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NHQ-PCG/CG-1

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MEMORANDUM CIRCULAR
NUMBER 02-25

**RULES AND REGULATIONS ON THE GRANT OF MEDICAL ALLOWANCE TO
PCG NON-UNIFORMED PERSONNEL**

I. AUTHORITY / REFERENCES

- A. Republic Act No. 9993, entitled "Philippine Coast Guard Law of 2009" and its Implementing Rules and Regulations (IRR) dated 27 July 2009;
- B. Executive Order No. 64, s. 2024;
- C. Revenue Memorandum Circular No. 107-2024; and
- D. Revenue Regulations (RR) No. 2-98, as amended

II. PURPOSE

This Memorandum Circular is issued to provide guidelines, rules and regulations on the grant of medical allowance to qualified Non-Uniformed Personnel of the Philippine Coast Guard.

III. COVERAGE

This guidelines shall cover all regular and casual Non-Uniformed personnel.

IV. DEFINITION OF TERMS

The following terms as used in this Memorandum Circular shall be defined as follows:

- A. **Geographically Isolated and Disadvantaged Areas (GIDAs)** – refer to communities/areas which are specifically disadvantaged due to the presence of both physical (refers to characteristics that limit the delivery of and/or access to basic health services to communities that are difficult to

reach due to distance, weather conditions and transportation difficulties) and socio-economic (refers to social, cultural and economic characteristics of the community that limit access to and utilization of health services) factors.

- B. **Health Maintenance Organization (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.
- C. **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.
- D. **Non-Uniformed Personnel (NUP)** – refers to all civilian employees of the Philippine Coast Guard.

V. RATES OF MEDICAL ALLOWANCE

- A. For FY 2025, the medical allowance for regular and casual Non-Uniformed Personnel of the PCG shall not exceed Seven Thousand Pesos (Php 7,000.00) per annum.
- B. For each subsequent year, the medical allowance shall not exceed the amount authorized under the pertinent general provisions in the annual General Appropriations Act (GAA).

VI. FORMS AND OTHER DETAILS OF THE MEDICAL ALLOWANCE

- A. The medical allowance may be granted in the following forms:
 - i. In the form of HMO-type product coverage, which could be availed by either (i) the PCG or (ii) the PCG Non-Uniformed Personnel Association (NUPA).

Such arrangement, however, is without prejudice to the preference of employees to opt out from such group purchase, and individually avail of another HMO product.
 - ii. In cash form for those who will (i) avail their own or (ii) pay/renew their existing HMO-type benefit.
 - iii. In cash form for those who paid their medical expenses, such as but not limited to hospitalization, emergency care, diagnostic tests and medicines, due to the difficulty in acquiring HMO-product in view of the following:

- a) The employee's locality/community is identified as GIDA, as certified by the Commandant, PCG;
 - b) The employee's locality/community has no adequate HMO Branch or Office of a licensed HMO company, as certified by the Commandant, PCG; or
 - c) The application of the personnel concerned in acquiring HMO coverage has been denied by an HMO company.
- B. 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.
- C. In cases where the HMO-type product availed is below the rate of Php 7,000.00 medical allowance, the government employee shall not be obligated to refund the excess amount to the government.

VII. CONDITIONS AND GUIDELINES ON THE GRANT OF MEDICAL ALLOWANCE

The grant of the medical allowance shall be subject to the following conditions and guidelines:

- A. The NUP are occupying regular or casual positions.
- B. The personnel are already in the government service and are to render services for at least a total or an aggregate of six (6) months of service in a particular fiscal year, including leaves of absence with pay, as well as those services rendered under any of the alternative work arrangements prescribed by the Civil Service Commission.
- C. A newly-hired employee may qualify for the grant of the medical allowance after rendering six (6) months of service.
- D. For Transferred Employee:
 - i. An employee who transferred from another agency and was not granted medical allowance by the former agency shall be granted medical allowance by the PCG, subject to the submission of a certification from the employee's previous agency.
 - ii. An employee who transferred from another agency within the year but was earlier granted medical allowance by the previous agency shall no longer be granted medical allowance by the PCG.

