system that is far from ideal or may be in disarray. No doubt about it, "Filipinos deserve better" and "Filipinos demand better because they are owed better—much, much, and far better than what has been delivered." [151] Thus, the Court should not only "sit idly by" and "not be deaf to the pleas of our people," [152] but should resoundingly deliver. And deliver the Court must.

ALL TOLD, in light of the revisions in the ponencia that are more in harmony with the well-entrenched principle of judicial restraint, not to mention that the ponencia is in accord with the reasoning that does not declare outright the assailed special provision and DOF circular as unconstitutional, I JOIN the MAJORITY in the results of and concur with the ponencia on two principal aspects thereof in the following manner:

1. that Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act, DOF Circular No. 003-2024, and the transfer of the PHP 60 billion fund balance of the Philippine Health Insurance Corporation to the National Treasury are declared VOID for having been issued and implemented inconsistent with, or in violation of, Section 11 of Republic Act No. 11223, or the Universal Health Care Act; and
2. that respondents House of Representatives, Senate of the Philippines, Department of Finance, and Office of the Executive Secretary are ORDERED to INCLUDE as a specific item in the 2026 General Appropriations Act the amount of PHP 60 billion to be returned to the Philippine Health Insurance Corporation, in the event that the Executive branch is left with no other alternative for fiscal year 2025 to immediately implement the pronouncement or directive of President Ferdinand R. Marcos, Jr. to already return the said amount.

On all the other dispositions in the ponencia not inconsistent thereto and save for the supposed violation by the DOF Secretary of the President's power of augmentation where I differ, the same are concurred with.

[1] Ponencia, p. 5.

[2] Id.

[3] Id. at 6.

[4] Id.

[5] Id.

[6] Id. at 12, 23.

[7] Id. at 128-129.

[8] Id. at 129. "PhilHealth likewise introduced, expanded or enhanced the benefit packages for the following: (1) hemodialysis; (2) severe dengue hemorrhagic fever; (3) inpatient benefit package for COVID-19; (4) ischemic heart disease with myocardial infraction; (5) outpatient emergency care benefit; (6) preventive oral health services in primary case; (7) benefit package for kidney transplantation; (8) benefits package for peritoneal dialysis; (9) cataract extraction; (10) optometric services for children; (11) physical medicine, rehabilitation services and assistive mobile devices; (12) benefits package for open heart surgeries; (13) benefits package for heart valve repair and/or replacement of valvular heart disease; and (14) benefits package for post-kidney transplantation services in children and in adults, among others." (Citations omitted)

[9] Id. at 132.

[10] G.R. No. 274778, Rollo, p. 17.

[11] Philippine Constitution Association v. Hon. Enriquez, 305 Phil. 546, 584 (1994) [Per J. Quiason, En Banc].

[12] Atitiw v. Zamora, 508 Phil. 321, 335 (2005) [Per J. Tinga, En Banc].

[13] Gonzales v. Macaraig, 269 Phil. 472, 497-498 (1990) [Per J. Melencio-Herrera, En Banc].

[14] Ponencia, p. 54. (Emphasis supplied)

[15] Id. at 50.

[16] Entitled "An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor" (2019).

[17] Entitled "An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended by Republic Act No. 9334, and For Other Purposes" (2012).

[18] Entitled "An Act Increasing The Excise Tax On Tobacco Products, Imposing Excise Tax On Heated Tobacco Products And Vapor Products, Increasing The Penalties For Violations Of Provisions On Articles Subject To Excise Tax, And Earmarking Apportion Of The Total Excise Tax Collection From Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco And Vapor Products For Universal Health Care, Amending For This Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, And 289, Repealing Section 288 (B) And 288 (C), And Creating New Sections 263-A, 265-B, And 288-A Of The National Internal Revenue Code Of 1997, As Amended By Republic Act No. 10963, And For Other Purposes" (2019).

[19] Entitled "An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265 And 288-A, And Adding A New Section 290-A To Republic No. 8424, As Amended, Otherwise Known As The National Internal Revenue Code Of 1997, And For Other Purposes." (2020).

[20] Atitiw v. Zamora, 508 Phil. 321, 334 (2005) [Per J. Tinga, En Banc].

