

EN BANC

G.R. No. 274778 – AQUILINO PIMENTEL III; ERNESTO OFRACIO; JANICE LIRZA MELGAR; MARIA CIELO MAGNO; MA. DOMINGA CECILIA B. PADILLA; DANTE B. GATMAYTAN; IBARRA M. GUTIERREZ; SENTRO NG MGA NAGKAKAISA AT PROGRESIBONG MANGGAGAWA; PUBLIC SERVICES LABOR INDEPENDENT CONFEDERATION FOUNDATION, INC.; and PHILIPPINE MEDICAL ASSOCIATION, Petitioners, ATTY. JOSE SONNY MATULA, President of the Federation of Free Workers (FFW-NAGKAISA LABOR COALITION); DANIEL EDRALIN, Secretary General, National Union of Workers in Hotel Restaurant and Allied Industries (NUWHRAIN- NAGKAISA); RENATO MAGTUBO, Chairperson, Partido Manggagawa (PM-NAGKAISA); JULIUS CAINGLET, CHURCH-LABOR CONFERENCE, GRACE A. ESTRADA, President, Pinay Careworkers Transnational (PIN@Y); ALFREDO MARANAN, FFW National Treasurer; JUN RAMIREZ MENDOZA, Union President, Vishay Employees Philippines Union-FFW and National Vice President, FFW; JUDY ANN CHAN MIRANDA, Chairperson, Nagkaisa Women Committee, General Secretary, PM-NAGKAISA; VILMA G. REYES, Union President, Dela Salle Medical and Health Sciences Institute Employees Union-FFW, National Board Member, FFW; RENE L. CAPITO, National President, Alliance of Filipino Workers (AFW); ELIJA R. SAN FERNANDO, National Vice President, National Federation of Labor (NFL); RENE DE MESA TADLE, President of the Council of Teachers and Staff of Colleges and Universities of the Philippines (CoTeSCUP); EMERITO C. GONZALES, Union President UST Faculty Union (USTFU); DENNIES GUTIERREZ, Union President, Interphil Laboratories Employees Union-FFW (ILEU-FFW); ROLANDO LIBROJO, Convenor, Kilusang Artikulo 13 (A.13); and ATTY. DANILO C. ISIDERIO, FFW Legal Center, Petitioners-in-Intervention, v. HOUSE OF REPRESENTATIVES represented by the Speaker FERDINAND MARTIN ROMUALDEZ; SENATE OF THE REPUBLIC OF THE PHILIPPINES represented by the Senate President FRANCIS ESCUDERO; DEPARTMENT OF FINANCE SECRETARY RALPH RECTO; EXECUTIVE SECRETARY LUCAS BERSAMIN; and PHILIPPINE HEALTH INSURANCE CORPORATION represented by its President EMMANUEL R. LEDESMA, JR., Respondents.

G.R. No. 275405 – BAYAN MUNA CHAIRMAN NERI COLMENARES, BAYAN MUNA VICE CHAIRMAN TEODORO A. CASIÑO, BAYAN MUNA EXECUTIVE VICE PRESIDENT CARLOS ISAGANI T. ZARATE, and FORMER BAYAN MUNA REPRESENTATIVE FERDINAND R. GAITE, Petitioners, v. *EXECUTIVE SECRETARY

* President Ferdinand Marcos, Jr. was dropped as respondent from the case and his name was deleted from the caption following the doctrine of immunity from suit.

2

LUCAS P. BERSAMIN, SENATE OF THE PHILIPPINES, and HOUSE OF REPRESENTATIVES, Respondents.

G.R. No. 276233 – ISAMBAYAN COALITION; MEMBERS OF U.P. LAW CLASS 1975 namely: JOSE P.O. ALILING IV, AUGUSTO H. BACULIO, EDGARDO R. BALBIN, MOISES B. BOQUIA, ANTONIO T. CARPIO, MANUEL C. CASES, JR., RICHARD J. GORDON, OSCAR L. KARAAN, BENJAMIN L. KALAW, LUCAS C. LICREIO, TOMAS N. PRADO, ELIZER A. ODULIO, OSCAR M. ORBOS, AURORA A. SANTIAGO, EMILY SIBULO-HAYUDINI, CONRAD D. SORIANO, and JOSE B. TOMIMBANG; FORMER OMBUDSMAN CONCHITA CARPIO MORALES; SENIOR FOR SENIORS ASSOCIATION, INC., represented by MS. CAROL BLANCO BENAVIDES; KIDNEY FOUNDATION OF THE PHILIPPINES represented by ATTY. VICENTE GREGORIO; and ATTY. CHRISTOPHER JOHN P. LAO, Petitioners, v. HOUSE OF REPRESENTATIVES represented by the Speaker, FERDINAND MARTIN ROMUALDEZ; SENATE OF THE REPUBLIC OF THE PHILIPPINES represented by Senate President; DEPARTMENT OF FINANCE SECRETARY RALPH RECTO; EXECUTIVE SECRETARY LUCAS BERSAMIN; and PHILIPPINE HEALTH INSURANCE CORPORATION represented by its President EMMANUEL R. LEDESMA, JR., Respondents.

Promulgated:

December 3, 2025

X-----X

SEPARATE CONCURRING AND DISSENTING OPINION

HERNANDO, J.:

I vote as follows:

1. The transfer of the PHP 89.9 billion “fund balance” of the Philippine Health Insurance Corporation (PhilHealth) to the National Treasury is UNCONSTITUTIONAL; and

2. UNPROGRAMMED APPROPRIATIONS, IN ANY FORM, ARE UNCONSTITUTIONAL.

This case exposes a fundamental truth about our constitutional order: The fiscal powers of government are never untethered from constitutional limits, and those limits are at their most exacting when the

W

funds at stake safeguard the people's right to health. PhilHealth's reserves are not ornaments to be shifted at will; they are statutory and constitutional commitments to universal health care. The diversion of PHP 89.9 billion from these reserves, enabled by a legally defective mechanism and executed through an excess of executive authority, demands not only correction but a renewed commitment to the protections against abuse and misuse of public funds that the Constitution deliberately imposes.

At the core of this controversy lies an undeniable truth: **Unprogrammed appropriations in the general appropriations act (GAA) are unconstitutional.** They create an unregulated space where discretion replaces discipline, and where the temptations of greed and corruption inevitably find room to operate.

It is in this light that I render this Separate Concurring and Dissenting Opinion.

I join the *ponencia* in ruling that Special Provision 1(d) of Republic Act No. 11975, or the 2024 GAA, and Department of Finance (DOF) Circular No. 003-2024 (DOF Circular No. 003-2024), which authorized the transfer of the PHP 89.9 billion “fund balance” of the PhilHealth to the National Treasury, is unconstitutional for violating Article II, Section 15 of the Constitution,¹ as well as Section 11 of Republic Act No. 11223 or the Universal Health Care Act² (UHCA), Section 8 of Republic Act No. 10351,³ Section 14 of Republic Act No. 11346,⁴ and Section 9 of Republic Act No. 11467⁵ (Sin Tax Laws). I likewise agree that respondents must cause the restoration of the PHP 60 billion “fund balance” to PhilHealth—no matter the variance in nomenclature or supposed difference in characterization—as these form part of its “reserve funds” that must be allocated for and utilized only for the specific purposes limited by law.⁶

¹ CONST., art. II, sec. 15, states:

SECTION 15. The State shall protect and promote the right to health of the people and instill health consciousness among them.

² An Act Instituting Universal Health Care for all Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor (2019).

³ An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334, and for Other Purposes (2012).

⁴ An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products For Universal Health Care, Amending for this Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 388 and 289, Repealing Section 288 (B) and 288 (C), and Creating New Sections 263-A, 265-B, And 288-A of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963, and for other Purposes (2019).

⁵ An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, and 288-A, and adding a New Section 290-A to Republic Act No. 8424, as Amended, Otherwise Known as The National Internal Revenue Code of 1997, and for other Purposes (2020).

⁶ *Ponencia*, pp. 56–115, 123–128.

W

I write separately, however, to stress a particular aspect of this case: the fiscal imprudence of the Executive in treating PhilHealth's statutorily protected reserves as a convenient funding source for unrelated programs; and the grave constitutional dangers that follow when health funds are treated as mere fiscal residuals rather than as the concrete lifeblood of the people's right to health.

However, I dissent from the *ponencia* insofar as it implicitly accepts the continued validity of unprogrammed appropriations as a budgetary device. I stress that the inclusion of unprogrammed appropriations in the GAA is itself unconstitutional—a mechanism which, as its own legislative history shows, was introduced merely as a matter of convenience and which, in any event, cannot be reconciled with the Constitution's design of a budget of "expenditures and sources of financing" under Article VII, Section 22, and, more pointedly, with the rider prohibition under Article VI, Section 25(2).

Finally, I also take on the President's recent announcement of ordering the restoration of the funds to PhilHealth.

I. The Executive's fiscal imprudence is an abuse of the highest order

"Health is wealth," but in our socio-economic reality, "wealth is also health."⁷ The *ponencia* powerfully recounts how Filipino families, already burdened by high out-of-pocket expenses and rising health care costs, are pushed into debt, despair, and avoidable suffering when the public health financing system fails them.⁸ In this context, the Executive branch's decision to strip PhilHealth of PHP 89.9 billion—later partially remitted in tranches of PHP 20 billion, PHP 10 billion, and PHP 30 billion—cannot be defended as a neutral budgetary choice. It is fiscal imprudence of the highest order.