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- E. The medical allowance of an employee on detail to another government agency shall be granted by the PCG as the mother agency, while those on secondment shall be paid by the recipient agency.
- F. A compulsory retiree, whose services have been extended, may be granted with medical allowance, subject to the pertinent conditions and guidelines under this SOP.
- G. 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 judgment, provided that:
 - i. Those found guilty shall not be entitled to medical allowance in the year of finality of the decision. The personnel shall refund the medical allowance received for that year.
 - ii. If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to medical allowance.
- H. For employees on Study Leave or Study/Training/Scholarship Grant:
 - i. An employee on study leave or on study/training/scholarship grant, whether locally or abroad, shall be entitled to the grant of medical allowance for the year if he/she renders at least six (6) months of service in the same year, including leave of absence with pay, prior to and/or after the study leave or study/training/scholarship grant.
 - ii. 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.

VIII. GENERAL AVAILMENT PROCESS

The availment of medical allowance for PCG NUP shall follow a systematic procedure to ensure compliance with the provisions of this MC and DBM Budget Circular No. 2024-6 (Department of Budget and Management, 2024).

A. Forms of Medical Allowance Availment

Personnel may avail the medical allowance in any of the following forms as prescribed under Section 7.1 of DBM Budget Circular No. 2024-6:

- i. **HMO-Type Product Coverage Through Group Purchase**
 - a) **Agency Procurement:** The PCG may procure HMO-type product coverage for qualified personnel.

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- b) **Employee Organization Procurement:** The PCG NUPA may arrange group purchase of HMO-type products.
- c) **Opt-Out Option:** Personnel may choose to opt out from group purchase and individually avail of another HMO product (Department of Budget and Management, 2024, Section 7.1.1).

ii. **Cash Form for Personal HMO Procurement**

Personnel may receive the Medical Allowance in cash form for the following purposes:

- a) To avail of their own HMO-type benefit.
- b) To pay or renew their existing HMO-type benefit (Department of Budget and Management, 2024, Section 7.1.2).

iii. **Cash Form for Medical Expenses in Special Circumstances**

Cash form allowance may be granted to personnel who paid their medical expenses due to difficulty in acquiring HMO products under the following certified conditions:

- a) Their localities/communities are identified as Geographically Isolated and Disadvantaged Areas (GIDA), as certified by the Commandant PCG.
- b) Their localities have no adequate HMO branch or office of a licensed HMO company, as certified by the Commandant PCG.
- c) Application of the personnel concerned in acquiring HMO coverage has been denied by an HMO company (Department of Budget and Management, 2024, Section 7.1.3).

B. Application and Processing Procedures

i. **Initial Application Requirements**

All qualified personnel seeking to avail of the medical allowance must:

- a) Submit a written application to the Non-Uniformed Personnel Affairs.
- b) Provide proof of eligibility based on the conditions outlined in Section 7 of this MC.
- c) Indicate the preferred form of medical allowance (HMO coverage or cash).

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- d) Submit complete documentation as specified in Section 8.4 of this procedure.

- ii. **Verification and Approval Process**

- a) The Non-Uniformed Personnel Affairs shall verify the eligibility of the applicant.
- b) Confirmation of six (6) months service requirement for the fiscal year.
- c) Review of any pending administrative or criminal cases.
- d) Approval by the designated PCG authority.

C. Documentation Requirements

- i. **For HMO-Type Product Enrollment**

All personnel who receive medical allowance must submit proof of enrollment with an HMO provider, including any of the following documents as specified in Section 14.1 of DBM Budget Circular No. 2024-6:

- a) Certified copy of the HMO agreement or identification card issued by the HMO provider;
- b) Certification of membership issued by the HMO provider; or
- c) Official receipt for the payment of membership fee for the HMO product acquired (Department of Budget and Management, 2024).

