



Republic of the Philippines  
**Department of Education**  
REGION III  
SCHOOLS DIVISION OFFICE OF BATAAN

**DIVISION MEMORANDUM**  
No. 094, s. 2025

FEB 25 2025

**GRANT OF MEDICAL ALLOWANCE TO CIVILIAN GOVERNMENT PERSONNEL**

To: Assistant Schools Division Superintendent  
Chief Education Supervisors  
Education Program Supervisors  
Public Schools District Supervisors  
Public Elementary and Secondary School Principals  
All Others Concerned

1. This Office informs all concerned personnel regarding DBM Budget Circular No. 2024-6, released on December 12, 2024, which provides the guidelines, rules and regulations on the granting of Medical Allowance to qualified government personnel.
2. Further, Section 7 of Executive Order No. 64, s. 2024 authorizes, beginning FY 2025, the grant of a Medical Allowance in an amount not exceeding Seven Thousand Pesos (₱7,000.00) per annum to each qualified government civilian personnel as a subsidy to avail of health maintenance organization (HMO)-type benefits, subject to the issued conditions and guidelines.
3. Attached is the DBM Budget Circular No. 2024-6, for reference and further information.
4. Wide dissemination of and compliance to this Memorandum are enjoined.

  
**CAROLINA S. VIOLETA, EdD, CESO V**  
Schools Division Superintendent

Encl.: As stated  
References: As stated  
To be included in the Perpetual Index  
under the following subjects:  
MEDICAL ALLOWANCE  
F2/  
February 24, 2025



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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
GEN. SOLANO ST., SAN MIGUEL, MANILA

**BUDGET CIRCULAR**

No. 2024 - 6  
December 12, 2024

**TO :** Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including State Universities and Colleges (SUCs); Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

**SUBJECT :** Rules and Regulations on the Grant of Medical Allowance to Civilian Government Personnel

## 1.0 Background

Section 7 of Executive Order (EO) No. 64<sup>1</sup>, s. 2024 authorizes, beginning FY 2025, the grant of a Medical Allowance in an amount not exceeding Seven Thousand Pesos (₱7,000) per annum to each qualified government civilian personnel as a subsidy to avail of health maintenance organization (HMO)-type benefits, subject to the conditions and guidelines to be issued by the Department of Budget and Management (DBM) or the Governance Commission for GOCCs (GCG), as the case may be.

Said Section of EO No. 64 also stipulated that the Medical Allowance shall be categorized under the Standard Allowances and Benefits component of the Total Compensation Framework embodied in Congress Joint Resolution No. 4<sup>2</sup>, s. 2009 and Republic Act (RA) No. 11466<sup>3</sup>.

<sup>1</sup> Updating the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of an Additional Allowance, and For Other Purposes (August 2, 2024)

<sup>2</sup> Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in Government, and For Other Purposes (June 17, 2009)

<sup>3</sup> An Act Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits, and For Other Purposes (January 8, 2020)



## **2.0 Purpose**

This Circular is issued to provide the guidelines, rules, and regulations on the grant of the Medical Allowance to qualified civilian government personnel.

## **3.0 Coverage**

The Circular applies to all civilian government personnel in the national government agencies (NGAs), including SUCs, and GOCCs not covered by RA No. 10149<sup>4</sup> and EO No. 150<sup>5</sup>, s. 2021, regardless of appointment status, whether regular, casual, or contractual; appointive or elective; and on full-time or part-time basis.

This Circular also covers employees in the LGUs and LWDs.

## **4.0 Exclusions**

The following are excluded from the coverage of this Circular:

- 4.1 Government officials and employees who are already receiving HMO-based health care services by virtue of special laws;
- 4.2 Officials and employees in the legislative and judicial branches and other offices vested with fiscal autonomy;
- 4.3 Officials and employees in GOCCs under RA No. 10149 and EO No. 150, which shall be covered by the Compensation and Position Classification System (CPCS) established by the GCG and approved by the President of the Philippines;
- 4.4 Military personnel of the Armed Forces of the Philippines under the Department of National Defense and the uniformed personnel of the Philippine National Police, Philippine Public Safety College, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government, Philippine Coast Guard under the Department of Transportation, Bureau of Corrections under the Department of Justice, and the National Mapping and Resource Information Authority under the Department of Environment and Natural Resources; and

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<sup>4</sup> An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes (June 6, 2011)

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- 4.5 Those hired without employer-employee relationships and funded from non-Personnel Services (PS) appropriations/budgets, as follows:
- 4.5.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
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  - 4.5.3 Student laborers and apprentices; and
  - 4.5.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

