

## CREATING PUBLIC VALUE AMIDST CRISIS: A CASE STUDY OF PHILHEALTH'S FINANCIAL RESILIENCE IN ZAMBOANGA CITY, PHILIPPINES DURING THE COVID-19 PANDEMIC

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### Abstract

*The COVID-19 pandemic acted as a global "value crisis," testing the resilience of health financing systems (SDG 3). This study evaluates the institutional performance and resilience of the Philippine Health Insurance Corporation (PhilHealth) in Zamboanga City (SDG 16) through the lens of Public Value Management (PVM). Utilizing a qualitative case study design, the research triangulates data from Key Informant Interviews (KIIs) with stakeholders and a systematic review of government advisories and institutional reports covering the period from March 2020 to February 2023. Findings reveal that while global health financing faced severe disruption, PhilHealth in Zamboanga City demonstrated remarkable resilience in maintaining financial risk protection. The "public value" of health equity was upheld through the continuous implementation of the No Balance Billing (NBB) policy and Point-of-Service (POS) enrollment, shielding vulnerable residents from catastrophic out-of-pocket expenses. Operational capacity was significantly bolstered by the timely digitization of claims processes and the successful scale-up of the KonSulTa program, which transitioned the system's focus from reactive inpatient coverage toward proactive primary care. This institutional stability is credited to a "Whole-of-Government" approach facilitated by the Universal Health Care Act (RA 11223), allowing for coordinated inter-agency responses and sensitive fiscal adjustments, such as premium payment extensions. The study concludes that localized resilience is achievable when public value is supported by strong legal mandates and adaptive digital strategies. Recommendations include institutionalizing paperless systems, formalizing crisis-adaptive business continuity plans, and expanding primary care packages to ensure the long-term sustainability of universal health care.*

**Keywords:** COVID-19, universal health care, value crisis, PhilHealth, Zamboanga City, Philippines

### I. INTRODUCTION

The COVID-19 pandemic emerged as a global "value crisis," profoundly testing the resilience of health financing systems and their ability to fulfill the mandate of Universal Health Care (UHC) (World Health Organization, 2020a)—targeting SDGs 3 and 16. While the pandemic disrupted financial sustainability worldwide, the Philippine context—specifically the implementation of PhilHealth in Zamboanga City—presents a unique case of institutional adaptation. Central to this study is the evaluation of how PhilHealth, the cornerstone of the nation's UHC strategy, maintained its core mission despite unprecedented strain. Through the lens of Public Value Management (PVM) (Moore, 1995; Benington & Moore, 2011), this research examines the interplay between a robust Authorizing Environment provided by RA 11223 (the Universal Health Care Act), a modernized Operational Capacity bolstered by digitization, and the sustained pursuit of Public Value in the form of equitable financial risk protection.

The Philippine government's commitment to UHC, established by the National Health Insurance Act of 1995 and significantly strengthened by RA 11223, aims to provide all citizens with affordable and quality care regardless of socioeconomic status (PhilHealth, 2021b). Historically, the Philippines has faced significant hurdles, including a low ratio of healthcare workers and a high out-of-pocket (OOP) expenditure rate, which stood at approximately 56% prior to the pandemic (WHO, 2017). In Zamboanga City, a highly urbanized center and the

regional medical hub for the Zamboanga Peninsula, these systemic pressures were exacerbated as the crisis surged healthcare demand while simultaneously restricting PhilHealth's revenues due to widespread unemployment and business closures (World Bank, 2020). This study addresses a critical gap in the literature by investigating how, despite these global and local pressures, the financial risk protection experienced by members in Zamboanga City demonstrated remarkable resilience.

Preliminary findings and institutional observations suggest that the "public value" of protecting the vulnerable was upheld through the continuous implementation of the No Balance Billing (NBB) policy and Point-of-Service (POS) enrollment (PhilHealth, 2021b). This institutional resilience is largely credited to a "Whole-of-Government Approach" to health financing, where the government leveraged emergency measures like the Bayanihan to Heal as One Act to provide supplemental funding, such as the ₱71.4 billion budget allocation for COVID-19 response (Department of Finance, 2020a). Furthermore, the pandemic acted as a catalyst for Operational Capacity improvements; rather than halting progress, the crisis accelerated the transition toward a fully paperless environment through the digitization of claims processes and the launch of the KonSulTa program, which shifted the system's value proposition toward proactive primary care (PhilHealth, 2020a).

