

MOVING FORWARD ►►  
TOWARDS HEALTH  
FOR ALL



Annual Report 2016



## Cover Story

# Moving Forward Towards Health For All

**T**he year 2016 made its mark in the country's history with the conduct of the 16th Presidential Elections, ushering in a new Administration.

For PhilHealth, we honor and celebrate 21 years of securing the health of every Filipino, here and abroad. And we shall continue to do so amid the challenges the changing times may bring.

As we realize and uphold Universal Coverage, we remain steadfast in our efforts to ensure financial freedom for every Filipino family in times of sickness and ill health.

We continue to broaden our reach to inform and empower our members wherever they may be.

Together with our partners, we continue to strengthen a health insurance program that covers everyone and denies no one of quality health care.

Indeed, our dedication to provide financial risk protection to every Filipino continues to drive us FORWARD, solidifying our commitment to a healthier Philippines in years to come.

## VISION

“Bawat Pilipino, Miyembro,  
Bawat Miyembro, Protektado,  
Kalusugan Natin, Segurado”

## CORE VALUES

Inobasyon  
Serbisyong Dekalidad  
Lubos na Integridad  
Angkop na Benepisyo  
Panlipunang Pagkakabuklod  
Ganap na Pagkalinga

## MISSION

“Sulit na Benepisyo sa  
Bawat Miyembro,  
Dekalidad na Serbisyo  
para sa Lahat”

---

# Table of Contents

---



<b>02</b>	Message from the President of the Philippines
<b>03</b>	Message from the Board Chairperson
<b>04</b>	Message from the President and CEO
<b>06</b>	2016 Operational Highlights
<b>08</b>	2016 In Review
<b>16</b>	Commission on Audit
<b>18</b>	Statement of Management Responsibility for the Financial Statements
<b>19</b>	Statements of Financial Position
<b>20</b>	Statements of Income
<b>20</b>	Statements of Comprehensive Income
<b>21</b>	Statements of Changes in Equity
<b>22</b>	Statements of Cash Flows
<b>23</b>	Notes to Financial Statements
<b>40</b>	Corporate Governance Statement
<b>42</b>	Board of Directors
<b>44</b>	Executive Officers



From the  
**President  
of the  
Philippines**

**M**y warmest greetings to the Philippine Health Insurance Corporation (PhilHealth) as it publishes its 2016 Annual Report.

Since its establishment in 1995, PhilHealth has spearheaded our agenda to expand universal health coverage in the Philippines. Its efforts have given many Filipinos access to quality medical services, enabling them to lead healthier and more meaningful lives.

I thus, thank PhilHealth for upholding transparency and accountability through the publication of its annual report. I also congratulate the men and women in its ranks for the accomplishments and milestones they have achieved during the previous year.

It is my hope that this report will inspire and encourage everyone to do their best in ensuring that all Filipinos receive adequate healthcare, especially those among the poor, indigent and marginalized sectors of our society

I wish you good luck in all your future endeavors.

A handwritten signature in black ink, which appears to read "Rodrigo Roa Duterte".

**RODRIGO ROA DUTERTE**  
President  
Republic of the Philippines

---

## Message from the **Board Chairperson**

**A**rmed with unequivocal resolve and absolute resilience, PhilHealth continues to overcome hurdles to close the gap between quality healthcare and access to such services through financial risk protection. This gap once seemed insurmountable, but with reforms being instituted in the Philippine Health Sector, the National Health Insurance Program (NHIP) has become a vital program that bridges this gap for our fellow Filipinos.

Coherent with the administration's health agenda, PhilHealth ascertains the delivery of social health insurance coverage that is not restrained by discrimination, inequality, and poverty. The Corporation's various programs demonstrate its steadfast commitment to protect every Filipino from the economic backlash spurred by the high cost of treating and managing medical conditions.

These programs are designed to cut across socioeconomic standings. For as low as two hundred pesos per month, both formal and informal workers have already secured their health. Distance is not an issue as benefits are available even to active members who are confined abroad to address their medical needs. The older population is being taken care of by automatically enrolling them to the NHIP by virtue of R.A. 10645, and previously contributing senior citizens are given lifetime memberships if they have already satisfied the required amount of contribution. The poor and marginalized are empowered and encouraged to seek appropriate medical attention; their march to a life of meaning is not to be slowed down by illnesses as PhilHealth sees them through their most difficult times. Indeed, no one is left behind where SHI coverage is concerned.



Together with the Department of Health (DoH), PhilHealth holds the key to the progression of "All for Health towards Health for All"; the creed by which the improving healthcare of the nation should be moored upon. Constant enhancements on the NHIP should be expected, aligned with our battlecry called: A-C-H-I-E-V-E:

- A** – Advance primary care and quality
- C** – Cover all Filipinos against financial health risk
- H** – Harness the power of strategic health human resource
- I** – Invest in digital health and data for decision-making
- E** – Enforce standards, accountability and transparency
- V** – Value clients and patients
- E** – Elicit multi-sector, multi-stakeholder support for health

Congratulations to another year of successfully championing Universal Health Care!

Mabuhay, PhilHealth!  
PhilHealth.....Believing. Innovating. Achieving.

A handwritten signature in black ink that reads 'Paulyne B. Rosell-Ubial'.

**PAULYNE JEAN B. ROSELL-UBIAL, MPH, CESO II**  
Secretary of Health and Chair, PhilHealth Board of Directors



---

## Message from the **President and CEO**

---

**T**ime really flies so fast. I realized how quickly my term as the Acting President and Chief Executive Officer of the Philippine Health Insurance Corporation (PhilHealth) was up. It is indeed a rather short stint, yet it has many meaningful and rewarding moments, as well as some challenges.

In 2016, we experienced the transition from one health agenda to another, but as the premier health insurer in the country, we stayed true to our mandate of providing financial risk protection to all Filipinos. For us, the pursuit of Universal Health Coverage continues. We need to ensure that no single Filipino will be left behind where access to quality medical care services is concerned.

How did we fare in 2016?

## Membership

We closed the year by covering 91 percent of the projected Philippine population. This means that 93.4 million Filipinos have been enrolled into the NHIP and are assured of access to quality health insurance benefits. We also strengthened our efforts to extend coverage to orphans, abandoned and abused minors, out-of-school youths and street children so that they can bank on the NHIP in times of medical emergencies. With the automatic coverage of the poor and the elders through the passage of the Sin Tax Law and the Expanded Senior Citizens Act, we are likely to achieve our universal coverage sooner than expected. While expanding the membership net some more proved to be a challenge, our all-out efforts to bring everyone into the NHIP is translated by year-end membership figures that tell the story of our journey to provide coverage to everyone.

## Benefit payments

As a testament to our claim as the largest purchaser of health care services in the country, we paid P101.7 billion for the social health insurance benefits of our members, up from the P99 billion we paid in 2015. This is, by far, the highest amount we have released as benefit expenses, a move that we hope is making a big dent in terms of bringing down the cost of medical care services in the country. The upward trend in the benefit payout is attributed to the continuous enhancement of PhilHealth benefits, making the NHIP even more responsive to the health care needs of our members.

## Benefits development

At the core of our business processes in 2016 was the enhancement of existing benefit packages, and the introduction of new ones in response to the needs of the times. We worked for the expansion of the Z benefit package for Mobility, Orthosis, Rehabilitation, Prosthesis, Help or the Z-MORPH, a package which includes the fitting of the upper limb prosthesis, orthoses and orthoprostheses to further help persons with disability.

We also developed the Medical Detoxification Benefit Package in support to the government's campaign against illegal drugs. The benefit package ensures the safe management of acute physical symptoms of withdrawal associated with stopping drug use.

We trained our sights, too, on the welfare of pre-term and low birth weight babies by announcing that we are developing a special package for them, in partnership with the UNICEF. This is a much-anticipated package of benefits, given the incidence of neonatal mortality in the country.

Continued assessment of existing packages was also done during the year, and we have put in place a benefit priority setting framework to make sure that the benefit packages we come up with are designed to really address what affects the health of the Filipino.

## Frontline servicing

The year was also marked by laudable strides in the area of frontline servicing and advocacy in partnership with other government agencies and stakeholders. Our offices have stood out from among the many government offices nationwide, and the extra miles that our frontline personnel have extended to our clients have caught the attention of no less than the Civil Service Commission. Proof of this are the many accolades we received in 2016 for consistently providing quality and excellent service to our clientele such as the Seal of Excellence Awards conferred by the Commission to 22 Local Health Insurance Offices and one (1) Regional Office of PhilHealth for the outstanding contribution to cut red tape.

Another promising achievement that we are truly proud of is the ISO certification 9001:2008 for Quality Management System for our Head Office, and all our 17 PhilHealth Regional Offices (PROs) including one (1) Local Health Insurance Office in each of the PROs and one (1) Branch office in the National Capital Region.

We also take pride that the PhilHealth Customer Assistance, Relations and Empowerment Staff (PCARES) Project received the Customer Service and Transformation Excellence Award from the ASEAN Social Security Association (ASSA) as recognition for its good practice in service delivery. At the same time, we are happy to have garnered the Best Booth Awards in all three legs of the first-ever ARTA Caravan organized by the CSC nationwide.

These are only among the PhilHealth achievements that I chose to highlight for the year. In the succeeding pages, you will come across our other significant strides in 2016 that all aim towards achieving UHC.

Let me thank all our stakeholders for their utmost support. I humbly request for your continued assistance for the future endeavors of this institution. For PhilHealth employees, personally, I am truly humbled to lead One PhilHealth Team who unselfishly and relentlessly worked hard for their beloved institution and their clients.

Rest assured, that your PhilHealth will assiduously explore other programs and strategies to fully realize its vision of "Bawat Pilipino, miyembro. Bawat miyembro, protektado. Kalusugan natin,igurado."

Magandang Buhay!

  
**RAMON F. ARISTOZA, JR.**  
Acting President and CEO

# 2016 Operational Highlights

## NHIP Coverage

Sector	Members	Dependents	Beneficiaries
<b>Members in the Formal Economy</b>	<b>14,636,188</b>	<b>14,674,103</b>	<b>29,310,291</b>
Private	12,465,283	10,839,327	23,304,610
Government	2,102,361	3,783,503	5,885,864
Household Help/Kasambahay	67,598	49,952	117,550
Enterprise Owners & Family Drivers	946	1,321	2,267
<b>Members in the Informal Economy</b>	<b>3,260,811</b>	<b>4,907,400</b>	<b>8,168,211</b>
Migrant Workers	659,311	951,543	1,610,854
Informal Sector	2,177,414	3,349,326	5,526,740
Self-Earning Individuals	409,751	586,676	996,427
Organized Group and Others	14,335	19,855	34,190
<b>Indigents</b>	<b>14,641,685</b>	<b>28,844,119</b>	<b>43,485,804</b>
<b>Sponsored Members</b>	<b>1,217,941</b>	<b>1,560,458</b>	<b>2,778,399</b>
<b>Senior Citizens</b>	<b>6,245,583</b>	<b>1,328,749</b>	<b>7,574,332</b>
<b>Lifetime Members</b>	<b>1,229,641</b>	<b>854,183</b>	<b>2,083,824</b>
<b>TOTAL</b>	<b>41,231,849</b>	<b>52,169,012</b>	<b>93,400,861</b>

### Notes:

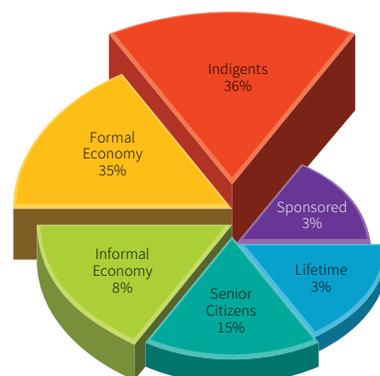
- 2016 Projected population is 102.7M estimated from the August 2015 Census on Population by PSA (medium assumption; with annual growth rate of 1.72%)
- Data reported are actual counts of members and dependents registered in the database except for dependents under Indigent which was estimated using member to dependent ratio.

- In 2016 approximately 91% of the population was covered by the National Health Insurance Program (NHIP). This translates to 93.4 million members and dependents that are entitled to avail themselves of benefits under the NHIP.
- Lifetime members increased by 23% while members under the Sponsored Program grew by 16 percent.
- The 14.6 million poor families identified through the Department of Social Welfare and Development (DSWD) National Household Targeting System for Poverty Reduction (NHTS-PR) were covered by the

NHIP under the Indigent Program along with 28.8 million dependents.

- Majority of the Indigent members are from the Western Visayas Region which accounts for 11%, the Bicol Region at 8%, and Zamboanga Peninsula Region almost 8%.
- In addition, 6.2 million Senior Citizens were included as members and provided with mandatory coverage exhibiting an increase of 6% from the previous year. This was a result of Republic Act 10645 otherwise known as the "Expanded Senior Citizens Act of 2010".