## 5.0 Definition of Terms

- 5.1 *Geographically Isolated and Disadvantaged Areas (GIDAs)* – refer to communities/areas which are specifically disadvantaged due to the presence of both physical (refers to characteristics that limit the delivery of and/or access to basic health services to communities that are difficult to reach due to distance, weather conditions, and transportation difficulties) and socio-economic (refers to social, cultural, and economic characteristics of the community that limit access to and utilization of health services) factors.
- 5.2 *HMO provider* – refers to a juridical entity legally organized to provide or arrange for the provision of pre-agreed or designated health care services to its enrolled members for a fixed pre-paid fee for a specific period of time.
- 5.3 *HMO-type product* – refers to an agreement issued on individual/family or group basis approved pursuant to Insurance Commission (IC) Circular Letter No. 2017-19 and issued by duly licensed HMO companies by the IC.

## 6.0 Rates of the Medical Allowance

- 6.1 For FY 2025, the Medical Allowance for full-time service of government personnel shall not exceed **₱7,000** per annum.

For each subsequent year, the Medical Allowance shall not exceed the amount authorized under the pertinent general provisions in the annual General Appropriations Act (GAA).



- 6.2 The Medical Allowance per annum for part-time service shall be in direct proportion to the Medical Allowance for full-time service.

For example, the Medical Allowance for part-time service in FY 2025 shall be computed as follows:

$$\text{Medical Allowance (Part-Time Service)} = (\text{P}7,000) \times \frac{(\text{hours of part-time service/day})}{8 \text{ hours of full-time service}}$$

If employed on a part-time basis with two (2) or more agencies, an employee shall be entitled to proportionate amounts corresponding to the services in each agency, provided that the total Medical Allowance shall not exceed the authorized amount.

## 7.0 Forms and Other Details of the Medical Allowance

- 7.1 The Medical Allowance may be granted in the following forms:
- 7.1.1 In the form of HMO-type product coverage, which could be availed by either (i) government agencies concerned or (ii) their respective employees' organizations/groups.
- Such arrangement, however, is without prejudice to the preference of employees to opt out from such group purchase, and individually avail of another HMO product.
- 7.1.2 In cash form for those who will (i) avail their own or (ii) pay/renew their existing HMO-type benefit.
- 7.1.3 In cash form for those who paid their medical expenses, such as but not limited to hospitalization, emergency care, diagnostic tests, and medicines, due to the difficulty in acquiring HMO-product in view of the following:
- 7.1.3.1 Their localities/communities are identified as GIDA, as certified by the head of agency;
- 7.1.3.2 Their localities have no adequate HMO branch or office of a licensed HMO company, as certified by the head of agency; or
- 7.1.3.3 Application of the personnel concerned in acquiring HMO coverage has been denied by an HMO company.
- 7.2 In case an employee opts to continue his/her existing HMO product, the Medical Allowance shall be spent thereto provided that it will cover the fiscal year, in whole or in part, when the allowance was granted.



- 7.3 In cases where the HMO-type product availed is below the rate of P7,000 Medical Allowance, the government employee shall not be obligated to refund the excess amount to the government.

## **8.0 Conditions and Guidelines on the Grant of Medical Allowance**

The grant of the Medical Allowance shall be subject to the following conditions and guidelines:

- 8.1 The civilian personnel are occupying regular, contractual, or casual positions.
- 8.2 The personnel are already in the government service and are to render services for at least a total or an aggregate of six (6) months of service in a particular fiscal year, including leaves of absence with pay, as well as those services rendered under any of the alternative work arrangements prescribed by the Civil Service Commission.
- 8.3 A newly-hired employee may qualify for the grant of the Medical Allowance after rendering six (6) months of service.
- 8.4 For Transferred Employee:
- 8.4.1 An employee who transferred to another agency and was not granted Medical Allowance by the former agency shall be granted Medical Allowance by the new agency, subject to the submission of a certification to the effect.
- 8.4.2 An employee who transferred to another agency within the year but was earlier granted Medical Allowance by the previous agency shall no longer be granted Medical Allowance by the new agency.
- 8.5 The Medical Allowance of an employee on detail to another government agency shall be granted by the mother agency, while those on secondment shall be paid by the recipient agency.
- 8.6 A compulsory retiree, whose services have been extended, may be granted the Medical Allowance, subject to the pertinent conditions and guidelines under this Circular.
- 8.7 Those who are formally charged with administrative and/or criminal cases, which are still pending for resolution, shall be entitled to Medical Allowance until found guilty by final and executory judgement, provided that:
- 8.7.1 Those found guilty shall not be entitled to Medical Allowance in the year of finality of the decision.