The facts are undisputed:

1. Congress, through Special Provision 1(d) under Chapter XLIII on unprogrammed appropriations of the 2024 GAA, directed government owned- or controlled-corporations (GOCCs) to "review and [reduce] their reserve funds to reasonable levels" and authorized the return of any resulting "fund balance" to the National Treasury for the funding of unprogrammed appropriations.⁹
2. The President signed the 2024 General Appropriations Bill (GAB) into law, giving effect to Special Provision 1(d).¹⁰

⁷ *Id.* at 4.

⁸ *Id.* at 4–5.

⁹ *Id.* at 10–11.

¹⁰ *Id.* at 11.

3. The DOF, through DOF Circular No. 003-2024, operationalized the directive by (a) defining a “fund balance” for GOCCs, and (b) requiring remittance of such “fund balance” to the National Treasury, with the Bureau of the Treasury’s certification serving as basis for the release of unprogrammed appropriations.¹¹
4. The Secretary of Finance, in a Letter dated April 24, 2024, specifically ordered PhilHealth to remit PHP 89.9 billion of its so-called “fund balance” to the National Treasury expressly declaring that “PhilHealth’s substantial contribution will support the funding of priority infrastructure and social projects of the National Government in ensuring the nation’s economic growth and development.”¹²
5. The PhilHealth Board of Directors, relying on the DOF’s directives, approved the remittance of PHP 60 billion in three tranches, with the remaining PHP 29.9 billion enjoined by this Court’s Temporary Restraining Order.¹³

These acts were neither incidental nor accidental. They reflected a deliberate policy choice to subordinate the financial stability of the National Health Insurance Program to the fiscal objectives of the national infrastructure and “priority projects” agenda.

The very justification offered by the DOF, i.e. funding “priority infrastructure and social projects,” exposes the glaring constitutional error. PhilHealth’s funds are held and earmarked for a special constitutional and statutory purpose: to guarantee universal, equitable, and sustainable health insurance coverage pursuant to the UHCA and the Sin Tax Laws. To seize these funds for other, however laudable, purposes is not fiscal “prudence”; it is a repudiation of the State’s own articulated priorities in the Constitution and in statute.

When the Executive elects to channel health insurance resources to infrastructure while health benefit coverage remains inadequate, out-of-pocket expenditures remain high, and PhilHealth’s own actuarial obligations remain unresolved, it commits not merely a manifest policy misjudgment. It commits blatant constitutional abuse, for it chooses to weaken a self-executing fundamental right in favor of discretionary projects that have no comparable constitutional guarantee.

¹¹ *Id.* at 11–12.

¹² *Id.* at 12, citing *rollo* (G.R. No. 274778), p. 82.

¹³ *Ponencia*, pp. 12, 22.

A. The DOF miscomputed the amount of PhilHealth reserves

Section 11 of the UHCA provides a clear and specific standard for PhilHealth's reserves:

Section 11. Program Reserve Funds. – PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: *Provided, That the total amount of reserves shall not exceed a proposed ceiling equivalent to the amount actuarially estimated for [two] years' projected Program expenditures*; *Provided, further, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.* (Emphasis supplied)

The law vests the technical task of determining the reserve ceiling in actuarial estimates. The proper expert, under the statutory scheme, is PhilHealth's own actuary, operating within the policy framework established by the UHCA. As can be clearly gleaned from the above, the language of Section 11 mandates an actuarial, not arithmetic, method.

This statutory requirement ensures that an adequate buffer is preserved to meet future benefit claims and contingencies, as determined by sound actuarial evaluation. It also provides that any excess beyond the ceiling must be utilized to enhance health benefits or reduce member contributions, thereby plowing back any surplus to improve the National Health Insurance Program. In short, the law ring-fences PhilHealth's insurance funds for health care purposes alone.

Given that the DOF is implementing Special Provision 1(d) of the 2024 GAA, it committed a grave error in fiscal judgment and acted beyond its authority by recomputing PhilHealth's reserve funds using a simplistic average-expenditure approach instead of adhering to the actuarial science mandated by law. Prudent fiscal management of an insurance fund requires careful consideration of expected claims, expanding membership, and emerging health threats, not a mere subtraction of three years' worth of subsidy minus claims paid.¹⁴ The DOF's method effectively presumed that tens of billions were "idle" without regard to PhilHealth's expanding obligations under universal health care. Such presumption directly contravenes Section 11 of the UHCA, which had already set the parameters for determining genuine excess.

Moreover, Section 11 of the UHCA is explicit that "no portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or-controlled corporations."

¹⁴ *Id.* at 69–70.

W

The DOF's computation of PhilHealth's "fund balance" amounting to PHP 183.1 billion, of which PHP 89.9 billion was ordered remitted, openly contravenes this command. Again, the statute leaves no room for executive discretion to redefine or reallocate PhilHealth's reserves. Only PhilHealth's Office of the Actuary under its Actuarial Services and Risk Management Sector is authorized to determine reserve adequacy, and any excess must be used solely to enhance benefits or reduce premiums. The DOF's interference represents a direct usurpation of statutory authority and a breach of legislative purpose.

DOF Circular No. 03-2024 and the Secretary of Finance's April 24, 2024 Letter are also *ultra vires*. Administrative agencies possess only such rule-making authority as is delegated to them by statute. The power to issue rules "involves no discretion as to what the law shall be, but merely to fix the details in the execution or enforcement of the policy set out in the law itself."¹⁵ Rules and regulations must therefore be germane to the object and purpose of the law, and must not contradict the Constitution or the statute they purport to implement.¹⁶

Here, the impugned issuances derogate from and contradict the express mandates of both the UHCA and the Sin Tax Laws, as well as the constitutional right to health. They cannot find refuge in the special provisions of the GAA, which the *ponencia* rules—and this Opinion concurs—to be void for containing a rider provision unrelated to the appropriations' subject. The time-honored maxim applies: The spring cannot rise higher than its source.¹⁷ Executive circulars cannot create authority where none exists.

The DOF did not rely on PhilHealth's Office of the Actuary in computing the so-called "fund balance." As the *ponencia* recounts, the DOF instead:

- a. determined PhilHealth's accumulated net income of PHP 463.7 billion;
- b. deducted the average two-year actual expenditures of PHP 280.6 billion;
- c. derived a difference of PHP 183.1 billion; and
- d. by its own chosen "prudence," decided to demand only PHP 89.9 billion, an amount computed as "[p]remium for indirect contributors (Fiscal Years [FY] 2021-2023) less benefit claims for indirect contributors (FYs 2021-2023)."¹⁸

¹⁵ *Republic v. Maria Basa Express Jeepney Operators*, 928 Phil. 182, 217–218 (2022) [Per J. Lopez, J. En Banc]. (Citation omitted)

¹⁶ *Smart Communications v. National Telecommunications Commission*, 456 Phil. 145, 156 (2003) [Per J. Ynares-Santiago, First Division]. (Citations omitted)

¹⁷ *Bernas v. Estate of Felipe Yu Han Yat*, 838 Phil. 710, 745 (2018) [Per J. Caguioa, Second Division]. (Citation omitted)

¹⁸ *Ponencia*, p. 25.

This methodology disregarded at least three fundamental legal and technical constraints:

First, it replaced actuarially estimated projected expenditures with a simple average of past expenditures. This contradicts the statutory standard that reserves be measured against future projected obligations, not merely historical spending patterns.¹⁹ PhilHealth's actuarial office had in fact estimated a reserve ceiling of PHP 560.55 billion based on risk modeling and projected obligations. By averaging expenditures from 2018 to 2023, the DOF produced a much smaller "ceiling" of only PHP 280.6 billion, from which it subtracted PhilHealth's PHP 463.7 billion in "reserve funds," identified a remainder of PHP 183.1 billion, and ordered the remittance of PHP 89.9 billion to the National Treasury.

From this, it becomes readily apparent that the DOF did not use the actuarial estimate. This constitutes a direct violation of Section 11 of the UHCA and a manifest abuse of administrative discretion. Actuarial science is integral to the financial integrity of insurance institutions. As this Court held in *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue*,²⁰ "insurance risk, also known as actuarial risk, is the risk that the cost of insurance claims might be higher than the premiums paid."²¹ The statutory requirement of actuarial estimation is therefore not optional: it is essential to solvency and benefit continuity.

Second, it treated government premium subsidies for indirect contributors as if they were surplus revenues. In truth, these subsidies are part of an ongoing, legislatively mandated insurance undertaking for present and future claims. They are not profits; they are contributions paid in advance for future covered risks.²²

Third, it disregarded PhilHealth's Provision for Insurance Contract Liabilities (ICL). Even if the precise actuarial assumptions behind the ICL may be debated, its very existence underscores that PhilHealth's obligations extend far beyond one or two fiscal years of historical experience. The DOF cannot unilaterally ignore such actuarial constructs merely because they complicate its narrative of "idle funds."²³

¹⁹ *Id.* at 71.

