



Republica de Filipinas
Ciudad de Zamboanga

OFICINA DEL ALCALDE

BUDGET CIRCULAR NO. JD-2025-06

January 31, 2025



TO : THE CITY VICE MAYOR, DEPARTMENT HEADS, ASSISTANT DEPARTMENT HEADS, COLLEGE PRESIDENT - COLEGIO DE LA CIUDAD DE ZAMBOANGA – AYALA AND VITALI CAMPUSES, CITY TREASURER, CITY ACCOUNTANT AND CITY BUDGET OFFICER

SUBJECT : GUIDELINES ON THE GRANT OF MEDICAL ALLOWANCE FOR FY 2025

1.0 BACKGROUND

- 1.1 Section 7 of Executive Order (EO) No. 64, s. 2024 authorizes, beginning FY-2025, the grant of a Medical Allowance in an amount not exceeding Seven Thousand Pesos (P 7,000.00) per annum to each qualified government civilian personnel as a subsidy to avail of health maintenance organization (HMO)-type benefits, subject to the conditions and guidelines to be issued by the Department of Budget and Management (DBM). Said Section likewise stipulated that the Medical Allowance shall be categorized under the Standard Allowances and Benefits component of the Total Compensation Framework embodied in Congress Joint Resolution No. 4, s. 2009 and Republic Act (RA) No. 11466.

2.0 PURPOSE

- 2.1 To provide the guidelines, rules and regulations on the grant of the Medical Allowance to officials and employees of the City Government of Zamboanga.

3.0 COVERAGE

- 3.1 All officials and employees having an employer-employee relationship and whose compensation is being paid solely from the Personnel Services budget.

The term “official” as used in this circular shall refer to those holding local elective positions.

4. EXCLUSIONS

Those hired without an employer-employee relationship and whose compensation are funded from Non-Personnel Services (PS) appropriations/budgets as follows:

- 4.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;





- 4.2 Laborers hired through job contracts (pakyaw) and those paid on piecework bases;
- 4.3 Student laborers and apprentices; and
- 4.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similar situations.

5. DEFINITION OF TERMS

- 5.1 HMO-provider – refers to a juridical entity legally organized to provide or arrange for the provision of pre-agreed or designated health care services to its enrolled members for a fixed pre-paid fee for a specific period of time.
- 5.2 HMO-type product – refers to an agreement issued on individual/family or group basis approved pursuant to Insurance Commission (IC) Circular Letter No. 2017-19 and issued by duly licensed HMO companies by the IC.

6. RATES OF THE MEDICAL ALLOWANCE

- 6.1 The rate for medical allowance for FY-2025 for full-time service of government personnel shall not exceed P 7,000.00 per annum.
- 6.2 The medical allowance per annum for part-time service shall be in direct proportion to the Medical Allowance for full-time service.

The Medical Allowance for part-time service in FY-2025 shall be computed as follows:

$$\text{Medical Allowance (part - time Service)} \\ = (\text{P } 7,000.00) \times \frac{\text{(hours of part - time service/day)}}{8 \text{ hours of full time service}}$$

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

7. FORMS AND OTHER DETAILS OF THE MEDICAL ALLOWANCE

- 7.1 The Medical Allowance may be granted in the following forms:
 - 7.1.1 In the form of HMO-type product coverage, which could be availed by either (i) the City Government of Zamboanga or (ii) by the Zamboanga City Government Employees Association (ZCGEA). However, the employee may opt out from such group purchase and may individually avail of another HMO product of their choice.





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- 7.1.2 In cash form for those who will (i) avail their own or (ii) pay/renew their existing HMO-type benefits.
- 7.1.3 In cash form for those who paid their own medical expenses, such as but not limited to hospitalization, emergency care, diagnostic test, and medicines, in view that the application for an HMO product has been denied by an HMO company.
- 7.2 In case an employee opts to continue his/her existing HMO product, the Medical Allowance shall be spent thereto provided that it will cover the fiscal year, in whole or in part, when the allowance was granted.
- 7.3 In cases where the HMO-type product availed is below the rate of P 7,000.00 Medical Allowance, the government employee shall not be obligated to refund the excess amount to the City Government.

8. CONDITIONS AND GUIDELINES ON THE GRANT OF MEDICAL ALLOWANCE

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

- 8.1 Civilian personnel are occupying regular, contractual, or casual positions.
- 8.2 Personnel are already in the government service and are to render services for at least a total or an aggregate of Six (6) months of service in a particular fiscal year, including leaves of absence with pay, as well as those services rendered under any of the alternative work arrangements prescribed by the Civil Service Commission.
- 8.3 Newly-hired employee may qualify for the grant of the Medical Allowance after rendering six (6) months of service.
- 8.4 For Transferred Employee:
 - 8.4.1 Employee who transferred to another agency and was not granted Medical Allowance by the previous agency shall be granted Medical Allowance by the new agency, subject to the submission of a certification to the effect.
 - 8.4.2 Employee who transferred to another agency within the year but was earlier granted Medical Allowance by the previous agency shall no longer be granted Medical Allowance by the new agency.
- 8.5 Medical Allowance of an employee on detail to another government agency shall be granted by the mother agency, while those on secondment shall be paid by the recipient agency.





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- 8.6 A compulsory retiree, whose services have been extended, may be granted Medical Allowance, subject to the pertinent conditions and guidelines under this circular.
- 8.7 Those who are formally charged with administrative and/or criminal cases, which are still pending for resolution, shall be entitled to Medical Allowance until found guilty by final and executory judgement, provided that:

8.7.1 Those found guilty shall not be entitled to Medical Allowance in the year of finality of the decision.

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

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

8.8 Employees on Study Leave or Study/Training/Scholarship Grant

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

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

- 8.9 Pursuant to Revenue Memorandum Circular No. 107-2024 of the Department of Finance-Bureau of Internal Revenue, the authorized Medical Allowance granted under EO No. 64, s. 2024 falls under the "de minimis" benefit contemplated in Section 2.78.1 (A)(3) of Revenue Regulation (RR) No. 2-98, as amended. Such being the case, the Medical Allowance and/or the actual premium paid to HMO providers in compliance with EO No. 64, s. 2024 is **exempt from income tax** and consequently to withholding tax pursuant to Section 2.78.1 (A)(3) of RR No. 2-98, as amended.

9.0 FUNDING SOURCE

The grant of the Medical Allowance to officials and employees of the City Government shall be charged to Account Other Personnel Benefits (Medical Allowance) (5-01-04-990-16) of their respective offices.





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10.0 REPORTORIAL REQUIREMENTS

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

In case the Medical Allowance is granted in cash form, as provided under Item 7.1.3 hereof, the personnel shall submit documents to support the use of the allowance for medical expenses, e.g., receipts of the medical services undertaken.

11.0 RESPONSIBILITIES OF THE DEPARTMENT HEADS

Heads of Department as well as the Officer In-Charge shall be held responsible for the proper implementation of the provisions of this circular. They shall be held liable for any grant or payment of Medical Allowance that is not in accordance with the provisions set forth in this Circular without prejudice, however, to the refund of any undue payment received by the officials and employees of the office concerned.

12.0 SAVING CLAUSE

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

13.0 EFFECTIVITY

This Circular shall take effect immediately and the payment of Medical Allowance shall start on February 3, 2025.

JOHN M. DALIPE
City Mayor