The personnel shall refund the Medical Allowance received for that year.

- 8.7.2 If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to Medical Allowance.
- 8.8 For employees on Study Leave or Study/Training/Scholarship Grant
- 8.8.1 An employee on study leave or on study/training/scholarship grant, whether locally or abroad, shall be entitled to the grant of Medical Allowance for the year if he/she renders at least six (6) months of service in the same year, including leaves of absence with pay, prior to and/or after the study leave or study/training/scholarship grant.
- 8.8.2 If an employee is on study/training/scholarship grant for the entire year, whether locally or abroad, he/she is not entitled to the Medical Allowance.
- 8.9 Pursuant to Revenue Memorandum Circular No. 107-2024 of the Department of Finance-Bureau of Internal Revenue, the authorized Medical Allowance granted under EO No. 64, s. 2024 falls under the "*de minimis*" benefit contemplated in Section 2.78.1(A)(3) of Revenue Regulations (RR) No. 2-98, as amended.

Such being the case, the Medical Allowance and/or the actual premium paid to HMO providers in compliance with EO No. 64, s. 2024 is **exempt from income tax** and consequently, to withholding tax pursuant to Section 2.78.1(A)(3) of RR No. 2-98, as amended.

## 9.0 Fund Sources

- 9.1 For NGAs, including SUCs, the amount required for the grant of the Medical Allowance shall be charged against the available PS allotments of the respective agencies.
- In case of deficiency, the amount required may be charged against the Miscellaneous Personnel Benefits Fund and any other available appropriations under the annual GAA, subject to budgeting, accounting, and auditing rules and regulations.
- 9.2 For covered GOCCs, the amount required shall be charged against their respective approved corporate operating budgets (COB) for a particular fiscal year. Should the identified funding source prove to be insufficient to cover the full amount, a lower but uniform



amount shall be granted to all qualified employees of the concerned GOCC.

#### **10.0 Medical Allowance for LGU Officials and Employees**

The grant of the Medical Allowance to employees in LGUs, including those in the barangays, shall be determined by their respective *sanggunians* depending on the LGU's financial capability, at a uniform rate not exceeding Seven Thousand Pesos (₱7,000) each per annum, subject to the following conditions:

- 10.1 The Medical Allowance shall be charged against their respective local government funds, subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160 or the Local Government Code (LGC) of 1991.

The grant of the Medical Allowance shall be authorized through an appropriation ordinance to be enacted by the *Sangguniang Panlalawigan/Panlungsod/Bayan/Barangay* concerned and that the changes in the annual budget of the LGUs may be allowed through supplemental budgets under the specified circumstances pursuant to Section 321 of the LGC and Article 417 of its Implementing Rules and Regulations (IRR), as amended by Administrative Order No. 47 dated April 12, 1993, or through augmentation pursuant to Section 336 of the LGC and Article 454 of its IRR.

- 10.2 The guidelines on the grant of the Medical Allowance provided in this Circular shall be adhered to and the pertinent budgeting, accounting, and auditing laws, rules, and regulations.
- 10.3 In determining the amount of the Medical Allowance, the *sanggunians* shall exercise prudence and judicious use of government funds, ensuring that the expenditure is reasonable and will not, in any way, adversely affect the delivery of services to the public.

Should the identified funding source prove insufficient to cover the maximum allowable rate of the Medical Allowance, a lower but uniform amount shall be granted to all qualified officials and employees of the LGU.

- 10.4 The appropriation for Medical Allowance shall be subject to the usual local budgeting process.



### **11.0 Medical Allowance for Officials and Employees in LWDs**

LWDs may also grant the Medical Allowance to their employees at a uniform rate to be determined by their Boards of Directors (BOD), which shall not exceed Seven Thousand Pesos (P7,000) each, chargeable only against their respective BOD-approved COBs, subject to the conditions and guidelines set in this Circular.

Should the identified funding source be insufficient to cover the maximum allowable rate of the Medical Allowance, a lower but uniform amount shall be granted to all qualified officials and employees of the LWD.

### **12.0 Medical Allowance for Officials and Employees in Agencies Exempted from the Coverage of RA No. 6758, as Amended**

NGAs and GOCCs exempted from the coverage of RA No. 6758, as amended, may also grant the Medical Allowance to avail of the HMO-type benefits to their employees at a uniform rate to be determined by their agency heads or governing boards, which shall not exceed Seven Thousand Pesos (P7,000) each per annum, chargeable against the NGA's available funds and the GOCC's COB for a particular fiscal year, subject to the conditions set forth in this Circular, and to pertinent budgeting, accounting, and auditing laws, rules, and regulations.