²⁰ 616 Phil. 387 (2009) [Per J. Corona, Special First Division].

²¹ *Id.* at 414. (Citation omitted)

²² See *ponencia*, pp. 58–59, 84.

²³ *Id.* at 87–89.

~N

*B. The DOF exceeded the limits of
its fiscal oversight over
PhilHealth*

The foregoing discussion demonstrates how the DOF's recomputation of PhilHealth's reserves disregarded the statutory standards governing social health insurance. It is equally necessary, however, to address a more basic defect: The DOF lacked the legal authority to intervene in PhilHealth's reserve management in the first place. Administrative agencies may exercise only such powers as the law confers, and any action taken beyond those limits is void. The DOF's directives did not arise from delegated authority but from an assertion of fiscal control that the governing statutes do not permit.

Under the Administrative Code of 1987, the DOF's functions are confined to the formulation and administration of fiscal policies and the judicious management of the Government's financial resources.²⁴ The Governance Commission for GOCCs (GCG), created under Republic Act No. 10149, serves as the central oversight body for GOCCs, with the Secretary of Finance sitting merely as an *ex officio* member. Neither statute grants the DOF or the Secretary of Finance the authority to seize or reallocate funds held by a GOCC for statutory purposes.

PhilHealth, though a GOCC, performs a unique social insurance function governed by its own charter and the UHCA. The DOF's intervention exceeded its lawful mandate of fiscal oversight and thus constitutes an impermissible encroachment upon PhilHealth's statutory autonomy and upon the legislative design for the National Health Insurance Program.

*C. The PhilHealth reserve funds
were misused*

The impropriety of the DOF's acts is compounded by the intended use of the forcibly remitted funds. As made explicit in DOF Circular No. 03-2024 and in the Secretary of Finance's April 24, 2024 Letter, the extracted PHP 89.9 billion from PhilHealth's reserves was earmarked not for health insurance purposes but for "priority infrastructure and social projects of the National Government."²⁵

In other words, reserves collected and held to finance the National Health Insurance Program were redirected to fund generic, non-health projects under various implementing agencies. This single policy choice is the factual hinge for the rest of this Separate Concurring and Dissenting Opinion. As the succeeding sections explain, this diversion of PhilHealth's ring-fenced reserves to unrelated programs (1) infringes the constitutional right to health under

²⁴ REV. ADM. CODE, Book IV, Title II, Chapter 1, sec. 1.

²⁵ *Ponencia*, p. 12, citing *rollo* (G.R. No. 274778), p. 82.

Article II and Article XIII as implemented through the UHCA; (2) contravenes the special-funds rule in Article VI, Section 29(3) and the earmarking regime under the Sin Tax Laws; and, (3) results in an unconstitutional augmentation and cross-border transfer of appropriations proscribed by Article VI, Section 25(5).

I discuss these in turn.

1. The misuse of PhilHealth's reserve funds violates the constitutional right to health

Article II, Section 15 of the Constitution provides “[t]he State shall protect and promote the right to health of the people and instill health consciousness among them.”

This commitment is reinforced by Article XIII, Sections 11 to 13 of the Constitution, which mandate an integrated and comprehensive approach to health development, the availability of essential health goods and services at affordable cost, and priority for “the underprivileged sick, elderly, disabled, women, and children.” Health is not a peripheral concern; it is a constitutional duty.

In *Spouses Imbong v. Ochoa*,²⁶ the Court recognized that the right to health is an essential component of the right to life, and that the constitutional provision is self-executing.²⁷ It binds the State directly and immediately. The government cannot plead lack of implementing legislation as an excuse to neglect or dilute this right.

The UHCA is the principal statutory instrument by which the State fulfills this duty. Sections 2 and 3 of the UHCA guarantee equitable access to quality and affordable health care, provide financial risk protection to all Filipinos, and strengthen PhilHealth as the primary vehicle for universal coverage. Section 11 of the UHCA channels this constitutional mandate into concrete budgetary rules: Reserves must be actuarially determined, excesses must be used to improve benefits or reduce contributions, and no portion of the fund may accrue to the general fund.

Against this backdrop, the DOF’s actions are plainly unconstitutional. By ordering the remittance of PHP 89.9 billion from PhilHealth’s reserves to the National Treasury for use in infrastructure and social projects, the Executive effectively downgraded the right to health from a fundamental guarantee to a residual claimant—to be funded only after more politically visible projects have been satisfied.

²⁶ 732 Phil. 1 (2014) [Per J. Mendoza, *En Banc*].

²⁷ *Id.* at 157. (Citation omitted)

As underscored in the Amicus Brief of Dr. Beverly Lorraine C. Ho, MD, MPH, “a stable source of financing is critical in reducing the uncertainty of benefit expansion and timely payout,” and the UHCA was designed precisely to be an implementing law for PhilHealth to shore up resources to enable aggressive benefits expansion, in terms of providing more services and higher cost coverage per disease, condition, and clinical procedure.²⁸ The forced depletion of PhilHealth’s reserves, at a time when out-of-pocket expenditures remain high and coverage is far from universal, subverts this constitutional project. It sacrifices long-term health security for short-term fiscal maneuvering.

*2. The misuse of PhilHealth’s
reserve funds violates Article VI,
Section 29(3) of the Constitution*

Article VI, Section 29(3) of the Constitution states:

All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government.

PhilHealth’s resources are sustained in part by earmarked sin tax revenues. Section 288-A(1) of the National Internal Revenue Code, as introduced and amended by Republic Act Nos. 10351, 11346, and 11467, mandates that 50% of total excise-tax revenues on certain products shall be used exclusively in the following manner: 80% to PhilHealth for the implementation of the UHCA.

These receipts are special funds within the meaning of Article VI, Section 29(3) of the Constitution. They are collected under a tax law that explicitly assigns them a special purpose: financing universal health care through PhilHealth. So long as that purpose has not been “fulfilled or abandoned”—and it manifestly has not—neither Congress nor the Executive may lawfully convert these funds into a general-purpose financing pool.

This Court has repeatedly treated such earmarked revenues as special funds that cannot be dissipated at will. To reiterate the *ponencia*, the Court, in *COCOFED v. Republic*²⁹ and *Pambansang Koalisyon ng mga Samahang Magsasaka at Manggagawa ng Niyugan v. Executive Secretary*,³⁰ held that levies collected for industry stabilization and development (of the coconut industry for these cases) could not be diverted without violating Article VI,

²⁸ Undated Memorandum filed by Dr. Beverly Lorraine C. Ho, MD, MPH, pp. 14–15.

²⁹ 679 Phil. 508 (2012) [Per J. Velasco, Jr., *En Banc*].

³⁰ 685 Phil. 295 (2012) [Per J. Abad, *En Banc*].

W

Section 29(3) of the Constitution. In *Gaston v. Republic Planters Bank*,³¹ stabilization fees were held to be special funds for the sugar industry, and in *Osmeña v. Orbos*,³² the Oil Price Stabilization Fund was recognized as a segregated trust account, even while subject to the Commission on Audit (COA) scrutiny. The common thread is clear: When law and Constitution earmark revenues for a special purpose, the political branches cannot unilaterally move the goalposts.

The same principle applies with equal or greater force to PhilHealth's reserves. Sin Tax allocations intended exclusively for PhilHealth's implementation of the UHCA cannot constitutionally be siphoned off, whether by a DOF circular or by a GAA rider,³³ to fund infrastructure or generic "social projects." The forced remittance under DOF Circular No. 03-2024 thus amounts to a conversion of special health funds into general funds, in direct contravention of Article VI, Section 29(3) of the Constitution and the Sin Tax Laws themselves. In combination with Section 11 of the UHCA, which expressly prohibits any portion of the reserve fund or its income from accruing to the general fund, the special-funds clause closes the door on the Executive's theory that PhilHealth's "excess" reserves may be tapped to finance other priorities. The Constitution and statute concur: Money collected and held for health must be spent for health, or not at all.

PhilHealth's reserve funds, including all income derived therefrom, are statutory trust funds collected and maintained for the singular purpose of financing the National Health Insurance Program. The use of these monies to fund unrelated projects such as infrastructure or general social assistance not only breaches this constitutional restriction but also undermines the people's right to health under Article II, Section 15 of the Constitution. This constitutional policy would be rendered hollow if resources reserved for universal health coverage were diverted to unrelated programs under the guise of fiscal optimization. The compelled transfer of PhilHealth's reserves effectively converts an earmarked health-insurance fund into a general-purpose resource, eroding the integrity of the National Health Insurance Program and impairing public confidence in social health insurance.

By enforcing DOF Circular No. 03-2024 and implementing the April 24, 2024 Letter, the DOF and the Secretary of Finance disregarded both statutory and constitutional safeguards. The act of appropriating PhilHealth's insurance reserves for non-health purposes constitutes an unconstitutional expenditure of a special fund, and one that operates in manifest contempt of the constitutional right to health and the legislative design of the UHCA.

³¹ 242 Phil. 377 (1988) [Per J. Melencio-Herrera, *En Banc*].

³² 292-A Phil. 848 (1993) [Per C.J. Narvasa, *En Banc*].

³³ *Ponencia*, p. 55.

