



Annual Report 2010

Labinlimang Taon ng
Segurong Pangkalusugan
Para sa Lahat



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our cover

With this year's theme of ***"Labinlimang Taon ng Segurong Pangkalusugan Para sa Lahat"***, PhilHealth continues its advocacy of ensuring that all Filipinos are able to partake of the benefits that it offers. This, together with policy improvements, assures all Filipinos that they are able to get the coverage they deserve.

Beneficiaries, health care, and corporate vision all intertwine in this out-of-the-box design study. Intertwining lines symbolize the different connections that PhilHealth makes with various stakeholders – such as health professionals, policy holders, and the government – as it strives to realize its vision of health care for all. Representative images of these stakeholders are presented using circular frames on the cover. Finally, the white background provides a clean plane to appreciate the design.



vision

Adequate and Affordable Social Health Insurance Coverage for ALL Filipinos

mission

To ensure adequate financial access of every Filipino to quality health care services through the effective and efficient administration of the National Insurance Program



From the President of the Philippines

My warmest greetings to the Philippine Health Insurance Corporation on the publication of your Annual Report.

Guided by the understanding that investing in health contributes to the development of our nation, I have expressed my vision, from the beginning of our administration, of Kalusugan Pangkalahatan, which would be sustained considerably by providing PhilHealth insurance to our fellow Filipinos. Thus, PhilHealth plays a key role in our common objective of maintaining affordable and quality health care. It is my hope, as you end another productive year, that you continue to carry out your mandated task with renewed commitment. I anticipate an improved National Health Insurance Program that insures more Filipinos and opens the way to enhanced PhilHealth benefits and stable financial protection.

In this era of daylight and hope, we have the momentum to establish a progressive future for our countrymen. Let us move on with confidence on the straight and righteous path toward the dream we all share of a revitalized Philippines.



Benigno S. Aquino III
President
Republic of the Philippines

From the Chairman of the Board



The year 2010 marks the 15th year of the Corporation, the year of reckoning for universal health coverage for all Filipinos. While this Annual Report highlights the achievements of PhilHealth within this year, we must recognize that we need to measure our progress against the aspirations of the PhilHealth law – to provide the mechanism to help all Filipinos pay for health care services.

Notwithstanding PhilHealth achievements for 2010, we move towards the future of this Corporation confronted with the difficulty of ensuring that the poor and the informal sector are consistently eligible to use their PhilHealth entitlements. We are charged with protecting Filipinos from the impoverishing effects of health care cost. These are some of the rationales for DOH's Health Agenda of Kalusugan Pangkalahatan or Universal Health Care for all Filipinos. While this policy largely implies the attainment of universal coverage, it does not mean providing coverage for all health services. It means ensuring that financially vulnerable families are included in the National Health Insurance Program, essential health services are covered, and the level of financial protection provided prevents impoverishment from health care spending.

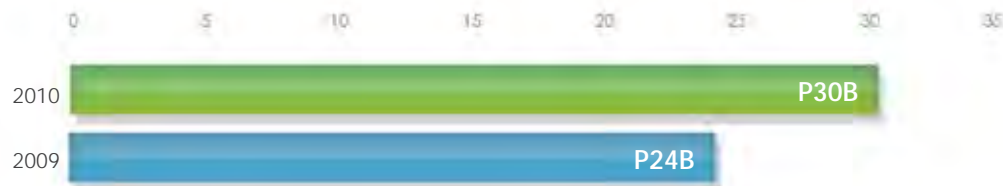
As steward and administrator of the National Health Insurance Program, we need to distill the lessons of the past 15 years to propel us to achieve better performance towards authentic universal health care.

A handwritten signature in black ink, appearing to read 'Enrique T. Ona'.

Enrique T. Ona, M.D.
Secretary of Health

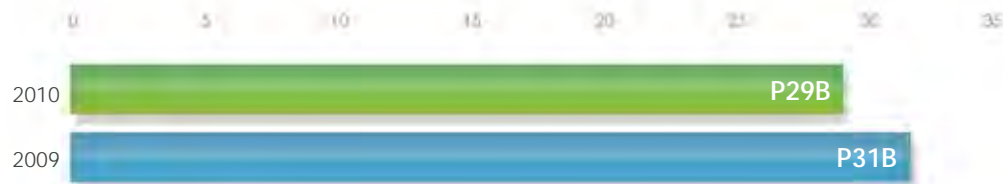
2010 Financial Highlights

Benefit Payment



PhilHealth processed benefit payments amounting to P30.5 billion in 2010, a 26 percent increase from the previous year's P24 billion. Benefit payment for Sponsored Program members registered a staggering 65 percent increase from the previous year, 15 percent of which were spent on capitation payments for OPB services.

Premium Collections



The overall success of the national election provided a wave of positive effects as confidence in the local market returned and the economy slowly recovers. PhilHealth managed to exhibit a respectable collection performance, registering P29 billion in 2010. The year also highlighted the implementation of the segmentation of premium rates for the Individually Paying Program, wherein IPP members who are classified as professionals shall pay a higher premium rate than their non-professional counterpart.

Investment Portfolio



PhilHealth was able to post a respectable investment performance and continued its ascent. As of year-end 2010, investments reached P98 billion.



The Report of the President and CEO

The year 2010 was very significant, not only for our nation, but also for your PhilHealth.

On the national level, the year saw the passing of the torch from the outgoing President, Gloria Macapagal-Arroyo to her successor, His Excellency, President Benigno Simeon C. Aquino III.

The year was particularly significant to your PhilHealth as it marked the 15th anniversary of the establishment of the National Health Insurance Program (NHIP). It was in 1995 when the National Health Insurance Act, or RA 7875 was signed into law, paving the way for what is now known as PhilHealth.

On our 15th year, your PhilHealth proved to be more geared up and capable of attaining more significant impact in the quality of life of the Filipino by providing access to quality health care services and ensuring the financial protection of NHIP beneficiaries.

On top of this milestone, 2010 shall also be remembered as the culminating year of the 2008-2010 PhilHealth Medium Term Plan.

We are charting a new course for your PhilHealth. As we move forward, you are assured that your PhilHealth shall have more focus in developing our medium term plan for 2011-2016. It is time to revisit our Vision and Mission to validate the responsiveness of our long-term strategies and for the entire PhilHealth organization, to rekindle its commitment to each and every Filipino.

Before we move any further, let me express our sincerest thanks to our partners and stakeholders for giving us support in pursuing our vision of providing health care for all Filipinos. Also, allow me to give credit, where credit is due, to the men and women of your PhilHealth whose unrelenting commitment has brought us to unprecedented and unmatched feats. Finally to our members, thank you for your having been instrumental in making PhilHealth a household name in the country.

As your President and CEO, I am humbled that these milestones happened during my watch. I am very pleased to report to you the modest accomplishments of your PhilHealth for the year 2010, and present the highlights of our achievements in the medium term (2007-2010).

Increased Social Impact

Among our Key Result Areas, Increased Social Impact is one that matters most to our beneficiaries and stakeholders. Let us take a cue from His Excellency President Aquino's Social Contract with the Filipino People – particularly in the area of health. True to its long avowed principle of Social Solidarity, your PhilHealth has intensified its efforts toward creating more social impact in the implementation of the NHIP.

26 Percent Increase in Benefit Spending (increase of more than 6 billion pesos)

Your PhilHealth continues its thrust to improve the state of health care financing in the country. This improvement is done through increased benefit spending geared towards higher financial protection, lower out of pocket payment and higher support value.

In 2010, benefit payments amounted to **30.5 billion pesos**, a **26 percent increase** from the previous year's payment of 24.2 billion pesos.

Since I assumed stewardship in mid-2008, your PhilHealth has managed to **increase benefit spending by 75 percent** (from 17.4 billion in 2007 to 30.5 billion in 2010). This has been an unprecedented feat in the past 15 years for any three-year period.

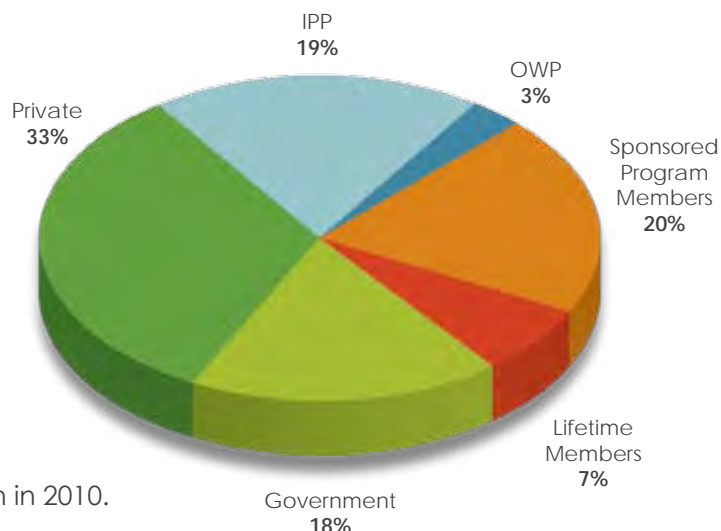
Benefit Payments

Sector	As of Dec. 2010
Government-Employed	5,458.6
Private-Employed	11,083.5
Sponsored Program	6,634.1
Individually-Paying Program	4,419.5
Overseas Workers Program	948.9
Lifetime Program	1,968.6
Total	30,513.2

(in million pesos)

3.2 Percent Increase in Number of Paid Claims

2010 also yielded another milestone as the **highest number of paid claims** was posted after 15 years. From a total of 3.3 million paid claims in 2009, PhilHealth processed and paid around 3.4 million claims in 2010, an increase of more than 100,000 claims, or a 3.2 percent increase. Moreover, an increase of **27 percent** was posted in the number of claims paid in the medium term from 2.7 million in 2007 to 3.4 million in 2010.



This increase in paid claims shows that more NHIP beneficiaries have availed themselves of benefits when they needed it. More than ever, more Filipinos are attaining better health care.

45 Percent Increase in the Number of Claims by the Poor

One particular performance measure that we are more specially concerned about is the benefit availment of the poor under the NHIP's Sponsored Program, the heart of the NHIP. The number of claims filed by the poor under the program increased by 45 percent from around 500,000 to more than 732,000 claims.

In the medium term, the **number of claims of the poor increased by almost 50 percent** from 2007 to 2010 – a concrete manifestation of the NHIP's success in ensuring financial protection and assistance, particularly among the disadvantaged sectors of our population.

18 Percent Increase in Average Value per Claim (AVPC)

Not only did the number of claims increase, but the AVPC as well had significant increases, both for the year 2010 and in the medium term. An almost **18 percent increase in AVPC** was posted in 2010, from 6,737 pesos in claim in 2009 to 7,930 pesos in claim in 2010. While the medium term, the AVPC rose by 27 percent, from 6,231 pesos in 2007 to 7,930 pesos in 2010.

11 Percent Increase in Aggregate Enrolment

From 20.18 million registered members in 2009, PhilHealth posted an aggregate enrolment of 22.4 million members as of the end of 2010, an increase of 11 percent. The higher membership base translates to higher coverage of the population, increased risk-sharing among the population and better financial protection.