Should the identified funding source prove to be insufficient to cover the maximum allowable amount of the Medical Allowance, a lower but uniform amount shall be paid to all qualified employees of the concerned agency or GOCC.

### **13.0 Policy Guidelines for Civilian Officials and Employees Excluded from the Grant of Medical Allowance Under EO No. 64, s. 2024**

For (i) NGAs and GOCCs, whose qualified officials and employees are already receiving HMO-type benefits by virtue of special laws, and (ii) those government entities and offices vested with fiscal autonomy, they may continue their existing practice of providing HMO-type health care services to their entitled personnel **or** grant the Medical Allowance under EO No. 64, s. 2024 to their respective employees to avail of the HMO-type benefits. The funding requirement for the Medical Allowance shall be charged against the NGA's available funds or the GOCC's COB for a particular fiscal year, subject to the conditions set forth in this Circular, and to pertinent budgeting, accounting, and auditing laws, rules, and regulations.

The healthcare benefits of GOCCs excluded under Item 4.3 of this Circular shall be governed by the rules and regulations governing the CPCS, which includes, among others, EO No. 150, s. 2021 and future iterations thereof, and relevant issuances of the GCG.



However, there shall be no instance that officials and employees in said NGAs or GOCCs concerned shall receive both the HMO-type health care services authorized by special laws and the Medical Allowance under EO No. 64, s. 2024 for the same period.

#### **14.0 Reportorial Requirements**

- 14.1 All government personnel, who have been provided with Medical Allowance, shall submit a proof of enrollment with an HMO provider, such as but not limited to (i) certified copy of the HMO agreement or identification card issued by the HMO provider, (ii) certification of membership issued by the HMO provider, or (iii) official receipt for the payment of membership fee for the HMO product acquired.

In case the Medical Allowance is granted in cash form, as provided under Item 7.1.3 hereof, the personnel shall submit documents to support the use of the Allowance for medical expenses, e.g., receipts of the medical services undertaken, subject to the internal guidelines to be issued by the agency concerned.

- 14.2 Each NGA, SUC, GOCC, and LWD shall submit to the DBM's Budget and Management Bureau or Regional Office concerned not later than one (1) month after every fiscal year, the annual report on the grant of the Medical Allowance by following the template in Annex "A."

#### **15.0 Responsibilities of Agencies**

Agencies shall be responsible for the proper implementation of this Circular.

- 15.1 To ensure the achievement of the objectives of the allowance, as well as the judicious and prudent use of government funds, Agencies shall establish and issue their respective internal implementing rules, guidelines, and/or procedures on the release, use, and monitoring of the Medical Allowance, subject to the guidelines and limitations prescribed in this Circular.
- 15.2 Agencies shall be held liable for any grant of the Medical Allowance not in accordance with the provisions of this Circular, without prejudice, however, to the refund by the employees concerned of any excess or undue payments.



## 16.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

## 17.0 Effectivity

This Circular shall take effect on January 1, 2025.

  
**AMENAH F. PANGANDAMAN**  
Secretary



## Report on the Grant of the Medical Allowance for FY 2025

Department/Agency: \_\_\_\_\_

**I. Total Amount Paid for the Medical Allowance:****A. Number of Qualified Personnel:**

i. Civilian personnel:	X X X
ii. Contractual personnel:	X X X
iii. Casual personnel:	X X X
<b>Total No. of Qualified Personnel:</b>	<b>X X X</b>

**B. Rate of Medical Allowance:** X X X**C. Total Amount Paid:** X X X**II. Form of Medical Allowance** **Procurement by Agency**

Name of HMO-Provider:	X X X
Unit Price of HMO-Type Benefit:	X X X
Total No. of Qualified Personnel:	X X X
Civilian personnel:	X X X
Contractual personnel:	X X X
Casual personnel:	X X X

 **Procurement by Employees' Organizations/Groups**

Name of HMO-Provider:	X X X
Unit Price of HMO-Type Benefit:	X X X
Total No. of Qualified Personnel:	X X X
Civilian personnel:	X X X
Contractual personnel:	X X X
Casual personnel:	X X X

 **In Cash Form** **Availed New HMO-type Benefit**

Total No. of Qualified Personnel:	X X X
Civilian personnel:	X X X
Contractual personnel:	X X X
Casual personnel:	X X X

 **Payment of Existing or Renewed HMO-type Benefit**

Total No. of Qualified Personnel:	X X X
Civilian personnel:	X X X
Contractual personnel:	X X X



