



# Kambyo

SHIFTING GEAR



ANNUAL  
REPORT  
**2011**



# ANNUAL REPORT 2011

## Our Cover Story

Gears symbolize PhilHealth's newly rolled-out programs, processes and products working in tandem. Through **Shifting Gear**, these innovations will allow PhilHealth to further improve service to its members with better management and efficiency.



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## Message from the President of the Philippines

My warmest greetings to the board, administration, and staff of the Philippine Health Insurance Corporation (PhilHealth) on the publication of your 2011 Annual Report.

Universal Health Care is one of the cornerstones of our development agenda; a healthy citizenry is one empowered to maximize the opportunities made available to them: elevating the quality of their lives and those of their loved ones, while contributing to the equitable progress of our nation.

The accomplishments that you report manifest your commitment to secure access to quality, affordable health care for more Filipinos. As of 2011, PhilHealth registered a 23 percent increase in membership, bringing almost 82 percent of the population under our socialized health insurance program. Let me also commend your adoption of the Department of Social Welfare and Development's National Household Targeting System for Poverty Reduction, an efficient, precise, and politically-insulated instrument for identifying indigent families in need of sponsored membership.

**These strengthened partnerships with key agencies and local government units, alongside your upgraded medical programs, expanded service networks, and extensive public awareness campaigns, have truly transformed PhilHealth into a more dynamic and responsive agency.**

With your continued initiative and enthusiasm, we can achieve our goal of Universal Health Care. Let us remain guided by the principles of transparency, accountability, and integrity, as we realize our shared aspiration of a robust and productive citizenry.



**BENIGNO S. AQUINO III**

## Message from the Chairman of the Board



Each year, we pause to evaluate what we have achieved and take note of the challenges with the goal of finding specific solutions to address the problems. This Annual Report allows us to answer the question: "are we making a difference in the health and lives of Filipinos?"

**The Philippine Health Insurance Corporation was created to provide comprehensive social health insurance in terms of covered population and benefits for all Filipinos. Sixteen years after it has been established, PhilHealth has remained true to its mandate to ensure adequate financial access of every Filipino to quality health care services through the effective and efficient administration of the National Health Insurance Program.**

As Chairman of the Board, I am proud to say that we are moving forward. We have enrolled the poorest Filipinos, expanded our coverage, and rolled out new benefit packages. At the same time, with the help of the Community Health Teams program of the Department of Health, we are continuously educating the public on their PhilHealth benefits and guiding them to accredited health facilities where they could avail of health services.

These strides could not have been possible without the hard work of the men and women of this institution. Steadfast to its core value, PhilHealth upholds its duty to serve its members and the public. The strong leadership driving the health reforms and innovative operational strategies prompted essential changes to fast track the realization of our goals of *Kalusugan Pangkalahatan* or Universal Health Care.

*Kalusugan Pangkalahatan* cannot be attained overnight, but the end is in sight. Universal health for all Filipinos is a definite possibility especially with the inspiration of our achievements for 2011. This 2012 and beyond, we will continue to make a difference!

*Mabuhay!*

A handwritten signature in black ink, appearing to read 'ET Ona'.

**ENRIQUE T. ONA M.D.**  
*Secretary of Health*

# The Report of the President and CEO

## Shifting Gear towards Improved Services and Processes

2011 was a year of breakthroughs and milestones for PhilHealth, as we strive to improve our services and continue to develop innovations in implementing our programs to fulfill our mandate to provide universal health care to all Filipinos.

In October of the same year, I was given the unique opportunity to spearhead this beloved institution. It was like coming home, given my years of experience working for PhilHealth as Vice-President for Health Finance Policy Services.

2011 is also a year of transition. We not only improved upon the programs initiated during the term of outgoing President and CEO Dr. Rey Aquino, but also added new initiatives to ensure continuity of service to our members.

2011 is a period of transition, as well as breakthroughs and milestones for PhilHealth. We have truly shifted gear in terms of providing the utmost service to our members.

We are in the midst of shifting gear to ensure the continued success of providing for the Filipino people the high quality of medical care they deserve. Since I assumed my current position as President and CEO, we have implemented new processes that would allow us to best cater to the needs of our members and their beneficiaries and at the same time strengthen ties with our current partners and promote new ones.

Encouraged by these developments, I am humbled to present the highlights of operations of PhilHealth for the year 2011.



### 16th Anniversary Theme

On our 16th anniversary, PhilHealth adopted the theme *"Tapat na Serbisyo, Sapat na Benepisyo, Lahat Panalo"*. It is focused on PhilHealth's unwavering commitment in providing the best service and comprehensive medical care benefits that our countrymen can rely on when sickness arises in the family.

The year's celebration also had a number of firsts in the institution. The year saw the first National Health Insurance Month and PhilHealth anniversary that carried the administration's message of Universal Health Care for all Filipinos.

### Social Health Insurance Coverage for all Filipinos

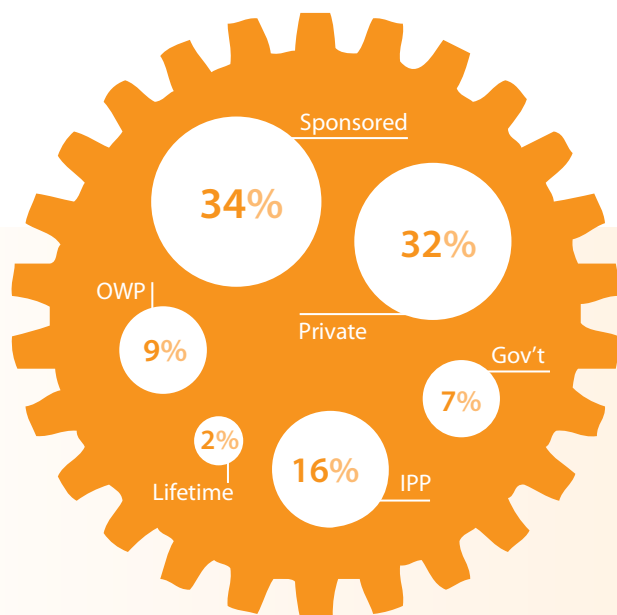
#### Continued Expansion of Membership in the Formal and Informal Sector

In 2011, we shift the gear into high mode fueled by our desire to see 100% coverage for Filipinos. In bringing this passion to life, PhilHealth posted an aggregate enrollment of almost 28 million members in 2011. This is a 24% increase from the previous year's figure of 22.4 million enrollees.

In practical terms, this translates to more than 78 million total members and dependents, or about 82% of the entire Philippine population enrolled under the National Health Insurance Program. Our new mission now is to provide the best possible service to our beneficiaries, while at the same time ensuring that all Filipinos become part of the NHIP.

The Employed sector, comprising both government and private, comprises almost 40% of the total number of registered members, 34% from the Sponsored Program, 16% from the Individually Paying Program (IPP) members, while 9% and 2% belonged to the Overseas Workers Program (OWP) and the Lifetime Members Program respectively. We have also tried to make recruitment and enrollment as attractive and exciting as possible to entice potential members to enroll in the National Health Insurance Program.





Data are based on the number of members and dependents registered in the database except for Sponsored Regular and DOH program members that were estimated using U.P.-Econ dependent multiplier. **Source: MMG**

Sector	Registered Members	Enrolled Beneficiaries
Government-Employed	2.01	5.90
Private-Employed	8.85	18.10
Sponsored Program	9.57	38.45
Regular/DOH	5.33	19.55
NHTS	4.24	18.90
Individually-Paying Program	4.34	9.91
Overseas Workers Program	2.57	5.09
Lifetime Program	0.57	0.95
<b>Total</b>	<b>27.92</b>	<b>78.39</b>

### Adoption of the NHTS-PR

PhilHealth adopted the National Household Targeting System for Poverty Reduction (NHTS-PR) of the Department of Social Welfare and Development (DSWD) in 2011 to help ensure the accuracy of identifying indigent families nationwide.

The strategy proved to be very successful in the enrollment of indigent families in the Sponsored Program, with almost 60% increase from the previous year. To date, 4.2 million indigent members are enrolled in the program through the NHTS-PR.

### Championing the Sponsored Program Nationwide

We are thankful that our unwavering commitment to universal health care is supported by various local government and private partner initiatives nationwide, committed to the active enrollment of our indigent countrymen through the Sponsored Program. While there is still much to do, we laud their efforts in contributing to the government's goal of protecting the health of all Filipinos.

I am proud to present the recent rundown of PhilHealth registration programs all over the country.

### Caloocan

Around 35,500 poor families from different barangays in Caloocan received their PhilHealth Sponsored Member cards last January 21, 2011. A project of City Mayor Enrico "Recom" Echiverri, the city government allotted 10 million pesos for health insurance premium for its indigent constituents for one year.



Enrolled families are now entitled to all PhilHealth benefits when confined in any PhilHealth accredited hospitals even outside of Caloocan. Incidentally, Caloocan is among the first Local Government Units (LGU) to achieve universal coverage and the first city to enroll with PhilHealth all their constituents who were listed in the NHTS-PR of the DSWD.

## Iloilo

The town of Mina, in the province of Iloilo, has finally attained 100% coverage. A 4th class municipality in the 3rd district of Iloilo, it is the first LGU in the area to push for universal coverage for its residents.

Now on its 7th year of implementation, Mina has enrolled a total of 4,175 indigent families in the Sponsored Program. Participation in the Sponsored Program was initiated by former Mayor Rey Grabato and was later sustained by his successor, his wife Mayor Lydia Grabato.



The Mayor pointed out the health of Cebu residents should be given special attention and must be considered a priority. The local government is also currently working out for the accreditation of its health centers, which will serve as providers of the Sponsored Member's outpatient benefit package.

This accreditation, as well as the Sponsored Program, will soon allow for Cebu City's urban poor to have access to quality health care coverage through their respective health centers.

## Leyte

According to Mayor Grabato, the PhilHealth Capitation Fund enabled them to improve their Rural Health Units which now operate as an accredited 3-in-1 facility, equipped with modern medical equipment. Additionally, she also stated the great contribution PhilHealth has given to their health program especially in defraying the medical and hospital expenses of their constituents.