- ii. **For Cash Form Medical Expenses**

Personnel receiving cash form allowance under Section 8.2.3 must submit the following supporting documents:

- a) Receipts of medical services undertaken (hospitalization, emergency care, diagnostic tests, medicines);
- b) Certification from the Commandant, PCG for GIDA classification (if applicable);
- c) Certification from the Commandant, PCG regarding inadequate HMO services in the locality (if applicable);

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- d) Written denial notice from HMO company (if applicable); and
- e) Any additional documents as may be required by internal PCG guidelines (Department of Budget and Management, 2024, Section 14.2)

Multiple Reimbursement Claims: Personnel may submit multiple reimbursement claims for medical expenses throughout the fiscal year, provided that the total cumulative amount does not exceed the maximum annual medical allowance of Php 7,000.00 as prescribed under Section 5.1 of this MC and DBM Budget Circular No. 2024-6.

iii. **For Transferred Personnel**

Personnel who transferred to PCG from another agency must submit:

- a) Certification from the previous agency stating whether Medical allowance was granted or not granted for the current fiscal year; and
- b) Service record showing dates of transfer and service periods (Department of Budget and Management, 2024, Section 8.4).

iv. **For Personnel with Existing HMO Coverage**

Personnel opting to continue existing HMO products must provide:

- a) Proof of existing HMO coverage;
- b) Documentation showing coverage period encompasses the current fiscal year (in whole or in part); and
- c) Premium payment receipts or renewal documentation (Department of Budget and Management, 2024, Section 7.2).

D. Processing Timeline and Deadlines

i. **Application Submission**

- a) Applications should be submitted within the first quarter of the fiscal year.
- b) Late applications may be considered subject to budget availability and service period compliance.

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ii. **Processing Period**

- a) Initial review and verification: Should not exceed fifteen (15) working days reckoned from the time of total compliance with the requirements. This period shall not commence if the applicant cannot completely submit the set documents.
- b) Final approval and release: Should not exceed thirty (30) working days after the initial review and verification.

iii. **Annual Reporting Deadline**

The PCG shall submit annual reports to DBM not later than one (1) month after every fiscal year using the prescribed template in Annex "A" of DBM Budget Circular No. 2024-6 (Department of Budget and Management, 2024, Section 14.2).

E. Special Procedures for Specific Categories

i. **Newly-Hired Personnel**

- a) May qualify for medical allowance after rendering six (6) months of service.
- b) Application may be submitted upon completion of the six-month requirement.

ii. **Personnel on Study Leave or Training**

- a) Must render at least six (6) months of service in the same fiscal year.
- b) Service period includes time before and/or after the study leave or training period.
- c) Documentation of study leave/training period required (Department of Budget and Management, 2024, Section 8.8).

F. Multiple Claims and Annual Limits

i. **Cumulative Reimbursement Tracking**

The Non-Uniformed Personnel Affairs Office shall maintain a tracking system to monitor the cumulative medical allowance reimbursements per personnel to ensure compliance with the annual Php 7,000.00 limit.

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ii. **Claim Processing for Multiple Submissions**

- a) Each reimbursement claim shall be processed individually upon submission of complete documentation.
- b) The remaining balance of the annual entitlement shall be communicated to the personnel after each processed claim.
- c) No reimbursement shall be approved if it would cause the total annual amount to exceed ₱7,000.00.

G. Monitoring and Compliance

i. **Internal Guidelines**

The PCG shall establish internal implementing rules, guidelines and procedures on the release, use and monitoring of the medical allowance, subject to the limitations prescribed in DBM Budget Circular No. 2024-6 (Department of Budget and Management, 2024, Section 15.1).

ii. **Audit and Accountability**

- a) Regular monitoring of medical allowance utilization.
- b) Annual reconciliation of disbursements and beneficiaries.
- c) Compliance verification with HMO enrollment requirements.