Sector	Registered Members*
Government-Employed	1.95
Private-Employed	7.86
Sponsored Program	6.04
Individually-Paying Program	3.75
Overseas Workers Program	2.34
Lifetime Program	0.50
Total	22.4

(in millions)

Notes: *Based on MMG report

**Estimates are based on member-dependent ratio as computed by the BDR study

Looking back at the past three years as your PhilHealth President and CEO, I am proud to report that our enrolment rose by 42 percent, from 15.8 million in 2007 to 22.4 million in 2010.

6 Percent Increase in the Number of Accredited Institutional Providers

Your PhilHealth accredited more health facilities in 2010. We did this by providing technical assistance to health providers that fell short of accreditation quality criteria, among others.

The number of accredited institutional providers rose from 4,523 in 2009 to 4,792 in 2010. They are strategically located in different administrative regions of the country.

Facilities	Accredited
Hospitals	1,602
Ambulatory Surgical Clinics	59
Rural Health Units / Health Centers	1,404
Freesanding Dialysis Clinics	56
Maternity Care Clinics	742
TB/DOTS Centers	813
Professionals	21,338

Source: HFPS-HIS & Accreditation Dept.

We are now closer to achieving our goal of providing more access to our members and at the same time, in ensuring the quality of the services rendered by our accredited providers.

11 Percent Increase in Accredited Outpatient Package (Non-Hospital) Providers

Among the more important performance indicators that I have focused on during my stint as your President and CEO is the expansion of the outpatient non-hospital providers. My experience as a former local chief executive and legislator and as a medical doctor has made me realize that the accreditation of these providers is critical in addressing the needs of those who frequent them the most – the poorest of the poor. In the medium term, the number of **accredited maternity clinics** almost tripled, from 267 in 2007 to 742 in 2010. Our **accredited RHUs/HCs increased by 12 percent**, from 1,252 in 2007 to 1,404 in 2010. On the other hand, our **accredited TB/DOTS Clinics increased by 72 percent**, from 474 in 2007 to 813 in 2010.

Giving Back to the NHIP Beneficiaries

For the first time in the history of the NHIP, your PhilHealth paid more in benefits than it collected in premium contributions. We paid more than 30.5 billion pesos against our collection of 29 billion pesos, or a difference of 1.5 billion pesos.

Not all investments are measured with collections. It is far more important for us to invest in the care and well-being of every Filipino. By giving back to our NHIP beneficiaries, we continue to pursue our goal of making an impact in the country's health care financing through a significant increase in benefit spending.

Institution of Reforms

In order for your PhilHealth to attain its tall mandate of providing adequate social health insurance coverage to all Filipinos, there is a need for strategic shifts in the way we are doing things. After all, management experts would say that one cannot expect to accomplish greater things if one keeps doing things the same way.

We did a thorough analysis of our organizational mandate vis-a-vis our current capacity. We looked for policy gaps that would keep us from attaining greater things. We never ceased in looking for ways to improve our business processes. The result showed that we must continuously invest in our people and relentlessly pursue the needed reforms, provided for in our organic law – the National Health Insurance Act.

It is our advocacy that every Filipino becomes an empowered beneficiary of the National Health Insurance Program (NHIP), knowledgeable in his or her entitlement and responsibilities. It is our dream that all health care providers in the country become able and willing partners in the delivery of quality health care services. It is our intention that all our stakeholders – the National Government, the Local Government Units, the Private Sector, our international partners, should further strengthen their involvement and commitment to the quest for Universal Health Care.

Kami po sa PhilHealth ay lubos na nagpapasalamat sa isang makabuluhan at matatag na samahan ng iba't ibang sektor ng ating lipunan tungo sa sapat at abot-kayang segurong pangkalusugan para sa lahat. Mabuhay po tayong lahat!



Rey B. Aquino, M.D.
President & CEO

2010 Highlights of Operation

PhilHealth@15: A Toast to Universal Coverage

As it celebrated its 15th Anniversary, the Philippine Health Insurance Corporation (PhilHealth) led the nation in observing National Health Insurance Month in February. Through Proclamation 1400, then President Gloria Macapagal-Arroyo declared February of each year as NHIP Month with the purpose of stimulating public awareness on issues involving social health insurance and encouraging PhilHealth's key partners to assume their respective roles to ensure the success of the National Health Insurance Program.



About 20 million Filipino families are now covered by PhilHealth. This information was mentioned by Dr. Rey B. Aquino, President and CEO during the press briefing at the historic Manila Hotel. By year-end, membership registration totaled to around 22.5 million members, higher from a recorded figure of 20.1 million by the end of 2009.

Continuous mapping of employers by our regional offices and cleaning up of contribution database resulted in the identification and issuance of PINs to those not previously registered paying members.

Health Insurance for the Underprivileged



PhilHealth has intensified its enrolment efforts to the Sponsorship Program. The Corporation has inked a Memorandum of Agreement (MOA) with the Philippine Charity Sweepstakes (PCSO). The agreement provided for premium counterpart on behalf of Local Government Units (LGUs) to cover the health insurance of around 200,000 transport workers.

Coverage was also expanded to our brothers in the military. We have signed a MOA with the Philippine Army to cover almost 60,000 members of the Citizen Armed Forces Geographical Active Auxiliary (CAFGUAA) nationwide. This move of the Armed Forces of the Philippines to enroll the CAFGUAs has been prompted by the realization that they are equally vulnerable to health risks. Further, we have inked a similar MOA with the Philippine Veterans Affairs Office (PVAO) to cover more than 30,000 less privileged veterans of World War II. These veterans have been granted access to quality health care through PhilHealth's more than 1,500 accredited hospitals nationwide.



LGUs nationwide continued their support to our Sponsored Program. Their sustained participation resulted in the increased registration of their constituents. In the province of Isabela in Region 2, the local government of Cabagan, headed by Mayor Christopher Mamauag, entered into a Memorandum of Agreement (MOA) with PhilHealth Regional Office II (PhRO-II) for the latter's participation in the Sponsored Program. Under this MOA, 5,000 Cabaguenos were assured access to quality health care from accredited hospitals and rural health units. Aparri, Cagayan Mayor Ismael V. Tumaru on his part, enrolled 2,241 indigent families from his province, paving the way for the coverage of these families in the Sponsored Program for one year.



Support and initiatives from our legislators in the Sponsored Program also made a relevant impact. Rep. Arthur Yap of the 3rd district of Bohol enrolled 4,000 less fortunate families from his region. This enrolment gives these families access to quality medical care services in any PhilHealth accredited health care facilities.



The province of Bohol is also an LGU awardee, recognized during PhilHealth's 15th anniversary celebration at the Philippine International Convention Center for achieving universal coverage. At year's end, PhilHealth has enrolled a total of 54,515 families to our Sponsored Program.

Additionally, some three thousand (3,000) families from Quezon City's first district received an advanced Valentine's gift from Rep. Vincent "Bingbong" Crisologo when he provided them with health insurance coverage through PhilHealth's Sponsored Program.

PhilHealth Conducted National Registration

PhilHealth worked hand in hand with the Department of Health (DOH) to organize and successfully conduct the National Registration Day last October. Dubbed "PhilHealth Sabado, Magseguro, Magparehistro" the whole-day registration activity was aimed at ensuring that all Filipinos gain access to financial protection for their hospitalization needs.

All Regional and Service Offices of PhilHealth, as well as DOH Centers for Health Development and DOH-retained hospitals nationwide were identified as access points for the registration activity. During the whole-day event, indigent families listed under the National Household Targeting System (NHTS) of the Department of Social Welfare and Development (DSWD) were issued their PhilHealth I.D. Cards.



Improved Access and Services for All

New Service Desks and Offices Nationwide

The Corporation brings its services closer to the people as it gears towards health insurance coverage to all Filipinos. Five (5) new service offices/information desks were opened in addition to those strategically located offices nationwide, these are:

1. Gumaca Service Office in Quezon,
2. Tabaco City Service Desk in Albay,
3. Umingan Info Desk in Pangasinan, and;
4. Member Assistance Centers in Boracay and Caticlan in Aklan.

In the province of Bicol, PhilHealth Regional Office-V (PhRO-V) opened its first online Service Desk in Tabaco City, Albay. The online Desk is designed to provide assistance to PhilHealth members and potential registrants from the first district of Albay as well as nearby provinces. The Tabaco City Service Desk is located at the Ground Floor of the CSWDO Building along Rizal Street and is open from Tuesdays to Fridays from 8:00 a.m. to 5:00 p.m.



On the other hand, PhilHealth Regional Office-I (PhRO-I) reached out further to our members and prospective members in the north by opening an Information and Assistance Desk in the municipality of Umingan, Pangasinan.

The “Mobile PhilHealth” Approach

PhilHealth Regional Office-VII (PhRO-VII) implemented the “Mobile PhilHealth” in all their Service Offices.

Originally considered as a way to increase the number of registered members in the region’s industrial zones, the project has successfully enhanced service capabilities of the information and service desks of PhRO-VII. The success of this method resulted in a significant increase in membership enrolment and premium collection.



PhilHealth Posts Permanent Representative for Hong Kong and Macau

In June 2010, PhilHealth assigned a permanent PhilHealth officer in both the countries of Hong Kong and Macau after installing a mobile officer servicing both countries every quarter. Among the services that the mobile officer extends to our OFW members are information dissemination, assistance on PhilHealth membership and claims avilment concerns and distribution of information materials and PhilHealth forms.



Additional Payment Facilities and Collecting Partners

Security Bank is Now PhilHealth-Accredited

Employers in the private sector can now tap into the banking expertise of the Security Bank Corporation (SBC) and its branches nationwide for their premium remittances to PhilHealth. SBC was officially granted accreditation primarily to enable private sector employers to use its online payment facility. Among the Philippines' top private domestic universal banks, SBC has a network of 126 branches in key locations nationwide. It is now the 50th banking facility accredited by PhilHealth to cater to the premium remittance requirements of its partner-employers and members all over the country.



LBC, Express, Inc. Now PhilHealth-Accredited

LBC Express, Inc. is now accepting premium payments from individually paying members, as well as from employers in the government and private sectors. It is a technologically equipped non-bank collecting agent, known for its courier and money remittance services considered the safest and fastest while offering the lowest rates in the country. The LBC is now the seventh (7th) non-bank facility we accredited to cater to the premium remittance requirements of our partner-employers and members all over the country.

Known for its widest coverage and network, LBC has about 905 strategically located branches nationwide, providing PhilHealth members with a multitude of payment locations to choose from. Its primary objective is to link and bridge its customers by providing innovations in terms of remittance services that will respond to the growing needs of Filipino families and business entities. Their objective is in accordance with PhilHealth's commitment to provide an efficient premium collection mechanism and to maintain an updated membership contribution database to ensure the viability, adequacy and responsiveness of the National Health Insurance Program.

PhilHealth Tops ARTA Report Card Survey

Last August 2010, the Civil Service Commission (CSC), commenced the implementation of the ARTA Report Card Survey. CSC is the lead agency of the Anti-Red Tape Act of 2007 otherwise known as the ARTA Law. The survey and ocular inspection were conducted among different government agencies in Metro Manila which includes the Social Security System, Department of Environment and Natural Resources, Bureau of Customs, Bureau of Immigration, the Laguna Lake Development Authority and the Food and Drug Administration.

PhilHealth, as represented by the Service Office of Quezon City and Manila topped seven (7) other government agencies that had undergone assessment and inspection, garnering the highest score and earning a distinction from the CSC as being a top government agency that complied with the ARTA Law. Among the areas that have been assessed are Frontline Service Provider, Citizen's Charter, Anti-Fixer Campaign, "No Lunch Break" rule, service quality and physical working condition.

