

EN BANC

[G.R. No. 205490, September 22, 2020]

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION REPRESENTED BY MR. EMMANUEL R. LEDESMA, JR., IN HIS CAPACITY AS PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND THE CONCERNED AND AFFECTED OFFICERS AND EMPLOYEES OF PSALM, PETITIONERS, V. COMMISSION ON AUDIT, RESPONDENT.

G.R. No. 218177

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION REPRESENTED BY MS. MARIA LOURDES S. ALZONA, IN HER CAPACITY AS OFFICER-IN-CHARGE, OFFICE OF THE PRESIDENT AND CEO, AND THE CONCERNED AND AFFECTED OFFICERS AND EMPLOYEES OF PSALM, PETITIONERS, V. COMMISSION ON AUDIT, RESPONDENT.

D E C I S I O N

LAZARO-JAVIER, J.:

The Cases

In **G.R. No. 205490**,^[1] petitioners Power Sector Assets and Liabilities Management Corporation (PSALM) represented by its President and Chief Executive Officer (CEO) Emmanuel R. Ledesma, Jr., and the concerns officers and employees of PSALM question the Commission on Audit -Commission Proper (COA-CP) Decision No. 2012-270^[2] dated December 28, 2012, affirming the disallowance of the 2009 MAB granted to PSALM officers and employees in the amount of P5,586,999.60.

In **G..R. No. 218177**,^[3] the same petitioners, albeit this time PSALM is represented by Officer-in-Charge Maria Lourdes S. Alzona, assail the following dispositions of the COA-CP:

(1) Decision No. 2014-0364 dated March 5, 2014, affirming the disallowance of the 2008 Medical Assistance Benefit (MAB) granted to PSALM officers and employees in the amount of P5,702,517.42; and

(2) Resolution⁵ dated January 26, 2015, denying petitioners' motion for reconsideration.

Antecedents

Civil Service Commission (CSC) Memorandum Circular No. 33, series of 1997 entitled Policy on Working Conditions at the Workplace, states:

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Pursuant to Resolution No. 97-4684 dated December 18, 1997, the CSC promulgates and adopts the following policies:

1. All government offices shall provide the following:

a) Health Program for Government Employees Health program for employees shall include any or all the following:

1. hospitalization services

2. annual mental, medical-physical examinations

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On the other hand, Administrative Order No. 402 (AO 402), series of 1998 entitled Establishment of a Medical Check-Up Program for Government Personnel provides:

ESTABLISHMENT OF A MEDICAL CHECK-UP PROGRAM FOR GOVERNMENT PERSONNEL

WHEREAS, pursuant to Section 5 of P.D. No. 1597, s. 1978 (Further Rationalizing the System of Compensation and Position Classification in the National Government), which continues to be applicable in accordance with R.A. No. 6758, s. 1989 (Prescribing a Revised Compensation and Position Classification System in the Government), all government employees may be granted allowances, honoraria and other fringe benefits;

WHEREAS, keeping a healthy workforce is among the primary concerns of the government considering that the physical well-being of its employees has a significant impact on the efficiency and effectiveness of public service delivery; and,

WHEREAS, the Civil Service Commission also issued Memorandum Circular No. 33 (s. 1997) which provides that all government agencies and Government-Owned and/or-Controlled Corporations (GOCCs) shall provide, among others, a health program for their employees which includes free annual mental and medical-physical examinations.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Establishment of the Annual Medical Check-up Program. An annual medical check-up for government officials and employees is hereby authorized to be established starting this year, in the meantime that this benefit is not yet integrated under the National Health Insurance Program being administered by the Philippine Health Insurance Corporation (PHIC).

SEC. 2. Coverage. The medical check-up program shall be granted to all permanent and temporary personnel of national government agencies who have been in the service for at least one year as of the effectivity of this Order. Excluded from the coverage, however, are officials and employees who are already recipients of a similar benefit or any supplementary medical allowance over and above the Medicare benefits.

GOCCs, which do not offer a free medical check-up or any supplementary medical allowance over and above the Medicare benefits shall also establish a similar program for their employees.

Local Government Units are also encouraged to establish a similar program for their personnel.

SEC. 3. Benefit Package. Initial benefits for employees who are below 40 years of age shall include the following: Physical examination, Chest X-ray, Complete Blood Count (CBC), Urinalysis and Stool Examination. Meanwhile, employees whose age is 40 years and above shall be entitled to the following: Physical examination, Chest X-ray, Complete Blood Count (CBC), Urinalysis, Stool Examination and ECG. Benefits may be increased upon the availability of funds.

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In accordance with these directives, PSALM Board of Directors approved Board Resolution No. 06-46 dated August 2, 2006, viz.:

WHEREAS, PSALM Management presented to the Board, for approval and confirmation, its proposed Health Maintenance Program for PSALM officials and employees, including those employed under contracts of service.