Casual personnel: X X X

**Localities Identified as GIDA**

Total No. of Qualified Personnel: X X X

Civilian personnel: X X X

Contractual personnel: X X X

Casual personnel: X X X

**Localities Which Have No Adequate HMO Branch or Office**

Total No. of Qualified Personnel: X X X

Civilian personnel: X X X

Contractual personnel: X X X

Casual personnel: X X X

**Application of Personnel Denied by HMO Company**

Total No. of Qualified Personnel: X X X

Civilian personnel: X X X

Contractual personnel: X X X

Casual personnel: X X X

**Submitted by:**

**Certified Correct:**

\_\_\_\_\_  
**Head, Finance/Administrative Unit**

\_\_\_\_\_  
**Agency Head**

## ***Illustrative Examples***

**Example A:** Mr. Carlo Centeno was appointed as an Administrative Aide IV/SG-4 position in a national government agency on January 1, 2019. After six (6) years of government service, he tenders his resignation effective May 1, 2025.

***Mr. Centeno is no longer entitled to the Medical Allowance as he will not be able to complete the six (6) months of service required for the year.***

**Example B:** Ms. Precious Lazaro assumed her position as Administrative Officer I/SG-10 in Agency A on April 15, 2025.

Pursuant to Section 31, Chapter 8, Book I of Executive Order No. 292 (*Administrative Code of 1987*) on the definition of legal periods<sup>6</sup>, one (1) month equals 30 days, six (6) months equals 180 days, and twelve (12) months equals 360 days.

***Assuming Ms. Lazaro will not incur any leave of absence without pay until December 31, 2025, she will have 260 days of actual service. Accordingly, Ms. Lazaro is entitled to the Medical Allowance for FY 2025.***

<i>April = 15 days</i>	<i>July = 31 days</i>	<i>October = 31 days</i>
<i>May = 31 days</i>	<i>August = 31 days</i>	<i>November = 30 days</i>
<i>June = 30 days</i>	<i>September = 30 days</i>	<i>December = 31 days</i>

**Example C:** Mr. Michael Amor will compulsory retire on June 10, 2025 when he reached 65 years old and has rendered at least 29 years of government service.

***Mr. Amor may no longer be entitled to the grant of the Medical Allowance as he will not be able to complete the required six (6) months of service for the year.***

**Example D:** Ms. Jennylyn Fuentes was hired on a contractual basis for a period of six (6) months beginning July 1, 2024. Thereafter, she was appointed to a regular position, effective January 1, 2025.

***Ms. Fuentes may be entitled to the grant of the Medical Allowance, provided she will render at least six (6) months of service within FY 2025.***

<sup>6</sup> Section 31. Legal Periods. - "Year" shall be understood to be twelve calendar months; "month" of thirty days, unless it refers to a specific calendar month in which case it shall be computed according to the number of days the specific month contains; "day," to a day of twenty-four hours; and "night," from sunset to sunrise."



**Example E:** Mr. Pol Perocho was appointed to a regular position and assumed his post on January 15, 2025. He eventually resigned after more than five (5) months of service, effective June 20, 2025.

***Mr. Perocho may no longer be entitled to the grant of the Medical Allowance as he will not be able to complete the required six (6) months of service for the year.***





REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
GEN. SOLANO ST., SAN MIGUEL, MANILA

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No. 2024 - 6

December 12, 2024

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$$\text{Medical Allowance (Part-Time Service)} = (\text{P}7,000) \times \frac{(\text{hours of part-time service/day})}{8 \text{ hours of full-time service}}$$

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Such arrangement, however, is without prejudice to the preference of employees to opt out from such group purchase, and individually avail of another HMO product.

- 7.1.2 In cash form for those who will (i) avail their own or (ii) pay/renew their existing HMO-type benefit.

- 7.1.3 In cash form for those who paid their medical expenses, such as but not limited to hospitalization, emergency care, diagnostic tests, and medicines, due to the difficulty in acquiring HMO-product in view of the following:

7.1.3.1 Their localities/communities are identified as GIDA, as certified by the head of agency;

7.1.3.2 Their localities have no adequate HMO branch or office of a licensed HMO company, as certified by the head of agency; or

7.1.3.3 Application of the personnel concerned in acquiring HMO coverage has been denied by an HMO company.

- 7.2 In case an employee opts to continue his/her existing HMO product, the Medical Allowance shall be spent thereto provided that it will cover the fiscal year, in whole or in part, when the allowance was granted.



- 7.3 In cases where the HMO-type product availed is below the rate of P7,000 Medical Allowance, the government employee shall not be obligated to refund the excess amount to the government.