## Cebu

Cebu City Mayor Michael Rama signed a Memorandum of Agreement (MOA) with PhilHealth last April 2011 for the health insurance coverage of some 30,000 indigent families from 80 barangays in the city.

Likewise, the City Social Welfare Service, with the recommendation of Mayor Rama, started to identify qualified recipients for sponsorship. Priority will be given to 2,887 beneficiaries of the Pantawid Pamilyang Pilipino Program (4Ps) of the Department of Social Welfare and Development.



We formalized this partnership with a simple MOA signing ceremony held last year in the PhilHealth Head Office in Pasig City, attended by Rep. Torres-Gomez and Leyte Vice-Governor Ma. Mimeta S. Bagulaya, together with other PhilHealth officials. During the said event, Rep. Torres-Gomez also stated that she would want to make services more efficient in her province.



Under the agreement, the GT-Metro Foundation shall initially grant the financial assistance to qualified drivers, who have promised to continue paying the monthly PhilHealth premium for the succeeding years.

In the MOA signing in Manila Tytana College in Pasay City, we stressed the importance of Public Private Partnerships by working closely with the private sector in attaining Universal Health Care.

## Manila

A total of 4,374 PhilHealth cards sponsored by the Department of Health (DOH) were turned over to the City of Manila last October 4, 2011. The IDs were distributed in a special ceremony at the Dapitan Sports Complex, headed by Mayor Alfredo Lim, together with City Social Welfare Department Head, Mr. Jay R. Dela Fuente. Recipients of the cards were listed under the NHTS-PR as identified by DSWD. Mayor Lim, during his speech for the said event, reminded his constituents about the benefits of being a PhilHealth member.

## Cagayan North

5,400 poor families from 10 municipalities in the first district of Cagayan North were given PhilHealth IDs through the efforts of Rep. Juan Ponce Enrile in cooperation with PhRO-II. The sponsored families can now avail of health care services in any accredited PhilHealth hospitals and rural health units in their province and nationwide.

## Private Sponsorships

### Pasay

368 qualified tricycle drivers from Pasay are now enrolled in the PhilHealth Partial Subsidy Scheme Program, thanks in part to GT-Metro Foundation Inc. and PAMBOTODA Transport Service & Multi-purpose Cooperative.

## Marketing Activity held for OFWs

We successfully launched our first ever marketing campaign in Singapore in March of 2011. The event opened with a meeting of 72 various Filipino organizations in the Philippine Embassy. After the meeting, there was a general assembly of OFWs, as well as visits to some hospitals, accredited remittance centers and Singaporean companies employing Filipino workers. This was followed by a Press Conference in the O'Leary Grill and Restaurant.

Overseas Filipino Workers, existing members who were present in the said event had the opportunity to reactivate and update their records. Also, those who were not yet enrolled in the PhilHealth program were encouraged to sign up. 177,000 Filipino workers are currently employed in various industries in Singapore. It is among the top ten destinations of OFWs and ranks sixth among the top eight sources of overseas remittances made through banks at the start of 2011.

## PhilHealth Sabado 2 launched

As a follow-up to the highly successful launch in October 2010, PhilHealth and the Department of Health brought back "PhilHealth Sabado, Magseguro, Magparehistro 2" last June 25, 2011.



### Member Get Member – Win a Prize Promo

As part of its marketing strategy to promote the National Health Insurance Program, and increase enrollment in the individual paying program for the informal sector in the Cagayan Valley, the PhilHealth Regional Office-II launched “PhilHealth Member Get Member – Win a Prize Promo” last October, 2011.

The campaign turned every active PhilHealth member into a potential advocate, who were then able to give PhilHealth Member Registration Forms to prospective recruits. The recruits were then briefed regarding their premium payment options and were requested to proceed directly to the PhilHealth Regional Office or any PhilHealth Service Office or Service Desks in Region II for processing of their PMRF and payment of their premium.

Aimed at enlisting Filipinos who are still not a part of PhilHealth, the one-day event was not only a registration activity, but also a means to provide information to new and existing members regarding their duties and responsibilities, as well as benefits. The day was marked by systematic and orderly transactions, simultaneous with on-site registrations in the country. These transactions included information and registration, assessment, encoding, payment, printing and distribution of cards.

Additional agencies supporting the event included the Department of Education (DepEd), the Department of Interior and Local Governments (DILG) and the Department of Social Welfare and Development (DSWD). Additional contribution was provided by the National Anti-Poverty Commission (NAPC), Leagues of Provinces, Cities, Municipalities and Barangays of the Philippines, as well as non-government organizations.



PhilHealth advocates got a specially designed PhilHealth umbrella and a raffle coupon for every four recruits they turned in. Raffle prizes included Apple iPad 2, Acer Aspire None Netbook, Nokia x2-01 cellular phones, mobile phone loads and other consolation prizes. The promo ran until December 23, 2011 and prizes were claimed until January 23, 2012.

## One Dream: One Card for Every Filipino's Health

PhilHealth launched its new identification card in September 2011 through the I-PhilHealthy campaign as a means to provide health and wellness benefits from participating merchants nationwide. The I-PhilHealthy card is also created to encourage non-members with the means to pay for premium contribution to enroll in the National Health Insurance Program. It is one of the many strategies that PhilHealth employs as a response to the government agenda on Universal Health Care.

The new card comes in full color and displays the member's name, PhilHealth identification number and date of birth in front, as well as a magnetic stripe at the back, which contains member information.

The new identification (ID) card enables the bearer to claim discounts on purchases from participating commercial establishments nationwide.

The cards are currently available in selected SM and Bayad Centers nationwide. Other corporate partners include All Card Plastics Philippines and E-Solution for card production services; Prime IT Source Inc. and 1abx for connectivity; Globe Telecom and Smart Communications for advocacy efforts; Unilab for the provision of cards to senior citizen-members of PhilHealth; GlaxoSmithKline, Qualifirst Health Inc., PQ HealthShield, Watsons Pharmacy, Rose Pharmacy, South Star Drugstore, Fresenius/FMS Renal Care Corp., Vivian Sarabia Optical and JNW Drug Testing Inc. for PhilHealth member discounts and specialty privileges.

## **Enhancement and Expansion of Benefits and Services**

Our work does not end with enrolling additional members to the NHIP; instead this is where our work begins. We give a promise to all new and existing members that we will ensure their health care and well-being through our various programs. We keep our end of the bargain by continuously enhancing our benefits and improving our services to provide them with quality health care that they deserve, in line with our government's effort in providing Universal Health Care for all Filipinos. The articles below provide concrete evidence on our work in this regard.

## Introduction and implementation of the New Case Rate Payment

Last September 1, 2011, PhilHealth initiated the new Case Rate method for selected medical cases and surgical procedures for all member types in various accredited



health care facilities. The case rate method of paying for benefits is similar to a 'pakyaw' system wherein all services are included in a fixed rate package.

The case rate payment significantly reduces high out-of-pocket payment by members. Savings are done by buckling the usual "fee for service" method, wherein providers are paid for each unit of service. This method, however, can be exploited since expenditures tend to increase if more services than what is needed are provided or more expensive services are substituted for less expensive ones. The shift addresses the need to provide optimal financial risk protection especially to the most vulnerable groups, including the poorest of the poor.

The case rate payment also educates and empowers members by letting them know exactly how much they can avail for certain medical conditions and surgical procedures. Partner-providers also benefit from the new system, as it equates to faster processing of claims and therefore faster reimbursement for the services they have provided our members with.

PhilHealth has been using the case rate method in paying for insurance benefits for some time for conditions such as outpatient malaria treatment, HIV/AIDS, tuberculosis treatment, cataract surgery and a lot more. This time, however, the method is being expanded to accommodate and include the most common medical conditions that we pay for, meaning, these comprise about 49 percent of all claims that we have received, processed and paid for over the past years.

Among the medical cases and the corresponding package rates are Dengue I (P8,000.00), Dengue II (P16,000.00), Pneumonia I (P15,000.00), Pneumonia II (P32,000.00), Essential Hypertension (P9,000.00), Cerebral Infarction (CVA

I, P28,000.00), Cerebrovascular Accident with Hemorrhage (CVA II, P38,000.00), Acute Gastroenteritis (P6,000.00), Asthma (P9,000.00), Typhoid Fever (P14,000.00), and Newborn Care Package in Hospitals and Lying-in clinics (P1,750.00).

On the other hand, the surgical procedures include Radiotherapy (P3,000.00 per session), Hemodialysis (P4,000.00 per session), Maternity Care Package (MCP, P8,000.00) coupled with the Normal Spontaneous Delivery (NSD) Package in Level 1 (P8,000.00) and Levels 2-4 hospitals (P6,500.00), Caesarian Section (P19,000.00), Appendectomy (P24,000.00), Cholecystectomy (P31,000.00), Dilatation and Curettage (P11,000.00), Thyroidectomy (P31,000.00), Herniorrhaphy (P21,000.00), Mastectomy (P22,000.00), Hysterectomy (P30,000.00) and Cataract Surgery (P16,000.00).

### PhilHealth Goes Full Speed Towards UHC

PhilHealth accelerated its move towards Universal Health Care with recent enhanced benefit roll-outs designed to improve financial risk protection for all of its members.

We are prioritizing the eventual implementation of primary care benefits which entitle members to basic, quality health care services through accredited public and private health care providers nationwide. Members shall be assigned to primary care providers, that shall offer preventive and diagnostic services, as well as common outpatient medicines such as anti-hypertensives, anti-diabetics, and antibiotics provided at no cost to our members.

Such a system shall also become the basis for incentives directed at Centers of Excellence, health facilities in under-served areas, and providers implementing the No Balance Billing (NBB) policy (or the "Sagot Ka Ng PhilHealth" policy). In these areas, higher percentage increase in base case rate shall be offered to further improve access to quality care.

The NBB policy is also in the process of being expanded. Originally a program for Sponsored Members including those identified in the National Household Targeting System for Poverty Reduction (NHTS-PR) admitted in government hospitals, the policy allows for no other fees or expenses to be charged or paid for by the patient-member above and beyond the package rate.

It is being widened to include other member type such as employed, IPP and OWP members. It is also being implemented to members who have availed themselves of the Maternity Care Package (MCP) and New Born Care Package (NCP) in any accredited MCP non-hospital providers such as maternity clinics and birthing homes.