- The Indigent Program constitutes 36% of the total members while the Formal Economy, mostly made up of the employed sector (government and private) comprises around 35% of the total number of covered members. Members under the Senior Citizens category comprise 15% of the total number of members while 8%, 3%, and another 3% belongs to Informal Economy, Sponsored and Lifetime members, respectively.



- On a regional basis, 16% of the total members are from the National Capital Region (NCR). The CALABARZON Region accounted for 14%, while 10% are located in the Central Luzon Region.

Region	Members	Dependents	Total
CAR	671,572	964,316	1,635,888
I	1,957,577	2,489,554	4,447,131
II	1,238,708	1,730,874	2,969,582
III	4,055,623	4,693,158	8,748,781
NCR	6,405,623	5,617,786	12,023,409
IVA	5,721,494	6,024,769	11,746,263
IVB	1,146,942	1,695,136	2,842,078
V	2,078,751	3,110,950	5,189,701
VI	3,296,171	4,537,468	7,833,639
VII	3,154,791	3,857,109	7,011,900
VIII	1,663,715	2,527,170	4,190,885
IX	1,724,535	2,776,903	4,501,438
X	1,947,944	2,798,503	4,746,447
XI	2,011,100	2,637,544	4,648,644
XII	1,789,539	2,702,862	4,492,401
CARAGA	1,039,454	1,571,454	2,610,908
ARMM	1,328,310	2,433,456	3,761,766
<b>GRAND TOTAL</b>	<b>41,231,849</b>	<b>52,169,012</b>	<b>93,400,861</b>

## Premium Contributions

- PhilHealth collected more than Php103.8 billion from January to December 2016. The collected amount is 4% higher than the figure of the previous year.

Sector	Amount (Php in Millions)
Formal Economy	47,940.6
Informal Economy	4,927.6
Indigents	34,682.7
Sponsored Program	3,194.6
Senior Citizens	13,045.1
<b>Total</b>	<b>103,790.6</b>

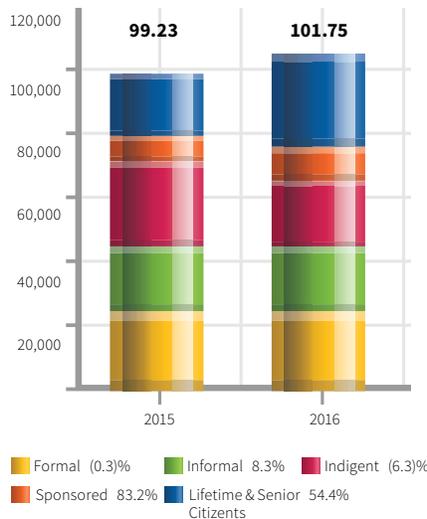
- The Formal Economy contributed the largest share of total premium payment at 46% while the Indigent and Senior Citizens contributed 33% and 13%, respectively. Five percent (5%) are premium contributions from the Informal Economy and the rest are from the Sponsored Program.

## Benefit Claims Expense

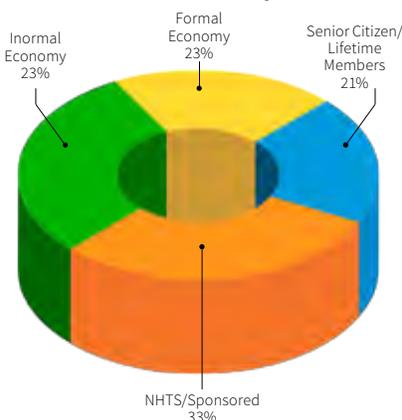
- In 2016 PhilHealth paid almost Php102 billion as benefit expense. The amount is 3% more than what was paid for the previous year.

Sector	Benefit Payment (in million Pesos)	% to Total Benefit Payment
Formal Economy	24,967.52	24%
Informal Economy	20,764.44	20%
Indigents	19,209.46	19%
Sponsored Program	11,703.88	12%
Senior Citizens/Lifetime Members	25,107.21	25%
<b>Total</b>	<b>101,752.50</b>	<b>100%</b>

- The increase in payment was brought about by the increase in reimbursements paid to Senior Citizens and Sponsored Members.
- Distribution by sector shows that 33% of the total reimbursements were from the NHTS/Sponsored, Both Formal Economy, and Informal Economy accounted for 23%. Completing the distribution is the 21% for Lifetime and Senior Citizens.



## Number of Claims Paid by the Sector



- The implementation of the All Case Rate Payment Scheme simplified claims processing with an average Turn-Around-Time (TAT) of 39 days.
- The total number of claims paid from January to December 2016 was Php9.8 million, 17% higher than the 2015 figure.

Region	Medical Specialist	G.P. with Competed Residency Training	General Practitioner	Dentist	Midwife	Total
NCR	7,623	1,955	820	69	211	10,678
I	523	361	463	30	49	1,426
II	273	214	334	28	41	890
III	1,206	1,044	625	33	158	3,066
IVA	1,004	667	425	28	175	2,299
IVB	542	456	357	16	69	1,440
V	273	220	311	15	75	894
VI	1,003	534	401	30	77	2,045
VII	1,048	378	528	22	149	2,125
VIII	193	151	409	4	88	845
IX	230	199	305	11	164	909
X	503	291	573	11	51	1,429
XI	636	313	233	6	140	1,328
XII	251	199	317	8	53	828
ARMM	32	61	137	-	27	257
CAR	354	158	259	13	83	867
CARAGA	11	83	236	14	44	488
<b>GRAND TOTAL</b>	<b>15,805</b>	<b>7,284</b>	<b>6,733</b>	<b>338</b>	<b>1,654</b>	<b>31,814</b>

## Accreditation

### Health Care Providers and Health Care Professionals

- The continuously increasing number of PhilHealth-accredited health care providers ensures greater access to quality health care. By the end of 2016, PhilHealth accredited 100% hospitals licensed by DOH.

Type of Ownership	Govt.	Private	Total
Accredited Facilities	758	1,137	1,895

Note: Includes all accredited hospitals and infirmaries

	PCB Package	Maternity Care Package	DOTS Package
No. of Accredited Outpatient Clinics	2,557	3,102	1,973
No. of cities and municipalities with Accredited OP Clinics*	1,578	1,463	1,403
% to total cities and municipalities	97%	90%	86%

A city or municipality may have more than one outpatient clinic accredited by PhilHealth to provide NHIP benefits and services. There are 1,634 LGUs nationwide

- In addition 2,557 Outpatient clinics were accredited as Primary Care Benefit Package providers, while 3,102 and 1,973 providers were accredited for MCP and DOTS, respectively.
- On LGU participation, 97% of all local government units nationwide have at least one accredited facility providing PCB. Ninety (90%) have at least one MCP provider and 86% have at least one DOTS Package provider.

---

# 2016 In Review

## Accomplishments That Shaped PhilHealth's 21st Year In Service

**F**or more than two decades, the Philippine Health Insurance Corporation (PhilHealth) has remained the most reliable partner of Filipinos when it comes to accessing quality health care services. On its 21st year, the Corporation was able to carry on its endeavor to empower its members through comprehensive benefit packages and commendable community services.

### MOVING FORWARD TO OFFERING INCLUSIVE HEALTH PROGRAM

In 2016, PhilHealth once again proved its mettle in achieving universal healthcare goals by setting expanded membership coverage. The wide-ranging coverage prioritized abused children, ultra-poor communities, and overseas Filipino workers.

#### Coverage for Orphans and Other Abandoned Children

Protecting Filipino children's health to secure their future is of critical importance to the government. This is why PhilHealth President and Chief Executive Officer Alexander A. Padilla tapped the Department of Social Welfare and Development (DSWD) last year to ensure that orphans, abandoned and abused children, out-of-school youth, and other minor children being cared for



in the DSWD's residential care facilities will be covered in the Corporation's social health insurance program as Sponsored Members.

Padilla and DSWD USec. Vilma B. Cabrera signed a Memorandum of Agreement (MOA) that mandated the DSWD to identify qualified beneficiaries, determine increment beneficiary slots, and remit to PhilHealth the prescribed annual premium contributions of beneficiaries. "Ang bawat batang Pilipino ay may karapatang magkaroon ng proteksyong pangkalusugan nang maisiguro ang kanilang maayos na kinabukasan," he said, adding that even minor children under the DSWD's care should be entitled to social protection programs.

Other qualified beneficiaries to the program include children with special needs, street children, minors who are pregnant or with a child, children with disability who are below 17 years old, battered women, and clients above 18 years old who are unable to fully take care of themselves. Three children below 17 years old may apply for PhilHealth coverage as a group, while minor children who are pregnant or with a child shall be covered individually. As Sponsored Members, they are entitled to avail themselves of all benefit packages, such as inpatient care, outpatient care, Primary Care Benefits, Maternity Care Package, Newborn Care Package, and Z benefits, among others.

#### Coverage for the Ultra-Poor

Emphasizing the importance of identifying the poorest of the poor to be covered through a large portion of the sin taxes towards the attainment of universal coverage, PhilHealth recently signed a MOA with the International Care Ministries Foundation, Inc. (ICMFI). The signing ceremony was held at PhilHealth's Head Office in Pasig City between Padilla and ICMFI Chairman of the Board David Sutherland.

According to the International Care Ministries' 2015-2016 Annual Report, seven million Filipinos are living on less than \$0.50 (Php22) a day, which is less than half of the \$1.25 (Php55) benchmark of World Bank for extreme poverty. They live in inadequate, crowded shelters, and suffer from chronic hunger and malnutrition. They also lack access to clean water, proper sanitation and basic health knowledge, making them susceptible to many types of diseases and illnesses.



Through this MOA, the ICMFI shall provide beneficiaries with up-to-date information, education and communication activities on policies, rules and regulations relative to their needed health program benefits, health availment procedures, and rights and obligations as member-beneficiaries.

Some 10,000 certified applicants on a per-batch basis living in different barangays within the 977 municipalities in the four regions of Vis-Min shall be endorsed by the ICMFI to the DSWD for possible inclusion in the National Household Targeting System for Poverty Reduction list or 'Listahanan' (Listahan ng mga Pamilyang Nangangailangan). PhilHealth shall then enroll those included in the 'Listahanan' in the program.

### Empowerment of OFWs

Citing the important role of the Overseas Filipino Workers (OFW) sector in the financial stability of the country, PhilHealth Regional Office V, headed by Regional Vice President Orlando D. Iñigo Jr., conducted an empowerment forum for OFWs and their families. This was aimed at better equipping them with important information about their rights and benefits under the National Health Insurance Program (NHIP).



To date, PhilHealth's Overseas Filipinos Program in the Bicol Region has a total of 30,070 members with an estimated 27,850 dependents. The OFPs are automatically eligible for health benefits on the first day of membership activation, and the members and their dependents enjoy outpatient benefits under the Primary Care Benefit Package 1 (PCB1). These are benefits that PhilHealth Regional Office V (PRO-V) would like the attendees to understand better so they can maximize their PhilHealth membership.

The forum was a mix of fun and learning as close to 50 attendees from Albay were entertained by PhilHealth's

homegrown talents: the PhilHealth Band and PhilHealth MemSec Dancers. It concluded with positive feedback from the attendees, some even urging the PRO-V to conduct similar fora in other provinces to inform more OFWs and their families about their PhilHealth membership.

## MOVING FORWARD TO PROVIDING COMPREHENSIVE BENEFITS

In 2016, PhilHealth had remained dedicated to its mission by offering quality services and providing extensive and enhanced benefits to all its members.

### Expanded Prosthesis Package

Recognizing the full and equal enjoyment of human rights by persons with disabilities (PWDs), the PhilHealth is expanding the Z MORPH Package, or the Z Benefits, for Mobility, Orthosis, Rehabilitation, Prosthesis Help to provide its members with better financial risk protection.



The move to expand the package inclusions is in support of the United Nations Convention on the Rights of Persons with Disabilities and Rights of the Child, with 21 countries, including the Philippines, being signatories to the APEC Global Friends of Disability. The collaboration envisions

PWDs as active participants in and contributors to their respective economies through education, inclusion, and participation.

The Expanded Z MORPH is a special benefit for the fitting of upper limb prostheses, orthoses, and orthoprostheses. Package rate for above knee/knee disarticulation prostheses is at P95,000, while coverage for hip disarticulation prostheses is at P180,000. Coverage for below-elbow and above-elbow prostheses are at P60,000 and P80,000 respectively. On the other hand, coverage for Van Ness rotationplasty is at P85,000, while coverage for ankle-foot orthoprostheses is at P35,000. PhilHealth will also pay P70,000 for knee-ankle-foot orthoses and P104,400 for hip-knee-ankle-foot orthoses. Coverage for spinal orthoses is set at P40,000 for thoracolumbosacral; P25,000 for lumbosacral; and P30,000 for cervicothoracic orthoses.