## **2. METHODOLOGY**

This paper uses a case study approach to examine the impact of the COVID-19 pandemic on PhilHealth in Zamboanga City, Philippines. The study uses both primary and secondary data sources. The primary data sources include interviews with PhilHealth officials in Zamboanga City and health care providers in the region. The secondary data sources include reports and publications from PhilHealth, the Department of Health, and other relevant agencies. The study focuses on the period from March 2020 to February 2023, covering the initial outbreak of the pandemic to the present. The data collected from interviews and document review will be analyzed using thematic analysis, which involves identifying themes and patterns in the data to answer the research questions. This approach will allow us to provide a comprehensive and nuanced understanding of the impact of the pandemic on UHC financing in the Philippines.

### **2.1 Research Design**

The research design selected for this study is a case study approach, which is a common research method in Public Administration research. A case study approach involves an in-depth examination of a particular case (Creswell & Poth, 2018), in this case, the UHC implementation of PhilHealth in Zamboanga City during the COVID-19 pandemic. This approach is particularly useful in investigating complex and dynamic phenomena in real-life settings, such as health financing systems in a time of crisis. In using a case study approach, the research is able to gather rich and detailed data that can provide insights into the complex interplay of various factors in the implementation of PhilHealth in Zamboanga City.

To ensure the rigor of the case study approach, the research design incorporates several Public Administration research methods:

#### **A. Strategic Purposive Sampling**

The study employs a purposive sampling method to select participants based on their direct involvement and specialized expertise in the implementation of PhilHealth within Zamboanga

City. By targeting key actors within the operational and authorizing environments, this approach ensures the collection of high-quality, reliable data from individuals who possess a nuanced understanding of health financing challenges and administrative responses.

### **B. Triangulation of Data Sources**

To ensure a comprehensive and multidimensional perspective, the research design utilizes multiple data sources. This involves conducting semi-structured interviews with primary stakeholders and performing a systematic review of pertinent institutional documents, policy reports, and government advisories. The integration of these diverse datasets allows for effective triangulation, enhancing the validity of the findings regarding service delivery and financial protection.

### **C. Rigorous Data Validation**

The methodology incorporates a formal validation process to safeguard the accuracy of the collected information. All stakeholder interviews are recorded and professionally transcribed, after which the transcripts are shared with the respective interviewees for verification. This "member checking" protocol ensures that the data accurately reflects the participants' perspectives and lived experiences, maintaining the integrity of the research.

### **D. Iterative Qualitative Analysis**

Data analysis follows an iterative qualitative approach focused on identifying recurring themes and patterns related to institutional capacity and value creation. This process is non-linear; initial findings are continuously reviewed and refined as new data is incorporated. This cyclical refinement ensures that the final analysis is both deep and reflective of the evolving dynamics within the healthcare financing system.

## **2.2 Study Setting**

Located in Mindanao, Zamboanga City is a highly urbanized center of approximately one million residents characterized by a diverse socio-cultural landscape. Its healthcare infrastructure, comprising 17 public and five private hospitals, serves as the regional hub for health program implementation overseen by the Department of Health (DOH).

This study examines the financial sustainability of PhilHealth in Zamboanga City during the COVID-19 pandemic. As the primary vehicle for Universal Health Care (UHC), PhilHealth's mandatory coverage for formal, informal, and indigent sectors was severely strained by the pandemic's surge in healthcare demand and the resulting pressure on medical personnel. This research investigates the specific challenges encountered in maintaining quality service delivery and evaluates the governmental responses aimed at ensuring the program's financial and operational viability during the crisis.

## **2.3 Data Collection Methods**

This research utilized Key Informant Interviews (KIIs) as the primary method for qualitative data collection. Creswell and Poth (2018) characterize case study research as the in-depth exploration of a "bounded system" through extensive data collection. KIIs are particularly suited for this approach as they allow the researcher to obtain specialized, "rich" information from individuals who possess a deep understanding of the central phenomenon due to their professional roles or lived experiences (Creswell & Creswell, 2018).