W

3. *The misuse of PhilHealth reserve funds violates the Constitutional limits on the augmentation and transfer of appropriations*

Article VI, Section 25(5) of the Constitution defines and confines the power of augmentation:

No law shall be passed authorizing any transfer of appropriations; however, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

From this provision and based on jurisprudence, three requisites for valid augmentation emerge:

- a. there must be a law authorizing the official concerned to augment items in the GAA;
- b. the funds used for augmentation must be savings generated from appropriations for that official's own office; and
- c. the purpose of the augmentation must be to increase an item within the same office whose savings are being used.³⁴

As aptly held by the *ponencia*, none of these conditions were present in the remittance scheme at bar.³⁵ The Secretary of Finance, who ordered the transfer, is not among the officials constitutionally enumerated as wielding the power of augmentation. The funds taken were not "savings" of the Office of the President, or of PhilHealth for its own use in augmenting its programs; they were PhilHealth's mandated reserves. Nor were the funds used to augment an item of the same office; they were channeled to unprogrammed appropriations for other agencies and purposes.

It bears emphasis that in *Araullo v. Aquino III*,³⁶ the Court underscored that savings, their utilization, and their management shall be strictly construed against expanding the scope of the power to augment. It declared that such strict interpretation is crucial to keep the Executive and other budget implementors within the limits of their powers and prerogatives during budget execution and prevent any act that will unduly transgress the Congress's power of the purse.³⁷

³⁴ *Id.* at 116; *Araullo v. Aquino III*, 737 Phil. 457, 580 (2014) [Per J. Bersamin, *En Banc*].

³⁵ *Ponencia*, p. 116.

³⁶ 752 Phil. 716 (2015) [Per J. Bersamin, *En Banc*].

³⁷ *Id.* at 762.

In *Demetria v. Alba*,³⁸ the Court invalidated a statute authorizing the President to transfer funds across departments because it offended the same constitutional prohibition, then found in the 1973 Constitution. That provision, substantially reenacted as Article VI, Section 25(5) of the 1987 Constitution, was crafted to forestall the very abuse now before Us: the cross-border realignment of funds already appropriated or earmarked for a specific purpose, under the flimsy pretense of executive flexibility.

This constitutional history has two consequences here:

First, it confirms that the original transfer of PhilHealth's "fund balance" was an unauthorized cross-border reallocation, tantamount in substance to an illegitimate augmentation of unrelated budget items, and therefore, void.

Second, and as will be discussed, it instructs that any attempt to "restore" the funds by a mirror-image executive action—another realignment, another "augmentation," this time back to PhilHealth—would itself run afoul of the same constitutional restraints. What cannot be done directly cannot be done indirectly, nor cured by a change in direction.

Having shown that the Executive's diversion of PhilHealth's reserves violates specific constitutional and statutory provisions, I now turn to a deeper structural defect: the very inclusion of unprogrammed appropriations in the GAA.

II. The inclusion of unprogrammed funds in the GAA is unconstitutional

Under the regime of the present Constitution, the inception of unprogrammed appropriations can be traced in the 1989 GAA, which provided for around PHP 9.7 billion as unprogrammed funds.³⁹ This amount was lower than the approximately PHP 12.763-billion proposal of the Executive.⁴⁰

At the level of the House deliberations on the 1989 GAB, concerns were raised as to whether unprogrammed appropriations can be properly embodied in the GAA:

MR. ROBLES: . . .

Mr. Speaker, I say that this budget proposal is a sword to pierce the Constitution. The proposal failed to give due regard to Section 22, Article VII of the Constitution which mandates that, and I quote: "The President shall submit to the Congress within [30] days from the opening of every regular session, as the basis of the general appropriations bill, a budget of

³⁸ 232 Phil. 222 (1987) [Per J. Fernan, *En Banc*].

³⁹ 1989 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA1989/XLIII.%20Unprogrammed%20Fund.pdf> (last accessed on November 30, 2025).

⁴⁰ Conference Committee Report on House Bill 19186, 8th Congress (undated), p. 9; Record, Senate, 8th Congress (December 5, 1988), p. 584.

W

expenditures and sources of financing, including receipts from existing and proposed revenue measures.” So that the expenditures in the appropriation bill should be based on the expected revenues. And any budget proposal that exceeds the projected revenues submitted by the President is therefore constitutionally baseless and unconstitutional.

The more than [PHP] 12 billion unprogrammed appropriations in the proposal violates paragraph (2), Section 25, of Article VI of the Constitution, which states, and I quote: “No provision or enactment shall be embraced in the general appropriation bill unless it relates specifically to some appropriations therein.” *It is therefore very clear that budgetary allotments should refer to particular purposes or programs that legally needs appropriations.* Consequently, appropriations without particular purposes or programs supporting them becomes *inutil* and unconstitutional.

....

MR. ALBANO: ...

....

This regime is engaged in debt, in heavy deficit spending even before the euphoria of the EDSA extravaganza petered out. Its budget credo is “spending more money equals good government.”

From [PHP] 18.4 billion deficit in 1985, it leaped to [PHP] 35.3 billion in 1986. . . Congress is being asked to approve [PHP] 12.8 billion in unprogrammed new appropriations which are not covered by new or projected revenue measures.

The majority says spending of these unprogrammed amounts are contingent to the inflow of foreign grants and loans and the realization of excess revenues. But there is nothing in the appropriations bill or in the budget law that prevents the regime from spending these amounts unless revenue is available. If we approve these unprogrammed appropriations, we are virtually granting to the [E]xecutive full authority to spend so much.

If the regime genuinely wants to be fiscally responsible, this unprogrammed appropriations must be scrapped from the budget measure. *Should excess revenues be realized, the President can always present to Congress special appropriations bills to meet required needs.*

By resorting to special appropriations, we can guarantee the availability of funds and that the regime is not squandering more than the taxpayers can afford. More important, the people would be informed as to why excess financing is required and for what purpose the special appropriations will be spent. . . so that the genuine transparency and accountability to the people may be attained.⁴¹ (Emphasis supplied)

⁴¹ Record, House of Representatives, 8th Congress (October 20, 1988), pp. 355–356, 370–373.

W

During the Senate deliberations on the 1989 GAB, among the budget items tackled were the proposed unprogrammed appropriations of approximately PHP 1.2 billion for the "Provision for Foreign Military Sales Account," and PHP 2.5 billion for the "Implementation of the Conversion Plans of the US Bases in the Philippines Upon the Termination of the RP-US Military Bases Agreement."⁴² These would be funded by economic and military aid which, at that time, was yet to be granted by the United States of America. The senators discussed the nature of unprogrammed appropriations and debated on the propriety of its inclusion in the GAA:

Senator Guingona. May we know whether the Foreign Military Sales credit is reflected in the Appropriations Bill under consideration?

Senator Gonzales. Mr. President, in the Budget Bill for the unprogrammed appropriations, there is, for the FMS—that is item 2-Provisions for Foreign Military Sales Account—a capital outlay of PHP 1,247,689,000.00.

Senator Guingona. Is that revenue?

Senator Gonzales. No, Mr. President, this is an unprogrammed fund. This is a part of the appropriations, but not a part of the expenditure program, because, as we know, actually, there are really no funds appropriated for them. Insofar as the unprogrammed fund is concerned, they are merely in the nature of enabling appropriations, depending upon the availability of new funds to support the same.

....

Senator Maceda. Mr. President, as we know, the whole package contains both the military assistance program and FMS. . . . However, Mr. President, I do not know whether part or the whole of it is included under unprogrammed.

Senator Gonzales. It is included in the unprogrammed. It will have to depend on our actual receipts of the said grant.

Senator Maceda. And I was told just this morning that there are still balances from 1985, 1986, 1987, and 1988 that are not yet delivered or spent up to know totaling around [USD] 29 million. . . . This is one of, what I feel, the irregularities or improprieties of this program. While it is given to us and

⁴² Record, Senate, 8th Congress (December 5, 1988), pp. 650–651, 667–668. *See also* 1989 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA1989/XLIII.%20Unprogrammed%20Fund.pdf> (last accessed on November 30, 2025). The other projects under unprogrammed funds in the 1989 GAA were: (a) permanent insurance fund equity pursuant to Presidential Decree No. 1985; (b) three Epifanio Delos Santos Avenue interchanges; (c) widening of Zapote-Tagaytay; (d) Laguna Lake coastal road from Bicutan to Paranaque; (e) coastal road from Manila to Bataan; (f) Balog-Balog multi-purpose project; (g) Central Luzon East West road; (h) conversion to equity of advances made by the National Government pursuant to Presidential Decree No. 1967; (i) support for foreign-assisted projects not otherwise appropriated under the 1989 GAA; (j) general fund adjustments for capital requirements; (k) tax expenditure subsidy of various government agencies and government-owned and/or -controlled corporations pursuant to Section 23 of Presidential Decree No. 1177 and Executive Order No. 93; and (l) Laguna Lake flood control program.

W

then lately in the context of it[s] being a compensation, actually they are the ones to decide how and when it should be spent.

Senator Gonzales. That is the reason why they are off budget; they are not included in the program expenditure.

....

Senator Guingona. I understand that the best efforts was with regard to appropriations, but not for the grants or the military sales credit, [e]specially military sales credits, we are paying for this. Why should we pay for something and then depend on appropriations from another government? That seems illogical, Mr. President.