Enhanced Benefits

Implementation of New and Improved Benefit Packages

PhilHealth has processed benefit payments amounting to P30.5 billion. This was up by 26 percent of the P24.2 billion processed for the same period last year chiefly due to the impact of the 2009 benefit package increase that was felt the whole year round. There was an observed rise in the benefit payments of around 64 percent for the Sponsored Program beneficiaries which ate up around 22 percent of the whole benefit payment pie.

On top of the net effect of the latest benefit package, the Corporation has started preparation of the new benefit payment mechanism, such as the case-mix/DRG. The new payment system shall also address the overdue clamor of almost all our critical stakeholders to improve our fee-for-service benefit disbursement system. A comprehensive study has been completed for the 22 new benefit packages under the case-rate payment scheme and a Board Resolution was approved for its implementation by 2011.

PhilHealth Now Covers Outpatient Blood Transfusion

In keeping with our thrust to provide our members with responsive benefits, we have started paying for blood transfusions done on outpatient basis last February 1, 2010. While the purchase of blood is not included in the benefit, all medically-necessary drugs and medicines used during the transfusion such as folic acid, iron and epoetin shall be compensated. Additionally, the usual blood donor screening tests and other serologic and hematologic procedures that include ABO/Rh blood typing and cross matching shall also become part of the benefit package.

Improved Claims Processing System

With the new benefit payment mechanism comes the enhancement of the N-Claims processing system with the completion of its Case Mix DRG Feature. While the on-line Membership Registration System is still at 20 percent system development, the enhancement of the N-claims processing system includes the completion and pilot testing of On-line eligibility checking and the electronic submission of claims. Further, the Claims Review Information Management and Evaluation System have been completed.



PhilHealth Milestones (1995-2010)

1995

- **February 14** – Republic Act 7875, otherwise known as the National Health Insurance Law was signed into law.
- **April 25** – PhilHealth Board of Directors meet for the first time at the Bahay Ugnayan, Malacañan Palace, thus marking the day that PhilHealth is formally organized.
- **July 10** – Dr. Hilario S. Ramiro, Jr. replaces Dr. Jaime Galvez Z. Tan as DOH Secretary.
- **July 29** – Atty. Jose A. Fabia was appointed to become the first President and CEO of PhilHealth.

1996

- **April 8** – Dr. Carmencita Noriega-Reodica comes in as DOH Secretary.
- **April 19** – The first Implementing Rules and Regulations (IRR) of RA 7875 took effect.
- **August** – PhilHealth begins its LGU networking with the formal launching of the Indigent program in Abra and Camiguin

1997

- **October 1** – PhilHealth assumed Medicare functions for government sector workers from the Government Service Insurance System (GSIS).
- **October 1** – Abra was the first province in the entire country to adopt and implement the indigent program.



1998

- **April 16** – PhilHealth assumed Medicare functions for private sector workers from the Social Security System (SSS).
- **June 30** – Joseph "Erap" Estrada succeeds Fidel V. Ramos as the next President of the Philippines.
- **July 1** – Dr. Felipe A. Estrella, Jr. becomes DOH Secretary.
- **July 23** – Enrique M. Zalamea assumes his post as 2nd President and CEO of PhilHealth.
- **September 14** – Dr. Alberto G. Romualdez, Jr. begins his term as DOH Secretary.

1999

- **March 8** – Decentralization of claims processing starts in Region 6.
- **May 1** – PhilHealth increases benefits by an average of 50 percent for all members.
- **October 1** – Launching of the Individually Paying Program
- **December 1** – PhilHealth equalized the benefits for all members, resulting to a 32 percent increase in benefits for the government sector.

2000

- **May 30** – House blessing of PhilHealth's new home in Pasig
- **June** – Start of Automatic Credit System (ACS) for reimbursing health care professionals
- **June 23** – Launching of the 1st Health Passport area in Pasay City
- **July 1** – The new Implementing Rules and Regulations (IRR) of RA 7875 takes effect.
- **July 19** – Launching of the first Outpatient Diagnostic Package in the Province of Laguna and Capitation as provider payment scheme
- **September 15** – Launching of the Health Passport in the Province of Capiz
- **October** – Implementation of new claim forms: PhilHealth Claim Form 1, 2 & 3

2001

- **January** – Effectivity of new premium contribution rates
- **January 1** – Cost of operation and health services for organ transplants now reimbursable
- **January 20** – Hon. Gloria Macapagal-Arroyo becomes new President of the Philippines.
- **February 26** – Dr. Manuel M. Dayrit is appointed as DOH Secretary.
- **April** – PhilHealth completes the decentralization of Unified Claims Processing System in the regions.
- **April 1** – Premium rates for IPP Members increase from Php75 to Php100.
- **June 18** – Dr. Francisco T. Duque III takes his turn as President and CEO of PhilHealth.
- **July 1** – Implementation of ICD-10 takes effect.
- **July 2** – Opening of the PhilHealth Member Assistance Center (PMAC), a one-stop shop for all member and provider concerns
- **November** – PhilHealth signs MOA with FriendlyCare Foundation, Inc. for the piloting and institutionalization of PhilHealth and private sector partnership for Outpatient services.

2002

- **January 1** – Inpatient hospital ceilings for certain benefit items increase by as much as 43 percent.
- **January 1** – New premium contribution schedule for the Employed sector based on the Php10,000 maximum monthly salary base
- **February 1** – PhilHealth implements RVS 2001.
- **February 14** – Launching of registration of Retirees and Pensioners to the Non-Paying program

2003

- **February 14** – Introduction of Financing Quality Health Care movement at Malacañan Palace
- **February 15** – Dr. Duque is sworn in as Chairperson for the Philippine Social Security Association (PhilSSA) by Her Excellency then President Gloria Macapagal-Arroyo.
- **April 1** – Increase in Room and Board benefits
- **April 1** – Introduction of Dialysis Package for PhilHealth-accredited Free-Standing Dialysis clinics
- **May 1** – Maternity Care Package for Normal Spontaneous Delivery (up to 2nd NSD) and SARS Benefit Package are made available to NHIP beneficiaries.
- **May 21** – Outpatient Anti-tuberculosis (Directly Observed Treatment, Short Course or DOTS) Benefit Package takes effect.
- **July 18** – PhilHealth taps organized groups for membership expansion with the launching of PhilHealth Organized Group Interface (POGI) in Southern Leyte.
- **September 25** – Ground-breaking ceremony for the future Corporate Headquarters
- **December 4** – PhilHealth partners with IRemit for the collection of overseas members' premium.



2004

- **January 23** – PhilHealth and the Philippine Hospital Association sign a MOA defining the "rules of engagement" in the inspection, investigation and monitoring of hospitals.
- **February 2** – PhilHealth leads PhilSSA member-agencies in the conduct of the first-ever National Convention on Social Security in the Philippines; Launching of the Plan 5/25 Million led by President Arroyo at the PICC.
- **February 10** – President Arroyo signs RA 9241, amending the RA 7875.
- **February 13** – Soft launching of the PhilHealth Benchbook
- **February** – PhilHealth launches "PhilHealth Ko! 2960" to enable members to get immediate feedback on various membership concerns, contributions, benefits and claims status, among others.
- **May 3** – PhilHealth signs MOA with the Development Bank of the Philippines (DBP) for auto-debit payment of premium for DBP account-holders.
- **June 30** – President Arroyo is reinstated as head of the Republic of the Philippines.
- **July 1** – The New PhilHealth IRR takes effect.
- **August 27** – PhilHealth teams up with Union Bank of the Philippines to launch e-Pay, an electronic premium collection system.
- **August** – PhilHealth collaborates with the Personnel Management Association of the Philippines (PMAP) for IEC campaigns on the NHIP.
- **September** – Inclusion of adoptive and step parents as legal dependents
- **November 24** – PhilHealth hosts the 3rd Asian Regional Health Technology Assessment Conference at the Sheraton Hotel.



2005



- **January** – PhilHealth, UP-Manila/NIH ink MOA for Review of NHIP.
- **March 1** – PhilHealth takes over Medicare program for OFWs.
- **April** – PhilHealth begins issuing "Certificate of Registration" to registered employers.
- **May** – The PhilHealth Benchbook is adopted as the main reference for improving the performance of accredited providers.
- **June 1** – Dr. Francisco T. Duque III assumes DOH Secretary position.
- **June** – PhilHealth, PTC sign MOU to help lower drug prices.
- **September** – KaSAPI (Kalusugan ay Sigurado at Abot Kaya sa PhilHealth Insurance), the membership program for organized groups is pilot-tested.
- **September** – Renewal of 2.5 million indigent families' membership under the Enhanced PCSO Greater Medicare Access Program

2006

- **February** – PhilHealth updates hospital categories from Primary, Secondary and Tertiary to Levels 1, 2, 3 & 4.
- **March 17** – Lorna O. Fajardo becomes the Acting President and CEO of PhilHealth.
- **October 1** – 3rd Normal Spontaneous Deliveries now covered
- **October 1** – Pre-operative Tests prior to a Planned (elective) Surgery now covered
- **December 1** – PhilHealth's Newborn Care Package (NCP) takes effect.

2007

- **January** – New Premium Contribution schedule for the Employed Sector is released (Php30,000 maximum monthly salary base).
- **March** – PhilHealth launches 1st Volume of Peer Review Digest.
- **March** – PhilHealth introduces Quality Awards for Partner Providers: Centers of Safety, Quality and Excellence.
- **May** – PhilHealth, with GlaxoSmith Kline (GSK) Foundation, develops the Pinoy Health Pass (Electronic Monitoring and Reporting system) for the utilization of the Outpatient Benefit Package.
- **July 1** – PhilHealth implements the Enhanced Outpatient Benefit Package for the Overseas Workers Program.



2008

- **February** – PhilHealth sets up Task Force Kisapmata to combat fraud particularly on cataract claims among others.
- **August 13** – Dr. Rey B. Aquino steps in as the 5th President and CEO of PhilHealth.
- **October 1** – Voluntary Surgical Contraception Procedures (Tubal Ligation and Vasectomy) now covered
- **October** – PhilHealth partners with Citibank for electronic collection and remittance system.
- **December 1** – In support of the United Nations' Millennium Development Goals, PhilHealth implements its Outpatient Malaria Package.
- **December** – PhilHealth links up with Bank of the Philippine Islands (BPI) for electronic payment system.