PhilHealth members may avail themselves of the expanded Z MORPH package in contracted hospitals, such as the University of the East Ramon Magsaysay Memorial Medical Center (UERMMMC), University of the Philippines-Philippine General Hospital (UP-PGH), the Southern Philippines Medical Center in Davao City, and the Zamboanga Medical Center.

---

### **Maternity Care Benefits for all women who are about to give birth**

All women who are about to give birth will be covered by social health insurance, and will thus be entitled to avail themselves of maternity care benefits at the opportune time.



With its mandate to give financial risk protection to all, PhilHealth reminds all expectant mothers who are not yet PhilHealth members to enroll immediately in the NHIP to be automatically eligible for the benefits. Inactive members are also reminded to update their premium contributions to qualify.

Pregnant women who are not yet covered by PhilHealth are advised to submit the duly accomplished PhilHealth Member Registration Form and any proof confirming pregnancy. They also need to pay the corresponding annual premium contribution of P2,400 to any PhilHealth Local Health Insurance Office to avail themselves of the benefits. Those who are already enrolled to PhilHealth should update their premium contributions.

Women who are still minors should be enrolled as primary members even if they are already qualified dependents. This is to ensure that their newborns will also be covered by social health insurance.

For expectant mothers who are assessed and classified under the C-3 to D segments of the population, the Point-of-Care enrolment scheme shall apply in participating PhilHealth-accredited government healthcare institutions.

Included in the Maternity Care Package (MCP) are health services during antenatal period, normal delivery and post-partum period, including follow-up visits within 72 hours and one week after delivery. The MCP is worth P6,500 if availed of in an accredited hospital and P8,000 if availed of in accredited birthing homes, maternity clinics, infirmaries, or dispensaries.

PhilHealth also stresses that women should have pre-natal consultations at the earliest time, and requires at least four pre-natal visits during the course of pregnancy to detect and

manage danger signs and complications of pregnancy and reduce risk of prenatal death.

On the other hand, the Normal Spontaneous Delivery Package (NSD) covers essential health services for normal, low-risk vaginal deliveries and post-partum period. The package is worth P5,000 for in-hospital availment and P6,500 if availed of in accredited birthing homes, maternity clinics, infirmaries, or dispensaries. Other deliveries, such as the Caesarean section and breech extraction, are also covered if done in accredited hospitals.

In addition, the newborn baby is entitled to the Newborn Care Package (NCP), which includes Newborn Screening Test, Newborn Hearing Test and provisions of essential newborn care. The total worth of the NCP is P1,750.

PhilHealth emphasized however that this privilege given to women who are about to give birth shall only be availed of once without penalties.

### **Benefits for Zika Patients**

In the midst of news reports on the Zika virus, PhilHealth members need not worry.

PhilHealth's current case rates system provides for inpatient coverage for specified mosquito borne viral fevers, including Zika virus infection. The case rate amount of P8,100 includes coverage for hospital charges and professional fees for attending physicians. In addition, coverage for other conditions with reference to microcephaly, hyromicrocephaly, and micrencephalon is at P13,000.

Members who have at least three monthly premium contributions within the immediate six months prior to the first day of confinement may avail themselves of the said benefits for the Zika virus disease.

### **Increased Benefits for Children with Acute Lymphocytic Leukemia**

Almost four years after introducing the Z benefits for standard risk Acute Lymphocytic Leukemia (ALL) in children, PhilHealth is increasing the package rate to ensure that the mandatory services covering the entire treatment phases for three years are provided to the patient.

PhilHealth believes that every child deserves the best chance to get their life back on track after illness, hence, it shall guarantee improved quality of care and access to adequate treatment for them. By providing comprehensive management, Filipino children suffering from ALL shall have the opportunity to achieve the survival status that is comparable with their western counterparts.

The adjusted rates for the three-year treatment of standard risk ALL in children who are enrolled in retained hospitals of the Department of Health (DOH) is at P380,000, up from P210,000. Chemotherapeutic drugs will also be supplied by the DOH. For other contracted health care institutions, the adjusted rate is at P500,000, and entails individual procurement of chemotherapy drugs. To avail themselves of the enhanced benefit rates, members must meet the selections criteria and must have filled out the Member Empowerment (ME) Form.



PhilHealth members may avail themselves of the adjusted rates for Z Benefits for ALL in contracted hospitals, such as the Baguio General Hospital and Medical Center, the Bicol Regional Training and Teaching Hospital, the Ilocos Training and Regional Medical Center, Jose B. Lingad Memorial Regional Hospital, and the Philippine Children's Medical Center, among others.

#### Benefits for Preterm and Low Birth Weight Babies

In a bid to highlight collaborative efforts to help bring down neonatal mortality in the country, PhilHealth, in collaboration with the DOH, the World Health Organization and the United Nations Children's Fund, unveiled the Z Benefit Package for Prematurity and Low Birth Weight babies. The package, which includes coverage for cortico-steroids, medicines to prevent eclampsia, transfer of the mother to the nearest referral facility, and other interventions to prevent complications related to prematurity and low birth weight, shall be available in contracted facilities by early 2017.

#### Medical Detoxification Package

PhilHealth reiterates its support for the National Government's campaign to stop drug addiction in the country by developing a package designed to provide medical detoxification to drug dependents who desire to get rid of their addiction.

Through the medical detoxification package, PhilHealth will ensure the provision of the minimum standards of medical interventions to manage safely the acute physical symptoms of withdrawal associated with stopping drug use.



The PhilHealth benefit rate for medical detoxification package is at P10,000. However, the state-run agency emphasized that the medical detoxification is only the first stage or the precursor to effective drug addiction treatment. The success of the medical detoxification depends

on the collaborative and concerted efforts of pertinent agencies that shall address the challenges of drug addiction in terms of the personal, health, and societal aspects of drug rehabilitation.

The medical detoxification package is available to PhilHealth members with acute physical symptoms of use of amphetamine-type stimulants. If there is a documented indication to treat a common co-morbidity associated with withdrawal symptoms arising from the substance, a case rate corresponding to the co-morbidity may also be availed of.

#### Coverage for the Drug-Dependent

Hospital confinements brought about by mental and physical conditions due to abuse of illegal substances are being paid for under the existing benefit schedule provided by PhilHealth.

These conditions are among the components related to drug dependency that the state-run health insurer is paying for under the All Case Rate payment mechanism.

At the same time, the hospitalization brought about by mental and behavioral disorders secondary to substance abuse are being paid for by PhilHealth at a package rate of P7,800. In 2014 and 2015, PhilHealth has paid about P25 million in benefit payments for the said related cases.

PhilHealth is now working on a medical detoxification package to safely manage the acute physical symptoms of withdrawal associated with stopping drug use. Amid the present administration's drive against illegal drugs, the health insurer is presently working with the DOH and other stakeholders in the formulation of the guidelines for the said benefit package.

### MOVING FORWARD TO EXPANDING ADVANCED SERVICES

In its quest to fulfill members' satisfaction and provide better and immediate attention to their pressing needs, PhilHealth continues to improve its services by meeting the members' increasing demands and keeping up with the latest healthcare trends.

#### Expanded Frontline Services

In line with President Rodrigo Duterte's call for transparency, faster transactions, and customer satisfaction in government services, PhilHealth is continuously improving its frontline services for the benefit of its 93 million beneficiaries.

#### Service Delivery Infrastructure

PhilHealth has 17 regional offices, five branches, and 101 Local Health Insurance Offices (LHIOs) strategically located nationwide to enable it to immediately attend to the needs of its members, including membership and benefit availment concerns. To further extend its service availability, the Corporation sets up service desks inside the malls, municipal or city halls, hospitals, public libraries, and in other areas with high volume of foot traffic. From 11 PhilHealth Express outlets in 2012, the number has already grown to 63.



As an affirmation of the quality of service being rendered by PhilHealth's frontline personnel, the Civil Service Commission (CSC) has repeatedly recognized its efforts to serve its clientele. From 66 PhilHealth offices in 2014, 88 offices nationwide were conferred with Excellent Ratings in the 2015 Anti-Red Tape Survey, while 15 offices were awarded with the CSC's Seal of Excellence in 2014.

#### Point-of-care, Point-of-service

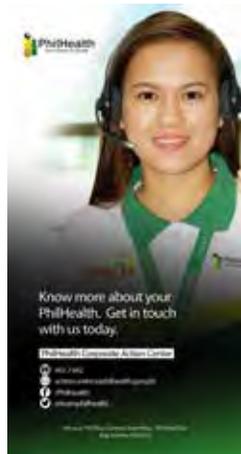
To stay even more relevant, PhilHealth has made sure that its presence is felt where it is most needed. It stationed 585 proficient registered nurses in several levels 2 and 3 hospitals nationwide to address queries and assist members in availing themselves of their benefits. Collectively known as the PhilHealth CARES (Customer Assistance, Relations and Empowerment Staff), these nurses also proactively provide information updates to patients, conduct exit surveys, and make the member experience at point-of-service truly pleasant.

This initiative won the ASEAN Social Security Association Transformation and Customer Service Excellence award in the 2016 ASSA Board Meeting and the Philippine Government Best Practice Competition organized by the Development Academy of the Philippines last 2015.

#### Action via offline, online, and social media

In tandem with efforts to beef up its physical presence and infrastructure set-up in strategic areas, PhilHealth also opened its doors to offline and online customer management.

Through its Corporate Action Center (CAC), PhilHealth is able to respond to member inquiries, comments, suggestions, and complaints received primarily through (02) 441-7442.



Electronic mails received through [actioncenter@philhealth.gov.ph](mailto:actioncenter@philhealth.gov.ph) are also immediately addressed, monitored, and analyzed to ensure that customer satisfaction is achieved. Millennials and technology-savvy members also posted numerous inquiries on its official Facebook page ([www.facebook.com/PhilHealth](http://www.facebook.com/PhilHealth)) and Twitter account (@teamphilhealth).

Competent CAC staff also attend to walk-in clients and referrals from different offices, while members' feedbacks received through other platforms or through the President's Hotline 8888 are being welcomed with as much enthusiasm by the CAC personnel.

Two website innovations introduced last year continue to promote customer delight. The All Case Rates Search Engine enables members and non-members to easily search for benefits that PhilHealth pays for a certain compensable medical or surgical condition. On the other hand, the Member Inquiry facility allows members to check on their membership information and posted premium contributions. This is a pro-active move that aims to prompt members to update their membership records as well.

Members may also refer to [www.philhealth.gov.ph](http://www.philhealth.gov.ph) for comprehensive information about PhilHealth — from membership, benefits, policies, contributions, and updates.

#### Hassle-Free Premium Payment Channels

To ensure fast and easy quality service, PhilHealth introduces advanced ways of making premium payment transactions hassle-free for its members.

One of the latest payment modalities that it is introducing is its tie-up with Bayad Center for the use of the Bayad Center 1Pay Machine, a self-service payment kiosk that has a user-friendly interface available 24/7. Bayad Center 1Pay Machine is currently deployed in various business centers in the National Capital Region, and will soon be available in government offices, malls, factories, and convenience stores.

PhilHealth has also introduced the Electronic Premium Remittance System (EPRS), Version 3.1, a web-based application designed to enable employers to pay their premium contributions online. One can access the system by clicking the Accredited Collecting Agents or ACAs icon in the corporate website ([www.philhealth.gov.ph](http://www.philhealth.gov.ph)), and the user will then be redirected to the bank's online payment facility to register and do the usual online banking process. Online remitted contributions are immediately posted to the employee's contribution ledger. Currently, Security Bank Corporation provides such service using the EPRS facility.





### UP-PGH as Z Benefits Provider for Colorectal Cancer

The country's oldest government teaching hospital is now ready to provide the special benefits package for PhilHealth members who are diagnosed with colon and rectum cancers.

Through a Memorandum of Agreement signed with PhilHealth, the (UP-PGH) has formalized its commitment to being the first contracted provider of the Z Benefits for colorectal cancer.

Under the agreement, the UP-PGH shall make available the benefit packages for colon cancer Stage I to II (low risk) worth P150,000 up to Stage II (high risk)-III worth P300,000 to PhilHealth members who pass the selections criteria. The Z benefit rate for the entire course of treatment for rectum cancer Stages I to III ranges from P150,000 to P400,000.