Senator Gonzales. The distinguished Senator is correct, Mr. President, and that is the reason why we have included in the unprogrammed for the first time a provision for that which is in the amount of [PHP] 1.2 billion. It is unprogrammed because it would have to depend upon our receipt of the grant for this purpose.

....

Senator Shahani. May I go again to the matter of the unprogrammed appropriations which, in the budget, total [PHP] 12,763,000[,000]. As we know, there was considerable debate in this hall on that unprogrammed fund allocated for the alternative uses of the U.S. bases. These appear in the General Appropriations Act. . . . I wonder whether it is really realistic to put this as an item in the budget, this unprogrammed appropriations, when in fact, we already said in the Senate that really, it is not possible to have that amount. So it is like a *consuelo de bobo*, if I may say so. It is wise to put it here when really, there is such a big revenue shortfall. And then, this gives rise to added speculation and makes more confusing sensitive and delicate issues like the U.S. bases.

Senator Gonzales. Mr. President, this unprogrammed fund which contains in Item 12 an appropriation of PHP 2.5 billion for implementation of the conversion plans of the U.S. bases in the Philippines upon the termination of the RP-US Military Bases Agreement has been placed there by the House of Representatives. Because in their own resolution, they contemplated to build up a fund of [PHP] 7.5 billion distributed in three consecutive fiscal years. . .

Senator Shahani. I am not just talking about that sum allocated for the. . .

Senator Gonzales. We have no strong feeling against a deletion of the entire amount, Mr. President.

Senator Shahani. I see. Not just the entire amount but the entire unprogrammed appropriation. Because when we asked [Budget and Management] Secretary Carague what that exactly meant, he said that there are really no revenues against that but, in the hope that we might be able to collect extra revenues, then we have these unprogrammed appropriations. So, what I am saying is: Since it has been admitted that there will be a shortfall in

W

revenue collections, does it serve any useful purpose to include unprogrammed appropriations? I am not just talking to about that amount. . . for the U.S. military bases. I think the Gentleman has the page before him—I do not have it—but there is an entire page and a half of unprogrammed appropriations. My question is: Is there any point in putting this page? Is it again one of those exercises which raises hopes unnecessarily? Maybe, we should not be bothered with that anymore.

Senator Gonzales. Mr. President, I realize the validity of what the Senator has pointed out. On the contrary, if we eliminate this budget, we are really cutting through thin air because there is really nothing. . . . As we have earlier pointed out, in accordance with the provisions of the Bases Agreement, and in accordance with the best efforts clause in the amendment to the Bases Agreement, the United States Congress may make the necessary appropriations. And therefore, should it come to us, then there will be funds therefor.

On the other hand, if we remove this—this is in the nature only of an enabling appropriation—and the funds do come to the Philippines as it will come. . . when? Only, we do not know because that will have to depend upon the action of the U.S. Congress. *Then to utilize it, we will have to enact a supplemental budget. And considering the time that will be involved in the enactment of a supplemental budget, that is what the budget people are trying to foresee.*

....

In short, if we will go one by one on this unprogrammed fund, they are already embodied in certain projects. . . and foreign-assisted projects, Mr. President, that would require a counterpart. *They cannot be implemented unless we can raise the counterpart funds. And should the counterpart funds become available and we do not have this particular provision, then the result again will be delay. These are the reasons for the unprogrammed portion of the budget.*

....

Senator Pimentel. In line with our desire to exercise the power and the authority to scrutinize appropriations of this government, does not the Gentleman feel that the unprogrammed appropriations should also be scrapped?

Senator Romulo. Mr. President, the unprogrammed appropriations, I believe, as the title indicates, do not have any funds. Therefore, that will not be spent at all. So it is a choice before us whether or not we want to wait for the availability of funds.

By the way, this is also another source, another possible object of this reallocation that we are proposing. As we said, we can either wait until there are available funds before we tackle the unprogrammed amount, or we continue putting it there, of course, as it is understood that it will not be spent anyway, unless there is a corresponding source of funds. That is a policy decision that we have to make before we decide on this matter.

W

Senator Pimentel. Even if the observations of the Gentleman may be correct, the fact is, a certain amount is designated to cover the so-called unprogrammed amounts. And if I am not mistaken it is [PHP] 12.8 billion for unprogrammed new appropriations.

Senator Romulo. That is correct, Mr. President.

Senator Pimentel. To my mind, this is a ploy which enables government to go into deficit spending, to begin with, and also to source funds for this by other means.

Since [Executive] Secretary Macaraig has come out with statement that there will be no new taxes, the only alternative, it seems to me, is foreign borrowing. This is exactly, I think, what we should guard against: giving this government the leeway to further increase the burdens of our people by going into foreign borrowing.⁴³ (Emphasis supplied)

As apparent from the foregoing congressional deliberations, unprogrammed funds were included in the 1989 GAA for mere convenience—to avoid the cumbersome process of passing special appropriations bills. It is for this same reason that unprogrammed appropriations have been incorporated in the annual budget until the present.⁴⁴ However, convenience alone can never justify an otherwise unconstitutional practice.

I respectfully submit that the inclusion of unprogrammed appropriations in the GAA is not allowed under the Constitution, for the reasons discussed below. It is my view that the entire amount of unprogrammed appropriations in the 2024 GAA should be struck down as unconstitutional.

First, the Constitution contemplates a GAA that covers only those appropriations for expenditures with sources of financing. Unprogrammed appropriations, having no guaranteed source of financing, cannot thus be included in the GAA.

Article VII, Section 22 of the Constitution provides:

Section 22. The President shall submit to the Congress within thirty days from the opening of the regular session, as the *basis of the general appropriations bill*, a *budget of expenditures and sources of financing*, including receipts from existing and proposed revenue measures. (Emphasis supplied)

⁴³ Record, Senate, 8th Congress (December 5, 1988), pp. 650–651, 667–668, 717.

⁴⁴ See 2024 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2024/Volumel/UA.pdf> (last accessed on November 30, 2025); 2023 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2023/Volumel/UA.pdf> (last accessed on November 30, 2025); 2022 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2022/Volumel/UA.pdf> (last accessed on November 30, 2025); 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1993, 1992, 1991, 1990 GAA, available at <https://www.dbm.gov.ph/index.php/budget-documents-archives#gaa> (last accessed on November 30, 2025).

Based on a plain reading of the provision above, *all* the expenditures to be included in the President's recommended budget—which shall serve as basis for the GAB and, eventually, the GAA—should be backed by sources of financing. This can be readily discerned from the use of the conjunctive “and”⁴⁵ in the phrase “a budget of expenditures *and* sources of financing.”⁴⁶

In contrast, Article VI, Section 25(4) of the Constitution, which governs special appropriations bills, states that “[a] special appropriations bill shall specify the purpose for which it is intended, and shall be supported by *funds actually available* as certified by the National Treasurer, or to be raised by a *corresponding revenue proposal* therein.”⁴⁷ The foregoing provision, unlike Article VII, Section 22 of the Constitution on the GAB, specifically mentions that the appropriation shall be backed either by (a) funds actually available as certified by the National Treasurer, or (b) a corresponding revenue proposal. Had the Constitution intended that the GAB can likewise cover expenditures backed only by corresponding revenue proposals and not by guaranteed sources of financing, then Article VII, Section 22 of the Constitution should have plainly and clearly stated so. However, such was not the case.

It is conceded that an “appropriation” is defined as an act by which Congress “designates a particular fund or sets apart a specified portion of the public revenue or of the money in the public treasury, to be applied to some general object of governmental expenditure or to some individual purchase or expense.”⁴⁸ Simply stated, an “appropriation” is a legislative authorization that money be paid out of the Treasury. This definition should be read in the context of Article VI, Section 29(1) of the Constitution, which prescribes that “[n]o money shall be paid out of the Treasury in pursuance of an appropriation made by law.” Most notably, however, Article VII, Section 22 of the Constitution does not merely refer to the GAA as a law composed of appropriations. Instead, it qualifies that the GAA shall be based on a budget of expenditures and sources of financing. The concept of the GAA—and what appropriations it shall properly embrace—should be understood in this light.

On this score, programmed appropriations pertain to the portion of the annual budget that are supported by “definite funding sources and are readily implementable.”⁴⁹ These are embodied in the document called Budget of

⁴⁵ See *Solanda Enterprises, Inc. v. Court of Appeals*, 365 Phil. 194, 206 (1999) [Per J. Panganiban, Third Division], where the Court held that the term “and” in statutory construction implies conjunction, joinder or union, as understood from its common and usual meaning.

⁴⁶ CONST., art. VII, sec. 22. (Emphasis supplied)

⁴⁷ Emphasis supplied.

⁴⁸ *Araullo v. Aquino III*, 737 Phil. 457, 571 (2014) [Per J. Bersamin, *En Banc*], citing BLACK'S LAW DICTIONARY 102 (Revised 6th ed., 1990).

⁴⁹ Department of Budget and Management, *Basic Concepts in Budgeting*, available at <https://www.dbm.gov.ph/wp-content/uploads/2012/03/PGB-B1.pdf> (last accessed on November 18, 2025).