2009

- **January 1** – Normal Spontaneous Deliveries now covers up to the first four births.
- **January 1** – Tiered Payment of Professional Fees of Accredited Physicians takes effect to give incentives to appropriately trained and qualified physicians.
- **January** – PhilHealth partners with NATCCO, the country's largest confederation of cooperatives, for enrolment of its members to the NHIP.
- **January** – PhilHealth accredits MLhuillier Philippines, Inc. as a collecting agent.
- **April 5** – Benefit ceilings are increased by about 35 percent with the release of a revised inpatient benefit schedule.
- **May 1** – The PhilHealth Cataract Package begins implementation.
- **May 1** – The Influenza A (H1N1) Package is implemented to address the increasing number of infected Filipinos at the time.
- **June 1** – Additional benefits for the Sponsored program: coverage of take-home medication for members and dependents under the P100 Program
- **June 4** – The Non-paying Program is renamed to the more appropriate Lifetime Member Program.
- **June** – PhilHealth and SSS implements the "Single Employer Registration Process" (SERP), streamlining the employer registration process by using a common Business Registration Form (BR-1).
- **July 1** – Case Type Classification gets an update based on a four-scale system, from A to D (A = Ordinary, B = Intensive, C = Catastrophic & D = Dreaded).
- **July 30** – PhilHealth Macau opens.
- **July** – PhilHealth works with the DILG and the Liga ng mga Barangay to enroll barangay workers to the NHIP.
- **August 1** – PhilHealth opens Hong Kong branch.
- **October** – Introduction of the "Remittance-By-Air" (RBA) Payment Facility, wherein voluntary members can pay their premium contributions through Text/SMS
- **November 1** – PhilHealth increases benefits in the Expanded Normal Spontaneous Delivery and Maternity Care Packages.
- **November** – Adoption of the "Simplified Reimbursement Scheme" (SRS) for Provider Claims to ensure a faster and more efficient reimbursement process
- **November** – PhilHealth collaborates with the Philippine Veterans Bank for the collection of premium contributions of OFW members in the UK, UAE and Qatar.

2010



- **January 18** – Dr. Esperanza I. Cabral becomes DOH Secretary.
- **February 1** – Release of the Outpatient Blood Transfusion Benefit
- **February** – PhilHealth inks MOA with PCSO for the enrolment of transport workers to the Sponsored program.
- **March** – PhilHealth adopts the Philippine Medical Association's (PMA) Code for Professional Specialization (CPS) and shall recognize only the specialty societies and their sub-specialty societies in the eight specialty divisions of the medical profession under PMA.
- **March** – CIS Bayad Center, Inc. now part of PhilHealth's growing list of accredited collecting agents
- **April 1** – Confinements for psychiatric conditions now compensable, Coverage Rules for Psychiatric Conditions Requiring Admission is released.
- **June 5** – PhilHealth launches Riyadh branch.
- **June 30** – Hon. Benigno "Noy" Aquino III becomes new President of the Philippines.
- **June 30** – PNOY's inaugural speech on Universal Health Care: "...Philhealth para sa lahat sa loob ng tatlong taon..."
- **July 5** – Dr. Enrique T. Ona becomes DOH Secretary.
- **July** – PhilHealth joins other government agencies in the Kabayanihan Program for the welfare of OFWs.
- **July** – PhilHealth unifies the Employed, IPP & Sponsored program payment receipts into one official receipt: the PhilHealth Agents' Receipt (PAR). The said receipt shall be used in conjunction with the PhilHealth Premium Payment Slip (PPPS).
- **August** – The P100 program (Coverage of P100 Drugs and Medicines) is extended to all PhilHealth Members and Dependents.
- **September** – The enhanced PhilHealth Claim Forms 1, 2 and 3 are issued.
- **October 1** – Another MDG program, the Outpatient HIV/AIDS Treatment Package is released.
- **October 1** – The new premium contribution of the IPP for Self-Employed professionals takes effect.
- **October 1** – The Electronic Premium Reporting System (EPRS) is introduced, a web-based application for use of employers in the preparation and submission of monthly remittance reports.
- **October 2** – The Corporation, along with other government agencies, holds "PhilHealth Sabado", a one-day nationwide mass enrolment program.
- **October** – Eligible retiring employees are automatically enrolled into the Lifetime Member Program; employers shall facilitate the enrolment at least three months prior to the date of retirement.
- **December** – LBC Express, Inc. now a PhilHealth-accredited collecting agent
- **December** – PhilHealth forges ties with the Philippine Institute of Certified Public Accountants (PICPA) to strengthen premium remittance and reporting efforts.

Statement of Management's Responsibility for the Financial Statements

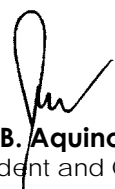
The Management of the Philippine Health Insurance Corporation is responsible for the presentation of the annual financial statements as of December 31, 2010. The financial statements have been prepared in accordance with the accounting principles generally accepted in the Philippines.

The financial statements necessarily reflect amounts based on informed judgment and estimates of the expected effects of current event and transactions with an appropriate consideration to materiality.

In meeting our responsibility of our reliability and timeliness of financial information, PhilHealth Management maintains and relies on a system of accounting and reporting which provides for necessary controls to ensure that transactions are properly authorized and recorded, assets safeguarded against unauthorized use or disposition and liabilities are recognized.



Val S. Valila, CPA
Senior Vice-President
Fund Management Sector



Rey B. Aquino, M.D.
President and CEO

Balance Sheet

As of December 31, 2010 (In Philippine Peso)

	Notes	2010	2009 (As Restated)	Increase/ (Decrease) Current vs Prior Year
ASSETS				
Current Assets				
Cash and Cash Equivalents	3	12,026,182,070	8,912,690,691	3,113,491,379
Short - term Investments	4	29,381,969,104	8,314,951,623	21,067,017,481
Receivables - net	5	6,442,744,560	16,591,126,547	(10,148,381,987)
Inventories	6	36,234,403	36,776,047	(541,644)
Other Current Assets	7	1,623,362	1,623,362	-
Total Current Assets		47,888,753,499	33,857,168,270	14,031,585,229
Non-current Assets				
Investments - net	8	56,976,998,150	76,321,967,576	(19,344,969,426)
Property & Equipment - net	9	1,001,878,971	928,334,284	73,544,687
Intangible Assets - net	10	14,101,933	14,622,163	(520,230)
Miscellaneous Assets and Deferred Charges	11	46,263,707	44,205,741	2,057,966
Other Assets - net	12	121,414,252	646,403,720	(524,989,468)
Total Non-current Assets		58,160,657,013	77,955,533,484	(19,794,876,471)
TOTAL ASSETS		106,049,410,512	111,812,701,754	(5,763,291,242)
LIABILITIES AND EQUITY				
Liabilities				
Current Liabilities				
Payables	13	7,459,550,272	5,457,476,240	2,002,074,032
Trust Liabilities	14	510,129,153	442,675,953	67,453,200
Total Current Liabilities		7,969,679,425	5,900,152,193	2,069,527,232
Non-current Liability				
Other Deferred Credits	15	44,947,836	29,511,942	15,435,894
Total Liabilities		8,014,627,261	5,929,664,135	2,084,963,126
Equity				
Reserve Fund	20	69,483,000,000	69,483,000,000	-
Contingent Capital	21	1,457,863	1,457,863	-
Retained Earnings	22	28,550,325,388	36,398,579,756	(7,848,254,368)
Total Equity		98,034,783,251	105,883,037,619	(7,848,254,368)
TOTAL LIABILITIES AND EQUITY		106,049,410,512	111,812,701,754	(5,763,291,242)

(The notes on pages 28 - 39 form part of these Financial Statements)

Statement of Income

For the Period January 1 - December 31, 2010 (In Philippine Peso)

	Note/ Sched.	2010	2009 (As Restated)	Increase/ (Decrease) Current vs Prior Year
INCOME	Sch. I			
Premium Contributions	16	29,087,691,994	31,271,388,977	(2,183,696,983)
Interest and Other Income	17	6,280,409,706	6,463,406,306	(182,996,600)
Total Income		35,368,101,700	37,734,795,283	(2,366,693,583)
EXPENSES	Sch. II			
Benefit Payments				
Private Sector		11,083,471,219	9,270,912,559	1,812,558,660
Government Sector		5,458,552,593	4,660,372,230	798,180,363
Indigent Program (In-Patient)		5,626,069,588	3,347,637,611	2,278,431,977
Indigent Program (Capitation)		1,008,057,516	683,943,627	324,113,889
Overseas Workers Program		948,868,629	757,921,711	190,946,918
Individually Paying Program		4,419,487,991	3,745,290,307	674,197,684
Non-paying Program		1,968,575,497	1,745,133,711	223,441,786
Total Benefit Payments		30,513,083,033	24,211,211,756	6,301,871,277
Operating Expenses				
Personal Services	18	2,496,277,709	2,338,790,113	157,487,596
Maintenance and Other Operating Expenses	19	1,312,687,603	1,240,654,065	72,033,538
Total Operating Expenses		3,808,965,312	3,579,444,178	229,521,134
Total Expenses		34,322,048,345	27,790,655,934	6,531,392,411
NET MARGIN (LOSS)	22	1,046,053,355	9,944,139,349	(8,898,085,994)

(The notes on pages 28 - 39 form part of these Financial Statements)

Detailed Statement of Income

For the period January 1 - December 31, 2010 (In Philippine Peso)

	2010	2009 (As Restated)	Increase/ (Decrease) Current vs Prior Year
Premium Contributions			
Members' Contributions	27,081,768,282	25,918,895,347	1,162,872,935
NG/LGU Counterpart for Indigent Program	2,005,923,712	5,352,493,630	(3,346,569,918)
TOTAL PREMIUM CONTRIBUTIONS	29,087,691,994	31,271,388,977	(2,183,696,983)
Less: Benefit Payments	30,513,083,033	24,211,211,756	6,301,871,277
GROSS MARGIN FROM OPERATIONS	(1,425,391,039)	7,060,177,221	(8,485,568,260)
Less: Operational Expenses			
Personal Services	2,496,277,709	2,338,790,113	157,487,596
Maintenance & Other Operating Expenses	1,312,687,603	1,240,654,065	72,033,538
Total Operational Expenses	3,808,965,312	3,579,444,178	229,521,134
NET OPERATING INCOME (LOSS)	(5,234,356,351)	3,480,733,043	(8,715,089,394)
Add: Interest Income			
Treasury Bonds	5,783,078,352	4,892,382,460	890,695,892
Treasury Bills	26,242,419	759,280,747	(733,038,328)
Time Deposits / SSDs	364,860,482	455,455,560	(90,595,078)
Savings & Current Deposits	15,305,790	14,850,283	455,507
Other Interest Income	61,024,721	-	61,024,721
Total Interest Income	6,250,511,764	6,121,969,050	128,542,714
Add: Other Income			
Accreditation Fees	22,865,506	23,418,890	(553,384)
Gain (Loss) on Foreign Exchange	(149,989)	(65,187)	(84,802)
Gain (Loss) on Disposal of Assets	407,382	118,959	288,423
Gain (Loss) on Sale of Securities	-	305,168,463	(305,168,463)
Fines & Penalties	2,415,998	7,716,718	(5,300,720)
Income from Grants & Donations	61,651	-	61,651
Rent Income	1,565,680	1,752,701	(187,021)
Dividend Income	329,769	1,944,144	(1,614,375)
Seminar Fee (HCP Forum)	-	18,000	(18,000)
Miscellaneous Income	2,401,945	1,364,568	1,037,377
Total Other Income	29,897,942	341,437,256	(311,539,314)
NET MARGIN (LOSS)	1,046,053,355	9,944,139,349	(8,898,085,994)
TOTAL INCOME	35,368,101,700	37,734,795,283	(2,366,693,583)

(The notes on pages 28 - 39 form part of these Financial Statements)

Statement of Changes in Equity

As of December 31, 2010 (In Philippine Peso)