The enhanced benefits framework also includes complementary and supplementary sources of health financing on top of the basic benefit package. This is done specifically to cover catastrophic cases and additional health expenses of private and government sector workers.

We prepare for this eventual move towards the concrete implementation of UHC by increasing case rates for our members with mindful concern for the investments of our stakeholders, particularly employers.

Availment processes at hospitals shall also become easier, with electronic claims mandated among level 3 and 4 hospitals. With the new enhanced benefits, we ensure the financial protection for our members.

### Continued Expansion Service Facilities

Nine out of ten DOH-licensed hospitals are now PhilHealth accredited. This amounts to a total of 1,622 healthcare providers and 24,197 healthcare professionals nationwide by the end of 2011. The number of accredited outpatient clinics is also on the rise. From 25 in 2000, there are now 1,602 Rural Health Units nationwide, providing healthcare services to members.




Facilities	Accredited
Hospitals	1,622
Rural Health Units	1,602
Freestanding Dialysis Clinics	70
Maternity Care Clinics	1,070
TB/DOTS Centers	1,090
<b>Professionals</b>	<b>24,197</b>

### Ensuring member satisfaction through quality health services

Our hard work at crafting world-class standards through the implementation of the PhilHealth Benchbook for Quality Standards and Hospital Assessment Tool is now starting to bear fruit. In September 2011, 54 hospitals from all over the country were recognized for their efforts with the Center of Excellence Award. Winners were selected from accredited healthcare providers who met the stringent criteria provided by the Benchbook.

## Widening Service Networks and Premium Payment

PhilHealth continued its efforts to accredit more banks and pursued tie-ups with other collecting agencies to collect member premiums nationwide and overseas. To date, PhilHealth members may choose to update their premium payments from any of the 147 accredited collecting agents (ACAs) and its 7,000 branches nationwide.



	ACAs	Branches
Universal Banks	12	2,327
Commercial Banks	6	397
Thrift Banks	12	462
Rural Banks	13	210
Cooperative Banks	1	4
Government Banks	2	410
Non-Bank	96	3,249
Overseas Collection	5	111

### New Collecting Partners

#### ChinaBank Savings

To provide more premium payment options to our growing number of members nationwide, PhilHealth now welcomes Chinabank Savings Inc. as its new accredited collecting partner. So far, 18 Chinabank branches nationwide uphold the company's mission to make premium payments easy and convenient for its members, as well as becoming centers for information dissemination through the distribution of PhilHealth reading materials.

#### LBC Express Inc.

LBC Express became the 7th non-bank collecting agent for PhilHealth after signing a MOA last January 2011. LBC Express can now accept premium payments from PhilHealth members in applicable branches.

### New Partners for Overseas Members

#### ABS-CBN E-Moneyplus, Inc.

To provide convenience for our overseas members, PhilHealth forged a partnership with ABS-CBN E-Money Plus Inc., the remittance business arm of media giant ABS-CBN.

This partnership ensures ease of premium payments for OFWs in any of the ABS-CBN E-Money Plus Inc. foreign offices and tie-ups in the United Arab Emirates, Kuwait, HongKong, Saudi Arabia, Qatar, Canada, Lebanon, Bahrain and Taiwan. Payments can be made on the local currency where the OFW is located, converted to current exchange rates at the time of payment. Additionally, ABS-CBN E-Money Plus Inc. offices shall also become information centers regarding developments in PhilHealth premium payments, benefits and benefit availment.

#### Ventaja International Corporation

PhilHealth has also given official accreditation to Ventaja International Corporation as a certified PhilHealth's Collecting Agent for OFW Premium Contributions. The accreditation allows OFWs accessibility of payment for their premium contributions through the remittance tie-ups/ partners of Ventaja International Corporation abroad.

### PhilHealth Opens Additional Service Offices

Philhealth has also added new offices all over the country in a strategic move to provide better service to our members. New and existing offices are also updated with the latest technologies to reduce lag and ensure smooth transaction experience.

The Goa Service Desk, was created with the support of the local government through municipal Mayor Anterio S. Lim. Launched in August 2011 by PhRO-V, it was the second Online Help Desk in Camarines Sur. Here, members can check their status updates of claim reimbursements, update their records, have their Member Data Record and ID printed. The Service desk also accommodates new member registration. Located at the Goa Integrated Central Terminal, the service desk is open from Tuesdays to Fridays from 8:00 a.m. to 5:00 p.m.

In the Cagayan Valley, PhRO-II took part in the Business One Stop Shop (BOSS) project in certain municipalities of the region. The joint initiative, together with other government agencies, aims to bring PhilHealth closer to its members. PhilHealth services available in BOSS centers include membership application, remittance reports, premium payments and issuance of PhilHealth Forms and clearances. Other government agencies who participated in the BOSS Centers are Home Development Mutual Fund (HMDF), Social Security System (SSS), Bureau of Fire Protection (BFP) and the licensing office of several municipalities. A total of thirty (30) BOSS centers ran from January to February of 2011.

### Employers May Now Report PhilHealth Remittances Online

To improve efficiency in our services towards our members, PhilHealth introduced the Electronic Premium Reporting System (EPRS). Creating a web-based system ensures viability adequacy and effectiveness in premium collection and membership update. The EPRS System also eases reconciliation between employer and member premium contribution. With the system, employees from the public and private sectors may now submit their remittance report online.

### PhilHealth Call Center Launched

PhilHealth took full advantage of current technology to address customer care and satisfaction through the launching of its own call center during its 16th year anniversary celebration in February 2011. Now, members have easy access to information as needed, such as PIN numbers, member benefits and availment, status of claims and other member concerns. Members can contact the PhilHealth Call Center through its hotline number (02) 441-7442. The Call Center is open Mondays to Fridays from 8:00 a.m. to 5:00 p.m.



### Positive Net Satisfaction Ratings

Upgrading and improving PhilHealth member services is in itself its own reward. However, it is also heartwarming to know that such endeavors are greatly accepted.

The Social Weather Station (SWS) nationwide survey conducted last June 2011 showed 77% of respondents are aware of PhilHealth and are satisfied, garnering a “very good” net satisfaction score of +66. The same survey also showed that PhilHealth’s net satisfaction in terms of support and protection of its members and dependents is also high, at +67.

### A Family Reunion

2011 is a period of transition, as well as breakthroughs and milestones for PhilHealth. We have truly shifted gear in terms of providing the utmost service to our members. We have sped up membership registration, collection and transaction in the past year. At the same time, we have continually upgraded claims processes and introduced paradigm-shifting case payment processes.

I would like to reiterate the need for every Filipino to be covered under the National Health Insurance Program and ensure that all our countrymen enjoy the benefits of government mandated health care. This idea will go a long way in protecting and ensuring the good health of all Filipinos.

Finally, please allow me to express my sincerest gratitude to the entire PhilHealth community for giving me a warm welcome. It’s like I never left, having served as the Vice President for Health Finance Policy Services a while back. I feel very privileged and delightful to see again old and new faces within our organization. Let us continue to work together in securing the health and well-being of all Filipinos.

*Mabuhay tayong lahat!*

  
**Eduardo P. Banzon, M.D., MSc**  
President and CEO

## Statement of Management's Responsibility for the Financial Statements

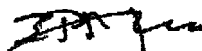
The Management of the Philippine Health Insurance Corporation is responsible for the presentation of the financial statements as of December 31, 2011. The Financial Statements have been prepared in accordance with the accounting principles generally accepted in the Philippines.

The financial statements necessarily reflect amounts based on informed judgement and estimates of the expected effects of current events 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



**DR. EDUARDO P. BANZON**  
President and CEO

# Balance Sheet

As of December 31, 2011  
(In Philippine Peso)

	Notes	2011	2010 (As Restated)	Increase / (Decrease) Current vs Prior Year
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	3	5,700,834,795	9,689,590,161	(3,988,755,366)
Short - term Investments	4	19,564,221,530	31,719,363,461	(12,155,141,931)
Receivables - net	5	3,955,221,445	14,673,730,806	(10,718,509,361)
Inventories	6	39,882,413	33,288,762	6,593,651
Other Current Assets	7	-	1,623,362	(1,623,362)
Total Current Assets		29,260,160,183	56,117,596,552	(26,857,436,369)
<b>Non-current Assets</b>				
Investments - net	8	86,751,979,863	56,976,998,150	29,774,981,713
Property & Equipment - net	9	994,154,917	992,123,924	2,030,993
Intangible Assets - net	10	26,753,808	14,101,933	12,651,875
Miscellaneous Assets and Deferred Charges	11	54,947,719	49,716,692	5,231,027
Other Assets - net	12	123,429,316	121,751,308	1,678,008
Total Non-current Assets		87,951,265,623	58,154,692,007	29,796,573,616
<b>TOTAL ASSETS</b>		<b>117,211,425,806</b>	<b>114,272,288,559</b>	<b>2,939,137,247</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables	13	8,658,456,895	6,819,887,804	1,838,569,091
Other Payables	14	638,750,732	478,582,803	160,167,929
Total Current Liabilities		9,297,207,627	7,298,470,607	1,998,737,020
<b>Non-current Liability</b>				
Other Deferred Credits	15	30,822,705	44,947,836	(14,125,131)
Total Liabilities		9,328,030,332	7,343,418,443	1,984,611,889
<b>Equity</b>				
Reserve Fund	20	103,170,000,000	90,655,000,000	12,515,000,000.00
Contingent Capital	21	1,457,863	1,457,863	-
Retained Earnings	22	4,711,937,611	16,272,412,253	(11,560,474,642)
Total Equity		107,883,395,474	106,928,870,116	954,525,358
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>117,211,425,806</b>	<b>114,272,288,559</b>	<b>2,939,137,247</b>

# Statement of Income

For the period January 1 - December 31, 2011  
(In Philippine Peso)