The KIIs were conducted with a purposively selected group of stakeholders directly involved in the health sector of Zamboanga City, including PhilHealth officials, healthcare providers, and representatives from relevant government agencies. These one-on-one sessions employed a semi-structured interview guide, a technique that provides the necessary framework to address specific research questions while allowing the flexibility to explore emergent themes and nuanced perspectives (Creswell & Poth, 2018).

Due to the restrictions imposed by the COVID-19 pandemic, the interviews were conducted virtually using video conferencing platforms. Following the procedural standards for qualitative inquiry, each session was recorded and transcribed to ensure an accurate representation of the participants' insights. The resulting data were analyzed through thematic analysis, a process of identifying and interpreting recurring patterns to develop a comprehensive understanding of the operational and authorizing environments of PhilHealth during the crisis (Creswell & Creswell, 2018). This method ensured that the study captured the expert "voices" necessary to explain the complex interactions between health financing policy and its practical implementation in Zamboanga City.

## **2.4 Data Analysis Methods**

To align with a purely qualitative case study design focusing on Key Informant Interviews (KII) and document review, the data analysis section emphasizes thematic synthesis and documentary evidence. This approach ensures a "thick description" of the institutional response in Zamboanga City by triangulating expert testimony with official policy records (Creswell & Poth, 2018).

### **Qualitative Data Analysis: Thematic and Documentary Synthesis**

The study employed a rigorous qualitative analysis process to interpret the data gathered from stakeholders and institutional records. This process was iterative, involving constant comparison between emergent findings and the research objectives to ensure a comprehensive understanding of the case (Creswell & Creswell, 2018).

#### **Thematic Analysis of Key Informant Interviews**

Data from the Key Informant Interviews (KIIs) were analyzed using Thematic Analysis. Following the procedural steps outlined by Creswell and Poth (2018), the analysis began with the verbatim transcription of interview recordings. The research team engaged in multiple readings of the transcripts to achieve immersion, followed by a coding process where significant statements were labeled to represent key concepts. These codes were then categorized into broader themes—such as "digital transformation," "operational resilience," and "policy continuity"—which provided the narrative structure needed to address the research questions. Qualitative software, such as NVivo, was utilized to manage the coding framework and ensure a systematic analysis of the expert "voices" involved in the study.

#### **Documentary Analysis**

Complementing the interviews, a systematic Document Review was conducted to analyze official reports, government advisories, and legislative documents (e.g., RA 11223 and PhilHealth Advisories). This involved qualitative content analysis to extract evidence regarding fiscal allocations, policy adjustments, and administrative mandates. By reviewing these documents, the study grounded the subjective insights from the KIIs in the objective "authorizing environment" provided by the national government.

### **Qualitative Triangulation and Rigor**

To enhance the credibility and dependability of the findings, the study employed qualitative triangulation (Creswell & Creswell, 2018). This involved cross-referencing the perspectives shared by key informants with the data found in official institutional documents. For example, claims regarding the success of the digital transition in Zamboanga City were corroborated by reviewing internal operational reports and system implementation timelines. This convergence of multiple qualitative sources ensured that the findings were robust, minimizing individual bias and providing a validated account of PhilHealth's performance during the pandemic.

### **3. RESULTS & DISCUSSION**

The Philippine government's response to UHC financing during the pandemic centered on significant fiscal support and institutional oversight. In 2020, a ₱71.4 billion budget was approved for PhilHealth to fund the COVID-19 response and ensure service continuity. To strengthen the authorizing environment, the government implemented transparency measures, including leadership changes and a task force dedicated to investigating fraud and mismanagement.

While these interventions aimed to bolster operational capacity, they were met with criticism regarding fund allocation efficiency given PhilHealth's historical administrative challenges. This highlights a persistent demand for systemic reforms that extend beyond crisis management. Furthermore, while the Zamboanga City case demonstrates localized resilience, its findings may not be representative of all regions. Expanding future research to other provinces is essential to understanding the diverse national implications of the pandemic on health financing. Moving forward, the development of flexible and resilient financing mechanisms remains a critical priority for sustaining universal health coverage during evolving public health emergencies.

#### **3.1. Research Question #1**

*(How has the COVID-19 pandemic impacted the financial risk protection of PhilHealth in Zamboanga City?)*

Applying the Public Value Management (PVM) framework to the case of Zamboanga City reveals that while the COVID-19 pandemic acted as a "value crisis" for health financing globally, the local health system demonstrated remarkable resilience in maintaining its core mission.