Expenditures and Sources of Financing⁵⁰ (BESF), which is submitted by the President to Congress in compliance with Article VII, Section 22 of the Constitution. Meanwhile, unprogrammed appropriations are defined as appropriations which do not have guaranteed sources of financing or cash cover. They provide standby authority to incur additional agency obligations for priority programs and projects when any of the following general conditions exists: (a) excess revenue collections in any of the identified non-tax revenue sources from its corresponding revenue collection target as reflected in the BESF; (b) new revenue collections or those arising from new tax or non-tax sources which are not part of nor included in the original sources reflected in the BESF; (c) approved loans for foreign-assisted projects; and (d) fund balance of GOCCs from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement from prior years.⁵¹ Both programmed and unprogrammed appropriations are included in the National Expenditure Program⁵² (NEP), which is also submitted by the President to Congress along with the BESF.

Considering that unprogrammed appropriations do not have guaranteed or definite sources of funding, they do not fall within the meaning of “a budget of expenditures and sources of funding,” as contemplated under Article VII, Section 22 of the Constitution. This ineluctably leads to the conclusion that they cannot be included in the GAA.

Relatedly, Article VI, Section 25(1) of the Constitution states:

Section 25. (1) The Congress may not increase the *appropriations recommended by the President for the operation of the Government as specified in the budget*. The form, content, and manner of operation of the budget shall be prescribed by law. (Emphasis supplied)

The phrase “appropriations recommended by the President. . . as specified in the budget” above properly refers to the “budget of expenditures and sources of financing” under Article VII, Section 22 of the Constitution. This interpretation is anchored in the well-established rule in constitutional construction that every provision of the Constitution should be interpreted not by itself alone but in conjunction with all other provisions bearing upon the

⁵⁰ 2024 Budget of Expenditures and Sources of Financing Glossary of Terms, p. 858, *available at* <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on December 1, 2025). The BESF is “[a] budget document which reflects the annual program of estimated expenditures and sources of financing, constitutionally mandated to be submitted by the executive branch to the legislature to support the National Budget proposal.”

⁵¹ 2024 Budget of Expenditures and Sources of Financing Glossary of Terms, p. 875, *available at* <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on December 1, 2025).

⁵² 2024 Budget of Expenditures and Sources of Financing Glossary of Terms, p. 866, *available at* <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on December 1, 2025). The NEP is “[a] budget document. . . containing the details of the government’s proposed programs submitted to Congress in the review and deliberation of the proposed national budget for the legislation of the annual appropriations measures for the next fiscal year[.]”

n

particular subject matter at hand.⁵³ Here, there is no other recommended budget that could have been alluded to except that which is required to be submitted by the President under Article VII, Section 22 of the Constitution. Consequently, reason and logic dictate that the “appropriations” which may not be increased by Congress references to no other than the “budget of expenditures and sources of financing” serving as the basis of the GAA.

The prohibition against increase, as embodied in Article VI, Section 25(1) of the Constitution, is intended to prevent a budget deficit, or a situation where the government’s spending exceeds its revenue. This is evident from the following deliberations of the Constitutional Commission on whether the limitation provided under the 1935 Constitution⁵⁴ prohibiting Congress to increase the appropriations recommended by the President should be reincorporated in the present Constitution:

MR. NATIVIDAD. May Congress increase or decrease the presidential budget?

MR. DELOS REYES. There is no prohibition.

MR. NATIVIDAD. Is there no prohibition to increase the presidential budget? The historic practice is that the presidential budget may be decreased but not increased. Is it good for the country and for Congress to increase the presidential proposal for a budget?

MR. DE LOS REYES. That will be covered by lines 28 and 29 which state: “The form, content, and manner of preparation of the budget shall be prescribed by law.”

MR. NATIVIDAD. So, if it is by law, it is by Congress; and if Congress wishes to increase the presidential budget, it can do so. Is that the concept?

MR. DE LOS REYES. That is the necessary consequence.

MR. NATIVIDAD. So, we have a situation where the President prepares the budget every year based on the expected receipts and earnings of the government. The Constitution gives the President that duty because the President knows the expected earnings of the government. Traditionally, Congress will decrease certain items of the budget but it is not constitutionally authorized to increase because *if the various items in the budget will be increased, the earnings of the government as expected from the receipts and taxes may not be enough and there will be a big budget deficit.*

⁵³ *Civil Liberties Union v. Executive Secretary*, 272 Phil. 147, 162 (1991) [Per C.J. Fernan, *En Banc*].

⁵⁴ CONST. (1935), art. VI, sec. 19(1), states:

The President shall submit within fifteen days of the opening of each regular session of the Congress a budget of receipts and expenditures, which shall be the basis of the general appropriations bill. *The Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the Budget*, except the appropriations for the Congress and the Judicial Department. The form of the Budget and the information that it should contain shall be prescribed by law. (Emphasis supplied)

W

MR. DAVIDE. Madam President, the further answer to the question is contained in the section itself, which reads:

The President shall submit to the Congress within thirty days from the opening of each regular session, as the basis of the general appropriations bill, a budget of receipts based on existing and proposed revenue measures, and of expenditures.

In other words, Congress cannot increase because there is a limitation: the budget should be based on existing and proposed revenue measures.

....

MR. NATIVIDAD. . . . But I would just like to clarify because the first response of the Committee is that the Congress may increase or decrease. The distinguished Chairman said Congress may not increase. So, which is the right answer?

MR. DAVIDE. I think the Commissioner may have in mind *reincorporating the limitation provided for under the 1935 Constitution, prohibiting specifically the Congress to increase the recommended appropriations made by the President*. We can entertain that at the proper time[.] (Emphasis supplied)

The purpose of Article VI, Section 25(1) of the Constitution reinforces the view that the Constitution contemplates a GAA that is made up of programmed appropriations and not unprogrammed appropriations. Since unprogrammed appropriations have no guaranteed sources of funding to begin with, any increase in their amount from what the President recommended would not result in a budget deficit. This is because unprogrammed appropriations are released only upon the availability of guaranteed sources of financing, i.e., excess revenue collections, new revenue collections, or approved foreign grants. It would be contradictory to say, on the one hand, that the purpose of the prohibition in the increase of amounts in the GAB is to prevent a budget deficit, but state on the other, that the GAB may contain such appropriations that if increased, will never result in such deficit. This bolsters the conclusion that the GAB may contain only those appropriations which, if increased beyond the amount recommended by the President, would result in a budget deficit. Thus, unprogrammed appropriations should not form part of the GAA.

Second, unprogrammed funds do not relate to any appropriation for expenditures with sources of funding. Thus, they are considered as riders, which are prohibited under the Constitution.

Article VI, Section 25(2) of the Constitution states:

(2) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation

m

therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

The foregoing provision refers to “particular appropriation[s]” embraced in the GAB. As discussed above, the GAA, as contemplated under the Constitution, should cover only those appropriations for expenditures with sources of financing. Perforce, the “particular appropriation[s]” referred to in Article VI, Section 25(2) reasonably pertains to such appropriations for expenditures with sources of financing as stated in Article VII, Section 22 of the Constitution.

Provisions in the general appropriations bill must comply with the test of germaneness, failing in which they shall be considered as riders. For such provision to be germane, case law requires that they must be particular, unambiguous, and appropriate. The provision is particular if it relates specifically to a distinct item of appropriation in the bill and does not refer generally to the entire appropriations bill. It is unambiguous when its application or operation is apparent on the face of the bill and does not necessitate reference to details or sources outside the appropriations bill. Finally, it is appropriate when its subject matter does not necessarily have to be treated in a separate legislation.⁵⁵ An item of appropriation is considered inappropriate, if it is an unconstitutional provision.⁵⁶

Appropriations for expenditures without definite sources of financing are thus considered as riders, which have no place in the GAB by constitutional fiat. Since unprogrammed appropriations have no guaranteed sources of financing, it can be said that they do not relate specifically to any appropriation for expenditures with sources of financing. Unprogrammed appropriations may likewise be considered ambiguous where the details and sources of their operation, still require reference to for example, a declaration as to the availability of excess funds.

Book VI, Chapter 3, Section 12(2) of the Administrative Code of 1987 likewise confirms that only appropriations backed by definite sources of financing may properly be included in the national budget. The provision, which governs the form and content of the budget, requires that the President’s budget submission contain “(a) [e]stimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings.”

This statutory formulation mirrors the constitutional design: the annual budget may include only those appropriations for which identifiable and available financing exists, whether from operating revenues or authorized

⁵⁵ *Atitiw v. Zamora*, 508 Phil. 321, 336 (2005) [Per J. Tinga, *En Banc*].

⁵⁶ *Philippine Constitution Association v. Enriquez*, 305 Phil. 546, 577 (1994) [Per J. Quason, *En Banc*].

W

borrowings. By negative implication, appropriations not supported by such financing, such as unprogrammed appropriations which depend entirely on uncertain contingencies, cannot be valid components of the budget.

The remaining paragraphs of Section 12 reinforce this limitation. Paragraph (2)(b) covers estimated receipts from existing laws and revenue proposals forming part of the financing program, while paragraph (2)(d) refers to expenditures, receipts, and appropriations for the fiscal year in progress. None of these provisions contemplates a category of contingent appropriations that may be listed in the GAA, absent a corresponding and guaranteed funding source.