	Note/ Sched.	2011	2010 ( As Restated )	Increase / (Decrease) Current vs Prior Year
<b>INCOME</b>	Sch. I			
Premium Contributions	16	33,294,148,623	33,949,836,877	(655,688,254)
Interest and Other Income	17	6,674,796,444	6,273,280,445	401,515,999
Total Income		39,968,945,067	40,223,117,322	(254,172,255)
<b>EXPENSES</b>	Sch. II			
<b>Benefit Payments</b>				
Private Sector		12,222,208,245	10,823,769,491	1,398,438,754
Government Sector		5,964,307,022	5,341,304,424	623,002,598
Indigent Program (In-Patient)		6,032,696,354	5,532,749,278	499,947,076
Indigent Program (Capitation)		1,305,360,584	1,008,057,516	297,303,068
Overseas Workers Program		1,221,969,910	920,261,637	301,708,273
Individually Paying Program		5,826,400,400	4,419,487,991	1,406,912,409
Non-paying Program		2,311,874,758	1,968,575,497	343,299,261
Total Benefit Payments		34,884,817,273	30,014,205,834	4,870,611,439
<b>Operating Expenses</b>				
Personal Services	18	2,683,521,901	2,478,603,923	204,917,978
Maintenance and Other Operating Expenses	19	1,454,001,494	1,306,156,831	147,844,663
Total Operating Expenses		4,137,523,395	3,784,760,754	352,762,641
Total Expenses		39,022,340,668	33,798,966,588	5,223,374,080
<b>NET MARGIN (LOSS)</b>	<b>22</b>	<b>946,604,399</b>	<b>6,424,150,734</b>	<b>(5,477,546,335)</b>

# Detailed Statement of Income

For the period January 1 - December 31, 2011  
(In Philippine Peso)

	2011	2010 ( As Restated )	Increase / (Decrease) Current vs Prior Year
Premium Contributions			
Members' Contributions	30,931,092,723	28,955,819,682	1,975,273,041
NG/LGU Counterpart for Indigent Program	2,363,055,900	4,994,017,195	(2,630,961,295)
<b>TOTAL PREMIUM CONTRIBUTIONS</b>	<b>33,294,148,623</b>	<b>33,949,836,877</b>	<b>(655,688,254)</b>
Less: Benefit Payments	34,884,817,273	30,014,205,834	4,870,611,439
<b>GROSS MARGIN FROM OPERATIONS</b>	<b>(1,590,668,650)</b>	<b>3,935,631,043</b>	<b>(5,526,299,693)</b>
Less: Operational Expenses			
Personal Services	2,683,521,901	2,478,603,923	204,917,978
Maintenance & Other Operating Expenses	1,454,001,494	1,306,156,831	147,844,663
Total Operational Expenses	4,137,523,395	3,784,760,754	352,762,641
<b>NET OPERATING INCOME (LOSS)</b>	<b>(5,728,192,045)</b>	<b>150,870,289</b>	<b>(5,879,062,334)</b>
Add: Interest Income			
Treasury Bonds	6,190,983,685	5,778,709,928	412,273,757
Treasury Bills	19,233,120	26,242,419	(7,009,299)
Time Deposits / SSDs	423,406,601	361,596,476	61,810,125
Savings & Current Deposits	8,950,592	15,482,019	(6,531,427)
Other Interest Income	1,552,878	61,024,721	(59,471,843)
Total Interest Income	6,644,126,876	6,243,055,563	401,071,313
Add: Other Income			
Accreditation Fees	23,488,733	23,110,368	378,365
Gain (Loss) on Foreign Exchange	1,201	(149,989)	151,190
Gain (Loss) on Disposal of Assets	291,246	407,382	(116,136)
Fines & Penalties	2,066,739	2,415,999	(349,260)
Income from Grants & Donations	195,840	116,951	78,889
Income	912,301	-	912,301
Rent Income	1,333,711	1,565,680	(231,969)
Dividend Income	72,114	329,769	(257,655)
Miscellaneous Income	2,307,683	2,428,722	(121,039)
Total Other Income	30,669,568	30,224,882	444,686
<b>NET MARGIN (LOSS)</b>	<b>946,604,399</b>	<b>6,424,150,734</b>	<b>(5,477,546,335)</b>
<b>TOTAL INCOME</b>	<b>39,968,945,067</b>	<b>40,223,117,322</b>	<b>(254,172,255)</b>

# Statement of Changes in Equity

As of December 31, 2011  
(In Philippine Peso)

	Notes	2011	2010 ( As Restated )	Increase / (Decrease) Current vs Prior Year
<b>RESERVE FUND</b>	20	103,170,000,000	90,655,000,000	12,515,000,000
<b>CONTINGENT CAPITAL</b>	21	1,457,863	1,457,863	-
<b>RETAINED EARNINGS</b>	22			
Balance at beginning of year		16,272,412,253	27,504,573,966	
Adjustment in Retained Earnings		7,920,959	(301,933)	
Prior Year's Adjustments		-	3,515,989,486	
		16,280,333,212	31,020,261,519	
Adjustment in Reserve Fund		(12,515,000,000)	(21,172,000,000)	
		3,765,333,212	9,848,261,519	
Net income for the period	22	946,604,399	6,424,150,734	
Balance at the end of year		4,711,937,611	16,272,412,253	(11,560,474,642)
<b>EQUITY</b>		<b>107,883,395,474</b>	<b>106,928,870,116</b>	<b>954,525,358</b>

# Cash Flow Statement

As of December 31, 2011  
(In Philippine Peso)  
(With Comparative Figures for 2007)

	2011	2010 (As Restated)	Increase / (Decrease) Current vs Prior Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Members' Contributions	26,580,033,659	29,012,868,095	(2,432,834,436)
Counterpart - NGs	8,460,953,191	-	8,460,953,191
Counterpart - Other NGAs	1,626,049,996	40,294,810	1,585,755,186
Counterpart - LGUs	2,268,651,263	1,122,914,027	1,145,737,236
Receipts from GOCCs	-	65,786,050	(65,786,050)
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	60,324,521	25,911,294	34,413,227
Cash received from various Operating Activities	34,189,950	84,574,494	(50,384,544)
Cash received from Unclaimed Refund	61,666,263	-	61,666,263
Cash received in trust	53,150,928	(239,507)	53,390,435
Benefit Payments	(32,997,031,240)	(28,110,223,831)	(4,886,807,409)
MOOE/Personal Services/Supplies and Materials paid	(4,043,146,889)	(3,855,982,125)	(187,164,764)
Payment of Miscellaneous Assets and Deferred Charges	492,000	(2,057,966)	2,549,966
Income from Grants and Donations	-	61,651	(61,651)
<b>Net Cash Provided (Used in) by Operating Activities</b>	<b>2,105,333,642</b>	<b>(1,083,180,658)</b>	<b>3,188,514,300</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Matured Bonds	(14,339,651,583)	(4,203,934,619)	(10,135,716,964)
Placement/Matured T. Bills	915,377,209	1,388,383,762	(473,006,553)
Interest received on Investments	7,444,486,600	6,835,702,653	608,783,947
Gain on Foreign Exchange	2,991	(149,989)	152,980
Payment of Equipment purchased	(115,878,230)	(326,935,106)	211,056,876
Rent collected	1,362,890	1,565,680	(202,790)
Gain (Loss) on Disposal of Assets	211,115	407,382	(196,267)
<b>Net Cash Provided (Used in) by Investing Activities</b>	<b>(6,094,089,008)</b>	<b>3,695,039,763</b>	<b>(9,789,128,771)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,988,755,366)</b>	<b>2,611,859,105</b>	<b>(6,600,614,471)</b>
<b>CASH AND CASH EQUIVALENTS at the Beginning of Year</b>	<b>9,689,590,161</b>	<b>7,077,731,056</b>	<b>2,611,859,105</b>
<b>CASH AND CASH EQUIVALENTS as of December 31, 2011</b>	<b>5,700,834,795</b>	<b>9,689,590,161</b>	<b>(3,988,755,366)</b>

# Income

# Schedule I

For the period January 1 - December 31, 2011  
( In Philippine Peso )

	Notes	2011	2010 ( As Restated )	Increase / (Decrease) Current vs Prior Year
<b>BUSINESS INCOME (Premium Contributions)</b>				
Premium Contributions - Indigent Program	16	-	2,885,596,376	(2,885,596,376)
Counterpart - NG for Regular Indigent Program		137,846,600	42,149,800	95,696,800
Counterpart - Other NGAs - Congress		2,225,209,300	2,066,271,019	158,938,281
Counterpart - LGUs for Indigent Program				
<b>Total Premium Contributions - Indigent Program</b>		<b>2,363,055,900</b>	<b>4,994,017,195</b>	<b>(2,630,961,295)</b>
Premium Contributions - Regular Program	16			
Contribution - Private Sector		20,123,770,382	19,001,571,114	1,122,199,268
Contribution - Government Sector		7,917,241,950	7,452,519,169	464,722,781
Contribution - Individually Paying Program		2,059,251,046	1,662,244,758	397,006,288
Contribution - Overseas Workers Program		830,829,345	839,484,641	(8,655,296)
<b>Total Premium Contributions - Regular Program</b>		<b>30,931,092,723</b>	<b>28,955,819,682</b>	<b>1,975,273,041</b>
<b>Total Business Income</b>		<b>33,294,148,623</b>	<b>33,949,836,877</b>	<b>(655,688,254)</b>
<b>INTEREST INCOME</b>	17			
Treasury Bonds		6,190,983,685	5,778,709,928	412,273,757
Treasury Bills		19,233,120	26,242,419	(7,009,299)
Time Deposits / Special Saving Deposits		423,406,601	361,596,476	61,810,125
Savings & Current Deposits		8,950,592	15,482,019	(6,531,427)
Other Interest Income		1,552,878	61,024,721	(59,471,843)
<b>Total Interest Income</b>		<b>6,644,126,876</b>	<b>6,243,055,563</b>	<b>401,071,313</b>
<b>OTHER INCOME</b>	17			
Accreditation Fees		23,488,733	23,110,368	378,365
Gain (Loss) on Foreign Exchange		1,201	(149,989)	151,190
Gain (Loss) on Disposal of Assets		291,246	407,382	(116,136)
Fines & Penalties		2,066,739	2,415,999	(349,260)
Income from Grants & Donations		195,840	116,951	78,889
Insurance Income		912,301	-	912,301
Rent Income		1,333,711	1,565,680	(231,969)
Dividend Income		72,114	329,769	(257,655)
Miscellaneous Income		2,307,683	2,428,722	(121,039)
<b>Total Other Income</b>		<b>30,669,568</b>	<b>30,224,882</b>	<b>444,686</b>
<b>TOTAL INCOME</b>		<b>39,968,945,067</b>	<b>40,223,117,322</b>	<b>(254,172,255)</b>