The UP-PGH also agreed to implement the ceiling amount of P230,000 as maximum co-payment for colon cancer, and P300,000 for rectum cancer for PhilHealth members and their dependents, who are classified as charity patients Classes 1 and 2, as well as to members with an annual income of less than P50,000 per household.

The UP-PGH is likewise contracted to provide four other Z Benefits packages, namely Coronary Artery Bypass Graft, Surgery for Total Correction of Tetralogy of Fallot, patch repair of Ventricular Septal Defect, and the Z MORPH.

### New PhilHealth ID Card Design

PhilHealth launched the new Identification Card design for all membership categories. All members of the NHIP shall now use a one look design for their ID card.

The new PhilHealth card design bears important information about the member. It was launched to address confusion brought about by the different designs of previously issued cards and set a standard image design for PhilHealth's brand.



## GIVING BACK TO THE COMMUNITY

PhilHealth believes that even the slightest positive influence has the potential to change one's life. It is dedicated to ensuring the welfare not only of its members, but also of the community it serves.

### LHIO Gumaca Outreach Program

For Gumaca Local Health Insurance Office (LHIO), giving is one of the best forms of kindness. This is why for two years now, Gumaca LHIO has been giving gifts to schoolchildren from different levels. This year, various schools have already benefited from this simple gesture. Aside from the school bags and supplies provided to chosen preschoolers and Grade 1 students from Barangays Villa Bota, Buensuceso, Sitio Salvacion, and Hagakhakin, Gumaca,



Quezon, Gumaca LHIO was also able to give hope to teenage girls under the custody of the Regional Center for Women-Quezon Chapter through its back-to-school kit giving activity. These young girls are victims of physical abuse and were abandoned by their families.

Just recently, another gift-giving activity was successfully held through the distribution of 50 hygiene kits to day care students from Barangay Lagyo and Peñafrancia, Gumaca, Quezon. They were also given a brief discussion on the importance of maintaining good hygiene as well as the proper way of caring for their teeth. Likewise, parents were reminded to ensure their children's dental hygiene by assisting the latter to brush their teeth after every meal.

Gumaca LHIO also informed parents about the importance of social health insurance and how PhilHealth can assist them in their hospitalization needs.

It was a blessing to be instruments in providing not only material things, but most importantly, hope, love, and kindness to those who need them most.

### Oplan Broadcastreeing

LHIO Pangasinan, together with Kapisanan ng mga Brodkasters sa Pilipinas-Pangasinan, participated in the Mangrove Tree Planting activity in Brgy. Sobol, San Fabian, Pangasinan.

A total of 3,000 mangrove seedlings or propagules were planted. The activity, which was also participated in by other government agencies and non-government organizations, was among PhilHealth's manifestations of its corporate social responsibility to the community.

During the activity, a representative from the Provincial Agriculture Office discussed the importance of planting mangroves. Each PhilHealth participant planted at least four propagules and gamely treaded on the brackish mud.

Indeed, there is no stopping PhilHealth when it comes to pleasing its customers and giving back to the community. With the trust and confidence bestowed on it by its 93 million members over the last 21 years, it will definitely continue to uphold the highest quality of public service that its members so well deserve.



### MOVING FORWARD TO OFFERING AWARD-WINNING CUSTOMER SERVICE

In the Philippines and even in other more advanced economies, we have seen the continuing threat to affordable healthcare. Staying true to its commitment to see through its universal healthcare goals, PhilHealth pushed the boundaries and expanded the coverage of its existing programs.

#### PhilHealth Expands ISO 9001 Certification

The long wait is over for the nationwide expansion of PhilHealth's ISO 9001:2008 certification. From its initial scope of certification covering the Central Office, PhilHealth Regional Office IV-A and Local Health Insurance Office - Calamba in 2015, the Certification has exponentially expanded throughout the archipelago when all its 17 regional offices (PROs) and their selected Branch Office/Local Health Insurance Office (LHIO), or a total addition of 35 offices, passed the 3rd party certification audit conducted last December 2016. Such expansion is a testament to the Corporation's nationwide commitment to high quality services and drive towards client satisfaction through the implementation of a Quality Management System as a strategy for continuous improvement.

This nationwide expansion is a culmination of a nearly three-year journey that started in the last part of 2013. Rooting from Executive Order No. 605 which mandated the adoption of ISO 9001:2008 standards, PhilHealth began the work with the guidance of the Development Academy of the Philippines (DAP) in establishing its QMS named "Philippine Social Health Insurance

Management System" (PSHIMS). Since then, the journey was fast-paced and reached summits because of the joint effort, cooperation, hard work and sharing of knowledge extended by PhilHealth personnel from various offices in the central office, regions and LHIOs. From conceptualization/documentation of the PSHIMS, to the capability building of the core teams, to the QMS cascading to all units, to the conduct of internal audits, to problem reporting and their proper management among units, to the conduct of management reviews in various levels, among many QMS activities that are imbedded in the everyday operations of the Corporation, all these transpired smoothly to produce a QMS that is functioning and continuously improving. Thus, PhilHealth was able to sustain its certification and expand certification coverage over the years.

#### Red-Tape Free Recognition

Every year, the CSC conducts the Anti-Red Tape Report Card Survey (RCS), a client feedback survey to check government service offices' compliance with provisions under the Anti-Red Tape Act (ARTA) of 2007. Among the 10 government agencies surveyed, PhilHealth got the second highest rating for 2015 for its excellence in frontline service delivery, service quality, physical working condition, and overall satisfaction.

PhilHealth was also recognized for having excellent ratings in the RCS and was given the ARTA Breakthrough Agency and Seal of Excellence awards during the same year.

"We are again very appreciative and thankful for the trust and recognition given by the CSC. We believe that excellence is the hallmark of competence and achievement. With Team PhilHealth around, I have no doubt that we will continue to do good work in the next years and the cumulative results will become even more impressive," said Alexander A. Padilla, PhilHealth's President and Chief Executive Officer.

#### PhilHealth-Bicol's Galing Pook Award

In 2016, the provincial government of Albay granted the Galing Pook Award to PhilHealth Regional Office V through Regional Vice President Orlando D. Iñigo Jr., Acting Field Operations Division Chief Marcia Natalia V. Simsiman, and Local Health Insurance Office Chief Darlene L. Nuyles.

This award was given to the PRO-V for the services rendered for the Team Albay Countryside Development Caravan (TACDEC), a program initiated by Albay Gov. Joey Sarte Salceda to efficiently provide basic services to far-flung areas in the province.

The PRO-V, as an active participant in TACDEC, informs



members in remote areas in the province about their rights and responsibilities under the NHIP, and commits to supporting the efforts of the provincial government of Albay to bring quality government services closer to the people.

### PhilHealth-CAR's Exemplar Frontline Service

The Local Health Insurance Offices (LHIOs) of Abra, Baguio, Mountain Province, including the Apayao PhilHealth Business Center, received the CSC's Seal of Excellence award for rendering exceptional frontline services, as well as obtaining an overall outstanding client satisfaction.



This is why it did not come as a surprise when a Singapore-based OFW sent a text message to the CSC Regional Office VI commending the performance of Joeffry L. Viduya, a PhilHealth collecting officer assigned at the Baguio LHIO, for answering the client's inquiries while facilitating his premium payment.

"No stone should be left unturned in polishing means to intensify and heighten the grasp of all PRO-CAR employees of the NHIP.

The excellent ratings conferred to us should prompt us to constantly aim for a higher level of competence in the administration of Kalusugang Pangkalahatan. No one should be left behind in the name of courteous, honest, efficient, facilitative, and prompt delivery of service due to all our members and stakeholders," Dr. Elizabeth S. Fernandez, the Regional Vice President of PRO-CAR said.

### LHIO Kabankalan's Seal of Excellence

For the second consecutive year, the LHIO in Kabankalan, Negros Occidental was granted the prestigious Seal of Excellence award by the CSC for its adherence to the requirements of the ARTA. According to the ARTA RCS, most clients who visited the LHIO Kabankalan were highly satisfied with its services.

"I owe this victory to the officers and staff of LHIO Kabankalan for their commitment, professionalism, integrity, and enthusiasm



to serve our members. Their ability to go the extra mile earned them this recognition," said Lourdes F. Diocson, Regional Vice President for PRO VI.

### PhilHealth-NCR's Competitiveness Committee Partner Award

The Regional Development Council, headed by the National Economic Development Authority (NEDA), recently named the PhilHealth Regional Office in the National Capital Region (PRO-NCR) as a Regional Competitiveness Committee Partner. This was given during the Cities and Municipalities Competitiveness Index (CMCI) Survey held at the Tandang Sora Hall of the TESDA Women's Center in Taguig City.

The CMCI, spearheaded by the National Competitiveness Council (NCC) Philippines through the Regional Competitiveness Coordinating Committees (RCCs) and the United States Agency for International Development (USAID), is an annual ranking of Philippine cities and municipalities' competitiveness level.



"PRO-NCR is excited about this opportunity to work hand-in-hand with the Regional Development Council," said Dennis S. Mas, Regional Vice President of PRO-NCR, adding that "this partnership will increase the economic competitiveness of LGUs in our country and strengthen our ability to attract new businesses and expand existing businesses."

### Transformation and Customer Service Excellence Award

PhilHealth received the Customer Service and Transformation Excellence Award for its PhilHealth Customer Assistance, Relations and Empowerment Staff (PCARES) Project during the recently concluded 33rd ASEAN Social Security Association (ASSA) Board Meeting held in Sofitel Philippine Plaza Manila in Pasay City.

The ASSA is composed of social security agencies from Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand, Vietnam, and the Philippines.

The PCARES Project was first implemented in 2012 to provide more personalized services to hospitalized members by deploying competent registered nurses in levels 2 and 3 hospitals nationwide.

It was one among four projects showcased during the ASSA Good Practices and Knowledge Sharing. Other presenters were Central Provident Fund Board Singapore, SSS Philippines, Social Security Office Thailand, and Home Development Mutual Fund Philippines. The first ASSA Award was implemented as an initiative of the CPF Singapore CEO and ASSA Chair Ng Chee Peng.

PhilHealth's Acting President and CEO Ramon F. Aristoza Jr. received the award.

### What Lies Ahead

With all of these achievements and recognitions, PhilHealth is more eager to provide its members with the best healthcare programs to mitigate all financial risks. We will not stop until universal coverage is achieved, and even then, we will not stop until every member is given financial risk protection.

As we look to the future with the well-being of the Filipino in mind, PhilHealth vows to be responsive in addressing health concerns that are changing with the times. The corporation is determined to come up with innovative solutions through partnerships and cooperation with local and national agencies.

PhilHealth renews its commitment to being the country's most reliable and efficient healthcare partner as we welcome another milestone year.





Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

**CORPORATE GOVERNMENT SECTOR**  
Cluster 6-Social, Cultural, Trading, Promotional and Other Services

We are pleased to transmit our Annual Audit Report on the results of the audit of the accounts and transactions of the Philippine Health Insurance Corporation (PhilHealth) for the year ended December 31, 2016, pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The Report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, and the Status of Implementation of Prior Years' Audit Recommendations.

The Auditor expressed an unmodified opinion on the fairness of presentation of the financial statements of PhilHealth.

The significant observations and recommendations that need immediate action are as follows:

1. The 2015 and 2016 billings to the Department of Budget and Management (DBM) included those for 130,357 senior citizens (SCs) whose names appeared twice in PhilHealth's database resulting in the overstatement of the Due from National Government Agencies in the total amount of P625.714 million.

We recommend that Management undertake the following courses of action:

- a. Effect the necessary adjusting entry to correct the above-mentioned overstatement of P625,713,600.00;
  - b. Cause the cleansing of the database of PhilHealth from time to time to eliminate duplication records; and
  - c. Instruct the concerned personnel to reconcile its database with the source/s of the corresponding information in order to be assured of the integrity of the data being maintained by Philhealth.
2. Payments of salary adjustments of PhilHealth officials and employees for the period July 2011 to December 2016 in the total amount of P243.662 million had no legal basis considering that the authority emanated from a mere Board Resolution and had no specific authority from the President of the Philippines, as required under Republic Act (RA) No. 10149.

We recommended that the subject salary adjustments be discontinued in the absence of a Presidential approval required under RA No. 10149. We also recommended that the Governing Board adhere to its inherent duty to exercise the extraordinary diligence of a good father of a family in managing the affairs of PhilHealth at all times.

3. The discrepancy amounting to P199.023 million between the balance per books of P759.933 million of Property and Equipment (P&E) account and the result of CY 2016 physical inventory count of P560.910 million casts doubt on the reliability of the balance of the account.