	Notes	2010	2010 (As Restated)	Increase/ (Decrease) Current vs Prior Year
RESERVE FUND	20	69,483,000,000	69,483,000,000	-
CONTINGENT CAPITAL	21	1,457,863	1,457,863	-
NET UNREALIZED GAIN/(LOSS) FROM INCREASE/ (DECLINE) IN VALUE OF LONG-TERM INVESTMENTS		-	-	-
RETAINED EARNINGS	22			
Balance at beginning of year		36,398,579,756	27,105,226,917	
Adjustment in Retained Earnings Prior Year's Adjustments		(8,894,307,723)	410,213,490	
		27,504,272,033	27,515,440,407	
Adjustment in Reserve Fund		-	(1,061,000,000)	
		27,504,272,033	26,454,440,407	
Net income for the period	22	1,046,053,355	9,944,139,349	
Balance at the end of year		28,550,325,388	36,398,579,756	(7,848,254,368)
EQUITY		98,034,783,251	105,883,037,619	(7,848,254,368)

(The notes on pages 28 - 39 form part of these Financial Statements)

Cash Flow Statement

As of December 31, 2010 (In Philippine Peso)

	2010	2009 (As Restated)	Increase/ (Decrease) Current vs Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES			
Members' Contributions	34,844,080,780	25,808,628,114	9,035,452,666
Counterpart - NGs	-	29,422,459	(29,422,459)
Counterpart - Other NGAs	40,294,810	82,449,956	(42,155,146)
Counterpart - LGUs	1,122,914,027	957,533,820	165,380,207
Receipts from GOCCs	65,786,050	270,000,000	(204,213,950)
Cash received from Long - Term Receivable - DBM	408,875,850	-	408,875,850
Cash received from Long - Term Receivable - PCSO	124,036,500	-	124,036,500
Accreditation Fees received from Health Care Providers	25,911,294	17,770,955	8,140,339
Cash received from various Operating Activities	84,540,132	8,841,353	75,698,779
Cash received in trust	(239,507)	72,224,325	(72,463,832)
Benefit Payments	(35,934,297,454)	(20,589,997,683)	(15,344,299,771)
MOOE/Personal Services/Supplies and Materials paid	(1,868,026,270)	(5,996,401,008)	4,128,374,738
Payment of Miscellaneous Assets and Deferred Charges	(2,057,966)	(615,564)	(1,442,402)
Income from Grants and Donations	61,651	-	61,651
Net Cash Provided (Used in) by Operating Activities	(1,088,120,103)	659,856,727	(1,747,976,830)
CASH FLOWS FROM INVESTING ACTIVITIES			
Matured Bonds	(4,203,934,619)	(24,305,888,332)	20,101,953,713
Placement/Matured T. Bills	1,894,955,481	20,128,925,166	(18,233,969,685)
Interest received on Investments	6,835,702,653	7,463,953,104	(628,250,451)
Sale of Securities	-	113,305,493	(113,305,493)
Gain on Sale of Securities	-	324,769,619	(324,769,619.00)
Gain on Foreign Exchange	(149,989)	-	(149,989)
Payment of Equipment purchased	(326,935,106)	(77,357,857)	(249,577,249)
Rent collected	1,565,680	1,729,889	(164,209)
Gain (Loss) on Disposal of Assets	407,382	121,319	286,063
Net Cash Provided (Used in) by Investing Activities	4,201,611,482	3,649,558,401	552,053,081
Net Increase (Decrease) in Cash and Cash Equivalents	3,113,491,379	4,309,415,128	(1,195,923,749)
CASH AND CASH EQUIVALENTS at the Beginning of Year	8,912,690,691	4,603,275,563	4,309,415,128
CASH AND CASH EQUIVALENTS as of December 31, 2010	12,026,182,070	8,912,690,691	3,113,491,379

(The notes on pages 28 - 39 form part of these Financial Statements)

Income (Schedule I)

For the period January 1 - December 31, 2010 (In Philippine Peso)

	Notes	2010	2009 (As Restated)	Increase/ (Decrease) Current vs Prior Year
BUSINESS INCOME (Premium Contributions)				
Premium Contributions - Indigent Program	16	-	3,485,953,191	(3,485,953,191)
Counterpart - NG for Regular Indigent Program		42,149,800	54,596,956	(12,447,156)
Counterpart - Other NGAs - Congress		-	12,556,680	(12,556,680)
Counterpart - Other NGAs - PCSO for Enhanced GMA		1,963,773,912	1,799,386,803	164,387,109
Counterpart - LGUs for Indigent Program				
Total Premium Contributions - Indigent Program		2,005,923,712	5,352,493,630	(3,346,569,918)
Premium Contributions - Regular Program	16	17,944,637,022	17,063,503,905	881,133,117
Contribution - Private Sector		6,703,334,803	6,704,282,554	(947,751)
Contribution - Government Sector		1,666,082,792	1,428,678,070	237,404,722
Contribution - Individually Paying Program		767,713,665	722,430,818	45,282,847
Contribution - Overseas Workers Program				
Total Premium Contributions - Regular Program		27,081,768,282	25,918,895,347	1,162,872,935
Total Business Income		29,087,691,994	31,271,388,977	(2,183,696,983)
INTEREST INCOME				
Treasury Bonds	17	5,783,078,352	4,892,382,460	890,695,892
Treasury Bills		26,242,419	759,280,747	(733,038,328)
Time Deposits / Special Saving Deposits		364,860,482	455,455,560	(90,595,078)
Savings & Current Deposits		15,305,790	14,850,283	455,507
Other Interest Income		61,024,721	-	61,024,721
Total Interest Income		6,250,511,764	6,121,969,050	128,542,714
OTHER INCOME				
Accreditation Fees	17	22,865,506	23,418,890	(553,384)
Gain (Loss) on Foreign Exchange		(149,989)	(65,187)	(84,802)
Gain (Loss) on Disposal of Assets		407,382	118,959	288,423
Gain (Loss) on Sale of Securities		-	305,168,463	(305,168,463)
Fines & Penalties		2,415,998	7,716,718	(5,300,720)
Income from Grants & Donations		61,651	-	61,651
Rent Income		1,565,680	1,752,701	(187,021)
Dividend Income		329,769	1,944,144	(1,614,375)
Seminar Fee (HCP Forum)		-	18,000	(18,000)
Miscellaneous Income		2,401,945	1,364,568	1,037,377
Total Other Income		29,897,942	341,437,256	(311,539,314)
TOTAL INCOME		35,368,101,700	37,734,795,283	(2,366,693,583)

(The notes on pages 28 - 39 form part of these Financial Statements)

Expenses (Schedule II)

For the period January 1 - December 31, 2010 (In Philippine Peso)

	Note	2010	2009 (As Restated)	Increase/ (Decrease) Current vs Prior Year
BENEFIT PAYMENTS	16			
Private Sector		11,083,471,219	9,270,912,559	1,812,558,660
Government Sector		5,458,552,593	4,660,372,230	798,180,363
Indigent (Regular)		5,626,069,588	3,347,637,611	2,278,431,977
Indigent (Capitation)		1,008,057,516	683,943,627	324,113,889
Overseas Worker Program		948,868,629	757,921,711	190,946,918
Individual Paying Member		4,419,487,991	3,745,290,307	674,197,684
Non-paying Member		1,968,575,497	1,745,133,711	223,441,786
Total Benefit Payments		30,513,083,033	24,211,211,756	6,301,871,277
OPERATIONAL EXPENSES	16			
Personal Services				
Salaries & Wages		776,752,460	699,179,855	77,572,605
Other Compensation		1,605,247,407	1,535,275,160	69,972,247
Personnel Benefit Contribution		106,775,371	95,280,796	11,494,575
Other Personnel Benefit		7,502,471	9,054,302	(1,551,831)
Total Personnel Services		2,496,277,709	2,338,790,113	157,487,596
Maintenance and Other Operating Expenses				
Traveling Expenses		47,538,751	48,746,719	(1,207,968)
Training and Scholarship Expenses		4,920,162	6,869,521	(1,949,359)
Water Expenses		4,577,150	3,876,672	700,478
Electricity Expenses		87,550,324	68,548,143	19,002,181
Communication Expenses		96,814,000	97,855,111	(1,041,111)
Advertising Expenses		25,224,040	22,284,564	2,939,476
Marketing and Promotional Expenses		12,509,956	12,603,829	(93,873)
Transportation and Delivery Expenses		822,659	966,633	(143,974)
Taxes, Duties and Licenses		56,137	341,424	(285,287)
Fidelity Bond and Insurance Expenses		7,944,709	6,983,312	961,397
Supplies and Materials Expenses		98,125,510	98,881,735	(756,225)
Gasoline, Oil and Lubricants Expenses		11,858,128	8,983,732	2,874,396
Auditing Services		25,387,940	23,422,817	1,965,123
Consultancy Services		11,363,455	-	11,363,455
Janitorial Services		36,631,606	32,493,263	4,138,343
Security Services		80,109,102	74,963,286	5,145,816
Remuneration		149,646,212	164,458,771	(14,812,559)
Enumerators Fee		602,920	5,402,625	(4,799,705)
Notarial Fee		129,060	152,070	(23,010)
Contract / Research Services		136,912	5,668,533	(5,531,621)
Project Base Hiring		194,283,522	167,418,989	26,864,533
Honorarium		734,579	1,281,079	(546,500)
Repairs & Maintenance		14,532,341	16,030,214	(1,497,873)
Membership Dues and Contr. to Organizations		4,631,468	4,298,777	332,691
Printing and Binding Expenses		18,480,765	23,798,899	(5,318,134)
Rent Expenses		169,639,890	152,530,468	17,109,422
Representation Expenses		20,610,488	16,349,870	4,260,618
Subscription Expenses		982,156	932,329	49,827
Rewards and Other Claims		20,788,690	20,090,555	698,135
Miscellaneous and Extraordinary Expenses		10,956,425	11,946,441	(990,016)
Other Expenses		21,174,877	48,052,219	(26,877,342)
Financial Expenses		19,876,083	84,438	19,791,645
Non-Cash Expenses		114,047,586	94,337,027	19,710,559
Total Maintenance & Other Operating Expenses		1,312,687,603	1,240,654,065	72,033,538
Total Operational Expenses		3,808,965,312	3,579,444,178	229,521,134
TOTAL EXPENSES		34,322,048,345	27,790,655,934	6,531,392,411

(The notes on pages 28 - 39 form part of these Financial Statements)

Notes to Financial Statements

December 31, 2010

1. GENERAL INFORMATION

The National Health Insurance Act of 1995 (Republic Act No. 7875), as amended by RA 9241, instituted a National Health Insurance Program (NHIP) that *“shall provide health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all citizens of the Philippines.”* This social insurance program shall serve as the means for the healthy to help pay for the care of the sick and for those who can afford medical care to subsidize those who cannot.” The same law created the Philippine Health Insurance Corporation (PhilHealth) as tax-exempt government corporation attached to the Department of Health (DOH) for policy coordination and guidance. Its Head Office is located at 709 CityState Center Building, Barangay Oranbo, Shaw Blvd., Pasig City.

The Corporation is governed by a Board of Directors composed of fourteen (14) members who has the following powers and functions: to formulate and promulgate policies for the sound administration of the Program; to set standards, rules, and regulations necessary to ensure quality of care, appropriate utilization of services, fund viability, member satisfaction, and overall accomplishment of Program objectives; to formulate and implement guidelines on contributions and benefits; portability of benefits, cost containment and quality assurance; and health care provider arrangements, payments methods and referral systems; to establish branch offices as mandated in Article V of RA 7875, as amended; to receive and manage grants, donations, and other forms of assistance; and to organize its office, fix the compensation of and appoint personnel as may be deemed necessary and upon the recommendation of the President of the Corporation.