# Expenses

## Schedule II

For the period January 1 - December 31, 2011  
(In Philippine Peso)

	Note	2011	2010 (As Restated)	Increase / (Decrease) Current vs Prior Year
<b>BENEFIT PAYMENTS</b>	<b>16</b>			
Private Sector		12,222,208,245	10,823,769,491	1,398,438,754
Government Sector		5,964,307,022	5,341,304,424	623,002,598
Indigent (Regular)		6,032,696,354	5,532,749,278	499,947,076
Indigent (Capitation)		1,305,360,584	1,008,057,516	297,303,068
Overseas Worker Program		1,221,969,910	920,261,637	301,708,273
Individual Paying Member		5,826,400,400	4,419,487,991	1,406,912,409
Non-paying Member		2,311,874,758	1,968,575,497	343,299,261
<b>Total Benefit Payments</b>		<b>34,884,817,273</b>	<b>30,014,205,834</b>	<b>4,870,611,439</b>
<b>OPERATIONAL EXPENSES</b>	<b>16</b>			
Personal Services				
Salaries & Allowances		1,554,653,550	1,377,609,567	177,043,983
Bonuses		987,543,871	984,504,383	3,039,488
Mandatory Contributions		112,742,538	106,775,002	5,967,536
Other Personal Services		28,581,942	9,714,971	18,866,971
<b>Total Personnel Services</b>		<b>2,683,521,901</b>	<b>2,478,603,923</b>	<b>204,917,978</b>
Maintenance and Other Operating Expenses				
Traveling Expenses		46,504,050	47,537,368	(1,033,318)
Training and Scholarship Expenses		6,137,392	4,891,945	1,245,447
Water Expenses		5,154,551	4,449,497	705,054
Electricity Expenses		96,941,208	86,614,969	10,326,239
Communication Expenses		106,520,678	95,068,499	11,452,179
Advertising Expenses		24,743,198	25,188,985	(445,787)
Marketing and Promotional Expenses		26,266,506	12,731,210	13,535,296
Transportation and Delivery Expenses		1,255,420	792,098	463,322
Taxes, Duties and Licenses		7,992,289	56,137	7,936,152
Fidelity Bond and Insurance Expenses		8,448,510	7,921,988	526,522
Supplies and Materials Expenses		105,429,363	94,614,263	10,815,100
Gasoline, Oil and Lubricants Expenses		13,756,103	11,883,462	1,872,641
Auditing Services		38,592,163	25,423,960	13,168,203
Consultancy Services		2,089,412	11,363,455	(9,274,043)
Janitorial Services		38,557,769	36,188,914	2,368,855
Security Services		81,677,284	79,230,831	2,446,453
Remuneration		152,107,286	146,780,945	5,326,341
Enumerators Fee		-	494,290	(494,290)
Notarial Fee		212,233	128,110	84,123
Contract / Research Services		1,331,480	136,912	1,194,568
Project Base Hiring		238,041,382	193,680,454	44,360,928
Honorarium		767,219	734,579	32,640
Repairs & Maintenance		14,638,853	14,096,910	541,943
Membership Dues and Contr. to Organizations		4,193,803	4,637,757	(443,954)
Printing and Binding Expenses		17,824,190	18,266,215	(442,025)
Rent Expenses		193,616,991	169,497,727	24,119,264
Representation Expenses		23,911,297	20,532,944	3,378,353
Subscription Expenses		973,887	856,445	117,442
Rewards and Other Claims		21,411,242	20,808,784	602,458
Miscellaneous and Extraordinary Expenses		10,973,953	10,929,275	44,678
Other Expenses		26,164,631	21,393,296	4,771,335
Financial Expenses		13,371,895	19,673,399	(6,301,504)
Non-Cash Expenses		124,395,256	119,551,208	4,844,048
<b>Total Maintenance &amp; Other Operating Expenses</b>		<b>1,454,001,494</b>	<b>1,306,156,831</b>	<b>147,844,663</b>
<b>Total Operational Expenses</b>		<b>4,137,523,395</b>	<b>3,784,760,754</b>	<b>352,762,641</b>
<b>TOTAL EXPENSES</b>		<b>39,022,340,668</b>	<b>33,798,966,588</b>	<b>5,223,374,080</b>

# Notes to Financial Statements

December 31, 2011

## 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:

	2011	2010 (As Restated)
Collecting Officers (Schedule 1)	86,515,614	70,672,747
Disbursing Officers (Schedule 2)	433,645	633,366
Petty Cash Fund (Schedule 3)	670,232	615,202
Cash in Bank	1,548,276,638	1,371,657,757
Special Savings Deposit	4,064,938,666	8,246,011,089
	<b>5,700,834,795</b>	<b>9,689,590,161</b>

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:

	2011	2010 (As Restated)
Special Savings Deposit	7,045,371,424	2,337,394,357
Treasury Bills	-	915,377,209
Treasury Bonds	12,518,850,106	28,466,591,895
	<b>19,564,221,530</b>	<b>31,719,363,461</b>

These are placed between 91 to 364 days.

#### 5. RECEIVABLES - NET

	2011	2010 (As Restated)
Due from Collecting Bank - NHIP Premiums	188,978,264	95,245,641
Advances to Officers & Employees (Schedule 4)	1,536,686	721,619
Accrued Interest Receivable - Investment	1,919,011,053	2,215,715,378
Premium Receivable	1,261,105,090	1,761,643,291
Due from National Government Agencies	394,741,430	10,351,798,017
Due from LGUs	185,111,317	243,794,550
Other Receivables	4,853,231	4,927,936
Total	3,955,337,071	14,673,846,432
Add (Less): Allowance for Doubtful Accounts	(115,626)	(115,626)
	<b>3,955,221,445</b>	<b>14,673,730,806</b>

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 include the computed deficiency in employer share of the health insurance premium contributions to Philhealth amounting to P394,741,430 in conformity with the amount covered by the FY 2009 Appropriations Act. The amount of P8,894,005,790 which had been recorded in CY 2009, was reverted on November 2010 per advice of COA and DBM Circular No. 2009-12 dated Nov. 12, 2009. Details of the account are as follows:

Total SARO issued by DBM	617,582,919
Less: Total amount collected as of Dec. , 2011	222,841,489
Balance as of Dec., 2011	<b>394,741,430</b>

Likewise, the amount of P6,443,522,776 which was also recorded as receivables in CY 2010, has been adjusted to P3,460,953,191 under SARO No. F-10-05703 dated June 28, 2010 / NCA No. F-10-0025154 dated Dec. 28, 2010 and collected per Official Receipt No. 26838367 dated Jan. 4, 2011.

For the Current Year ( CY 2011 ), the General Appropriations Act ( GAA ) has appropriated the following under A.II.f.2:

- NG Subsidy for Health Insurance Premium of Indigents - P 3B
- NG share for Health Insurance Premium for workers of the Informal Sector - 500M

- 5.3 Due from GOCCs – The amount of P301,933 has been reversed in CY 2010 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	2011	2010 (As Restated)
CAR	4,332,070	6,507,023
I	9,701,907	52,380,409
II	7,146,291	7,773,630
III	1,917,448	1,917,447
IV-A	2,777,733	108,333
IV-B	542,030	20,596,956
V	36,360,463	43,732,100
VI	67,822,275	33,077
VIII	38,618,218	49,794,505
X	-	34,145,340
XII	3,095,495	2,443,070
Caraga	12,797,387	24,362,660
	<b>185,111,317</b>	<b>243,794,550</b>

- 5.5 Other Receivables include DOH Global Budget for Out-Patient-Benefit Package for OWP which has an unutilized balance of P1,083,752 as of Dec. 31, 2011. 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 P39,882,413 and P33,288,762 for CYs 2011 and 2010, respectively.

## 7. OTHER CURRENT ASSETS

This represents the reclassified Philippine National Bank Account No. 260-840034-9 amounting to 1,623,362 which was already closed per passbook and was adjusted to prior year adjustment account as of November 30, 2011.

## 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:

	2011	2010 (As Restated)
PLDT - Subscriber Investment Plan	725,300	725,300
Investment in Bonds	86,337,408,758	56,562,427,045
Investment in Real Property	413,845,805	413,845,805
	<b>86,751,979,863</b>	<b>56,976,998,150</b>

- 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:

	2011	2010 (As Restated)
Pag-Ibig Housing Bonds	-	39,560,000
Retail T-bonds	26,800,000,000	7,300,000,000
3-year T-bonds	3,943,356,606	4,112,706,873
5-year T-bonds	9,821,729,330	18,664,723,384
7-year T-bonds	30,549,728,019	26,445,436,788
10-year T-bonds	15,222,594,803	-
	<b>86,337,408,758</b>	<b>56,562,427,045</b>

- Investment in Real Property pertains to property acquired from investment in Fort Bonifacio Development Corporation, previously recorded as Global City Receivable Repayment Right, converted to Land with an aggregate amount of P413,845,805 including cost of documentary stamp/transfer tax and registration fees. Per Technical Appraisal Report of Cal-Fil Appraisal and Management, Inc. ( Cal-Fil ), the subject property has a fair market value of P544.38 Million as of November 4, 2011. This account was reclassified as Investment in Real Property instead of Plant Property and Equipment.

- 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.