## **8.0 Conditions and Guidelines on the Grant of Medical Allowance**

The grant of the Medical Allowance shall be subject to the following conditions and guidelines:

- 8.1 The civilian personnel are occupying regular, contractual, or casual positions.
- 8.2 The personnel are already in the government service and are to render services for at least a total or an aggregate of six (6) months of service in a particular fiscal year, including leaves of absence with pay, as well as those services rendered under any of the alternative work arrangements prescribed by the Civil Service Commission.
- 8.3 A newly-hired employee may qualify for the grant of the Medical Allowance after rendering six (6) months of service.
- 8.4 For Transferred Employee:
- 8.4.1 An employee who transferred to another agency and was not granted Medical Allowance by the former agency shall be granted Medical Allowance by the new agency, subject to the submission of a certification to the effect.
- 8.4.2 An employee who transferred to another agency within the year but was earlier granted Medical Allowance by the previous agency shall no longer be granted Medical Allowance by the new agency.
- 8.5 The Medical Allowance of an employee on detail to another government agency shall be granted by the mother agency, while those on secondment shall be paid by the recipient agency.
- 8.6 A compulsory retiree, whose services have been extended, may be granted the Medical Allowance, subject to the pertinent conditions and guidelines under this Circular.
- 8.7 Those who are formally charged with administrative and/or criminal cases, which are still pending for resolution, shall be entitled to Medical Allowance until found guilty by final and executory judgement, provided that:
- 8.7.1 Those found guilty shall not be entitled to Medical Allowance in the year of finality of the decision.



The personnel shall refund the Medical Allowance received for that year.

8.7.2 If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to Medical Allowance.

8.8 For employees on Study Leave or Study/Training/Scholarship Grant

8.8.1 An employee on study leave or on study/training/scholarship grant, whether locally or abroad, shall be entitled to the grant of Medical Allowance for the year if he/she renders at least six (6) months of service in the same year, including leaves of absence with pay, prior to and/or after the study leave or study/training/scholarship grant.

8.8.2 If an employee is on study/training/scholarship grant for the entire year, whether locally or abroad, he/she is not entitled to the Medical Allowance.

8.9 Pursuant to Revenue Memorandum Circular No. 107-2024 of the Department of Finance-Bureau of Internal Revenue, the authorized Medical Allowance granted under EO No. 64, s. 2024 falls under the "*de minimis*" benefit contemplated in Section 2.78.1(A)(3) of Revenue Regulations (RR) No. 2-98, as amended.

Such being the case, the Medical Allowance and/or the actual premium paid to HMO providers in compliance with EO No. 64, s. 2024 is **exempt from income tax** and consequently, to withholding tax pursuant to Section 2.78.1(A)(3) of RR No. 2-98, as amended.

## 9.0 Fund Sources

9.1 For NGAs, including SUCs, the amount required for the grant of the Medical Allowance shall be charged against the available PS allotments of the respective agencies.

In case of deficiency, the amount required may be charged against the Miscellaneous Personnel Benefits Fund and any other available appropriations under the annual GAA, subject to budgeting, accounting, and auditing rules and regulations.

9.2 For covered GOCCs, the amount required shall be charged against their respective approved corporate operating budgets (COB) for a particular fiscal year. Should the identified funding source prove to be insufficient to cover the full amount, a lower but uniform



amount shall be granted to all qualified employees of the concerned GOCC.

#### **10.0 Medical Allowance for LGU Officials and Employees**

The grant of the Medical Allowance to employees in LGUs, including those in the barangays, shall be determined by their respective *sanggunians* depending on the LGU's financial capability, at a uniform rate not exceeding Seven Thousand Pesos (₱7,000) each per annum, subject to the following conditions:

- 10.1 The Medical Allowance shall be charged against their respective local government funds, subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160 or the Local Government Code (LGC) of 1991.

The grant of the Medical Allowance shall be authorized through an appropriation ordinance to be enacted by the *Sangguniang Panlalawigan/Panlungsod/Bayan/Barangay* concerned and that the changes in the annual budget of the LGUs may be allowed through supplemental budgets under the specified circumstances pursuant to Section 321 of the LGC and Article 417 of its Implementing Rules and Regulations (IRR), as amended by Administrative Order No. 47 dated April 12, 1993, or through augmentation pursuant to Section 336 of the LGC and Article 454 of its IRR.

- 10.2 The guidelines on the grant of the Medical Allowance provided in this Circular shall be adhered to and the pertinent budgeting, accounting, and auditing laws, rules, and regulations.
- 10.3 In determining the amount of the Medical Allowance, the *sanggunians* shall exercise prudence and judicious use of government funds, ensuring that the expenditure is reasonable and will not, in any way, adversely affect the delivery of services to the public.