Moreover, the succeeding provision, Book VI, Chapter 3, Section 13 of the Administrative Code of 1987 provides:

Section 13. *Budget Levels.* - The ordinary income of government shall be used primarily to provide appropriations for current operations, except in case of a national emergency or serious financial stress, the existence of which has been duly proclaimed by the President.

The level of aggregate revenue expenditure and debt shall be jointly recommended to the President by the Department of Budget and Management, the Department of Finance, the National Economic and Development Authority and the Central Bank of the Philippines, acting within the Development Budget Coordination Committee of the National Economic and Development Authority.

No appropriations for current operations and capital outlays of the Government shall be proposed unless the amount involved is covered by the ordinary income, or unless it is supported by a proposal creating additional sources of funds or revenue, including those generated from domestic and foreign borrowings, sufficient to cover the same. *Likewise, no appropriation for any expenditure, the amount of which is not covered by the estimated income from the existing sources of revenue or available current surplus, may be proposed, unless it is supported by a proposal creating an additional source of funds sufficient to cover the same.*

Proposals creating additional sources of funds shall be prepared in the form of revenue bills.

The provisions of this section shall not be construed as impairing in any way the power of the Congress to enact revenue and appropriation bills, nor the authority of the President to propose special revenue and appropriation bills after the submission of the budget. (Emphasis supplied)

It appears from the operationalization by the Administrative Code that the Constitution intended appropriations in the GAB to already be covered by the government's ordinary income or otherwise be supported by definite sources of financing, while expenditures that are not yet covered by existing sources of revenue, to be supported by proposals creating additional sources of

2

funds. Where these expenditures without existing funding sources are more properly the subject of separate legislation, i.e., special appropriations bills, then they are also deemed inappropriate insofar as they are contained in the GAB.

Thus, the concept of unprogrammed appropriations finds no support. The Administrative Code confirms what the Constitution already commands: the national budget must reflect only those appropriations that rest on existing, identifiable, and definite sources of financing. Unprogrammed appropriations depart from this statutory framework and thereby reinforce their constitutional infirmity. Therefore, unprogrammed appropriations are deemed as riders to the GAB, which are prohibited under Article VI, Section 25(2) of the Constitution.

In this regard, Article VI, Section 25(4) of the Constitution states:

(4) A special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified by the National Treasurer, or to be raised by a corresponding revenue proposed therein.

A special appropriations bill enacted by Congress is the correct vehicle to allocate excess and new revenue collections outside the framework of the GAA, consistent with the principle of preserving the delicate balance between the powers of the executive and legislative in the budget process.

The Constitution vests the power of the purse in the Congress. It decides how the budget will be spent; what projects, activities, and programs to fund; and the amounts of money to be spent for the same.⁵⁷ There is a recognition that the President proposes the budget, but Congress has the final say on the matter of appropriations.⁵⁸ While the budgetary process commences from the proposal submitted by the President to Congress, it is the latter that concludes the exercise by crafting an appropriation act it may deem beneficial to the nation, based on its own judgment, wisdom, and purpose.⁵⁹

Beyond the scope of the GAA, when the government generates excess or new revenue collections, it is only Congress, through its power of appropriation, that can lawfully determine how such public funds should be spent, which I propose to be in the form of a special appropriations law. This proposal is in conformity with Article VI, Section 29(1) of the Constitution, which provides that “[n]o money shall be paid out of the Treasury except in pursuance of an appropriation made by law.”

⁵⁷ *Araullo v. Aquino III*, 737 Phil. 457 (2014) [Per J. Bersamin, *En Banc*].

⁵⁸ *Philippine Constitutional Association v. Enriquez*, 305 Phil. 546 (1994) [Per J. Quason, *En Banc*].

⁵⁹ *Lawyers Against Monopoly and Poverty v. Secretary of Budget and Management*, 686 Phil. 357, 375 (2012) [Per J. Mendoza, *En Banc*].

W

Third, I am aware of the Court's pronouncements in *Belgica v. Ochoa*,⁶⁰ where the constitutionality of unprogrammed appropriations in the 2014 GAA was assailed on the ground that they are lump-sum figures without any enumerated public purpose. In debunking this argument, the Court held that the provisions on unprogrammed appropriations sufficiently identified the public purposes for which the funds may be used. In that sense, the Court upheld the constitutionality of unprogrammed funds, as embodied in the GAA.⁶¹

In this Separate Concurring and Dissenting Opinion, however, I espouse the view that the inclusion of unprogrammed appropriations in the GAA is repugnant to the Constitution. Thus, it is high time to clarify that while *Belgica* held that unprogrammed funds are not unconstitutional as lump-sum appropriations, the same cannot be validly embodied in the GAA. Instead, unprogrammed appropriations should be legislated through a special appropriations law.

In a democracy like ours, the Constitution is the fundamental, paramount, and supreme law of the nation, with which every statute must conform.⁶² By this reason, the Court should never hesitate to declare as null and void provisions of law that violate any norm or precept of the Constitution. As discussed above, the Constitution does not contemplate a GAA containing unprogrammed appropriations. Thus, the Court is dutybound to nullify the inclusion of unprogrammed appropriations in the GAA.

III. The PHP 60 billion reserve funds must be restored to PhilHealth

As reflected in the Office of the Solicitor General's Manifestation and Motion dated October 28, 2025, President Ferdinand R. Marcos, Jr. himself has avowed to restore to PhilHealth the PHP 60 billion it remitted to the National Treasury pursuant to Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024.⁶³ This executive acknowledgment is politically significant, but it is not, and cannot be, the legal ground for restitution. The basis for ordering the return of these funds is the Constitution itself, as construed in our jurisprudence.

The question, therefore, is two-fold: first, why must the PHP 60 billion be returned to PhilHealth as a matter of constitutional and statutory duty; and second, by what means may that return be effected without committing a fresh constitutional violation.

⁶⁰ 864 Phil. 461 (2019) [*Per Curiam, En Banc*].

⁶¹ *Id.* at 504–506.

⁶² *Bonifacio Communications Corporation v. National Telecommunications Commission*, 940 Phil. 765, 786 (2023) [*Per J. Hernandez, First Division*], citing *Manila Prince Hotel v. Government Service Insurance System*, 335 Phil. 82 (1997) [*Per J. Bellosillo, Second Division*].

⁶³ *Ponencia*, p. 128.

W

*A. Unconstitutional measures
produce no legal effects*

It is elementary that a statute or governmental act adjudged unconstitutional confers no rights, imposes no duties, affords no protection, and is inoperative as if it had not been passed at all.⁶⁴ This is the general rule consistently affirmed by this Court. A governmental act that violates the Constitution cannot serve as a lawful basis for the permanent reallocation of public funds.

As the *ponencia* has ruled, Special Provision 1(d) of the 2024 GAA and DOF Circular No. 003-2024 have been struck down for, among others, infringing Article VI, Section 29(3) of the Constitution, violating the earmarking and reserve-fund provisions of the UHCA and the Sin Tax Laws, and effectively bypassing Article VI, Sections 25(5) and 29(1) of the Constitution on transfer and appropriation of public funds. The transfers made pursuant to these measures therefore rest on no valid legal foundation.

Consequently, the PHP 60 billion drawn from PhilHealth's reserves and transmitted to the National Treasury cannot be treated as lawfully acquired general funds. They are, in constitutional contemplation, funds that should never have left PhilHealth's coffers. The logical and juridical corollary is restoration.

*B. The doctrine of operative fact
does not bar restitution*

I agree with the *ponencia* that the State may invoke, in appropriate cases, the doctrine of operative fact to soften the blow of nullity, by recognizing that a law or act, though later declared void, may have produced effects that cannot justly be unwound. But this doctrine is, as the *ponencia* correctly holds, an exception grounded in equity and fair play. It cannot, however, be stretched to perpetuate an ongoing violation of the Constitution, much less of a fundamental right.

In prior cases, this Court has ordered the refund or restitution of amounts collected or exacted under measures later declared unconstitutional or void, among them: (a) fines collected under a void local ordinance;⁶⁵ (b) taxes collected under an unconstitutional tax imposition;⁶⁶ and (c) monetary awards limited by a statutory cap subsequently struck down.⁶⁷

⁶⁴ *Id.* at 124, citing *Aldovino v. Orpilla*, 854 Phil. 100, 124 (2019) [Per J. Leonen, Third Division].

⁶⁵ *Municipality of Tupi v. Faustino*, 860 Phil. 363 (2019) [Per J. Lazaro-Javier, *En Banc*].

⁶⁶ *Saint Wealth Ltd. v. Bureau of Internal Revenue*, 918-B Phil. 1110 (2023) [Per J. Gaerlan, *En Banc*].

⁶⁷ *Yap v. Thenamaris Ship's Management*, 664 Phil. 614, 627–628 (2011) [Per J. Nachura, Second Division].