## 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
<b>Cost</b>					
January 01, 2011	461,528,247	67,392,155	1,066,247,329	4,673,635	1,599,841,366
Additions	26,645	4,831,250	52,396,370	134,678	57,388,943
Adjustments	(3,262,866)	8,908,288	33,044,598	(683,313)	38,006,707
Dec. 31, 2011	458,292,026	81,131,693	1,151,688,297	4,125,000	1,695,237,016
<b>Accumulated Depreciation</b>					
January 01, 2011	442,479	17,435,439	580,084,476	-	597,962,394
Depreciations	173,813	7,401,505	111,363,700	-	118,939,018
Adjustments	-	2,301,498	(18,120,811)	-	(15,819,313)
Dec. 31, 2011	616,292	27,138,442	673,327,365	0.00	701,082,099
<b>Net Book Value</b>	<b>457,675,734</b>	<b>53,993,251</b>	<b>478,360,932</b>	<b>4,125,000</b>	<b>994,154,917</b>
<b>Net Book Value</b>					
Dec. 31, 2010	<b>454,908,867</b>	<b>49,956,715</b>	<b>482,584,708</b>	<b>4,673,634</b>	<b>992,123,924</b>

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 P439,377,750 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 for its permanent Regional Office in San Fernando, Pampanga amounting to P13,059,200 and P25,520,363 respectively, has a fair market value of P47.76 Million as of November 10, 2011 per appraisal report of Ca-Fil Appraisal and Management, Inc. (Cal-Fil). 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 P10.14 Million as of November 10, 2011 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 P26,753,808 and P14,101,933 net of amortization for CYs 2011 and 2010, respectively.

## 11. MISCELLANEOUS ASSETS AND DEFERRED CHARGES

	2011	2010 (As Restated)
Prepayments/ Deferred Charges	13,312,230	12,780,293
Guaranty Deposit	41,635,489	36,936,399
	<b>54,947,719</b>	<b>49,716,692</b>

- 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 refer to transactions made by the Head Office and PhROs in compliance with the requirements provided in the contracts for office rentals.

## 12. OTHER ASSETS - NET

This account consists of the following:

	2011	2010 (As Restated)
DBM ( transfer of NHIP Program fr. GSIS to PHIC )	155,235,240	155,235,240
PCSO (Enhanced GMA Program)	115,000,000	115,000,000
PDIC (per MB Reso. 459 dated 4/7/5)	327,103	327,103
Officer & Employees per COA	1,456,749	1,456,749
PhROs ( from various Health Providers-DCS)	445,652	484,369
PhROs Unserviceable Equipment	3,262,165	4,480,186
PhROs Serviceable Equipment	2,937,647	2,901
Gross Long-Term Receivable	278,664,556	276,986,548
<b>Less: Allowance for Doubtful Account</b>		
Receivable from DBM	155,235,240	155,235,240
	155,235,240	155,235,240
<b>Net Amount</b>	<b>123,429,316</b>	<b>121,751,308</b>

- 12.1 Long Term Receivable from the Department of Budget and Management (DBM) represents surcharges for late remittance of the employer counterpart for premium contribution.
- 12.2 Long Term Receivable from Philippine Charity Sweepstakes Office (PCSO) represents the balance of the account for the premium counterpart of various LGUs under the Enhanced PCSO – Greater Medicare Access (PCSO-GMA) Program.
- 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.
- 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 officers and staff of the Philippine Medical Care Commission (PMCC) which were recorded as bad debts has been reversed per COA decision No. 2010-152 dated Dec. 30, 2010.
- 12.6 Allowance for Doubtful Accounts was provided for the following:
- 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 amount was 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 accruals for benefit claims and administrative costs as follows:

	2011	2010 (As Restated)
Personal Services	43,069,357	28,099,168
MOOE	156,187,504	191,268,168
Capital Outlay	41,652,187	29,579,736
Benefit Claims	2,324,580,737	951,548,632
Accrued Benefit Claims	6,092,967,110	5,619,392,100
	<b>8,658,456,895</b>	<b>6,819,887,804</b>

- 13.1 Benefit Claims represents 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 (1) claims already processed and (2) claims received but not yet processed. The monthly average value per claim by sector was used as the multiplier in computing the accrual for the month.

#### 14. OTHER PAYABLES

This account consists of:

	2011	2010 (As Restated)
Inter-Agency Payables	204,304,745	129,861,519
Trust liabilities -		
UNFPA Project	841,361	189,457
WHO Project # 1	294,922	294,922
WHO Project # 2	14,360	14,360
WHO Project # 3	1,720	1,720
WHO Project # 4	1,653	1,653
WHO Project # 5	230,625	403,425
WHO Project # 6	9,515	64,535
UMID Project	101,068,826	99,559,399
Refund from UST	73,451,442	73,431,569
Refund from Other Service Provider	150,010,517	87,779,096
AHP - Protest Bond	2,246,540	1,900,000
Donations	11,467,395	13,948,438
Performance/Bidders Bond Payable	16,069,744	15,045,957
Retention Fee	10,717,275	6,096,566
Center for Global Development	2,186,199	3,350,837
ICD 10	342,250	132,250
German Development Corporation	96,401	96,401
Philippine Training Institute	3,724,521	2,331,768
Great Women Project	61,336	248,719
New Born Screening Ref. Center	50	50
Interest Income for Unclaimed Refund	20,000,000	20,000,000
Benchbook	2,237	2,237
Others	41,607,098	23,827,925
	<b>638,750,732</b>	<b>478,582,803</b>

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), and taxes withheld from payments to health service providers.

14.2 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 P4,329,189 and expenses 3,487,828 leaving a fund balance of P841,361.

14.3 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	2010	2009
					193,465,663	159,064,870
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	172,800	230,625		
6	Conduct of Workshop and Training to Roll Out the Implementation of the Philippine National Drug Formulary System	239,535	230,020	9,515		
		<b>3,356,908</b>	<b>2,804,113</b>	<b>552,795</b>	<b>23,827,925</b>	<b>31,621,600</b>

14.4 Donations include amounts received from the following entities, including earned interest thereon:

Trust Liabilities - Donations	2011	2010 (As Restated)
Westmont Investment Corp.	2,965,656	2,965,656
Strategies & Alliance Corp.	6,176,754	6,414,590
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	60,000
Donation received by PhRO's	2,259,148	4,502,355
	<b>11,467,395</b>	<b>13,948,438</b>

These shall finance specific projects like:

- a. Prevention of fraud and such other irregularities against the NHIF and for such other allied undertakings. ( Westmont Investment Corporation ).
- b. Research and development and other studies including P3.50 million ex-gratia fund. (Strategies & Alliance Corporation).
- c. Assistance to the projects of charitable or socio-civic organizations. ( All Asia Capital & Trust Corporation ).
- d. 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 P30,822,705 and P44,947,836 in CYs 2011 and 2010, respectively, of medical service providers with validity period of three years.

## 16. PREMIUM CONTRIBUTIONS

	2011	2010 (As Restated)
Premium Contributions - Indigent Program		
Counterpart-NG for Regular Indigent Program	-	2,885,596,376
Counterpart-Other NGAs-Congress	137,846,600	42,149,800
Counterpart-LGUs for Indigent Program	2,225,209,300	2,066,271,019
Total Prem. Contributions - Indigent Program	2,363,055,900	4,994,017,195
<b>Premium Contributions - Regular Program</b>		
Contributions - Private Sector	20,123,770,382	19,001,571,114
Contributions - Government Sector	7,917,241,950	7,452,519,169
Contributions - Individually Paying Program	2,059,251,046	1,662,244,758
Contributions - Overseas Workers Program	830,829,345	839,484,641
Total Prem. Contributions - Regular Program	30,931,092,723	28,955,819,682
<b>TOTAL PREMIUM CONTRIBUTIONS</b>	<b>33,294,148,623</b>	<b>33,949,836,877</b>

## 17. INTEREST AND OTHER INCOME

	2011	2010 (As Restated)
<b>Interest Income</b>		
Treasury Bonds	6,190,983,685	5,778,709,928
Treasury Bills	19,233,120	26,242,419
Time/Special Savings Deposits	423,406,601	361,596,476
Savings and Current Deposits	8,950,592	15,482,019
Other Interest Income	1,552,878	61,024,721
Total Interest Income	6,644,126,876	6,243,055,563
<b>Other Income</b>		
Accreditation Fees	23,488,733	23,110,368
Fines and Penalties	2,066,739	2,415,999
Rent Income	1,333,711	1,565,680
Gain (Loss) on Foreign Exchange	1,201	(149,989)
Gain (Loss) on Disposal of Assets	291,246	407,382
Income from Grants & Donations	195,840	116,951
Insurance Income	912,301	-
Dividend Income	72,114	329,769
Miscellaneous Income	2,307,683	2,428,722
Total Other Income	30,669,568	30,224,882
<b>TOTAL INTEREST AND OTHER INCOME</b>	<b>6,674,796,444</b>	<b>6,273,280,445</b>

**18. PERSONAL SERVICES ( PS )**

	2011	2010 (As Restated)
Salaries & Allowances	1,554,653,550	1,377,609,567
Bonuses	987,543,871	984,504,383
Mandatory Contributions	112,742,538	106,775,002
Other Personal Services	28,581,942	9,714,971
<b>Total Personal Services</b>	<b>2,683,521,901</b>	<b>2,478,603,923</b>

**19. MAINTENANCE AND OTHER OPERATING EXPENSES ( MOOE )**

	2011	2010 (As Restated)
Traveling Expenses	46,504,050	47,537,368
Training and Scholarship Expenses	6,137,392	4,891,945
Water Expenses	5,154,551	4,449,497
Electricity Expenses	96,941,208	86,614,969
Communication Expenses	106,520,678	95,068,499
Advertising Expenses	24,743,198	25,188,985
Marketing and Promotional Expenses	26,266,506	12,731,210
Transportation and Delivery Expenses	1,255,420	792,098
Taxes, Duties and Licenses	7,992,289	56,137
Fidelity Bond and Insurance Expenses	8,448,510	7,921,988
Supplies and Materials Expenses	105,429,363	94,614,263
Gasoline, Oil and Lubricants Expenses	13,756,103	11,883,462
Auditing Services	38,592,163	25,423,960
Consultancy Services	2,089,412	11,363,455
Janitorial Services	38,557,769	36,188,914
Security Services	81,677,284	79,230,831
Remuneration	152,107,286	146,780,945
Enumerators Fee	-	494,290
Notarial Fee	212,233	128,110
Contract and Research Services	1,331,480	136,912
Project Based Hiring	238,041,382	193,680,454
Honorarium	767,219	734,579
Repairs and Maintenance	14,638,853	14,096,910
Membership Dues and Contr. to Organizations	4,193,803	4,637,757
Printing and Binding Expenses	17,824,190	18,266,215
Rent Expenses	193,616,991	169,497,727
Representation Expenses	23,911,297	20,532,944
Subscription Expenses	973,887	856,445
Rewards and Other Claims	21,411,242	20,808,784
Miscellaneous and Extraordinary Expenses	10,973,953	10,929,275
Financial Expenses	13,371,895	19,673,399
	<b>1,303,441,607</b>	<b>1,165,212,327</b>