Should the identified funding source prove insufficient to cover the maximum allowable rate of the Medical Allowance, a lower but uniform amount shall be granted to all qualified officials and employees of the LGU.

- 10.4 The appropriation for Medical Allowance shall be subject to the usual local budgeting process.



### **11.0 Medical Allowance for Officials and Employees in LWDs**

LWDs may also grant the Medical Allowance to their employees at a uniform rate to be determined by their Boards of Directors (BOD), which shall not exceed Seven Thousand Pesos (P7,000) each, chargeable only against their respective BOD-approved COBs, subject to the conditions and guidelines set in this Circular.

Should the identified funding source be insufficient to cover the maximum allowable rate of the Medical Allowance, a lower but uniform amount shall be granted to all qualified officials and employees of the LWD.

### **12.0 Medical Allowance for Officials and Employees in Agencies Exempted from the Coverage of RA No. 6758, as Amended**

NGAs and GOCCs exempted from the coverage of RA No. 6758, as amended, may also grant the Medical Allowance to avail of the HMO-type benefits to their employees at a uniform rate to be determined by their agency heads or governing boards, which shall not exceed Seven Thousand Pesos (P7,000) each per annum, chargeable against the NGA's available funds and the GOCC's COB for a particular fiscal year, subject to the conditions set forth in this Circular, and to pertinent budgeting, accounting, and auditing laws, rules, and regulations.

Should the identified funding source prove to be insufficient to cover the maximum allowable amount of the Medical Allowance, a lower but uniform amount shall be paid to all qualified employees of the concerned agency or GOCC.

### **13.0 Policy Guidelines for Civilian Officials and Employees Excluded from the Grant of Medical Allowance Under EO No. 64, s. 2024**

For (i) NGAs and GOCCs, whose qualified officials and employees are already receiving HMO-type benefits by virtue of special laws, and (ii) those government entities and offices vested with fiscal autonomy, they may continue their existing practice of providing HMO-type health care services to their entitled personnel **or** grant the Medical Allowance under EO No. 64, s. 2024 to their respective employees to avail of the HMO-type benefits. The funding requirement for the Medical Allowance shall be charged against the NGA's available funds or the GOCC's COB for a particular fiscal year, subject to the conditions set forth in this Circular, and to pertinent budgeting, accounting, and auditing laws, rules, and regulations.

The healthcare benefits of GOCCs excluded under Item 4.3 of this Circular shall be governed by the rules and regulations governing the CPCS, which includes, among others, EO No. 150, s. 2021 and future iterations thereof, and relevant issuances of the GCG.



However, there shall be no instance that officials and employees in said NGAs or GOCCs concerned shall receive both the HMO-type health care services authorized by special laws and the Medical Allowance under EO No. 64, s. 2024 for the same period.

#### **14.0 Reportorial Requirements**

- 14.1 All government personnel, who have been provided with Medical Allowance, shall submit a proof of enrollment with an HMO provider, such as but not limited to (i) certified copy of the HMO agreement or identification card issued by the HMO provider, (ii) certification of membership issued by the HMO provider, or (iii) official receipt for the payment of membership fee for the HMO product acquired.

In case the Medical Allowance is granted in cash form, as provided under Item 7.1.3 hereof, the personnel shall submit documents to support the use of the Allowance for medical expenses, e.g., receipts of the medical services undertaken, subject to the internal guidelines to be issued by the agency concerned.

- 14.2 Each NGA, SUC, GOCC, and LWD shall submit to the DBM's Budget and Management Bureau or Regional Office concerned not later than one (1) month after every fiscal year, the annual report on the grant of the Medical Allowance by following the template in Annex "A."

#### **15.0 Responsibilities of Agencies**

Agencies shall be responsible for the proper implementation of this Circular.

- 15.1 To ensure the achievement of the objectives of the allowance, as well as the judicious and prudent use of government funds, Agencies shall establish and issue their respective internal implementing rules, guidelines, and/or procedures on the release, use, and monitoring of the Medical Allowance, subject to the guidelines and limitations prescribed in this Circular.
- 15.2 Agencies shall be held liable for any grant of the Medical Allowance not in accordance with the provisions of this Circular, without prejudice, however, to the refund by the employees concerned of any excess or undue payments.



**16.0 Resolution of Cases**

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

**17.0 Effectivity**

This Circular shall take effect on January 1, 2025.