~

In those instances, the Court refused to apply the operative fact doctrine where: (a) the party challenging the measure had contested its validity from the outset; (b) there was no compelling inequity in ordering the return; and (c) the State was fully capable of refunding what it had unlawfully taken.⁶⁸

Those same conditions obtain here, and more. Petitioners challenged Special Provision 1(d) and DOF Circular No. 003-2024 precisely to prevent the diversion of PhilHealth's reserves. The Government has not credibly shown that it is unable to return the amounts. In fact, the Secretary of Finance himself, in response to questioning during oral arguments, admitted that government can comply with a directive to return PhilHealth's remittances, subject to the inclusion of the corresponding amounts in the 2026 NEP.⁶⁹

Most importantly, what is at stake is not a commercial or incidental interest but the right to health of the Filipino people, implemented through the UHCA. To allow the State to retain the PHP 60 billion siphoned from PhilHealth's reserves would be to constitutionalize a continuing violation: Funds statutorily reserved for universal health care would remain diverted to non-health purposes, even after this Court has found the legal basis for such diversion unconstitutional.

Equity does not favor the violator. The doctrine of operative fact cannot be turned into a shield for the State to keep unchecked control of health insurance reserves. Rather, it is the general rule—that unconstitutional measures produce no legal effect—that must prevail.

Accordingly, the PHP 60 billion must be returned to PhilHealth.

Thus, the question now becomes: How should the funds be returned? As the *ponencia* has decreed, the path of restoration must therefore be one authorized by the Constitution and securely anchored in the Legislature's power of the purse.

*C. The restoration of PhilHealth
reserve funds must comply with
Article VI, Sections 25 and 29 of
the Constitution*

Article VI, Section 29(1) of the Constitution is categorical: "No money shall be paid out of the Treasury except in pursuance of an appropriation made by law."

⁶⁸ *Ponencia*, pp. 124–126.

⁶⁹ *Id.* at 126.



Once the PHP 60 billion entered the National Treasury as part of the general fund, albeit under an unconstitutional scheme, its release back to PhilHealth cannot be done by mere executive pronouncement, memorandum, or circular. Even if the Executive is acting to undo an invalid measure, it remains bound by the formal requisites for disbursement of public funds. Neither can it be through augmentation or transfer of appropriations under Article VI, Section 25(5) of the Constitution, as the requisites are not met.⁷⁰ As the funds are already in the National Treasury, these cannot be classified as savings within the purview of the constitutional provision.⁷¹

Similarly, Article VI, Section 25(1) of the Constitution mandates that the GAA be the primary vehicle for specifying how public monies are to be spent, through itemization of projects, activities, and programs. This Court underscored that Congress, not the Executive, ultimately decides how the budget shall be spent, what programs to fund, and the amounts to be spent on each program. The President may recommend; he may not, by himself, restore or reallocate funds outside the parameters of the GAA.⁷²

It follows that any genuine and constitutionally sound restoration of the PHP 60 billion must be embodied in law. That law, given our budget cycle and practice, is the GAA for 2026 (2026 GAA) or another duly enacted appropriations statute.

The inclusion of a specific appropriation in the 2026 GAA for the restoration of PhilHealth's PHP 60 billion is the only constitutionally sound mechanism for restitution. By allocating the amount through a distinct line item to PhilHealth's reserve fund or special account under the UHCA, Congress reasserts its constitutional prerogative over the power of the purse. Such an appropriation would ensure that the release of funds from the National Treasury is "in pursuance of an appropriation made by law," as mandated by Article VI, Section 29(1) of the Constitution.

It likewise prevents a repetition of the constitutional violation under Article VI, Section 25(5) of the Constitution, since restoration through the GAA does not constitute an augmentation from savings by the President or any other constitutional officer, but rather an original appropriation by Congress itself. In this way, the legislative act cures, rather than compounds, the prior cross-border misallocation of funds.

Moreover, placing the restored amount under the proper budget line for PhilHealth, and expressly designating it as part of PhilHealth's statutory reserve fund pursuant to Section 11 of the UHCA, realigns the public fisc with both

⁷⁰ See *Araullo v. Aquino III*, 737 Phil. 457, 580 (2014) [Per J. Bersamin, *En Banc*].

⁷¹ *Id.*

⁷² *Id.*

72

statutory and constitutional design, ensuring that these funds are once again ring-fenced for health insurance purposes.

Finally, a specific line-item appropriation enhances transparency and accountability, enabling the public, Congress, and the COA to monitor that the restored funds are utilized solely to expand health benefits, reduce member contributions, or otherwise advance the objectives of universal health care, rather than to subsidize unrelated or discretionary expenditures.

I am aware that utilizing the 2026 GAA as the vehicle for restitution is neither the most expeditious nor practical mechanism to correct the wrong that has been done. In fact, it may even appear that the transgression committed by the respondents is incentivized for funds were taken out so easily, but the restoration will prove to be tedious. However, it is my position that this is the only course of action that will pass constitutional tests; the haste and expediency that attended the removal of funds from the state insurer cannot be repeated in its restoration without violating constitutional safeguards. Indeed, two wrongs do not make a right.

The Court cannot, of course, draft the precise text of the appropriation or compel Congress to enact a specific line-item in a specific form. That would trench upon legislative prerogatives. But the Court can declare: (1) that the original transfer was unconstitutional; (2) that the PHP 60 billion remains, in legal contemplation, part of PhilHealth's reserve funds and special health-care funds; and (3) that any lawful restoration or release of these monies from the Treasury must be carried out through an appropriation in the GAA or a similar law, not by unilateral executive action.

In this sense, inclusion in the 2026 GAA is not merely an option—it is the constitutional path to vindicating both the UHCA's design and the right to health, without repeating the errors of cross-border transfers and unauthorized augmentation.

D. Equity, solvency, and the right to health

Two further considerations reinforce the conclusion that the PHP 60 billion must not only be declared unlawfully taken but actually returned.

First, the State is presumed solvent and has not claimed otherwise. On the contrary and as earlier pointed out, the Secretary of Finance admitted before the Court that government can comply with a directive to return the funds, subject only to their inclusion in the NEP and the ensuing GAA.⁷³ This is not a case where restitution is practically impossible or would bankrupt the State.

⁷³ Ponencia, pp. 127–128.

2

Second, the funds are not ordinary revenues. They are health insurance reserves held in trust for the Filipino people's access to preventive, promotive, curative, rehabilitative, and palliative care. To deny their return would be to condone a continuing deprivation of resources mandated for universal health care, at a time when health costs are rising, poverty remains entrenched, and PhilHealth's financial capacity is under strain.

The right to health cannot be vindicated by declaratory words alone. It must be matched by the restoration of the very funds unlawfully stripped from the institution charged with implementing universal health care. To permit the State to retain these reserves despite their unconstitutional diversion would establish a perilous precedent—one that normalizes the erosion of funds dedicated to the realization of fundamental rights, even after this Court has declared the underlying acts void. The Constitution abhors such a result; it demands restoration, not perpetuation of error.

IV. Concluding observations

The disregard of actuarial mandates, misuse of special funds, violation of statutory limits, and encroachment on legislative fiscal prerogatives are not mere technical lapses; they are the very conditions under which corruption takes root. Each deviation from constitutional discipline widens the space for discretion, opacity, and unaccountable fiscal maneuvering, precisely the evils our constitutional architecture was designed to prevent.

The right to health is not rhetorical. It is a binding constitutional command that imposes real limits on fiscal discretion. When government agencies divert funds dedicated to that right, they do not merely mismanage public finances—they betray a constitutional trust.

This case also lays bare the deeper structural flaw of unprogrammed appropriations: as presently conceived, they have no place in a constitutional order that requires appropriations to rest on defined sources of financing and prohibits riders in the GAA. To tolerate such a device is to normalize precisely the kind of discretionary fiscal space that made the diversion of PhilHealth's reserves possible in the first place.

Fidelity to that trust requires that every peso collected for health be spent for health and for no other purpose.

ACCORDINGLY, I vote to **PARTLY GRANT** the Petitions.

Special Provision 1(d) of Republic Act No. 11975, or the General Appropriations Act of 2024, and Department of Finance Circular No. 003-2024, which authorized the transfer of PHP 89.9 billion "fund balance" of the Philippine Health Insurance Corporation to the National Treasury, are

UNCONSTITUTIONAL having been issued and implemented with grave abuse of discretion amounting to a lack or excess of jurisdiction in violation of Article VI, Sections 25(2), 25(5), and 29(3), as well as Article II, Section 15, and Article XIII, Section 11 of the Constitution.

The inclusion of unprogrammed appropriations in the General Appropriations Act of 2024 is likewise declared **UNCONSTITUTIONAL** for contravening Article VI, Section 25(2) and Article VII, Section 22 of the Constitution.

Respondents are **DIRECTED** to cause the restoration of the PHP 60 billion “fund balance” to the Philippine Health Insurance Corporation, through the inclusion of a line item in the 2026 General Appropriations Act.

The Temporary Restraining Order against the transfer to the National Treasury of the remaining PHP 29.9 billion fund balance of the Philippine Health Insurance Corporation and the further implementation of Special Provision 1(d) and Department of Finance Circular No. 003-2024 issued under Resolution dated October 29, 2024, is **MADE PERMANENT**.


RAMON PAUL L. HERNANDO
Associate Justice

CERTIFIED TRUE COPY


MAESA CECILIA M. CAPUNPON
Deputy Clerk of Court and
Executive Officer
OCC-En Banc, Supreme Court