	2011	2010 (As Restated)
<b>Other Expenses</b>		
Registration of Motor Vehicle	265,997	259,393
Athletic & Cultural Expenses	9,204,507	4,098,005
Corporate Forum	9,290,808	10,903,251
Medical Expenses	4,689,256	5,377,964
Nominal Housing	718,875	509,612
Contingencies	1,488,260	140,019
GAD	-	5,486
Donations	506,928	99,566
<b>Total Other Expenses</b>	<b>26,164,631</b>	<b>21,393,296</b>
<b>Non-Cash Expenses</b>		
Bad Debts	-	-
Depreciation Expense	119,061,243	112,091,918
Loss of Assets	975,884	6,000
Loss on Sale of Assets	200,940	190,393
Obsolescence / Impairment Loss	4,157,189	7,262,897
<b>Total Non-Cash Expenses</b>	<b>124,395,256</b>	<b>119,551,208</b>
<b>Total MOOE</b>	<b>1,454,001,494</b>	<b>1,306,156,831</b>

## 20. RESERVE FUND

The Reserve Fund is set at P103,170,000,000 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 2011, with the same amount in CY 2010, 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, 2011	As of Dec 31, 2010 (As Restated)
Balance at beginning of year	16,272,412,253	27,504,573,966
Adjustment in Retained Earnings	7,920,959	(301,933)
Prior Year's Adjustment	-	3,515,989,486
As restated	16,280,333,212	31,020,261,519
Adjustment in Reserve Fund	(12,515,000,000)	(21,172,000,000)
Net Income	946,604,399	6,424,150,734
<b>Ending Balance</b>	<b>4,711,937,611</b>	<b>16,272,412,253</b>

Prior Year's Adjustments are summarized as follows:

Members' Contributions	(10,749,433)
NGs/LGUs Counterpart for Indigent Program	3,392,630,035
Interest Income	(19,970)
Investment Income	(24,373,173)
Accreditation Income	2,500
Other Income	433
Personal Services	41,345,856
Maintenance and Other Operating Expenses	9,051,640
Benefit Payments	108,101,598
	<b>3,515,989,486</b>

## 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 Dec. 31, 2010, still no utilization has been reported due to non-availability of proxy-means testing tool for use under the acceptable survey tools prescribed in the Indigent Program Manual. In this regard, an amendment to the Indigent Program Support Manual was requested in early 2010 to accommodate other means testing tools due to the difficulty in initiating the indigent identification tools prescribed in the Manual. The amendment stipulates, among others, that PhilHealth's Sponsored Program enrollment in 2008 and 2009 would be eligible for Bank reimbursement provided that these families are in the DSWD's NHTS database.

As agreed with the World Bank, PhilHealth's enrollment in the Sponsored Program (SP) starting in 2008 shall be eligible for Bank reimbursement provided these indigent families are listed in the DSWD's NHTS database. Enrolled families were thus matched with the NHTS database to determine who are eligible. A total of 344,754 families enrolled in the SP were found to be in the NHTS database. The national government counterpart was then computed and an application for reimbursement was prepared and submitted to DBM on 24 May 2011.

From the allocation of \$40 million for the Health Financing Component which is being implemented by PhilHealth, an application for reimbursement of P290,718,000.00 equivalent to \$6,760,883.72 has been submitted by DBM to the World Bank.

# Board of Directors



- 1 **Hon. Enrique T. Ona, M.D.**  
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*Board Vice Chairperson  
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*NAPC-Representative*



# Executive Officers

## OFFICE OF THE BOARD OF DIRECTORS

### OFFICE OF THE CORPORATE SECRETARY

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Office of the Corporate Secretary



## OFFICE OF THE PRESIDENT

**Dr. Eduardo P. Banzon**  
President and CEO



Office of the President and CEO



### INTERNAL AUDIT GROUP

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Vice President



Operations Audit Department

**Atty. Jay F. Villegas**  
Senior Manager



**Anne Marie C. San Andres**  
Senior Manager



Financial Audit Department



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Attorney-V, SBAC



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**Gilda Salvacion A. Diaz**  
Senior Manager