[21] Id. at 336.

[22] Ponencia, p. 52, citing Central Capiz v. Ramirezi, 40 Phil. 883, 891 (1920) [Per J. Johnson, En Banc].

[23] Id. at 53.

[24] Id.

[25] Id.

[26] Id.

[27] Id.

[28] Section 3. Definition Of Terms

For purposes of these Guidelines, the following definitions shall apply:

3.1. Fund Balance refers to the unrestricted fund in the form of (i) cash on hand, (ii) cash in banks (e.g., savings account, current account, or time deposits), (iii) investment in government securities, private institutions (e.g. corporate securities and Unit Investment Trust Funds), and other securities, and (iv) other fund balances, including government fund and balances created for specific purposes (e.g., subsidy releases from the National Government and fund transfers from other national agencies, financial assets (e.g., Treasury Bills, marketable securities, money market funds) and other cash equivalents/investments that are classified under other accounts in the Financial Statements (e.g., Other Assets), subject to the factors as provided in Sections 4.2 and 4.3.

[29] Ponencia, p. 56.

[30] *Atitiw v. Zamora*, 508 Phil. 321, 336 (2005) [Per J. Tinga, En Banc].

[31] *Gonzales v. Macaraig*, 269 Phil. 472, 502 (1990) [Per J. Melencio-Herrera, En Banc].

[32] Id. at 498.

[33] *Philippine Constitution Association v. Hon. Enriquez*, 305 Phil. 546, 577 (1994) [Per J. Quiason, En Banc].

[34] Ponencia, p. 72.

[35] Id.

[36] *Social Justice Society v. Atienza, Jr.*, 568 Phil. 658, 695 (2008) [Per J. Corona, First Division].

[37] Id. at 694-695.

[38] 913 Phil. 99 (2021) [Per J. Hernando, En Banc].

[39] Id. at 117-118.

[40] *Commissioner of Internal Revenue v. Semirara Mining Corporation*, 811 Phil. 113, 122 (2017) [Per J. Caguioa, First Division].

[41] *Villegas v. Subido*, 148-B Phil. 668, 677 (1971) [Per J. Fernando, En Banc], citing *Valera v. Tuason*, 80 Phil. 823, 827-828 (1948) [Per J. Tuason, En Banc].

[42] *Judge Leynes v. COA*, 463 Phil. 557, 571 (2003) [Per J. Corona, En Banc].

[43] Republic Act No. 7656 (1993), sec. 3.

[44] Department of Finance, Revised Implementing Rules and Regulations of Republic Act No. 7656, sec. 5 (2016).

[45] Basic Concepts in Budgeting, available at https://www.ombudsman.gov.ph/UNDP4/wp-content/uploads/2012/12/Chapl_FAQ.pdf (last accessed on October 22, 2025).

[46] Department of Finance, Budget of Expenditures and Sources of Financing FY 2024, Revenue Program by

Source, FY 2022-2026, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/C1.pdf> (last accessed on October 22, 2025).

[47] Entitled "An Act Amending Presidential Decree No. 1146, As Amended, Expanding And Increasing The Coverage And Benefits Of The Government Service Insurance System, Instituting Reforms Therein And For Other Purposes." (1997)

[48] Entitled "An Act Rationalizing And Expanding The Powers And Duties Of The Social Security Commission To Ensure The Long Term Viability Of The Social Security System, Repealing For The Purpose Republic Act No. 1161, As Amended By Republic Act No. 8282, Otherwise Known As The Social Security Act Of 1997." (2019)

[49] 815 Phil. 1036 (2017) [Per J. Mendoza, En Banc].

[50] Id. at 1061.

[51] 900 Phil. 575 (2021) [Per J. Lazaro-Javier, En Banc].

[52] Id. at 587.

[53] Judge Leynes v. COA, 463 Phil. 557, 576 (2003) [Per J. Corona, En Banc].

[54] Id. at 570-572.

[55] There are 157 GOCCs under the jurisdiction of the GCG. Governance Commission for Government-Owned or -Controlled Corporations. Frequently Asked Questions, available at <https://gcg.gov.ph/faqs> (last accessed on October 22, 2025).