The National Health Insurance Fund (NHIF) being managed by the Corporation consists of contributions from Program members; balances of the Health Insurance Fund of the Social Security System (SSS) and Government Service Insurance System (GSIS) collected under the Philippine Medical Care Act of 1969, as amended, including arrearages of the Government of the Philippines with the GSIS for the said Fund; other appropriations earmarked by the national and local governments purposely for the implementation of the program; subsequent appropriations provided for under Sections 46 and 47 of RA 7875, as amended; donations and grants-in-aid; and all accruals thereof. Under Section 26, Article VI of RA 7875, as amended, the use, disposition, investment, administration and management of the NHIF, including any subsidy, grant or donation received for the program operations shall be governed by resolution of the Board of Directors of the Corporation.

Processing of benefit payments and operating expenditures has been decentralized to all seventeen (17) PhROs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set forth below. These policies are consistently applied unless stated otherwise.

2.1 Basis of preparation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the Philippines, as well as government accounting rules and regulations. The Corporation adopts the calendar year and uses commercial accounting.

The preparation of financial statements requires the use of certain critical accounting estimates and judgements as follows:

- a. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances;
- b. One of the accounting estimates being done is to set-up the accrued benefit payments at the end of each month based on the average benefit payment per claim and computed by dividing the total amount of benefit payment for the month by the total number of claim processed for the same period. The average amount per claim varies geographically.
- c. The amount being set-up for the accrued NHIP premium remittance from collecting banks/agents is based on the assumption that the actual premium collection for the 2nd half of the current month is equivalent to the amount remitted on the 2nd half of the previous month.
- d. The economic life of every property and equipment is depreciated on the straight-line method with 10% residual value based on COA Circular 2002-002.

- e. The General Appropriations Act provides for an annual ceiling for the National Government (NG) counterpart for the Indigent Program.

The Corporation is continually improving its policies regarding the recognition of NHIP premium contributions and NHIP benefit payments.

2.2 Consolidation

The Corporation adopts the Home and Branch Accounting System since July 1999.

a. Head Office (HO)

Monthly consolidated trial balances are prepared through working papers by eliminating the reciprocal accounts, but in the year-end consolidation, all nominal accounts that are closed in the PhROs are booked-up in the HO.

b. PhilHealth Regional Offices (PhROs)

The PhROs' financial position and results of operations are presented without any non-contingent equity account. All nominal accounts are closed every end of calendar year.

c. Service Offices (SOs)

The financial transactions of SOs were recorded in the books of accounts of their respective PhROs. The SOs maintain petty cash fund and receive over-the-counter collection of premiums from the PhilHealth members.

2.3 Foreign currency transactions

Foreign currency transactions are translated in peso at the date of transaction and revalued at year-end using prevailing exchange rates. Foreign exchange gains and losses resulting therein are recognized in the income statement.

2.4 Cash Equivalents

Cash equivalents consists of special savings, treasury bills and bonds maturing within 3 months from acquisition date.

2.5 Inventories

In accordance with COA Resolution no. 2006-006 dated 31 January 2006, inventories include assets held for transfer and for consumption in the normal course of operations. Inventories are measured at cost which includes purchase price, import duties and taxes, freight, handling and other costs directly attributable to the acquisition of finished goods, materials and services; as well as other costs incurred in bringing the inventories to their present location and condition. The perpetual inventory system is used in accounting for inventories.

PhilHealth Office Order No. 0112 s. 2006, dated Nov. 9, 2006 provides that for the small tangible items not more than P5,000 and with estimated useful life of more than one year shall be recorded as inventories upon acquisition and expense upon issuance.

The Asset Method and the First-In-First-Out (FIFO) method are used in recording transactions concerning supplies and materials.

2.6 Property and Equipment

In accordance with COA Resolution no. 2006-006 dated January 31, 2006, Property and Equipment (PE) includes non-current assets held for use in operation and are expected to be used for more than one year. PE are initially recognized at cost which includes purchase price and incidental costs such as import duties, freight, installation and any other directly attributable costs. Subsequent costs on PE which result in increased future economic benefits or service potential are added to its carrying amount.

Subsequent to initial recognition as an asset, PE are carried at its cost less any accumulated depreciation, following the straight-line method and using the revised estimated useful life (per COA Circular No. 2003-007 dated December 11, 2003, as amended by COA Circular No. 2004-005 dated August 9, 2004). Depreciation is recorded starting the month following date of purchase. A residual value equivalent to ten percent of the purchase cost is set up.

2.7 Intangible Assets

Intangible Asset account refers to computer software purchased by the Corporation, in accordance with Section 4 of the Philippine Accounting Standard no. 38.

In accordance with paragraph 9.2 under COA Resolution No. 2006-006 dated January 31, 2006, and as it is probable that future economic benefits attributable to the assets shall flow to the agency, the computer softwares are recognized at cost, and reported herein as net of accumulated amortization. Amortization is based on the straight line method less ten percent residual value.

2.8 Income and expense recognition

Income and expenses are recognized based on a modified accrual method of accounting in accordance with paragraph 2.1 (d) of COA Resolution No. 2006-006 dated January 31, 2006. Under this method, all expenses shall be recognized when incurred and reported in the financial statements in the period to which they relate. Income shall be on accrual basis except where it is impractical or when other methods are required by law.

Pending the completion of the database build-up, accrual for premium contributions is made only to those remitted through the accredited collecting banks inasmuch as the information is available. Under the Indigent Program, premium counterpart of the National Government is recorded as income only if covered by Special Allotment Release Order (SARO) with corresponding Notice of Cash Allocation (NCA).

The counterpart from local government units (LGUs) is recorded based on the report submitted by the PhRO – Membership & Collection Division verified correct by the Accountant and evidenced by the LGU and PhilHealth Memorandum of Agreement supported by Certificate of Availability of Funds.

Regular monthly expenses (e.g., for janitorial services, security services, light and water and rental) are recognized as expenses at the time they are incurred, not when paid. On the other hand, accruals for benefit payments refer to outstanding claims. The estimated amount of claims filed but not yet processed is recognized as accrued expenses.

3. CASH AND CASH EQUIVALENTS

This account consists of:

	2010	2009 (As Restated)
Collecting Officers (Schedule 1)	70,672,747	120,308,863
Disbursing Officers (Schedule 2)	633,366	1,669,385
Petty Cash Fund (Schedule 3)	615,202	578,145
Cash in Bank	1,370,855,309	1,108,828,323
Special Savings Deposit	10,583,405,446	7,681,305,975
	12,026,182,070	8,912,690,691

3.1 The Corporation deploys at least one Collecting Officer per PhRO and SO to provide more windows for the over-the-counter collections.

3.2 Included in this account is Land Bank of the Philippines – Pasig-Kapitolyo Branch Dollar Account No. 0674-0010-29, the balance of which is converted to its peso equivalent using the prevailing exchange rate at the end of the year. The difference is recorded as Gain/Loss on Foreign Exchange.

4. SHORT-TERM INVESTMENTS

This account consists of:

	2010	2009
Treasury Bills	915,377,209	2,810,332,690
Treasury Bonds	28,466,591,895	5,504,618,933
	29,381,969,104	8,314,951,623

These are placed between 91 to 364 days.

5. RECEIVABLES - NET

	2010	2009 (As Restated)
Due from Collecting Bank - NHIP Premiums	3,597,069	1,234,231,738
Advances to Officers & Employees (Schedule 4)	721,619	536,935
Advances to Contractors	3,506,250	3,506,250
Accrued Interest Receivable - Investment	2,215,715,378	2,289,430,374
Due from National Government Agencies	4,071,370,191	12,965,375,981
Due from GOCCs	-	301,933
Due from LGUs	143,498,856	88,073,103
Disallowances	-	1,114
Other Receivables	4,450,824	9,784,745
Total	6,442,860,187	16,591,242,173
Add (Less): Allowance for Doubtful Accounts	(115,626)	(115,626)
	6,442,744,561	16,591,126,547

This account consists of:

- 5.1 Accrued Interest Receivable-Investment account represents interest earned from all short-term and long-term investments.
- 5.2 Due from National Government Agencies pertains to the computed deficiency in employer share of the health insurance premium contributions to PhilHealth amounting to P610,417,000 and the received SARO No. F-10-05703 dated June 28, 2010 / NCA No. F-10-0025154 dated Dec. 28, 2010 amounting to P3,460,953,191, collected under Official Receipt No. 26838367 dated Jan. 04, 2011.

The employers' share for government employed sector for CYs 2001 to 2008 and NG counterpart for indigent program for CYs 2005 to 2009, in the amount of P8,894,005,790 and P6,443,522,776, respectively, were previously recorded as receivables.

However, in view of the DBM Circular letter No. 2009-12 dated Nov. 12, 2009, the Commission on Audit advised that the amount of P8.89 B be adjusted to P610,417,000 in conformity with the amount covered by the FY 2009 Appropriations Act for which a SARO will be issued. Likewise, the NG counterpart for the premium contributions of indigents enrolled in the NHIP should also be recorded at P3,460,953,191 based on the amount covered by SARO No. F-10-05703 / NCA No. 10-0025154.

- 5.3 Due from GOCCs – The balance amounting to P301,933 has been reversed as per COA Legal Services Sector – Adjudication and Legal Services Office memorandum dated March 25, 2010.
- 5.4 Due from LGUs consists of premium counterpart for the Indigent Program:
Details of the account are as follows:

PhROs	2010	2009
NCR	-	5,745,600
CAR	4,625,029	4,565,427
I	1,778,816	31,160,457
II	2,968,395	5,928,847
III	2,067,492	3,606,750
IV-A	108,333	108,333
IV-B	21,529,276	17,198,213
V	43,732,100	2,273,554
VI	33,077	33,077
VIII	51,441,205	7,526,375
X	-	1,700,616
XII	2,443,070	-
Caraga	12,772,063	8,225,854
	143,498,856	88,073,103

- 5.5 Other Receivables include DOH Global Budget for Out-Patient-Benefit Package for OWP which has an unutilized balance of P1,324,847 as of Dec. 31, 2009. This account also includes advance payments to various Health Providers thru Simplified Reimbursement Scheme (SRS) to address accumulated backlog in the claims processing of the PhROs and balance of personal calls of PhilHealth Officers and Employees.

6. INVENTORIES

The account consists of supplies and materials and small tangible items amounting to P36,234,403 and P36,776,047 for CYs 2010 and 2009, respectively.

7. OTHER CURRENT ASSETS

This represents the reclassified Philippine National Bank Account No. 260-840034-9 with a book balance amounting to P1,623,362 which was already closed per passbook. However, in the books of the Corporation, it remains an asset pending the documentation of all transactions pertaining to this account.

8. INVESTMENTS - NET

Investments of the NHIF are in government securities bearing the unconditional guaranty of the Republic of the Philippines in authorized government depository banks except the investment in PLDT Subscribers Investment Plan.