**Ma. Sophia B. Varlez**  
Senior Manager

Public Affairs Department



International and Local  
Cooperation Department



**Chona S. Yap**  
Senior Manager

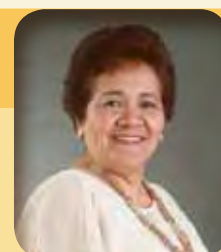
Training Institute



Call Center



HEALTH FINANCE POLICY SECTOR



**Melinda C. Mercado**  
Senior Vice President



**Quality Assurance Group**



**Dr. Israel Francis A. Pargas**  
*Senior Manager*



**Benefits Development and Research Department**



**Dr. Francisco Z. Soria, Jr.**  
*OIC - Vice President*



**Dr. Robert Louie P. So**  
*OIC - Senior Manager*

**Dr. Narisa Portia J. Sugay**  
*Senior Manager*



**Standards and Monitoring Department**

**Accreditation Department**



## HUMAN RESOURCE DEPARTMENT / ORGANIZATION SYSTEM DEVELOPMENT OFFICE



**Henry V. Almanon**  
*Senior Manager, HRD*



**Dr. Clementine A. Bautista**  
*OIC - Senior Manager, OSDO*



## ACTUARIAL SERVICES AND RISK MANAGEMENT SECTOR



**Ernesto V. Beltran**  
*Senior Vice President*



**Office of the Senior Vice President**



**Nerissa R. Santiago**  
*Vice President*

**Actuarial Services and Risk Management**





**Cynthia D. Corvite**  
Senior Manager



Risk Management

## OFFICE OF THE CHIEF INFORMATION OFFICER

Office of the Senior Vice President



**Dr. Alvin B. Marcelo**  
Senior Vice President &  
Chief Information Officer

Information Technology Management Department



**Rodolfo B. Del Rosario, Jr.**  
OIC - Senior Manager

**Marilyn C. Geduspan**  
Senior Manager



Corporate Planning Department



## EVP / COO

**Atty. Alexander A. Padilla**  
Executive Vice President &  
Chief Operating Officer



Office of the Executive Vice President  
& Chief Operating Officer

## ARBITRATION DEPARTMENT

**Atty. Germain G. Lim**  
Vice President  
OIC - Arbitration Department



Health Informatics Section

## FUND MANAGEMENT SECTOR

EVP/COO

**Val S. Valila**  
Senior Vice President



Office of the Senior Vice President



Comptrollership Department



**Victoria D. Pablo**  
Senior Manager



**Evangeline F. Racelis**  
Senior Manager

Treasury  
Department



## LEGAL SECTOR



**Atty. Edgar Julio S. Asuncion**  
Senior Vice President



Office of the Senior Vice President



Prosecution Department

**Atty. Alfredo B. Pineda II**  
Senior Manager



Internal Legal Department



**Atty. Darwin G. De Leon**  
OIC - Senior Manager



**Atty. Alex B. Cañaverall**  
Senior Manager



**Mario S. Matanguihan**  
Senior Manager

EVP/COO



Fact Finding Investigation and  
Enforcement Department



Task Force for Corporate Center and Offices

## MANAGEMENT SERVICES SECTOR

Office of the Senior Vice President



**Octavino Q. Esguerra**  
Senior Vice President



**Evelyn C. Bangalan**  
Senior Manager



Physical Resources and Infrastructure Department



**Lemuel T. Untalan**  
OIC - Senior Manager

**Walter R. Bacareza**  
OIC - Office of the Vice President



Marketing and Collection Department



Office of the Vice-President

## NORTH LUZON AND NCR AREA

**Ruben John A. Basa**  
First Vice President



Office of the Vice President



**Dr. Shirley B. Domingo**  
Vice President  
NCR group

**Leticia P. Portugal**  
Senior Manager  
PRO - NCR North



## PRO - NCR North



Collection Section



Service Office - Caloocan



Service Office - Mandaluyong



## Benefit Administration Section



## Membership Section



Service Office - POEA



Service Office - Manila



## PRO - NCR Central

EVP/COO



**Lolita V. Tuliao**  
Senior Manager  
PRO - NCR Central

Service Office - Quezon City

Service Office - Rizal



**Dr. Elizabeth S. Fernandez**  
Senior Manager  
PRO - NCR South

## PRO - NCR South

Administrative Services Section



Collection Section



Service Office - Makati City



Benefit Administration Section



Membership Section



Service Office - Las Piñas City



## PRO - CAR

EVP/COO

### Service Office - Kalinga



**Dr. Leo Douglas V. Cardona, Jr.**  
Regional Vice President  
PRO - CAR

### Service Office - Baguio



### Service Office - Mountain Province



## PRO - I



**Elvira C. Ver**  
Regional Vice President  
PRO - I



**Oscar B. Abadu, Jr.**  
Regional Vice President  
PRO - II

## PRO - II

### Service Office - Ilagan



### Service Office - Santiago City



## PRO - III

**Rodolfo M. Balog**  
Vice President



Office of the Vice President



### Cashiering Unit



### Service Office - Tuguegarao City



### Fund Management Section



### General Services Unit



## Health Care Delivery Management Division



### Human Resource Unit



### Information Technology Management Section



### Legal Office



### Management Services Division



### Public Affairs Unit



### Planning and Member Management Section



## PRO - III Branch A

### Office of the Branch Manager



**Arsenia B. Torres**  
Branch Manager  
PRO - III Branch A

### BRANCH A - Officers



### Collection Section



## EVP/COO

### Benefit Administration Section



### Membership Section



### Service Office - Angeles



### Service Office - Bataan



### Service Office - Clark



### Service Office - Olongapo



### Service Office - Tarlac



### Service Office - San Fernando



## PRO - III Branch B

### Office of the Branch Manager



**Dr. Roberto T. Reyes**  
Branch Manager  
PRO - III Branch B

### Benefit Administration Section



### Collection Section



### Membership Section



### Service Office - Aurora



### Service Office - Gapan



### Service Office - Sta. Maria



## EVP/COO

### Service Office - Malolos



## PRO - IVA



**Alberto C. Manduriao**  
Regional Vice President  
PRO - IVA



### Service Office - Imus



### Service Office - Calamba



### Service Office - Gumaca



Service Office - Lucena



Service Office - San Pablo



Service Office - Trece Martirez



EVP/COO

Service Office - Oriental Mindoro



Service Office - Romblon



Service Office - Tanauan



## PRO - IVB



**Paolo Johann C. Perez**  
Region Vice President  
PRO - IVB

Health Care Delivery Management Division



Service Office - Occidental Mindoro



## PRO - V



**Orlando D. Iñigo**  
Regional Vice President  
PRO - V

Service Office - Albay



Service Office - Camarines Norte



Service Office - Camarines Norte



Service Office - Catanduanes



Service Office - Masbate



Service Office - Sorsogon



## SOUTH LUZON AND VISAYAS AREA

**William O. Chavez**  
First Vice President  
Regional Vice President, PRO - VII



Office of the First Vice President



## PRO - VII

## EVP/COO

Service Office - Bais



Service Office - Carcar



Service Office - Danao



Service Office - Mandaue



Service Office - Dumaguete



Service Office - Tagbilaran



Service Office - Talibon



## PRO - VI



**Dennis S. Mas**  
OIC - Regional Vice President  
PRO - VI



Service Office - Sara

## PRO - VIII



**Atty. Jerry F. Ibay**  
OIC - Regional Vice President  
PRO - VIII



Service Office - Borongan



Service Office - Maasin



Service Office - Catarman



Service Office - Ormoc



Service Office - Tacloban



## EVP/COO

## MINDANAO AREA

**Ramon F. Aristoza, Jr.**  
First Vice President



## PRO - IX



**Romeo D. Alberto**  
Regional Vice President  
PRO - IX



Service Office - Zamboanga City



Service Office - Zamboanga del Norte



Service Office - Zamboanga del Sur



Service Office - Zamboanga Sibugay



Service Office - General Santos



Service Office - Kidapawan



## PRO - ARMM



**Khaliquzzaman M. Macabato**  
Regional Vice President  
PRO - ARMM

## PRO - X



**Datu Masiding M. Alonto, Jr.**  
Regional Vice President  
PRO - X

## PRO - XI



**Dennis B. Adre**  
Regional Vice President  
PRO - XI

Service Office - Tawi-Tawi



## PRO - XII

**Ramon F. Aristoza, Jr.**  
First Vice President  
Regional Vice President  
PRO - XII



Service Office - Cotabato



## PRO - CARAGA

**Johnny Y. Sychua**  
Regional Vice President  
PRO - CARAGA



Service Office - Surigao



# PhilHealth Directory

## **PHILHEALTH TRUNKLINE**

441-PHIC (7442)

## **PhilHealth Regional Office NCR**

10/F Sunnymede IT Center  
No. 1614 Quezon Ave., South Triangle, Quezon City

## **PhilHealth Regional Office NCR-North Branch**

Marc I Bldg., 1971 Taft Ave., Malate, Manila  
Tel. Nos.: 522-1745; 523-6121

## **Service Offices**

Covered areas:  
Manila, Mandaluyong City, Caloocan City, Malabon,  
Navotas, Valenzuela

## **Manila Service Office**

4/F Marc I Bldg., 1971 Taft Ave., Malate, Manila  
so.manila@philhealth.gov.ph  
Tel. Nos.: 523-9481; 526-9842; 521-6776; 522-1745;  
523-6121

## **Caloocan Service Office**

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

## **Mandaluyong Service Office**

#94 P. Cruz St., 2/F Rustans Express  
Boni Ave., Brgy. San Jose, Mandaluyong City  
Tel. Nos.: 532-0095; 532-0449

## **PhilHealth Regional Office NCR-Central Branch**

F.R. Estuar Bldg., 880 Quezon Ave., Quezon City  
Tel. Nos.: 332-3021; 332-3022

## **Service Offices**

### **Quezon City Service Office**

Covered areas:  
Marikina, Quezon City, Rizal, San Juan  
F.R. Estuar & Associates Penthouse  
Estuar Bldg., 880 Quezon Ave., Quezon City  
Tel. Nos.: 332-1550

## **Rizal Service Office**

The Brick Road, Sta. Lucia East Grand Mall  
Marcos Highway cor. Felix Ave., Cainta, Rizal  
Tel. Nos.: 681-5499; 681-5111; 681-5164; 646-5844

## **PhilHealth Regional Office NCR-South Branch**

Rm. 1211, 12/F Citystate Centre Bldg.  
709 Shaw Blvd., Pasig City  
Tel. Nos.: 637-8239; 637-1284

## **Service Offices**

### **Pasig Service Office**

Covered areas:  
Pasig, Taguig, Pateros  
G/F Development Academy of the Philippines Bldg.  
San Miguel Ave., Ortigas Center, Pasig City  
Tel. Nos.: 441-7442

## **Makati Service Office**

Covered areas:  
Makati, Pasay  
337 ITC Bldg., Sen. Gil Puyat Ave., Makati City  
Tel. Nos.: 897-1598; 897-2759; 897-6329; 897-3337;  
899-4506

## **Las Piñas Service Office**

Covered Areas:  
Las Piñas, Muntinlupa, Parañaque  
471 Editha Bldg., Alabang-Zapote Road,  
Almanza I, Las Piñas City  
Tel. Nos.: 556-5374; 556-5685; 801-5256; 556-5687

## **PhilHealth Regional Office CAR - Baguio**

4/F SSS Bldg., Harisson Road, Baguio City 2600  
car@philhealth.gov.ph  
Tel. Nos.: (074) 446-0371; (074) 444-8361;  
Fax No.: (074) 444-9862

## **PhilHealth Regional Office I - Dagupan**

Esperacion Bldg. #23 M.H. del Pilar St.  
Dagupan City, Pangasinan  
region1@philhealth.gov.ph  
Tel. Nos.: (075) 515-3333; (075) 515-1111;  
(075) 523-3127; (075) 522-9691

## **PhilHealth Regional Office II - Tuguegarao City**

The Builder's Place, Del Rosario St.  
Tuguegarao City 3500  
region2@philhealth.gov.ph  
Tel. Nos.: (078) 846-1111

## **PhilHealth Regional Office III - San Fernando City**

PhilHealth Bldg., Lazatin Blvd., San Agustin  
San Fernando City, Pampanga  
Fax No.: (045) 961-4175

## **PhilHealth Regional Office III - Branch A**

G/F PhilHealth Bldg., Lazatin Blvd., San Agustin  
San Fernando City, Pampanga  
Tel. Nos.: (045) 961-7125; (045) 961-0710

## **PhilHealth Regional Office III - Branch B**

Feliza Jazza Commercial Bldg. Sumapang Matanda  
McArthur Highway, Malolos City, Bulacan  
Tel. Nos.: (044) 7961559; (044) 796-1464

## **PhilHealth Regional Office IV-A - Lucena City**

AMCJ Square Bldg., Diversion Road  
Brgy. Bocohan, Lucena City  
region4a@philhealth.gov.ph  
Tel. Nos.: (042) 373-6936; (042) 373-7056

## **PhilHealth Regional Office IV-B - Batangas City**

Caedo Commercial Center,  
Calicanto, Batangas City 4200  
region4b@philhealth.gov.ph

## **PhilHealth Regional Office V - Legaspi City**

Ansy Bldg., Alternate Road, Legaspi City  
region5@philhealth.gov.ph  
Tel. Nos.: (052) 4815598; (052) 8203899 (Fax)

## **PhilHealth Regional Office VI - Iloilo City**

Majestic Bldg., No. 15 J. de Leon St., Iloilo City  
region6@philhealth.gov.ph  
Tel. Nos.: (033) 337-8724; 508-7300

## **PhilHealth Regional Office VII - Cebu City**

8/F Golden Peak Hotel & Suites  
Gorordo Ave. cor. Escario St., Cebu City 6000  
wochavez@philhealth.gov.ph  
Tel. Nos.: (032)233-7521 (Telefax)

## **PhilHealth Regional Office VIII - Tacloban City**

3/F Uyttingkoc Bldg., Avenida Veteranos  
Tacloban City  
region8@philhealth.gov.ph  
Telefax: (053)325-3663; (053)325-4056

## **PhilHealth Regional Office IX - Zamboanga City**

BGIDC Corporate Center, Gov. Lim Ave.  
Zamboanga City  
region9@philhealth.gov.ph  
Fax No.: (062) 992-2739

## **PhilHealth Regional Office X - Cagayan De Oro City**

G/F Trinidad Bldg., Yacapin-Corrales Sts.,  
Cagayan de Oro City  
region10@philhealth.gov.ph  
Tel. Nos.: (088) 856-8355

## **PhilHealth Regional Office XI - Davao City**

Valgosons Bldg., Bolton Extension,  
Poblacion, Davao City, Davao Del Sur  
region11@philhealth.gov.ph  
Tel. Nos.: (082) 297-7439  
Fax No.: (082) 296-2265

## **PhilHealth Regional Office XII - Koronadal City**

Plaza de Español Bldg.  
Cor. Posadas-Abad Santos Sts., Koronadal City 9506  
region12@philhealth.gov.ph  
Fax No.: (083) 228-9734

## **PhilHealth Regional Office CARAGA - Butuan City**

Lynzee's Bldg., 766 J. Rosales Ave., Butuan City  
caraga@philhealth.gov.ph  
Tel. Nos.: (085) 341-2689  
Fax No.: (085) 342-6992

## **PhilHealth Regional Office ARMM - Marawi City**

3/F Al-bani Bldg., Osmeña St., Marawi City  
pro.armm@philhealth.gov.ph  
Tel. Nos.: 0928-5071910



**Philippine Health  
Insurance Corporation**

[www.philhealth.gov.ph](http://www.philhealth.gov.ph)