[56] Eizmendi, Jr. v. Fernandez, 866 Phil. 638, 653-654 (2019) [Per C.J. Peralta, Special Third Division].

[57] Ponencia, p. 107.

[58] Id. at 105.

[59] Id. at 94.

[60] DOF Circular No. 003-2024.

[61] Section 25.

....

2. No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

[62] 305 Phil. 546 (1994) [Per J. Quason, En Banc].

[63] Id. at 577-578.

[64] Section 27.

....

2. The President shall have the power to veto any particular item or items in an appropriation, revenue, or tariff bill, but the veto shall not affect the item or items to which he does not object.

[65] 473 Phil. 806, 841 (2004) [Per J. Callejo, Sr., En Banc].

[66] J. Carpio, Separate Opinion in *Belgica v. Executive Secretary*, 864 Phil. 461, 522 (2019) [Per Curiam, En Banc].

[67] *Id.* at 539.

[68] *Id.* at 524-525.

[69] *Id.* at 505-506.

[70] J. Brion, Separate Opinion in *Araullo v. Aquino III*, 737 Phil. 457, 661 (2014) [Per J. Bersamin, En Banc].

[71] *Id.* at 693-694.

[72] *Id.* at 698-699.

[73] 473 Phil. 806, 841 (2004) [Per J. Callejo, Sr., En Banc].

[74] J. Leonen, Dissenting Opinion in *Mandanas v. Executive Secretary Ochoa*, 835 Phil. 97, 230-231; 247 (2004) [Per J. Callejo, Sr., En Banc].

[75] *Id.* at 231.

[76] *Id.* at 247.

[77] Ponencia, p. 118.

[78] 737 Phil. 457 (2014) [Per J. Bersamin, En Banc].

[79] *Id.* at 580.

[80] Ponencia, pp. 116-117.

[81] *Id.* at 117.

[82] *Id.*

[83] *Id.*

[84] *Id.* at 123.

[85] *People v. Sandiganbayan*, G.R. No. 230801 [Notice, October 11, 2023] states:

The elements of plunder are as follows: (a) that the offender is a public officer, who acts by himself (or herself) or in connivance with members of his (or her) family, relatives by affinity or consanguinity, business associates, subordinates or other persons (b) that he (or she) amasses, accumulates, or acquires ill-gotten wealth through a combination or series of overt or criminal acts described in Section 1(d) hereof; and (c) that the aggregate amount or total value of the ill-gotten wealth amassed, accumulated or acquired is at least Fifty Million Pesos (PHP 50,000,000.00). (Emphasis supplied)

[86] *Villarosa v. Ombudsman*, G.R. No. 221418 [Per J. Peralta, January 23, 2019] states:

The crime of technical malversation has three (3) elements: (a) that the offender is an accountable officer; (b) that he (or she) applies public funds or property under his (or her) administration to some public use; and (c) that the public use for which such funds or property were applied is different from the purpose for which they were originally appropriated by law or ordinance. (Emphasis supplied)

[87] 955 Phil. 128 (2024) [Per J. Zalameda, First Division].

[88] Id. at 140-141.

[89] Ponencia, p. 123.

[90] Id.

[91] 943 Phil. 212 (2023) [Per J. Kho, En Banc].

[92] Id. at 298-299.

[93] DOF-Revenue Integrity Protection Service v. Office of the Ombudsman, 942 Phil. 487, 494 (2023) [Per J. Singh, Third Division].

[94] Gacad v. Judge Corpuz, 927 Phil. 259, 268 (2022) [Per J. Hernando, First Division].

[95] Star Special Corporate Security Management, Inc. v. COA, 880 Phil. 822, 846 (2020) [Per J. Leonen, En Banc].

[96] Book IV, Chapter 2, Section 7(4) provides:

Section 7. Powers and Functions of the Secretary – The Secretary shall:

....

(4) Promulgate administrative issuances necessary for the efficient administration of the offices under the Secretary and for proper execution of the laws relative thereto. These issuances shall not prescribe penalties for their violation, except when expressly authorized by law[.]

[97] Entitled "An Act Appropriating Funds for the Operation of the Government of the Republic of the Philippines from January One to December Thirty-One Two Thousand and Twenty-Four"(2023).

