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EDITORIAL

The case for a national health care pricing authority

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What kind of 'healing' is possible when, after a hard fall and a three-hour emergency room visit for stitches and a brain injury check, you wake up grateful—only to be hit with a hospital bill covering diagnostics, pain medication, and a brief stay equal to two months of the average salary in the Philippines, plus professional fees that nearly double the total? Health care in the Philippines is becoming increasingly unaffordable. Medical inflation in the country soared to 19.3% in 2024, driven by rising hospital charges, physician fees, costly diagnostics, and expensive treatments.[1] Without a central body regulating health care pricing, hospitals and medical professionals are free to set prices arbitrarily, leading to significant cost disparities and placing a heavy burden on patients. Many patients delay or forgo treatment due to unaffordable health care,[2] often resulting in worsened health conditions and even greater financial strain in the long run. This financial strain underscores the urgent need to fulfill the promise of equitable health care access envisioned in national policy—one that remains unattainable without price regulation.

The Universal Health Care Act of 2019[3] aimed to ensure equitable access to affordable health care for all Filipinos. However, gaps in implementation remain. PhilHealth benefit packages often fall short of covering actual expenses,[4] forcing patients to pay out-of-pocket for essential treatments. PhilHealth case rates are outdated,[5] and programs like the Konsulta Package face implementation challenges.[6] Unlike regulated utilities and essential goods, health care pricing lacks standardization. The cost of the same procedure varies widely by hospital, and physician fees fluctuate unpredictably based on location and hospital affiliation.[7] Patients rarely know the full cost of treatment until it is too late, leaving them trapped in debt or forced to postpone necessary care. In a system where pricing is inconsistent and largely unchecked, affordability remains elusive. As a result, Filipinos continue to experience financial distress when seeking care, revealing significant gaps in the promise of the Universal Health Care Act.

To tackle these challenges, the establishment of a national health care pricing authority is essential.[8] This body should regulate hospital and medical professional fees, standardize the costs of diagnostics and treatment, monitor compliance, and prevent arbitrary price hikes. Health care rates should be determined through a transparent and inclusive process, involving medical and allied health professionals, hospitals, medical societies, insurers, and patient advocacy groups. These rates must be regularly reviewed and adjusted to reflect market dynamics and medical advancements, while maintaining affordability and sustainability. Once set, they should be strictly enforced to maintain consistency and protect patients from excessive costs.

Several countries have successfully implemented pricing regulations, offering valuable lessons in controlling health care costs.[9] Australia's Independent Health and Aged Care Pricing Authority regulates public hospital service costs,[10] while Japan relies on a national fee schedule reviewed by its Ministry of Health.[11] Similarly, Thailand's National Health Security Board, Malaysia's Ministry of Health,[9] as well as independent agencies in France and Germany,[9] oversee pricing structures to ensure affordability and consistency in medical services.

Oversight mechanisms must be robust and effective, leveraging health information systems and data analytics to monitor billing records and claims for signs of overcharging. Following inspections by the designated authority, improper charges must be refunded, and excessive fees adjusted to ensure fairness.[8] Transparency is crucial. Health care providers—including hospitals, clinics, physicians, diagnostic centers, and pharmacies—must publicly disclose their service rates to empower patients to make informed decisions

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about their care.

Fair pricing should also incentivize ethical practice, with financial rewards for physicians who adhere to regulated rates.[8] This balances cost control with professional autonomy. Additionally, value-based purchasing models—paying hospitals for performance, bundling payments for entire episodes of care, and adopting capitation models with built-in quality benchmarks—should be introduced to reward quality and efficiency.

While price regulation offers significant benefits, concerns remain about its impact on health care providers and implementation feasibility. Price controls may reduce incentives for providers to invest in new technologies, enhance services, or continue offering certain treatments. The extensive oversight and high administrative costs—requiring investments in health information systems and trained personnel, among others—can also discourage governments from pursuing regulation.[8] Effective price setting must strike a balance between affordability and maintaining service quality.

Complementary reforms are equally vital. Strengthening primary and community care can play a crucial role in keeping people healthy and reducing reliance on costly hospital services. Empowering barangay health workers and local health units to provide preventive services and early interventions will keep patients from reaching critical conditions that require expensive treatments. Targeted subsidies and expanded funding for Malasakit Centers and the Medical Assistance for Indigent and Financially Incapacitated Patients can further protect the poor from catastrophic spending.

Without systemic oversight, the burden of rising medical costs will continue to fall on patients. Health policymakers must take decisive steps to ensure health care costs are reasonable, predictable, and accessible. Thoughtful, evidence-based regulation can provide stability while safeguarding both patients and providers in a sustainable health care system.

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