We recommend that Management cause the conduct of an immediate reconciliation of the balance per accounting records with the balance of the results of the annual physical inventory count considering the material discrepancy of P199,023, 083.98 in the Head Office and P24,181,534.82 in the five regional offices. Thereafter, necessary adjusting/correcting entries should be effected in order to ensure that the balances of the respective PPE accounts shall be fairly presented in the financial statements as of December 31, 2016. Moreover, if there were indeed missing/lost items, determine the personnel who should be held accountable therefor and take the necessary administrative and/or legal actions, if the circumstances warrant.

**Regional Offices –**

4. Four hundred thirty five (435) claims amounting to P47.374 million out of the 518 claims that were audited, or 84% had no supporting Statement of Accounts (SOAs) or Billing Statements (BSs) issued by the corresponding Health Care Institutions (HCIs) to prove the correctness of the amount being claimed, which was not in accordance with the provisions under Section 4 (6) of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012.

We recommended that Management require the submission of SOA or BS as one of the documents to support the claims for Z Benefit Package reimbursements by the HCIs pursuant to Section 4 (6) of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012. Accordingly, the said requirement should be embodied in the existing policy of PhilHealth for the guidance of those concerned.

5. Certain HCIs were overpaid by a total amount of P7.364 million due to full reimbursements of 53 Z Benefit Package despite the fact that the member-patients' actual hospital charges plus the maximum amount of Professional Fees (PFs) were lower than the Z Benefit package rate.

We recommended that Management:

- a. Re-evaluate the present guidelines on the implementation of the Z Benefit package/Case Rate and consider the possibility of including a provision that reimbursement should be based

on member-patient's actual hospitalization charges plus PF or the amount of the Z Benefit package/Case Rate, whichever is lower, in order to protect the interest of the government.

b. Allow the excess amount of the Z Benefit package/Case Rate to be deducted from the amount of co-pay or out-of-pocket expenses of the member-patient be included, if feasible.

6. Eighteen (18) claims in the total amount of P3.830 million were processed and paid to the HCIs despite the absence of the required mandatory services and other indicated services that should have been appropriately and timely given according to the scheduled protocol to the member-patient contrary to item A, Part VIII of PhilHealth Circular No. 2015-035 and "Payment Conditions" of the Contract of Agreement or Memorandum of Agreement (MOA) entered into by PhilHealth with the HCIs for Z Benefits Accreditation.

We recommended strict compliance with the payment conditions embodied under PhilHealth Circular No. 2015-035 to protect the interests of the member-patients. Require the doctor/evaluator of the HCI to put a check mark on each mandatory service on the Checklist that was given or NA if not applicable and have them affix their signature. Deny payment of the corresponding claim if there was no proof that the required mandatory services were adequately provided to the member-patient by the contracted HCI in accordance with Item A, Part VIII of PhilHealth Circular No. 2015-035.

7. Payments received by PhilHealth PRO-VI from Health Care Providers (HCPs) from 2008 until 2013 representing unclaimed benefits of member-beneficiaries amounting to P12.689 million were not refunded to members, contrary to Section 3 of PhilHealth Office Order No. 09, series of 2008.

We recommended that Management submit a written explanation why the said benefit claims were not immediately refunded to member-claimants; inform the member-beneficiaries of their respective unclaimed refund; and make the corresponding payments. Moreover, provide explanation on the negative balances that were offset by various Health Care Providers (HCPs) against the total unclaimed refund remitted to PhilHealth.

8. PhilHealth Case Rate System reimbursed the full amount of case rate package to Health Care Providers (HCPs) regardless of member-patients' actual hospital charges resulting to additional expenses on benefit payments amounting to P5.485 million contrary to PhilHealth Circular No. 11, series of 2011.

We recommended that Management revisit the guidelines on PhilHealth Case Rates System taking into consideration the primary objective of the program. The system should only pay the actual hospital charges in case the amount is lower than the case rate to avoid expenses on the part of PhilHealth.

The other observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on May 19, 2017 are discussed in detail in Part II of the report.

We respectfully request that the recommendations contained in Parts II and III of the report be implemented and this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form (copy attached) and returning the same to us within 60 days from the date of receipt hereof.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

**COMMISSION ON AUDIT**

By:

  
**WILFREDO A. AGITO**  
Director IV

**Copy furnished:**

The President of the Republic of the Philippines  
The Vice-President  
The President of the Senate  
The Speaker of the House of Representatives  
The Chairperson - Senate Finance Committee  
The Chairperson - Appropriations Committee  
The Secretary of the Department of Budget and Management  
The Governance Commission for Government-Owned or Controlled Corporations  
The Presidential Management Staff, Office of the President  
The National Library  
The U.P. Law Center  
The COA Commission Central Library

---

# Statement of Management Responsibility for the Financial Statements

**I**n connection with your examination of the Statement of Financial Position as of December 31, 2016, Statement of Comprehensive Profit or Loss and Statement of Changes in Equity for the Year Ended December 2016 of the Philippine Health Insurance Corporation for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position and results of operations of the Philippine Health Insurance Corporation, in conformity with Philippine Financial Reporting Standards and Philippine Accounting Standards, we confirm, to the best of our knowledge and belief, the following representations made to you during your examination:

1. We are responsible for the fair presentation in the financial statements of financial position and results of operation in conformity with generally accepted accounting principles.
2. We have made available to you all financial records, supporting documents and computations and related data.
3. There have been no –
  - Irregularities involving other employees that could have a material effect on the fairness of the financial statements.
  - Communications from government regulatory agencies concerning violations with, or deficiencies in; financial reporting practices that could have material effect on the financial statements.
  - Related party transactions.
4. We have no plans or intention to reclassify assets and liabilities that may materially affect the carrying value.
5. We have properly recorded or disclosed in the financial statements: assets, liabilities, income, expenses and retained earnings.
6. There are no –
  - Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for the recording a loss contingency.
  - Other material liabilities or gain or loss contingencies that require to be accrued or disclosed to conform with Philippine Financial Reporting Standards and Philippine Accounting Standards.
7. The Corporation has legal title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged, except as disclosed in the notes to the financial statements.
8. We have complied with all aspects of Contractual agreements that would have a material effect on the financial statements in the event of non-compliance.

Furthermore, pending the resolution of our request for reclassification as Government Business Enterprise (GBE) from Non-Government Business Enterprise, PhilHealth shall continue to apply Philippine Financial Reporting Standards (PFRS) in the preparation of its Financial Statements.

Very truly yours,



**RAMON F. ARISTOZA JR.**  
Acting President and Chief Executive Officer

# Statements of Financial Position

As at December 31, 2016 and 2015  
(In Philippine Peso)

	Note	2016	2015 (As Restated)	Current vs. Prior Year Increase/Decrease
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	5	29,935,544,922.99	25,528,175,394.55	4,407,369,528.44
Premium Receivables	6	25,921,911,355.09	20,405,504,236.36	5,516,407,118.73
Other Current Assets	7	1,350,597,734.15	1,704,778,166.86	(354,180,432.71)
<b>Total Current Assets</b>		<b>57,208,054,012.23</b>	<b>47,638,457,797.77</b>	<b>9,569,596,214.46</b>
<b>Non-current Assets</b>				
Available for Sale Investments	8	942,905,803.90	960,732,519.65	(17,826,715.75)
Held to Maturity Investments	9	100,563,891,098.63	106,716,873,092.35	(6,152,981,993.72)
Property & Equipment - net	10	2,087,210,720.46	1,774,633,382.98	312,577,337.48
Intangible Assets - net	11	329,299,007.31	147,210,485.30	182,088,522.01
Other Assets - net	12	1,451,304,316.02	1,589,754,206.53	(138,449,890.51)
<b>Total Non-current Assets</b>		<b>105,374,610,946.32</b>	<b>111,189,203,686.81</b>	<b>(5,814,592,740.49)</b>
<b>TOTAL ASSETS</b>		<b>162,582,664,958.55</b>	<b>158,827,661,484.58</b>	<b>3,755,003,473.97</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Benefit Claims Payables	13	29,281,288,529.13	26,052,534,782.68	3,228,753,746.45
Other Payables	14	2,328,602,016.08	2,272,977,732.88	55,624,283.20
<b>TOTAL Current Liabilities</b>		<b>31,609,890,545.21</b>	<b>28,325,512,515.56</b>	<b>3,284,378,029.65</b>
<b>Non-current Liability</b>				
Other Deferred Credits	15	1,678,100,730.29	1,252,338,439.52	425,762,290.77
Insurance Liability for Lifetime Members	16	22,123,933,673.00		22,123,933,673.00
<b>Total Non-current Liabilities</b>		<b>23,802,034,403.29</b>	<b>1,252,338,439.52</b>	<b>22,549,695,963.77</b>
<b>TOTAL Liabilities</b>		<b>55,411,924,948.50</b>	<b>29,577,850,955.08</b>	<b>25,834,073,993.42</b>
<b>Equity</b>				
Members' Equity	17	107,170,740,010.05	129,249,810,529.50	(22,079,070,519.45)
<b>Total Members' Equity</b>		<b>107,170,740,010.05</b>	<b>129,249,810,529.50</b>	<b>(22,079,070,519.45)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>162,582,664,958.55</b>	<b>158,827,661,484.58</b>	<b>3,755,003,473.97</b>

# Statements of Income

For the Years Ended December 31, 2016 and 2015  
(In Philippine Peso)

	Note	2016	2015 (As Restated)	Current vs. Prior Year Increase/Decrease
<b>TOTAL PREMIUM CONTRIBUTIONS</b>	<b>18</b>	<b>103,790,602,050.79</b>	<b>99,760,954,799.28</b>	<b>4,029,647,251.51</b>
Less: Benefit Claims Expenses	20	101,752,503,728.70	99,225,425,223.76	2,527,078,504.94
<b>GROSS MARGIN FROM OPERATIONS</b>		<b>2,038,098,322.09</b>	<b>535,529,575.52</b>	<b>1,502,568,746.57</b>
<b>Less: Operating Expenses</b>				
Personal Services	21	5,583,884,643.64	4,104,760,736.94	1,479,123,906.70
Other Operating Expenses	22	2,204,575,527.02	2,092,276,887.58	112,298,639.44
<b>Total Operating Expenses</b>		<b>7,788,460,170.66</b>	<b>6,197,037,624.52</b>	<b>1,591,422,546.14</b>
<b>NET OPERATING INCOME (LOSS)</b>		<b>(5,750,361,848.57)</b>	<b>(5,661,508,049.00)</b>	<b>(88,853,799.57)</b>
<b>Add: Interest and Other Income</b>	19	<b>5,813,051,717.87</b>	<b>7,093,891,588.61</b>	<b>(1,280,839,870.74)</b>
<b>NET INCOME (LOSS)</b>		<b>62,689,869.30</b>	<b>1,432,383,539.61</b>	<b>(1,369,693,670.31)</b>

# Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015  
(In Philippine Peso)

	Note	2016	2015 (As Restated)	Current vs. Prior Year Increase/Decrease
<b>NET INCOME</b>		<b>62,689,869.30</b>	<b>1,432,383,539.61</b>	<b>(1,369,693,670.31)</b>
<b>OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS</b>				
Unrealized Loss on Available for Sale Investments	17.3	(57,094,196.10)	(39,267,480.35)	(17,826,715.75)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,595,673.20</b>	<b>1,393,116,059.26</b>	<b>(1,387,520,386.06)</b>

# Statements of Changes in Equity

For the years ended December 31, 2016 and 2015  
(In Philippine Peso)

	Note	2016	2015 (As Restated)	Current vs. Prior Year Increase/Decrease
<b>Reserve Fund</b>	17			
Reserve at beginning of year		129,287,621,260.88	128,021,663,286.97	1,265,957,973.91
Surplus transfer to Reserve Fund		62,689,869.30	1,265,957,973.91	(1,203,268,104.61)
Reserve transfer to Insurance Liability for Lifetime Members		(22,123,933,673.00)		(22,123,933,673.00)
<b>Reserve Fund at the end of year</b>		<b>107,226,377,457.18</b>	<b>129,287,621,260.88</b>	<b>(22,061,243,803.70)</b>
<b>SURPLUS</b>	17			
Surplus at beginning of year		1,456,748.97	(164,968,816.73)	166,425,565.70
Net Income		62,689,869.30	1,432,383,539.61	(1,369,693,670.31)
Total Surplus		64,146,618.27	1,267,414,722.88	(1,203,268,104.61)
Surplus transfer to Reserve Fund		(62,689,869.30)	(1,265,957,973.91)	1,203,268,104.61
<b>Surplus at year end</b>		<b>1,456,748.97</b>	<b>1,456,748.97</b>	<b>-</b>
<b>NET UNREALIZED LOSS ON AVAILABLE FOR SALE INVESTMENTS</b>	17	<b>(57,094,196.10)</b>	<b>(39,267,480.35)</b>	<b>(17,826,715.75)</b>
<b>TOTAL MEMBERS' EQUITY</b>		<b>107,170,740,010.05</b>	<b>129,249,810,529.50</b>	<b>(22,079,070,519.45)</b>