Crucially, while UHC financing was negatively impacted on a global scale, the same cannot be said for the actual financial risk protection experienced by PhilHealth members in Zamboanga City. The "public value" of protecting the vulnerable was upheld through the continuous implementation of the No Balance Billing (NBB) policy. This policy ensured that the pandemic did not result in catastrophic out-of-pocket expenses for the financially incapacitated, effectively shielding them from the economic shocks of the health crisis. Furthermore, the city's operational capacity was not merely defensive; it expanded during the pandemic through the successful launch and scale-up of the KonSulTa (Konsultasyong Silut at Tama) program. By pivoting toward a more comprehensive primary care model, PhilHealth shifted its value proposition from reactive inpatient coverage to proactive, preventive care—a transition that aligned with the needs of a population restricted by lockdowns and social distancing.



This institutional resilience is largely credited to the "Whole-of-Government Approach" to health financing, a structural shift facilitated and legitimized by the Authorizing Environment of RA 11223 (the Universal Health Care Act). The UHC Act provided the legal mandate for a unified response, allowing for better inter-agency coordination between the Department of Health, PhilHealth, and the local government units of Zamboanga City. By leveraging the "Bayanihan to Heal as One Act" for supplemental funding and implementing the "All Case Rates" scheme to manage costs, the government created a robust authorizing framework that supported PhilHealth's mission despite the fluctuating political and economic environment. Ultimately, the Zamboanga experience illustrates that when Public Value is clearly defined and supported by a strong legal mandate (RA 11223) and adaptive operational strategies (NBB and KonSulTa), health equity can be maintained even during an unprecedented global crisis.

### **3.2. Research Question #2**

***(What challenges has PhilHealth faced in providing quality health care services and outcomes to residents of Zamboanga City during the pandemic?)***

In evaluating the challenges encountered during the pandemic, it is observed that quality healthcare services and outcomes for residents in Zamboanga City were not adversely affected. This stability was achieved through a proactive alignment of operational strategies with the constraints of the health crisis. A critical factor in this resilience was the timely digitization of PhilHealth's systems, which encompassed not only internal operations but also the entire claims submission and evaluation process. Rather than acting as a disruption, the pandemic provided a strategic opportunity to optimize these digital infrastructures, accelerating a transition toward a fully paperless environment. This digital maturity significantly bolstered the institution's operational capacity, ensuring that the administrative "public value" of efficiency was maintained even when physical interactions were restricted.

However, the pandemic did necessitate adjustments in community engagement and outreach. The traditional information caravans, which serve as a primary vehicle for member education, were significantly hindered by mandatory lockdowns and mobility restrictions. To ensure that this challenge did not translate into a broader service failure, the office implemented a robust Business Continuity and Contingency Plan. This strategic response involved the formation of specific work groups and the implementation of staff rotations, which successfully prevented a total operational stoppage. By maintaining frontline continuity through these adaptive management practices, PhilHealth ensured that its authorizing environment—built on public trust and accessibility—remained intact. This combination of technological acceleration and flexible personnel management allowed the agency to overcome the logistical barriers of the pandemic, ensuring that the delivery of quality health insurance services remained seamless for the people of Zamboanga City.

### **3.3. Research Question #3**

***(How has the Philippine government responded to the challenges faced by PhilHealth in equitable & inclusive UHC financing during the pandemic?)***

The Philippine government's response to the challenges of maintaining equitable and inclusive UHC financing during the pandemic was characterized by a commitment to policy continuity for the vulnerable. Rather than scaling back, the government ensured that programs intended for inclusive health protection—such as the No Balance Billing (NBB) policy and the Point-of-Service (POS) enrollment mechanism—continued to function as essential safety nets. A significant milestone during this period was the launch and expansion of the PhilHealth Konsultasyong Sulit at Tama (KonSulTa) package. This initiative broadened the scope of the primary care benefit to cover all Filipinos, transitioning the system toward a more

comprehensive outpatient model even as the pandemic placed unprecedented strain on clinical resources.