[98] Ponencia, p. 10.

[99] Section 25. ...

....

If, by the end of the fiscal year, the Congress shall have failed to pass the general appropriations bill for the ensuing fiscal year, the general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force and effect until the general appropriations bill is passed by the Congress.

[100] Ponencia, p. 16.

[101] Id. at 123.

[102] Id. at 49.

[103] Mamba v. Lara, 623 Phil. 63, 79 (2009) [Per J. Del Castillo, Second Division].

[104] Defensor-Santiago v. Guingona, Jr., 359 Phil. 276, 291 (1998) [Per J. Panganiban, En Banc].

[105] Gonzales III v. Office of the President of the Philippines, 725 Phil. 380, 294 (2014) [Per J. Brion, En Banc].

[106] 258 Phil. 479 (1989) [Per J. Cortes, En Banc].

[107] Id. at 506-507.

[108] Ponencia, p. 48.

- [109] See *Heirs of Zoleta v. Land Bank of the Philippines*, 816 Phil. 389, 408 (2017) [J. Leonen, Second Division].
- [110] Ponencia, p. 49.
- [111] *Id.*
- [112] 305 Phil. 686 (1994) [Per J. Mendoza, En Banc].
- [113] Ponencia, p. 49.
- [114] See *Defensor-Santiago v. Guingona, Jr.*, 359 Phil. 276, 301 (1998) [Per J. Panganiban, En Banc].
- [115] See *id.* at 305.
- [116] *In re Lansang v. Garcia*, 149 Phil. 547 (1971) [Per C.J. Concepcion, En Banc].
- [117] *Id.* at 592-593.
- [118] Ponencia, p. 132. (Emphasis in the original)
- [119] Ruth Abbey Gita-Carlos, PBBM orders P60-B PhilHealth fund return for service expansion, PHILIPPINE NEWS AGENCY, September 20, 2025, available at <https://www.pna.gov.ph/articles/1259149> (last accessed on October 23, 2025).
- [120] Ponencia, p. 12.
- [121] *Id.* at 128.
- [122] 961 Phil. 386 (2024) [Per J. Hernando, First Division].
- [123] *Id.* at 402.
- [124] 408 Phil. 194 (2001) [Per J. Puno, En Banc].
- [125] *Id.* at 214-216.
- [126] 522 Phil. 705 (2006) [Per J. Sandoval-Gutierrez, En Banc].
- [127] *Id.* at 739-742.
- [128] 580 Phil. 301 (2008) [Per J. Reyes, R.T., En Banc].
- [129] *Id.* at 321-323.
- [130] 943 Phil. 164 (2023) [Per J. Singh, En Banc].
- [131] Ponencia, p. 132. (Emphasis in the original).
- [132] 898 Phil. 522 (2021) [Per J. Leonen, En Banc].
- [133] 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, En Banc].
- [134] *Id.* at 520-522.
- [135] Ponencia, p. 37.
- [136] 865 Phil. 578, 600 (2019) [Per C.J. Bersamin, En Banc].
- [137] 812 Phil. 179 (2017) [Per J. Del Castillo, En Banc].

[138] Id. at 577-578.

[139] Id.

[140] *Kilusang Magbubukid ng Pilipinas, et al. v. Aurora Pacific Economic Zone and Freeport Authority*, 890 Phil. 944, 1029 (2020) [Per J. Leonen, En Banc].

[141] *Career Executive Service Board v. COA*, 833 Phil. 433, 443-444 (2018) [Per J. Bersamin, En Banc].

[142] *Sanchez v. COA*, 575 Phil. 428, 462 (2008) [Per J. Tinga, En Banc].

[143] 232 Phil. 222 [Per J. Fernan, En Banc].

[144] *Sanchez v. COA*, 575 Phil. 428, 454 (2008) [Per J. Tinga, En Banc].

[145] 702 Phil. 319 (2013) [Per J. Bersamin, En Banc].

[146] Id. at 341.

[147] 691 Phil. 624 (2012) [Per J. Perlas-Bernabe, En Banc].

[148] Id. at 638-639.

[149] *Ponencia*, pp. 128, 130.

[150] Id. at 131.

[151] Id.

[152] Id. at 132.

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