# Statements of Cash Flows

For the years ended December 31, 2016 and 2015  
(In Philippine Peso)

	2016	2015 (As Restated)	Current vs. Prior Year Increase/Decrease
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Premium Contributions	98,349,862,489.67	84,731,842,448.89	13,618,020,040.78
Other Income	580,424,458.71	698,367,660.04	(117,943,201.33)
Interest Received from Investments	6,491,352,376.64	7,062,890,362.01	(571,537,985.37)
Rent	332,698.04	481,443.14	(148,745.10)
Benefit Claims	(98,457,789,031.15)	(92,402,036,156.41)	(6,055,752,874.74)
Operating Expenses	(7,860,813,802.05)	(5,561,628,648.35)	(2,299,185,153.70)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>(896,630,810.14)</b>	<b>(5,470,082,890.68)</b>	<b>4,573,452,080.54</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement on Bonds	5,752,176,407.58	(6,795,000,000.00)	12,547,176,407.58
Placement on Externally Managed Fund		(1,000,000,000.00)	1,000,000,000.00
Proceeds from Disposal of Assets	287,199.81	4,216.00	282,983.81
Equipment purchased	(502,492,524.24)	(223,617,473.68)	(278,875,050.56)
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b>5,249,971,083.15</b>	<b>(8,018,613,257.68)</b>	<b>13,268,584,340.83</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Trust Receipts	53,969,424.43	32,366,674.97	21,602,749.46
<b>Net Cash Provided by (Used In) Financing Activities</b>	<b>53,969,424.43</b>	<b>32,366,674.97</b>	<b>21,602,749.46</b>
<b>Net Increase (Decrease) in CASH</b>	<b>4,407,309,697.44</b>	<b>(13,456,329,473.39)</b>	<b>17,863,639,170.83</b>
<b>CASH at January 01</b>	<b>25,528,175,394.55</b>	<b>38,984,478,766.47</b>	<b>(13,456,303,371.92)</b>
Loss on Foreign Exchange	59,831.00	26,101.47	33,729.53
<b>CASH at December 31</b>	<b>29,935,544,922.99</b>	<b>25,528,175,394.55</b>	<b>4,407,369,528.44</b>

---

# Notes to Financial Statements

## 1. GENERAL INFORMATION

The National Health Insurance Act of 1995 (Republic Act No. 7875), as amended by RA 9241, has been amended by RA10606, otherwise known as the “National Health Insurance Act of 2013”, instituted a National Health Insurance Program (NHIP) that shall provide comprehensive health care services to all Filipinos through a socialized health insurance program that will prioritize the health care needs of the underprivileged, sick, elderly, persons with disabilities (PWDs), women and children and provide free health care services to indigents. 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. The 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 seventeen (17) members and has the powers and functions provided for in Article IV Section 16 of RA 7875 as amended; such as 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) as amended shall consist of contributions from Program members; 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 applicable laws, and in the absence thereof, existing resolution of the Board of Directors of the Corporation subject to limitations prescribed in the Act.

The financial statements of the Corporation for the year ended December 31, 2016 were approved and authorized for issue by the Board of Directors per PhilHealth Board Resolution No. 1400 s.2010 Resolution authorizing the issuance of Consolidated Financial Statements for CY 2009 and thereafter.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The accompanying financial statements of Philippine Health Insurance Corp. have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), where practicable, as well as government accounting standards and other pertinent rules and regulations.

Pending the resolution on the classification of PhilHealth as Non GBE to GBE, PhilHealth shall continue to apply PFRS in the preparation of its Financial Statements. Reiteration for such classification were made on Feb. 15, 2016 and November 25, 2016.

### 2.2 Basis of Measurement

The financial statements have been prepared using the historical cost basis except for Available for Sale Investments which are presented at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3 Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Corporation's functional currency.

In preparing the financial statements of the Corporation, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Adoption of New and Revised PFRS*

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretation from International Financial Reporting Interpretation Committee (IFRIC) which the Corporation adopted effective for annual periods beginning on or after January 1, 2015:

- Amendment to PAS 16, Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization - The amendment clarifies

how the gross carrying amount and the accumulated depreciation / amortization are treated when an entity uses the revaluation model.

- Amendments to PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions - The amendments clarify the requirements on how contributions from employees or third parties that are linked to service should be attributed to periods of service. In particular, contributions that are independent of the number of years of service can be recognized as a reduction in the service cost in the period in which the related service is rendered (instead of attributing them to the periods of service)
- Amendment to PAS 24, Related Party Disclosures - Key Management Personnel - The amendment clarifies how payments to entities providing key management personnel services are to be disclosed.
- Amendment to PAS 40, Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination, and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property - The amendment clarifies the application of PFRS 3 and PAS 40 in respect of acquisitions of investment property. PAS 40 distinguishes investment property from owner-occupied property and PFRS 3 determines whether the acquisition of an investment property is a business combination.
- Amendment to PFRS 3, Business Combinations - The amendment excludes from its scope the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself.
- Amendment to PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets - The amendment requires the disclosure of management judgments in applying the aggregation criteria to operating segments, and requires reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly.
- Amendment to PFRS 13, Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception - The amendment clarifies that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, Financial Instruments: Recognition and Measurement or PFRS 9, Financial Instruments.

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

### *New and Revised PFRS Not Yet Adopted*

Relevant new and revised PFRS which are not yet effective for the year ending December 31, 2016 and have not been

applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, Presentation of Financial Statements - The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation, and PAS 38, Intangible Assets – Clarification of Acceptable Methods of Amortization – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.
- Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants – The amendments define bearer plants – i.e. living plants which are used solely to grow produce over several periods and usually scrapped at the end of their productive lives (e.g. grape vines, rubber trees, oil palms) - and include them within PAS 16's scope while the produce growing on bearer plants remains within the scope of PAS 41.
- Amendment to PAS 19, Employee Benefit - The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- Amendments to PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements – The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - The amendment adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.
- Amendment to PFRS 7, Financial Instruments: Disclosures - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.
- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between

an Investor and its Associate or Joint Venture – The amendments address a current conflict between the two standards and clarify that the gain or loss from sale or contribution of assets between an investor and its associate or joint venture should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- Amendments to PFRS 10, IFRS 12, Disclosure of Interests in Other Entities, and PAS 28 - Investment Entities: Applying the Consolidation Exception – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Amendments to PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations – The amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in PFRS 3) to apply all of the business combinations accounting principles and disclosure in PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Effective for annual periods beginning on or after 1 January 2018:

- PFRS 9, Financial Instruments – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the financial statements of the Corporation. Additional disclosures will be included in the financial statements, as applicable.

### ***Accounting Policies Adopted***

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Financial Assets**

#### ***Initial Recognition***

Financial assets are recognized in the Corporation's financial statements when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Corporation's financial assets, except for investments classified at Fair Value Through Profit or Loss (FVTPL).

#### ***Classification and Subsequent Measurement***

Financial assets are classified into the following specified categories: financial assets at FVTPL, Held-To-Maturity (HTM) investments, Available-For-Sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace

#### ***Financial Assets at FVTPL***

The Corporation classifies financial assets as at FVTPL when the financial asset is held for trading; designated upon initial recognition; either held for trading or designated upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract to be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of income.

As of the reporting date, the Corporation does not have financial assets that are designated at fair value through profit or loss.

#### ***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Corporation's financial assets classified under this category include cash and premiums receivables.

#### ***HTM Investments***

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity. Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

As of the reporting date, the Corporation's investments in government bonds are classified as held-to-maturity investments.

### **AFS Financial Assets**

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified as loans and receivables, HTM investments or financial assets at FVTPL.

Listed redeemable notes held by the Corporation that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Corporation also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established.

AFS assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the end of the reporting period.

As of the reporting date, the Corporation's externally managed funds are classified as available-for-sale financial assets.

### **Impairment of Financial Assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is

considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed

through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### ***Derecognition of Financial Assets***

The Corporation derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risk and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

#### **Financial Liabilities**

##### ***Initial Recognition***

Financial liabilities are recognized in the Corporation's financial statements when it becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Corporation's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### ***Classification and Subsequent Measurement***

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

##### **Financial liabilities at FVTPL**

Financial liabilities are classified at FVTPL when the financial liability is held for trading; designated upon initial recognition; either held for trading or designated upon initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of an Corporation of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the Corporation is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and PAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of income. Fair value is determined in the manner described in notes.

The Corporation does not have financial liabilities that are classified as FVTPL.

##### **Other Financial Liabilities**

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Benefit claims payable and other payables are included in this category.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating

interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

#### *Derecognition of Financial Liabilities*

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

#### Other Current Assets

Other current assets represent assets of the Corporation which are expected to be realized or consumed within one year or within the Corporation's normal operating cycle whichever is longer. This account includes supplies, material and small tangible items. Other current assets are presented in the statement of financial position at cost.

#### Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property, and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

At the end of each reporting period, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is computed on the straight-line method

based on the estimated useful lives of the assets as follows:

<b>Asset Class</b>	<b>Useful Life year/period</b>
Land Improvements	10
Building and Building Improvements	30
Leasehold Improvements	10
IT Equipment	5
Furniture and Fixtures	10
Office Equipment	5
Communication Equipment	10
Library Books	5
Medical Equipment	10
Transportation Equipment	7

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### Intangible Assets

Intangible asset represents computer software. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of five (5) years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

#### Impairment of Non-financial Assets

At each reporting date, property and equipment and intangible asset accounts are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### Derecognition of Non-financial Assets

Items of property and equipment and intangible assets are derecognized when these assets are disposed of or when no future economic benefits are expected from these assets.

## Surplus

Surplus represents accumulated profit of the Corporation after deducting transfers made to Reserve Fund.

## Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the corporation and the amount of revenue can be reliably measured.

The following specific recognition criteria must be met:

- a) Premiums' contribution  
Revenue is recognized as the members' contribution become due.
- b) Interest Income  
Interest income is recognize as the interest accrues taking into account the effective interest.
- c) Rent Income  
Income from rental of property is derived from the unoccupied portion of the building of PRO III and it is recognized on a straight-line basis over the lease term.

## Expense Recognition

Expenses are recognized in profit or loss upon utilization of the service or at the date expenses are incurred.

- a) Benefit Claims Expense  
This represents benefits incurred by the Corporation for health care services, in-patient and out-Patient, availed of by the members and their dependents. Benefit Claims Expense is recognized at the date of discharge or incurrence of the expense.
- b) Operating Expenses  
These includes personnel services and maintenance and other operating expenses which are recognized as expense in the period they are incurred.

## Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

All other leases are classified as operating leases. Rentals payments under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant lease.

### *Corporation as a Lessee*

Leases which do not transfer to the Corporation substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### *Corporation as a Lessor*

Rental income from operating leases is recognized in statement of income on a straight-line basis over the lease term.

The Corporation determines whether an arrangement is, or

contains a lease based on the substance of the arrangement. It makes as assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

## Employee Benefits

### *Short-term Benefits*

The Corporation recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits are recognized as expense in the period the related service is provided.

## Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

## Events after Reporting Date

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

## Foreign Currency

In preparing the financial statements of the Corporation, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized

initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the Corporation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Estimating Allowance for Impairment of Receivables*

The Corporation maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. This amount is evaluated based on such factors that affect the collectability of the accounts. These factors include, the age of the receivables, the length of the Corporation's relationship with the customer, the customer's payment behaviour and known market factors. The amount and timing of recorded expenses for any period would differ if the Corporation made different judgments or utilized different estimates. An increase in allowance for

impairment losses would increase the recorded operating expenses and decrease current assets.

##### *Estimating Benefit Claims Payables*

One of the accounting estimates being made is the setting up of accrued benefit expense for Incurred But Not Yet Paid (IBNP) claims which consist of the following:

- a. In-Course of Settlement (ICS) - these are claims in process at the end of the month. It is computed based on the number of claims still in process multiplied by the average value of benefit payment per claim. Average value per claim is the quotient from dividing the total amount of benefit payment for the month by the total number of claims processed for the same period.
- b. Incurred But Not Yet Received (IBNR) - These are claims which are estimated to be in the possession of the Health Care Institutions as of the end of the month and have yet to be submitted to PhilHealth within the allowable 60 day period after the date of discharge per Corporate Order No. 2015-0017 dated Dec. 8, 2015. The amount to be recorded is actuarially estimated.

