

November 20, 2002

Office of the President of the Philippines  
in Manila, Phone No: 80002701  
12/18/02 by

**MEMORANDUM:**

**FOR :** HER EXCELLENCY GLORIA MACAPAGAL ARROYO  
President of the Philippines

**THRU :** HONORABLE AVELINO J. CRUZ, JR.  
Chief Presidential Legal Counsel

**SUBJECT :** TRANSFER OF THE MEDICARE FUNCTIONS AND  
HEALTH INSURANCE FUNDS FROM THE OWWA TO  
THE PHIC

OFFICE OF THE PRESIDENT OF THE PHILIPPINES  
Gloria Macapagal Arroyo  
Avelino J. Cruz, Jr.  
BDSLA II

Respectfully submitted herewith for Her Excellency's consideration is an Executive Order which shall effect the transfer of the medicare functions and the health insurance funds from the Overseas Workers Welfare Administration (OWWA) to the Philippine Health Insurance Corporation (PHIC).

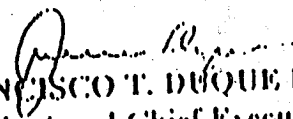
The proposed transfer is based on Republic Act, No. 7875 which mandates the PHIC to provide health insurance coverage to all Filipino citizens and thereby impliedly repealed Executive Order No. 195 which had previously authorized the OWWA to administer the medicare programs of Overseas Filipino Contract Workers.

The rationale for the transfer is discussed at length in the attached Executive Brief.

PHIC will need a reasonable lead time to ensure smooth turnover of OWWA medicare to PHIC and manage some resistance from certain quarters which will be affected by the change. It is respectfully requested that the proposed Executive Order (EO) be approved by her excellency before the year ends. The proposed transfer will have a significant bearing on 2004 elections and on the President's desire to provide health insurance to 8M indigents by end of 2003. I will be available to explain in greater detail the far reaching political implications of the transfer. May I ask that we meet personally? My direct line is 0917 813 2072 or 638-1684.

For Her Excellency's appropriate action

Respectfully yours,

  
FRANCISCO T. DUQUE III, M.D., M.Sc.  
President and Chief Executive Officer