- 8.1 The Corporation's long-term investment portfolio is summarized as follows:

	2010	2009
PLDT - Subscriber Investment Plan	725,300	725,300
Investment in Bonds	56,562,427,045	75,907,396,471
Investment in Real Property	413,845,805	413,845,805
	56,976,998,150	76,321,967,576

- 8.2 The investments represent the following:

- Investment in PLDT Stocks was acquired under the Subscriber Investment Plan representing 251 subscribed telephone lines. Based on PLDT's records, PhilHealth has 72,530 preferred stocks represented by original stocks certificates already in the custody of PhilHealth.
- Investment in Bonds (net of amortization) with more than one (1) year maturity period are broken down as follows:

	2010	2009
Pag-Ibig housing bonds	39,560,000	39,560,000
Retail T-bonds	7,300,000,000	5,726,900,000
3-year T-bonds	4,112,706,873	167,759,855
5-year T-bonds	18,664,723,384	46,703,354,407
7-year T-bonds	26,445,436,788	23,269,822,209
	56,562,427,045	75,907,396,471

- 8.3 Straight-line method of amortization was used to amortize the bond premium and bond discount over the remaining life of the bond.
- 8.4 The investing activities of the Corporation were carried out only in the Head Office to maximize the opportunity for high yield interest bearing instruments.
- 8.5 Global-City property acquired from converted investment of Fort Bonifacio Development Corporations' Global City Receivable Repayment Right to land amounting to P404,278,003 plus cost of documentary stamp tax, transfer tax and registration fees with an aggregate amount of P9,567,801. In addition, per Technical Appraisal Report of Asian Appraisal Company, Inc., the subject property has a fair market value of P120,000 per square meter, or about P522,600,000 as of June 01, 2009. This account was reclassified as Investment in Real Property instead of Plant, Property and Equipment.

9. PROPERTY AND EQUIPMENT - NET

This account consists of:

	Land and Land Improvements	Building & Structure / Leasehold Improvements	Furniture & Fixtures Equipment & Books	Construction in Progress	Total
Cost					
January 01, 2010	461,082,788	89,103,919	902,613,041	4,125,000	1,456,924,748
Additions	445,460	6,679,889	142,441,862	548,635	150,115,846
Adjustments	-	(28,391,654)	21,192,426	-	(7,199,228)
December 31, '10	461,528,248	67,392,154	1,066,247,329	4,673,635	1,599,841,366
Accumulated Depreciation					
January 01, 2010	299,522	13,471,736	513,977,054	-	527,748,312
Depreciations	142,958	4,619,764	101,841,043	-	106,603,765
Adjustments	-	(656,061)	(35,733,621)	-	(36,389,682)
December 31, '10	442,480	17,435,439	580,084,476	0.00	597,962,395
Net B. V. 2010	461,085,768	49,956,715	486,162,853	4,673,635	1,001,878,971
Net B. V. 2009	460,581,482	75,651,831	387,975,971	4,125,000	928,334,284

Included under Land and Buildings accounts are the following:

- 9.1 A parcel of land situated in East Avenue, Quezon City with a total area of 17,230.50 square meters amounting to P442,640,616 was fully paid on April, 2010. The Head Office of PhilHealth shall be constructed in this lot.
- 9.2 A lot and building purchased by PhRO III in San Fernando, Pampanga amounting to P13,059,200 and P25,520,363 respectively, for its permanent Regional Office. Some of its office spaces are rented-out.

A donated 1,831 sq. m. lot including improvements at the Regional Government Center (RGC), San Fernando, Pampanga through a MOA executed by and between the Regional Development Council III and PhilHealth has a fair market value of P8.30 Million as of April 18, 2007 per appraisal report of Cal-Fil Appraisal and Management, Inc. (Cal-Fil), a professional property consultants & valuer.

- 9.3 A donated 2,897 sq. m. lot at the RGC, Tuguegarao City, through a MOA executed with the DPWH Region 2 representing the Republic of the Philippines, has a fair market value of P8.69 Million as of July 24, 2006 per appraisal report of Cal-Fil. In compliance to the said MOA, the Regional Development Council (RDC) 2 has extended, upon request of PhRO-II, the construction of its office building for another two years per RDC-2 Resolution No. 02-037 s 2005.

10. INTANGIBLE ASSETS

This represents cost of various software application/programs purchased by the Corporation amounting to P14,101,933 and P14,622,163 net of amortization for CYs 2010 and 2009, respectively.

11. MISCELLANEOUS ASSETS AND DEFERRED CHARGES

	2010	2009
Prepayments/ Deferred Charges	9,327,308	10,107,496
Guaranty Deposit	36,936,399	34,098,245
	46,263,707	44,205,741

- 11.1 Prepayments include authorized payments made for the purchase of goods from the Procurement Service of DBM, insurance of motor vehicles of the Corporation from the GSIS and deferred charges account representing payment to HCPs by PhROs under the Debit/Credit Scheme.
- 11.2 Guaranty deposits are office rental made by the Head Office and PhROs in compliance with the requirements provided in the contracts.

12. OTHER ASSETS - NET

This account consists of long-term receivables as follows:

Long-term Receivable	2010	2009 (As Restated)
DBM (transfer of NHIP Program fr. GSIS to PHIC)	155,235,240	564,111,090
PCSO (Enhanced GMA Program)	115,000,000	235,000,000
PDIC (per MB Reso. 459 dated 4/7/5)	327,103	327,103
Officer & Employees per COA	1,456,749	1,456,749
PMCC Off. & Staff (before transition)	-	2,491,854
PhROs (from various Health Providers-DCS)	484,369	744,018
PhROs Unserviceable Equipment	4,480,186	-
PhROs Serviceable Equipment	2,901	-
Gross Long-Term Receivable	276,986,548	804,130,814
Less: Allowance for Doubtful Account		
Receivable from DBM	155,235,240	155,235,240
Receivable from PMCC Officer/Employees & DCS	337,056	2,491,854
	155,572,296	157,727,094
Net Amount	121,414,252	646,403,720

- 12.1 Long Term Receivable from the Department of Budget and Management (DBM) represent surcharges due to late remittance of the employer counterpart for premium contribution in the amount of P155,235,240 which was transferred to PhilHealth by the GSIS under a MOA signed on May 23, 2001 between DBM, GSIS & Bureau of Treasury (BTr). Per letter dated Dec. 12, 2005 of the Director, DBM Financial Service, PhilHealth was informed that the supposed settlement as provided in the MOA did not materialize, but some discussions/negotiations are currently being undertaken.

	2010	2009
Long-term Receivable from DBM (program fund transferred from GSIS to PHIC in 1997)		
Various LGUs	408,875,850	408,875,850
DBM Surcharges	155,235,240	155,235,240
Total Long-term Rec'ble from DBM	564,111,090	564,111,090
Less: Pay't received from GSIS dated July 01, 2010	408,875,850	-
Balance as of Dec. 31, '10	155,235,240	564,111,090
Less: Allowance for doubtful account	155,235,240	564,111,090
	-	-

- 12.2 Long Term Receivable from Philippine Charity Sweepstakes Office (PCSO) amounting to P115 million represents premium counterpart of various LGUs under the Enhanced PCSO - Greater Medicare Access (PCSO-GMA) Program (Plan 5M), also known as the "Universal Family Health Insurance Program". The Memorandum of Agreement, through Executive Order No. 276 s. 2004 entered into by and between DBM, PCSO and PhilHealth dated January 21, 2004, stated that PCSO will provide the LGU counterpart in the amount of P1.5 billion. Further, PCSO Board Resolution Nos. 718 s. 2003 and 180 s. 2004 provided an aggregate amount of P1.5 billion allocation for the said project. The balance of the account is as follows:

	2010	2009
Enhanced PCSO - GMA Program	1,500,000,000	1,500,000,000
Less: Collection of PCSO Releases		
CY 2004 - CY 2009	1,265,000,000	1,265,000,000
CY 2010	120,000,000	-
Total Collections	1,385,000,000	1,265,000,000
	115,000,000	235,000,000

- 12.3 Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) was in pursuant to Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation. The amount of P327,103 was reclassified as Other Asset due to the non-assurance of collection within one year. PDIC letter dated November 28, 2008 informed that the Final Project of Distribution (FPOD) was deferred by their Legal Department for unresolved legal issues. The Liquidation Court shall notify PhilHealth of their action for Hermosa Savings and Loan Bank, Inc.

- 12.4 Disallowances amounting to P1,456,749 refer to disbursements from 1995 to 1999 for travel expenses, employees' benefits, and purchases of goods and services that were subsequently disallowed by COA. The Corporation has appealed to the COA for the lifting of said disallowances.

- 12.5 Receivables from former officers and staff of Philippine Medical Care Commission (PMCC) amounting to P2,491,854, recorded as bad debts has been reversed as per COA decision No. 2010-152 dated Dec. 30, 2010.
- 12.6 Allowance for Doubtful Accounts was provided for the following:
- Advance payment to various Health Providers thru Debit-Credit System (DCS) to address accumulated backlog in the claims processing of some PhROs amounting to P337,056.
 - Receivable from the National Government for surcharges in the amount of P155,235,240. This was transferred by the Government Service Insurance System (GSIS) to PhilHealth.
 - The allowance for doubtful accounts is provided in an amount determined after evaluation of such factors as aging of the accounts, collection experience in relation to particular receivable and identified doubtful accounts.

13. PAYABLES

Payables include the accruals for benefit claims and administrative costs as follows:

	2010	2009 (As Restated)
Personal Services	34,345,200	36,028,837
MOOE	221,264,942	131,769,267
Capital Outlay	29,579,736	280,774,953
Benefit Claims	1,554,968,294	979,806,687
Accrued Benefit Claims	5,619,392,100	4,029,096,496
	7,459,550,272	5,457,476,240

- 13.1 Due to Members – Benefit Claims are payables representing the benefit payment checks still in the possession of the Corporation as of balance sheet date including return-to-sender (RTS) and stale checks.
- 13.2 Accrued Benefit Claims include those (1) claims already processed and with Account Payable Voucher (APV) and (2) benefit claims received but not yet processed, and without Account Payable Voucher. The monthly average value per claim by sector was used as the multiplier in computing the accrual for the month.