This focus on inclusivity was balanced by a sensitive management of the authorizing environment, particularly regarding the financial burden on members. As the pandemic led to soaring unemployment and widespread business closures, PhilHealth utilized its administrative authority to provide direct economic relief. Following the mandate of RA 11223 (the Universal Health Care Act) to ensure affordability, PhilHealth issued Advisory No. 2020-038 and Advisory No. 2020-027, which extended premium payment deadlines and implemented a moratorium on contributions for the critical early months of the pandemic. Furthermore, the government deferred the scheduled increase in premium deductions—which was set to rise from 3% to 3.5%—maintaining the lower rate throughout 2021 to prevent further financial hardship for direct contributors. By aligning these fiscal adjustments with the socio-economic realities of Zamboanga City and the nation, the government demonstrated that the "public value" of the UHC Act was not merely in revenue collection, but in the adaptive protection of its citizens' health and livelihoods during a crisis.

#### **4. CONCLUSION**

The COVID-19 pandemic served as a pivotal "value crisis" that ultimately validated the institutional resilience of PhilHealth in Zamboanga City. While health financing systems globally faced severe disruption, the local framework maintained its core mission of providing financial risk protection through the unwavering implementation of the No Balance Billing (NBB) policy and the Point-of-Service (POS) enrollment mechanism. These safety nets effectively shielded the most vulnerable residents from the economic shocks of the crisis, ensuring that the pandemic did not result in catastrophic out-of-pocket expenses. This period of disruption was also marked by a strategic expansion of services; the launch and scale-up of the KonSulTa program transitioned the system's value proposition from reactive inpatient coverage toward a more proactive, comprehensive primary care model. This evolution was not an isolated effort but was anchored in the "Whole-of-Government Approach" facilitated by the authorizing environment of RA 11223 (the Universal Health Care Act) and supported by emergency measures such as the Bayanihan to Heal as One Act.

This policy resilience was further bolstered by significant gains in operational capacity. Despite the logistical challenges posed by lockdowns and the suspension of traditional community outreach like information caravans, the implementation of a robust Business Continuity and Contingency Plan—utilizing staff rotations and specialized work groups—prevented any stoppage of frontline services. A critical factor in maintaining the quality of healthcare outcomes was the timely digitization of PhilHealth's systems. The pandemic provided a strategic window to optimize claims submission and evaluation processes, accelerating the shift toward a fully paperless environment and reducing administrative friction. Moreover, the government's commitment to equitable and inclusive financing was evident in its responsive fiscal adjustments. Recognizing the socio-economic strain of soaring unemployment and business closures, PhilHealth issued specific advisories (such as Advisory No. 2020-038 and 2020-027) to extend premium payment deadlines and defer scheduled contribution increases. These measures ensured that the implementation of UHC remained sensitive to the economic realities of the population, demonstrating that the public value of the health system is defined by its capacity for adaptive protection and its commitment to health equity even in times of crisis.

## 5. POLICY RECOMMENDATIONS

### A. Institutionalize and Scale Digital Transformation

The pandemic served as a catalyst for a full paperless environment, demonstrating that digital maturity is essential for operational capacity. PhilHealth should fully transition regional operations to a digital model, investing in cybersecurity to ensure that optimized claims evaluation becomes a permanent feature. This follows Creswell's (2018) principle that research findings should lead to actionable improvements in the specific setting studied.

### B. Formalize Crisis-Adaptive Business Continuity Plans (BCP)

The success of staff rotations and work groups in Zamboanga City suggests that a decentralized, group-based operational model should be formalized. PhilHealth should develop a standardized BCP manual for all regional offices to prevent operational stoppage during future public health emergencies or regional disruptions.

### C. Expand and Sustain Primary Care Packages

The KonSulTa program's successful launch during the pandemic proves the viability of outpatient-centered "public value." The government should increase the capitation rates and expand the service menu of KonSulTa to further reduce the reliance on inpatient care and strengthen preventive health.

### D. Modernize Community Outreach

Since traditional info caravans were hindered by lockdowns, PhilHealth should develop a "blended" outreach strategy. This involves integrating digital health literacy campaigns with the existing local government unit (LGU) health networks to ensure information reaches marginalized communities even during mobility restrictions.

### E. Strengthen the Inter-Agency Authorizing Environment

To sustain the "Whole-of-Government" approach, the government should streamline the data-sharing protocols between the DOH, PhilHealth, and LGUs. This would ensure that the Point-of-Service (POS) enrollment and No Balance Billing (NBB) policies are triggered automatically upon a patient's admission, reducing administrative delays for the vulnerable.

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