#### 5. CASH

	2016	2015 As Restated
Collecting Officers	74,073,037.54	56,734,862.59
Disbursing Officers	262,014.61	958,660.20
Petty Cash Fund	2,571,243.57	1,861,335.75
Cash in Bank	2,789,867,652.35	1,968,483,518.94
Special Savings Deposit (net)	27,068,770,974.92	23,500,137,017.07
<b>Total</b>	<b>29,935,544,922.99</b>	<b>25,528,175,394.55</b>

Cash account consists of the following:

- 5.1 The amount of P74,073,037.54 represents collections at the end of the month of the collecting officers which are to be deposited on the following working day.
- 5.2 The Disbursing Officer is an Accountable Officer (AO) duly designated, responsible and accountable for the proper management of funds for a specific legal purpose or activity and is properly bonded in accordance with law. The amount of P262,014.61 represents available funds of the said officers as of to date.
- 5.3 The Petty Cash Fund is for the use of miscellaneous expenditures which cannot be conveniently paid by check. An officer holding the Petty Cash Fund is also properly bonded in accordance with law. The amount of P2,571,243.57 represents available petty cash fund as of to date.
- 5.4 Cash in Bank amounting to P2,789,867,652.35 represents various bank deposits that are unrestricted and available for current operations. Included in this account are cash denominated in foreign currencies which are translated to Peso using the closing rate as of the reporting dates.

5.5 Special Savings Deposit are term deposits of one day up to one year with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The amount is net of P1,526,470,320.25 book balance of One Fund Disbursement Account (OFDA). Interest earned from SSD amounted to P827,789,583.32.

## 6. PREMIUM RECEIVABLES

This account consists of:

	2016	2015 As Restated
Due from ACAs	4,032,858,578.25	2,696,235,211.81
Formal Economy	611,157,536.57	305,225,000.74
Due from National Government Agencies	20,766,627,600.00	16,779,597,600.00
Due from LGUs	511,267,640.27	624,446,423.81
<b>Total</b>	<b>25,921,911,355.09</b>	<b>20,405,504,236.36</b>

- 6.1 Due from ACAs amounting to P4,032,858,578.25 are premium contributions collected by the Accredited Collecting Agents for one and a half month or the 1<sup>st</sup> & 2<sup>nd</sup> half of the applicable month & 1st half of the following month. This is based on PhilHealth Circular No. 0001 s.2014, New Payment Schedule for Premium Contribution in which ACA's remittance is made after fifteen (15) days of collections.
- 6.2 Premium Receivable of the Formal Economy amounting to P611,157,536.57 represents accruals of premium contributions of the members in the formal economy recorded by the PROs.
- 6.3 Due from National Government Agencies account represents premium contribution for the following:

Enrollment of 5,435,438 Senior Citizens which were automatically renewed for the period Jan.-Dec., 2016 per billing/letter to DBM through DOH. (13,045,051,200/12 mos. = P1,087,087,600/mo.)	5,467,242,000.00
Additional enrollment of 967 families identified in conflict affected areas by the Office of the Presidential Adviser on Peace Process (OPAPP) through the Payapa at Masaganang Pamayanan Program (PAMANA) for the billing period Jan. - December, 2016.	2,320,800.00
<b>Total 2016</b>	<b>5,469,562,800.00</b>
Enrollment of 5,435,438 Senior Citizens under the Sponsored Program for the billing period Jan.-Dec. 2015	13,045,051,200.00
<b>Total 2015</b>	<b>13,045,051,200.00</b>
Enrollment of 3,528,816 Senior Citizens as principal members who have no current coverage (RA 10645) for the billing period Oct.-Dec. 2014	2,117,289,600.00

Enrollment of 56,135 families of which 55,474 families came from Region 8 who were casualties of Typhoon Yolanda and for the extended insurance coverage under the Fortuitous Event Program implemented as a component for the NHIP for the billing period Jan.-Dec. 2014	134,724,000.00
<b>Total</b>	<b>2,252,013,600.00</b>
<b>Grand Total</b>	<b>20,766,627,600.00</b>

- 6.4 Due from LGUs is the account representing the outstanding accounts receivable on premium contributions from various LGUs. The details of the account are as follows:

	2016	2015 As Restated
NCR	32,089,600.00	122,373,075.00
CAR	11,533,855.82	8,871,326.53
I	3,290,855.34	678,312.00
II	84,687,104.52	34,110,211.72
III	9,444,000.00	6,445,700.00
IV-A	3,989,200.00	-
IV-B	5,986,500.00	3,323,100.00
V	7,027,800.00	9,358,950.00
VI	218,362,690.23	241,005,092.98
VII	11,892,594.48	63,961,250.00
VIII	-	6,152,960.00
IX	-	-
X	6,120,000.00	12,414,141.06
XI	9,074,180.00	8,680,101.60
XII	800.00	8,266,400.00
Caraga	107,768,459.88	97,451,102.92
ARMM	-	1,354,700.00
	<b>511,267,640.27</b>	<b>624,446,423.81</b>

## 7. OTHER CURRENT ASSETS

This account consists of the following:

	2016	2015 As Restated
Supplies & Materials	64,989,643.89	64,106,921.68
Prepayments	36,891,570.89	16,391,613.45
Advances to Officers & Employees	157,900.09	2,304,577.05
Accrued Interest Receivable -Investment	1,216,050,698.51	1,568,306,480.62
Other Receivables	32,507,920.77	53,668,574.06
<b>Total</b>	<b>1,350,597,734.15</b>	<b>1,704,778,166.86</b>

- 7.1 Supplies & Materials amounting to P64,989,643.89 represents small tangible items that are expected to be used within one year from the reporting date.
- 7.2 Prepayments amounting to P36,891,570.89 represents authorized payments made for the purchase of goods

from the Procurement Service of DBM as well as insurance of motor vehicles of the Corporation from the GSIS.

- 7.3 Advances to Officers & Employees amounting to P157,900.09 represents cash advances granted to authorized officers and employees for legal authorized purpose such as local and foreign travel.
- 7.4 Accrued Interest Receivable on investment amounting to P1,216,050,698.51 represents interest earned from Held to Maturity Investments.
- 7.5 Other Receivables amounting to P32,507,920.77 includes withholding tax and compromise penalty of hospitals for the taxable year 2003-2004 per BIR decision with reference No. P06-15 dated April 14, 2015.

## 8. AVAILABLE FOR SALE INVESTMENTS

### Investment in Externally Managed Funds – Domestic

The PhilHealth's Board of Directors in its Resolution No. 1847 dated October 25, 2013, approved the hiring of local fund managers based on the provisions of Section 17 of RA 10606, amending Section 27 of RA 7875, which states that as part of its investment operations, the Corporation may hire institutions with valid trust license as its external local fund managers to manage a portion of the Investment Reserve Fund, as it may deem appropriate through public bidding. Thus, on July 6, 2015 the Corporation entered into an Investment Management Agreement (IMA) with BDO Unibank, Inc. as fund manager, and released P1.0 billion on July 7, 2015 to the said fund manager, as approved by the PhilHealth's Board of Directors in its Resolution No. 1957 dated June 24, 2015. As of December 31, 2016 the Net Asset Value is 942,905,803.90 as reported by the external manager of the funds. Details as follows:

Initial Investment	1,000,000,000.00
Net Realized Profit	9,954,495.14
2016	1,009,954,495.14
Accumulated Unrealized Loss	(67,048,691.24)
<b>Net Asset Value</b>	<b>942,905,803.90</b>

The PSEi was not able to sustain its uptrend from the previous year and ended the year lower by 1.6% at 6,840.64 from end CY 2015 level of 6,952.28. The market took the lead of global markets with unprecedented weakness due to several Black Swan incidents such as the Brexit, Italexit, the tribunal rulings on the South China Sea dispute, crisis in the Chinese Banking Sector, the increase in oil prices following the reduction in the oil production of OPEC member countries and very recently, the economic recession in the US which led to the Fed's decision to raise key interest rates as slow productivity growth is weighing on global economic growth. Although the PSEi managed to breach the 7,000 level and reached a high of 7,963.11 in July, the benchmark index pulled back below 7,000 in November.

In the wake of these developments, the market continued to correct as foreign investors cashed in \$49.3Bn in net outflows since July 2016. Also concerns over local insurgencies,

extrajudicial killings, changes that might affect the local economy as soon as the Trump administration takes over in January is also sending a negative signal in the local trade and exports industry, the impact of higher excise and value added taxes, and a weaker peso also fueled the consistent selling from foreign fund managers from mid-August to December.

Given the weak performance of the equities markets, the externally managed funds registered a net loss of P19.105Mn (net of the previous year's accumulated loss of P47.943Mn) as of December 31, 2016 after registering a total realized trading income of P48.486Mn year to date and a net asset value of P942.905Bn. The Fund, however, underperformed from the Philippine Stock Exchange Index (PSEi) by -0.38% at -1.99% year to date return versus PSEi's -1.61% and it also underperformed by -1.46% from the Customized Benchmark Index return of -0.53%. The Fund registered the highest ROI in July 2016 at 24.11% beating the PSEi's 14.54% and the Customized Benchmark's 17.05% during the same period last year. Also, total realized and unrealized income in July reached P87.02Mn with the fund staying afloat and registering the highest Net Asset Value of P1.10Bn. For the six-month period from May 2016 to October 2016, the Fund was able generate a net asset value higher than the principal investment of P1.0Bn.

As the market corrected following the continued foreign selling post Brexit in August, the Fund continued also to register narrow margins from its previous highs and ended the year with a Net Asset Value of P942.91Mn. Despite the Fund's relative underperformance to benchmark indices, its investments in the energy, power and water sector yielded a 5.88% return for the 4th qtr alone. Other outperformers are the property sector at 2.71%, financials and holding firms at 1.99% and 1.967%, respectively, and industrial sector at 1.23%. The lone underperformer was the services sector which ended the quarter at -8.39%.

For 2017, the PSEi is expected to go back to the 7,500 level on the back of a sustained 8% earnings growth rate and a relatively cheaper price to earnings ratio of 17x versus the regional counterparts and with a stable GDP forecast of 7% similar to the year 2016. The Fund will continue its strategy to ride the market momentum and take advantage of market volatilities to maximize trading gains. Any market correction will be viewed as an opportunity to buy particularly on stocks with good dividend yields, strong balance sheet and low valuation. The external fund manager will accumulate on preferred sectors like consumer stocks, power, banking and property sectors which would be beneficiaries of an economic upturn.

However, the downside risks may continue to weigh on the PSEi, such as the sharp peso depreciation, higher interest rates, political uncertainties, China risk on debt and capital flight and geopolitical tensions in South China Sea and North Korea nuclear threats.

## 9. HELD TO MATURITY INVESTMENTS

9.1. Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of 6.3249%.

	Interest Rate	2016	2015
Retail T-bonds	5.6750%	42,399,080,000.00	42,399,080,000.00
RTB-Non Restricted Environment	6.5214%	18,803,807,441.08	-
7-year T-bonds	6.9048%	6,138,254,621.10	32,135,510,250.87
10-year T-bonds	6.1985%	18,877,749,036.45	18,937,282,841.48
<b>Total</b>		<b>86,218,891,098.63</b>	<b>93,471,873,092.35</b>

9.2. Investment in Corporate Bonds with a maturity period of more than 1 year and with an average interest rate of 4.9600%.

	Interest Rate	2016	2015
7-yr Meralco Fixed Rate Bonds	4.3750%	1,500,000,000.00	1,500,000,000.00
7-yr PLDT FRB	5.2250%	650,000,000.00	1,650,000,000.00
5-5 yr JG Summit FRB	5.2317%	1,000,000,000.00	-
5-25 yr GT Capital FRB	4.7106%	300,000,000.00	300,000,000.00
5.5 yr SM Prime Holdings, Inc. FRB	5.1000%	500,000,000.00	500,000,000.00
7-yr SM Prime Holdings, Inc. FRB	5.2006%	500,000,000.00	500,000,000.00
7-yr Aboitiz Power Corp., Inc. FRB	5.2050%	1,000,000,000.00	3,000,000,000.00
5.25 yr Aboitiz Equity Ventures Inc., FRB	4.4722%	1,000,000,000.00	-
7 yr Aboitiz Equity Ventures Inc., FRB	5.0056%	1,000,000,000.00	-
7 yr Filinvest Land Inc., FRB	5.4000%	1,000,000,000.00	1,780,000,000.00
7 yr Filinvest Land Inc., FRB	5.3567%	780,000,000.00	-
7 yr Robinsons Land Corp., FRB	4.8000%	1,500,000,000.00	1,500,000,000.00
7 yr Ayala Land Inc., FRB	4.1958%	2,050,000,000.00	950,000,000.00
5.25 yr South Luzon Tollway Corp., FRB	4.9925%	182,500,000.00	182,500,000.00
7 yr South Luzon Tollway Corp., FRB	5.5796%	182,500,000.00	182,500,000.00
5.25 yr SM Prime Holdings	4.5095%	1,200,000,000.00	1,200,000,000.00
<b>Total</b>		<b>14,345,000,000.00</b>	<b>13,245,000,000.00</b>

Interest earned on HTM Investments amounted to P4,910,577,538.99 and P6,186,694,375.03 in 2016 and 2015, respectively.