  
**AMENAH F. PANGANDAMAN**  
Secretary





**ANNEX A**

**Report on the Grant of the Medical Allowance for FY 2025**

**Department/Agency:** \_\_\_\_\_

**I. Total Amount Paid for the Medical Allowance:**

**A. Number of Qualified Personnel:**

i. Civilian personnel:	XXX
ii. Contractual personnel:	XXX
iii. Casual personnel:	XXX
<b>Total No. of Qualified Personnel:</b>	<b>XXX</b>

**B. Rate of Medical Allowance:** XXX

**C. Total Amount Paid:** XXX

**II. Form of Medical Allowance**

**Procurement by Agency**

Name of HMO-Provider:	XXX
Unit Price of HMO-Type Benefit:	XXX
Total No. of Qualified Personnel:	XXX
Civilian personnel:	XXX
Contractual personnel:	XXX
Casual personnel:	XXX

**Procurement by Employees' Organizations/Groups**

Name of HMO-Provider:	XXX
Unit Price of HMO-Type Benefit:	XXX
Total No. of Qualified Personnel:	XXX
Civilian personnel:	XXX
Contractual personnel:	XXX
Casual personnel:	XXX

**In Cash Form**

**Availed New HMO-type Benefit**

Total No. of Qualified Personnel:	XXX
Civilian personnel:	XXX
Contractual personnel:	XXX
Casual personnel:	XXX

**Payment of Existing or Renewed HMO-type Benefit**

Total No. of Qualified Personnel:	XXX
Civilian personnel:	XXX
Contractual personnel:	XXX



Casual personnel: x x x

**Localities Identified as GIDA**

Total No. of Qualified Personnel: x x x

Civilian personnel: x x x

Contractual personnel: x x x

Casual personnel: x x x

**Localities Which Have No Adequate HMO Branch or Office**

Total No. of Qualified Personnel: x x x

Civilian personnel: x x x

Contractual personnel: x x x

Casual personnel: x x x

**Application of Personnel Denied by HMO Company**

Total No. of Qualified Personnel: x x x

Civilian personnel: x x x

Contractual personnel: x x x

Casual personnel: x x x

**Submitted by:**

**Certified Correct:**

\_\_\_\_\_  
**Head, Finance/Administrative Unit**

\_\_\_\_\_  
**Agency Head**



## **Illustrative Examples**

**Example A:** Mr. Carlo Centeno was appointed as an Administrative Aide IV/SG-4 position in a national government agency on January 1, 2019. After six (6) years of government service, he tenders his resignation effective May 1, 2025.

***Mr. Centeno is no longer entitled to the Medical Allowance as he will not be able to complete the six (6) months of service required for the year.***

**Example B:** Ms. Precious Lazaro assumed her position as Administrative Officer I/SG-10 in Agency A on April 15, 2025.

Pursuant to Section 31, Chapter 8, Book I of Executive Order No. 292 (*Administrative Code of 1987*) on the definition of legal periods<sup>6</sup>, one (1) month equals 30 days, six (6) months equals 180 days, and twelve (12) months equals 360 days.

***Assuming Ms. Lazaro will not incur any leave of absence without pay until December 31, 2025, she will have 260 days of actual service. Accordingly, Ms. Lazaro is entitled to the Medical Allowance for FY 2025.***

<i>April = 15 days</i>	<i>July = 31 days</i>	<i>October = 31 days</i>
<i>May = 31 days</i>	<i>August = 31 days</i>	<i>November = 30 days</i>
<i>June = 30 days</i>	<i>September = 30 days</i>	<i>December = 31 days</i>

**Example C:** Mr. Michael Amor will compulsory retire on June 10, 2025 when he reached 65 years old and has rendered at least 29 years of government service.

***Mr. Amor may no longer be entitled to the grant of the Medical Allowance as he will not be able to complete the required six (6) months of service for the year.***

**Example D:** Ms. Jennylyn Fuentes was hired on a contractual basis for a period of six (6) months beginning July 1, 2024. Thereafter, she was appointed to a regular position, effective January 1, 2025.

***Ms. Fuentes may be entitled to the grant of the Medical Allowance, provided she will render at least six (6) months of service within FY 2025.***

<sup>6</sup> Section 31. Legal Periods. - "Year" shall be understood to be twelve calendar months; "month" of thirty days, unless it refers to a specific calendar month in which case it shall be computed according to the number of days the specific month contains; "day," to a day of twenty-four hours; and "night," from sunset to sunrise."



**Example E:** Mr. Pol Perocho was appointed to a regular position and assumed his post on January 15, 2025. He eventually resigned after more than five (5) months of service, effective June 20, 2025.

***Mr. Perocho may no longer be entitled to the grant of the Medical Allowance as he will not be able to complete the required six (6) months of service for the year.***