WHEREAS, elaborating on the proposed health program, PSALM Management informed the Board that government regulations prohibit the acquisition of HMOs for government employees. However, Administrative Order No. 402 dated 02 June 1998 and DOH/DBM/PHRC Joint Circular No. 01 dated 09 September 1998 (IRR for AO No. 402) authorized the establishment of an annual physical checkup for all government employees. On the basis of these two government issuances, the proposed PSALM Health Program was designed to address health concerns of PSALM employees and prevent hospitalization.

WHEREAS, the objectives of the PSALM Health Program are (a) to identify and address ailments at an early stage or prevent their occurrence, (b) to sustain a healthy workforce, and (c) to perform and deliver PSALM's time-bound mandates efficiently and effectively.

WHEREAS, the comprehensive annual physical examination shall consist of the following:

? Physical Examination

? Chest X-Ray

? Routine Urinalysis and Fecalalysis

? Complete Blood Count (CBC)

? Electrocardiogram (ECG)

? Pap Smear for female employees D Blood Chemistry

? Dental Examination

WHEREAS, a healthcare measure aimed to prevent diseases before its onset in the organization is the addition of immunization for Influenza (flu) and Hepatitis B to the usual annual physical examination package.

WHEREAS, with a total of 226 Plantilla and Contractual employees, the estimated expense is PhP500,000.00 for the Physical Examination and Immunization components of the Program, This also includes the amount needed to purchase the medicines needed for emergency use and which will be kept by the Personnel Services Department.

PSALM shall source the necessary funds from Personnel Services.

WHEREAS, PSALM Management thus requested the Board's approval and confirmation of the Health Maintenance Program for PSALM officials and employees.

WHEREAS, after due deliberation, there being no objection, the Board found the recommendation of PSALM Management in order.

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED that, the Board hereby approves and confirms the Health Maintenance Program for PSALM officials and employees as recommended by PSALM Management.

APPROVED and CONFIRMED this 2nd day of August 2006.^[6]

One (1) year later, PSALM Board of Directors approved the grant of additional medical benefits per Board Resolution No. 07-67 dated October 31, 2007, authorizing the continuation of the aforesaid health program but with additional components, i.e., purchase of emergency over-the-counter drugs and prescription drugs, dental and optometric medications, and reimbursement of expenses on emergency and special cases, thus:^[7]

WHEREAS, the PSALM Board, through Resolution No. 06-46 dated 02 August 2006, approved and confirmed the establishment of PSALM's Health Maintenance Program pursuant to Administrative Order (A.O.) No. 402 dated 02 June 1998, and DOH-DBM-PHIC Joint Circular No. 1 dated 09 September 1998.

WHEREAS, A.O. No. 402 provides that all government agencies and GOCCs shall provide, among others, a health program for their employees. This includes free annual mental and medical-physical

examinations. This is allowed for all permanent and temporary personnel who have been in the service for at least one year. Initial benefits shall include Physical Examination, Chest X-Ray, Complete Blood Count, Urinalysis, Stool Examination, and Electrocardiogram.

The benefits may be increased upon availability of funds, and expenses for the medical check-up for GOCCs shall be chargeable against the corporate funds.

WHEREAS, PSALM's Health Maintenance Program aims to identify and address ailments at an early stage or prevent their occurrence with the end of sustaining a healthy workforce for the efficient and effective delivery of PSALM's time-bound mandates.

The program includes the following activities:

Annual Physical Examination

Administration of immunization vaccines

Purchase of emergency over-the-counter drugs

Medical assistance for permanent employees to be availed through purchase of prescription drugs, including dental and optometric medications, or reimbursement of expenses on emergency and special cases or situations

Establishment of a mini-clinic and mini-gym

Sports and exercise programs

WHEREAS, since the implementation of the original Health Maintenance Program in 2006, PSALM has successfully conducted Annual Physical Examination and Vaccination Activities for Influenza, Hepatitis "B", Pneumonia and Typhoid Fever.

PSALM now also maintains a well stored first-aid cabinet, complete with Over-the-Counter medicines for emergency use.

WHEREAS, in order to institutionalize PSALM's Health Maintenance Program, PSALM Management requested the Board's approval, upon the favorable endorsement of the Board Review Committee (BRC), for: (1) the continued implementation of the Program in year 2007 and onwards; and (2) the implementation of the other component of the Program - the medical assistance to employees through purchase of prescription drugs, including dental and optometric medications, or allow the employees to reimburse such expenses on emergency and special cases or situations, subject to the guidelines to be issued by PSALM.

WHEREAS, elaborating on the purchase of prescription drugs, it was explained that only Plantilla personnel and their qualified dependents shall be entitled. The maximum availment for each personnel covered shall not exceed PhP25,000.00 for each year. This entitlement is non-cumulative and strictly non-convertible to cash.