H. Non-Compliance and Penalties

Personnel who fail to comply with the documentation requirements or misuse the medical allowance shall be subject to:

- i. Refund of excess or undue payments.
- ii. Disciplinary action under civil service laws, rules and regulations.
- iii. Potential disqualification from future medical allowance grants.

IX. FUND SOURCES

- A. The amount required for the grant of the medical allowance shall be charged against the available Personnel Services (PS) allotments of the PCG.

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

X. TAX TREATMENT

- A. Pursuant to Revenue Memorandum Circular No. 107-2024 of the Department of Finance - Bureau of Internal Revenue, the authorized medical allowance granted under EO No. 64, s. 2024 falls under the "de minimis" benefit contemplated in Section 2.78.1(A)(3) of Revenue Regulations (RR) No. 2-98, as amended.
- B. The medical allowance and/or the actual premium paid to HMO providers in compliance with EO No. 64, s. 2024 is exempted from income tax and, consequently, to withholding tax pursuant to Section 2.78.1(A)(3) of RR No. 2-98, as amended.

XI. REPORTORIAL REQUIREMENTS

- A. All government personnel who have been provided with medical allowance shall submit a proof of enrollment with an HMO provider, such as but not limited to:
 - i. Certified copy of the HMO agreement or identification card issued by the HMO provider;
 - ii. Certification of membership issued by the HMO provider; or
 - iii. Official receipt for the payment of membership fee for the HMO product acquired.
- B. In case the medical allowance is granted in cash form, as provided under Section 6.1.c hereof, the personnel shall submit documents to support the use of the allowance for medical expenses, e.g., receipts of the medical services undertaken, subject to the internal guidelines to be issued by the PCG.
- C. The PCG shall submit to the DBM's Budget and Management Bureau or Regional Office concerned not later than one (1) month after every fiscal year, the annual report on the grant of the medical allowance by following the template in Annex "A" of DBM Budget Circular No. 2024-6.

XII. RESPONSIBILITY OF AGENCY HEAD

A. The Commandant, PCG shall:

- i. Evaluate and decide on requests for exemption filed by officials and employees;
- ii. Certify localities/communities identified as GIDA;
- iii. Certify localities that have no adequate HMO branch or office of a licensed HMO company;
- iv. Ensure proper implementation of this Memorandum Circular;
- v. Establish and issue internal implementing rules, guidelines and/or procedures on the release, use and monitoring of the medical allowance, subject to the guidelines and limitations prescribed in DBM Budget Circular No. 2024-6.

- B. The PCG shall be held liable for any grant of the medical allowance not in accordance with the provisions of this MC and DBM Budget Circular No. 2024-6, without prejudice, however, to the refund by the employees concerned of any excess or undue payments.

XIII. PENALTY

Any violation of the provisions of this MC shall be considered as ground for disciplinary action under civil service laws, rules and regulations.

XIV. REPEALING CLAUSE

All other office memoranda, memorandum circulars, resolutions, rules or regulations inconsistent herewith are deemed repealed or modified accordingly.

XV. SEPARABILITY CLAUSE

If any provision of this MC or the application of such provision to any person or circumstances is declared invalid, the remainder of the policy or the application of such provision to other persons or circumstances shall not be affected by such declaration.

XVI. CONTINUOUS REVIEW

The provisions of this MC shall be subject to continuous review by the PCG. The PCG may, as necessary, issue amendments, revisions or supplemental guidelines to ensure the effective implementation and relevance of this Memorandum Circular in light of evolving circumstances, policies or applicable laws.

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XVII. EFFECTIVITY

This Memorandum Circular shall take effect immediately after its publication and shall remain in force and effect until revoked.

BY COMMAND OF ADMIRAL GAVAN PCG:

OFFICIAL:

GLIDE GENE MARY G SONTILLANOSA
COMMO **PCG**
Acting Chief of Coast Guard Staff


JAYSIEBELL B FERRER
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