14. TRUST LIABILITIES

This account consists of:

	2010	2009 (As Restated)
Inter-Agency Payables	193,465,663	159,096,807
Trust liabilities -		
UNFPA Project	196,336	327,767
WHO Project # 1	294,922	294,922
WHO Project # 2	14,360	126,320
WHO Project # 3	1,720	1,720
WHO Project # 4	1,653	1,653
WHO Project # 5	403,425	403,425
WHO Project # 6	64,535	239,535
UMID Project	87,553,797	87,544,434
Refund from UST	73,431,569	73,431,569
Refund from Other Service Provider	87,779,096	51,733,534
AHP - Protest Bond	1,900,000	1,440,000
Donation	13,948,438	19,726,920
Performance/Bidders Bond Payable	15,045,957	13,474,306
Retention Fee	6,096,566	2,511,500
Center for Global Development	3,350,837	182,754
ICD 10	132,250	186,000
German Development Corporation	96,401	96,401
Philippine Training Institute	2,331,768	234,786.00
Great Women Project	189,648	-
New Born Screening Ref. Center	50	-
Benchbook	2,237	-
Other Payables	23,827,925	31,621,600
	510,129,153	442,675,953

- 14.1 Inter-Agency payables include deductions from the salaries of PhilHealth officials and employees which are due for remittance to Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF), National Home Mortgage Finance Corporation (NHMFC), Bureau of Internal Revenue (BIR), and PhilHealth Employees Association (PHICEA), taxes withheld from payments to health service providers.
- 14.2 The Corporation received from the World Health Organization (WHO) funding for the following PhilHealth WHO Projects:

Project No.	Project Title	Total Releases	Expenses	Fund Balance
1	Documentation and Development of Recognition System for LGU Exemplary Practices in Social Health Insurance	966,206	671,284	294,922
2	Development of PHIC Medium Term Development Plan 2008 - 2010	707,742	693,382	14,360
3	Conduct of Conference on Quality in Health Care in Low and Middle Income Countries	697,500	695,780	1,720
4	Trainer's Training for PhRO on Social Health Insurance Advocates and Champions (SHIAC) course for KaSAPI Partner Organized Groups	342,500	340,847	1,653
5	Assessment of PHIC Contribution Scheme	403,425	-	403,425
6	Conduct of Workshop and Training to Roll Out the Implementation of the Philippine National Drug Formulary System	239,535	175,000	64,535
		3,356,908	2,576,293	780,615

- 14.3 The Corporation is one of the recipients/partners of United Nations Population Fund (UNFPA) project entitled, "Strengthening and Sustaining the Delivery of Integrated Reproductive Health Services" PHL207 with total releases of P2,996,409 and expenses P2,800,073 leaving a fund balance of P196,336.00
- 14.4 Other Payables – donations include amounts received from the following entities, including the interest thereon:

Trust Liabilities - Donations	2010	2009
Westmont Investment Corp.	2,965,656	12,321,454
Strategies & Alliance Corp.	6,414,590	6,454,788
All Asia Capital & Trust Corp.	599	599
First Metro Investment Corp.	3,813	3,813
BF General Insurance Corp.	1,425	1,425
Land Bank of the Philippines	60,000	-
Donation received by PhRO's	4,502,354	944,841
	13,948,437	19,726,920

These shall finance specific projects like:

- Assistance to the projects of charitable or socio-civic organizations. (All Asia Capital & Trust Corporation).
- Research and development and other studies including P3.50 million ex-gratia fund. (Strategies & Alliance Corporation).
- Prevention of fraud and such other irregularities against the NHIF and for such other allied undertakings. (Westmont Investment Corporation).
- Used for ex-gratia Medicare claims reimbursement and other appropriate activities to attain the NHIP objectives. (BF General Insurance Corporation).

15. OTHER DEFERRED CREDITS

These are unearned accreditation fees amounting to P44,947,836 and P29,511,942 in CYs 2010 and 2009, respectively, of medical service providers with validity period of three years.

16. PREMIUM CONTRIBUTIONS

	2010	2009 (As Restated)
Premium Contributions - Indigent Program		
Counterpart-NG for Regular Indigent Program	-	3,485,953,191
Counterpart-LGUs for Indigent Program	1,963,773,912	1,799,386,803
Counterpart-Other NGAs-Congress	42,149,800	54,596,956
Counterpart-Other NGAs-PCSO for Enhanced GMA Program	-	12,556,680
Counterpart-Other NGAs-DOLE	-	-
Total Prem. Contributions - Indigent Program	2,005,923,712	5,352,493,630
Premium Contributions - Regular Program		
Contributions - Private Sector	17,944,637,022	17,063,503,905
Contributions - Government Sector	6,703,334,803	6,704,282,554
Contributions - Individually Paying Program	1,666,082,792	1,428,678,070
Contributions - Overseas Workers Program	767,713,665	722,430,818
Total Prem. Contributions - Regular Program	27,081,768,282	25,918,895,347
TOTAL PREMIUM CONTRIBUTIONS	29,087,691,994	31,271,388,977

17. INTEREST AND OTHER INCOME

	2010	2009
Interest Income		
Treasury Bonds	5,783,078,352	4,892,382,460
Treasury Bills	26,242,419	759,280,747
Time/Special Savings Deposits	364,860,482	455,455,560
Savings and Current Deposits	15,305,790	14,850,283
Other Interest Income	61,024,721	-
Total Interest Income	6,250,511,764	6,121,969,050
Other Income		
Accreditation Fees	22,865,506	23,418,890
Fines and Penalties	2,415,999	7,716,718
Rent Income	1,565,680	1,752,701
Gain (Loss) on Foreign Exchange	(149,989)	(65,187)
Gain (Loss) on Disposal of Assets	407,382	118,959
Gain (Loss) on Sale of Securities	-	305,168,463
Income from Grants & Donations	61,651	-
Dividend Income	329,769	1,944,144
Seminar Fee (HCP Forum)	-	18,000
Miscellaneous Income	2,401,945	1,364,568
Total Other Income	29,897,943	341,437,256
TOTAL INTEREST AND OTHER INCOME	6,280,409,707	6,463,406,306

18. PERSONAL SERVICES (PS)

	2010	2009
Salaries & Wages	776,752,460	699,179,855
Personnel Benefit Contributions	106,775,371	95,280,796
Other Compensation	1,605,247,407	1,535,275,160
Other Personnel Benefits	7,502,471	9,054,302
Total Personal Benefits	2,496,277,709	2,338,790,113

19. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

	2010	2009
Traveling Expenses	47,538,751	48,746,719
Training and Scholarship Expenses	4,920,162	6,869,521
Water Expenses	4,577,150	3,876,672
Electricity Expenses	87,550,324	68,548,143
Communication Expenses	96,814,000	97,855,111
Advertising Expenses	25,224,040	22,284,564
Marketing and Promotional Expenses	12,509,956	12,603,829
Transportation and Delivery Expenses	822,659	966,633
Taxes, Duties and Licenses	56,137	341,424
Fidelity Bond and Insurance Expenses	7,944,709	6,983,312
Supplies and Materials Expenses	98,125,510	98,881,735
Gasoline, Oil and Lubricants Expenses	11,858,128	8,983,732
Auditing Services	25,387,940	23,422,817
Consultancy Services	11,363,455	-
Janitorial Services	36,631,606	32,493,263
Security Services	80,109,102	74,963,286
Remuneration	149,646,212	164,458,771
Enumerators Fee	602,920	5,402,625
Notarial Fee	129,060	152,070
Contract and Research Services	136,912	5,668,533
Project Based Hiring	194,283,522	167,418,989
Honorarium	734,579	1,281,079
Repairs and Maintenance	14,532,341	16,030,214
Membership Dues and Contr. to Organizations	4,631,468	4,298,777
Printing and Binding Expenses	18,480,765	23,798,899
Rent Expenses	169,639,890	152,530,468
Representation Expenses	20,610,488	16,349,870
Subscription Expenses	982,156	932,329
Rewards and Other Claims	20,788,690	20,090,555
Miscellaneous and Extraordinary Expenses	10,956,425	11,946,441
Other Expenses	21,174,877	48,052,219
Financial Expenses	19,876,083.00	84,438.00
	1,198,640,017	1,146,317,038
Bad Debts	337,056	-
Depreciation Expense	106,320,229	87,282,885
Loss of Assets	6,000	-
Loss on Sale of Assets	121,405	-
Obsolescence / Impairment Loss	7,262,897	7,054,142
Non-Cash Expenses	114,047,587	94,337,027
Total MOOE	1,312,687,604	1,240,654,065

20. RESERVE FUND

The Reserve Fund is set at P90,655,000,000, the amount which is equal to the reserve fund limit actuarially estimated for two years' projected Program expenditures, as provided for under Section 27 of RA 7875, to wit: "Section 27. Reserve Fund – The Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two years' projected Program expenditures x x x:"

21. CONTINGENT CAPITAL

Contingent capital in the amount of P1,457,863 in CY 2010, with the same amount in CY 2009, represent COA disallowances on prior year expenditures.

22. RETAINED EARNINGS

In consonance with Philippine Accounting Standards (PAS) No. 8, the Retained Earnings was restated as follows:

	As of Dec. 31, 2010	As of Dec 31, 2009
Balance at beginning of year	36,398,579,756	27,105,226,917
Adjustment in Retained Earnings	(8,894,307,723)	-
Prior Year's Adjustment	-	410,213,490
As restated	27,504,272,033	27,515,440,407
Adjustment in Reserve Fund	(21,172,000,000)	(1,061,000,000)
Net Income	1,046,053,355	9,944,139,349
Ending Balance	7,378,325,388	36,398,579,756

Prior Year's Adjustments are summarized as follows:

Members' Contributions	(7,431,795)
NGs/LGUs Counterpart for Indigent Program	(39,960)
Interest Income	(89)
Accreditation Fees	7,250
Other Income	(8,292)
Fines & Penalties	-
Personal Services	1,399,458
Maintenance and Other Operating Expenses	411,134,846
Benefit Payments	5,152,072
	410,213,490

23. WORLD BANK FINANCING

The Philippine Government through the Department of Finance entered into a loan agreement with the World Bank, as embodied in World Bank IBRD Loan No. 7395-PH, to support the implementation of the five-year National Sector Support for Health Reform Project (NSSHRP). The project was approved in 2006 and became effective in March 2007.

The project is composed of four-component. The component A (Health Financing Component) will be implemented by Philippine Health Insurance Corporation. It has an allocation of US\$40 million which provides as budget support for the National Government Counterpart of the Sponsored Program Premiums.

As of December 31, 2009, no utilization from the allocation has been made due to non-availability of proxy-means testing tool for use under the acceptable survey tools prescribed in the Indigent Program Manual. It should be noted that access to the loan fund is anchored on the submission of an enrolment list identified through the proxy-means test (PMT) or any LGU-based tool using acceptable means testing methodology as specified in the Indigent Support Program Manual. Since no LGU is using any identification tool that complies with the requirements described in the Implementation Manual, the World Bank agreed that PhilHealth shall utilize the indigent list generated through the National Household Targeting System for Poverty Reduction (NHTS-PR) of the Department of Social Welfare and Development (DSWD).

In order to fast track release from the loan proceeds, the Philippine Health Insurance Corp. signed a Memorandum of Agreement with DSWD to gain access to and utilization of its indigent list. According to the said agreement, National Household Targeting System for Poverty Reduction (NHTS-PR) Indigent list shall be used for the 2008 and 2009 Sponsored Program enrolment.

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PhRO III



Orlando D. Inigo
PhRO IV-A



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OIC, PhRO V



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PhRO VI



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PhRO VIII



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Atty. Khaliquzzaman M. Macabato
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Financial Audit



Dr. Francisco Z. Soria Jr.
Accreditation



Dr. Narisa Portia J. Sugay
Standards and Monitoring



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Corporate Planning



Maria Sophia B. Varlez
Public Affairs



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Prosecution



Cheryl O. Welan
OIC, Human Resource



Atty. Enerito O. Yañez
Protest and Appeals Review



Chona S. Yap
Training Institute

PhilHealth Directory

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No. 1614 Quezon Ave., South Triangle
Quezon City

PhilHealth Regional Office NCR North - Manila

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Service Office

Covered areas:

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Malabon, Navotas, Valenzuela

Manila Service Office

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523-6121
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G/F Remcor Bldg., Rizal Ave. Extension
bet. 10th & 11th Ave., Caloocan City
Tel. Nos. : 365-2012; 365-2014; 365-0464

Mandaluyong Service Office

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Boni Ave., Brgy. San Jose
Mandaluyong City
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Quezon City Service Office

Covered areas :

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F.R. Estuar & Associates Penthouse
Estuar Bldg., 880 Quezon Ave., Quezon City
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Marcos Highway cor. Felix Ave.
Cainta, Rizal
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Covered areas: Makati, Pasay
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