Included under Land and Buildings accounts are the following:

10.1 A parcel of land situated in Quezon City with a total area of 17,230.50 square meters. This property with a carrying amount of P439,377,750 was appraised on Dec. 29, 2014 by an independent appraiser to have a fair market value of P947.680 Million. The Head Office of PhilHealth shall be constructed in this lot.

Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation acquired an additional 145 sq. m. lot from the National Housing Authority located in Brgy. Pinyahan, East Ave. Q.C. at a cost of P2,421,500.

10.2 A property acquired from Fort Bonifacio Development Corporation (FBDC), in exchange for the Corporations investments in FBDC. This asset with a carrying amount of P413,845,804.80 to have a fair market value of P923.260 Million as of December 22, 2014.

10.3 A parcel of lot and a building purchased by PRO III for its permanent Regional Office in San Fernando, Pampanga at a cost of P13,059,200 and P25,520,363 respectively. The land and building were appraised to have a fair market value of P54.470 Million as of December 22, 2014.

10.4 A parcel of lot with a total area of 2,897 sq. m. located in Tuguegarao City which will be used as the PRO II's administrative office. This property was received by way of donation, through a MOA executed between the DPWH Region 2 and PhilHealth. This property which is carried in the books at P4,056,000 was appraised to have a fair market value of P18.830 Million as of January 8, 2015. In compliance to the said MOA, the Regional Development Council (RDC) 2 has extended, upon request of PRO II, the construction of its office building for another two years per RDC-2 Resolution No. 02-037, s.2005.

## 10. PROPERTY AND EQUIPMENT – NET

This account consists of:

	Land and Land Improvements	Bldg. & Structure/Leasehold Improvements	Construction in Progress	Furniture Fixtures Equipment & Books	Motor Vehicle	Total
Cost						
Jan. 01, 2016	874,443,352.96	118,710,282.00	23,605,048.00	1,603,533,585.55	190,844,967.48	2,811,137,235.99
Additions/Ded.	-	12,387,843.84	3,964,192.50	461,879,305.39	20,239,393.94	498,470,735.67
<b>Dec. 31, 2016</b>	<b>874,443,352.96</b>	<b>131,098,125.84</b>	<b>27,569,240.50</b>	<b>2,065,412,890.94</b>	<b>211,084,361.42</b>	<b>3,309,607,971.66</b>
Accu. Dep'n						
Jan. 01, 2016	1,229,862.86	61,521,239.81	-	879,790,934.88	93,961,815.46	1,036,503,853.01
Depreciation	114,497.99	8,306,504.08	-	164,002,618.51	13,469,777.61	185,893,398.19
<b>Dec. 31, 2016</b>	<b>1,344,360.85</b>	<b>69,827,743.89</b>	<b>-</b>	<b>1,043,793,553.39</b>	<b>107,431,593.07</b>	<b>1,222,397,251.20</b>
<b>Net Book Value</b>	<b>873,098,992.11</b>	<b>61,270,381.95</b>	<b>27,569,240.50</b>	<b>1,021,619,337.55</b>	<b>103,652,768.35</b>	<b>2,087,210,720.46</b>
Cost						
Jan. 01, 2015	874,443,352.96	106,482,443.60	23,605,048.00	1,388,037,938.25	197,192,086.48	2,589,760,869.29
Additions/Ded.	-	12,227,838.40	-	215,495,647.30	(6,347,119.00)	221,376,366.70
<b>Dec. 31, 2015</b>	<b>874,443,352.96</b>	<b>118,710,282.00</b>	<b>23,605,048.00</b>	<b>1,603,533,585.55</b>	<b>190,844,967.48</b>	<b>2,811,137,235.99</b>
Accu. Dep'n						
Jan. 01, 2015	1,002,209.65	49,395,894.22	-	781,156,988.40	80,748,561.47	912,303,653.74
Depreciation	227,653.21	<b>12,125,345.59</b>	-	98,633,946.48	13,213,253.99	124,200,199.27
<b>Dec. 31, 2015</b>	<b>1,229,862.86</b>	<b>61,521,239.81</b>	<b>-</b>	<b>879,790,934.88</b>	<b>93,961,815.46</b>	<b>1,036,503,853.01</b>
<b>NBV as Restated</b>	<b>873,213,490.10</b>	<b>57,189,042.19</b>	<b>23,605,048.00</b>	<b>723,742,650.67</b>	<b>96,883,152.02</b>	<b>1,774,633,382.98</b>

## 11. INTANGIBLE ASSETS - NET

This represents cost of various software application / programs the majority of which are licenses to fully utilize the capability of a software system to operate in a virtual environment.

	2016	2015 As Restated
Cost, Jan. 01	147,210,485.30	29,357,977.65
Additions/Deductions	209,254,418.85	128,638,663.28
Cost, Dec 31	356,464,904.15	157,996,640.93
Accumulated Amortization	(27,165,896.84)	(10,786,155.63)
<b>NBV, Dec 31</b>	<b>329,299,007.31</b>	<b>147,210,485.30</b>

## 12. OTHER ASSETS - NET

This account consists of the following:

	2016	2015 As Restated
Deferred Charges	1,343,481.25	1,237,899.18
Guaranty Deposits	58,189,470.04	53,513,052.59
	<b>59,532,951.29</b>	<b>54,750,951.77</b>
DBM	155,235,240.00	155,235,240.00
PCSO	115,000,000.00	115,000,000.00
PDIC	327,103.25	327,103.25
COA	1,456,748.97	1,456,748.97
PROs	596,606.18	592,781.18
Unserviceable Equipment	29,059,637.34	20,471,997.56
Serviceable Equipment	5,375,515.91	5,954,110.12
Receivable from DOH	1,083,752.43	1,083,752.43
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from PCSO	100,566,336.32	100,566,336.32
Receivable from LGUs	743,901,098.58	895,145,859.18
Gross Long Term Recivable	<b>1,547,343,468.98</b>	<b>1,690,575,359.01</b>
Less Allowance for Doubtful Accounts	155,572,104.25	155,572,104.25
	<b>1,391,771,364.73</b>	<b>1,535,003,254.76</b>
<b>Net Amount</b>	<b>1,451,304,316.02</b>	<b>1,589,754,206.53</b>

- 12.1 The deferred charges account includes the unused portion of the amount of benefit claims paid to various Health Care Providers (HCPs). This payment was made by PRO VIII in compliance with the PhilHealth Board Resolution No. 1855 S.2013 which provides a mechanism for extending substantial aid to the affected Health Care Institutions (HCIs) in the aftermath of the 'Super Typhoon Yolanda'. A total of P302,472,691.95 was paid to the HCP's and of this amount, P301,734,929.19 claims have been processed leaving a balance of P 737,762.76 as of December 31, 2016.
- 12.2 Guaranty deposits amounting to P58,189,470.04 represents transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals.
- 12.3 Long Term Receivable from the Department of Budget and Management (DBM) amounting to P155,235,240.00 represents surcharges for late remittance of the

employer counterpart for premium contribution.

However, allowance for doubtful account of the same amount was provided for after evaluation of such factor as aging of accounts, collection experience in relation to particular receivable and identified doubtful accounts.

- 12.4 Long Term Receivable from Philippine Charity Sweepstakes Office (PCSO) amounting to P115,000,000 represents the balance of the account for the premium counterpart of various LGUs under the Enhanced PCSO – Greater Medicare Access (PCSO-GMA) Program.
- 12.5 Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to P327,103.25 was in pursuant to Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation.
- 12.6 Disallowances amounting to P1,456,748.97 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 and due to the remote probability of collection the latter had recommended its reversal. Subsidiary for these disallowances is being maintained & kept for ready references.
- 12.7 Debit Credit System amounting to 596,606.18 refers to the balance of advance payment to Health Care Providers for the year 1999. Allowance for doubtful account of P115,625.80 for PRO VII, P 9,698.45 for PRO X and P 211,540 for PRO IVB, a total of P 336,864.25 was provided for due to closure of the hospital facilities.
- 12.8 Unserviceable Equipment amounting to P29,059,637.34 represents equipment that are already for disposal.
- 12.9 Serviceable Equipment amounting to P5,375,515.91 represents equipment which are still functional but already obsolete and fully depreciated and ready for disposal.
- These Serviceable and Unserviceable Equipments shall be further reclassified as Non-Current Asset – Held for Sale once the requirements set upon by the Standard is met.
- 12.10 Receivable from DOH amounting to P1,083,752.43 represents unutilized amount of Global Budget for Out-Patient-Benefit Package for Overseas Workers Program as of Dec. 31, 2014.
- 12.11 Receivable from NGAs amounting to P394,741,430 represents deficiency in employer share of the Health Insurance Premium Contributions to PhilHealth by different gov't agencies nationwide for CY 2001 to 2008.
- 12.12 Receivable from PCSO includes unpaid billings for the enrollment of 309,049 indigent families in the amount of P 25,997,256.32 under the PCSO – Greater Medicare Access Program for 2003 and 2005; Unpaid billings in 2005 in the amount of P 2,772,240.00; Unpaid billings for the coverage of 200,000 transport workers under the PCSO-PhilHealth Program in the amount of P 71,796,840.00.

12.13 Receivable from LGUs represents long overdue premium contributions from various cities and municipalities all over the Philippines for the enrollment of their respective constituent under the Sponsored Program of PhilHealth. It was reclassified from Current Receivable to Other Assets in compliance with COA recommendation per AOM No. 2015-22 (14) dated May 5, 2015, details as follows:

	2016	2015 As Restated
NCR	1,490,300.00	1,490,300.00
CAR	11,450,712.50	11,561,112.50
I	53,589,267.37	56,686,867.37
II	21,532,741.08	21,532,741.08
III	140,522,178.50	168,225,518.50
IV-A	14,124,485.00	14,124,485.00
IV-B	938,740.00	271,540.00
V	308,615,511.82	348,774,690.52
VI	-	1,020,000.00
VII	26,825,220.00	76,814,460.00
VIII	87,153,711.57	102,254,461.47
IX	1,770,885.00	7,803,335.00
X	41,331,393.20	50,329,395.20
XI	29,758,440.54	29,599,440.54
ARMM	4,797,512.00	4,657,512.00
<b>Total</b>	<b>743,901,098.58</b>	<b>895,145,859.18</b>

### 13. BENEFIT CLAIMS PAYABLES

	2016	2015
Benefit Claims Processed	4,016,072,333.85	7,329,381,980.03
Benefit Claims Reported - ICS	17,057,722,275.27	12,064,627,442.64
Benefit Claims Incurred but not yet received - IBNR	8,207,493,920.01	6,658,525,360.01
<b>Total</b>	<b>29,281,288,529.13</b>	<b>26,052,534,782.68</b>

13.1 Benefit claims processed amounting to P4,016,072,333.85 represents benefit payment checks still in the possession of the Corporation.

13.2 Benefit Claims Reported - In Course of Settlement (ICS) amounting to P17,057,722,275.27 are benefit claims in process at the end of the month. It is computed based on the number of claims still in the process multiplied by the average value of benefit payment per claim. Average value per claim is the quotient from dividing the total amount of benefit payment for the month by the total number of claims processed for the same period.

13.3 Benefit Claims Incurred But Not Yet Received (IBNR) amounting to P8,207,493,920.01 are claims which are estimated to be in the possession of the Health Care Institutions as of the end of the month and have yet to be submitted to PhilHealth within the allowable 60 day period after the date of discharge per Corporate Order

No. 2015-0017 dated Dec. 8, 2015. The amount recorded as of to date is actuarially estimated.

The method applied in estimating IBNR claims is called claims development (or lag) method. It is an estimation technique under which historical claim data, such as the number and amount of claims are grouped into the time periods in which claims were incurred and the time periods in which they were processed. The processing date is typically the date the claim is received, adjudicated, or paid by the claim payer. The development method uses these groupings to create a claims processing or development pattern, which is used to determine completion factors to help estimate the unprocessed portion of incurred claims.

### 14. OTHER PAYABLES

This account consists of:

	2016	2015 As Restated
Accrued Expenses		
PS	250,403,505.88	1,004,640,247.54
MOOE	770,108,645.17	310,302,661.94
CAPEX	206,142,564.13	93,782,231.27
Statutory Liabilities		
Due to BIR	237,167,492.07	123,339,959.74
Due to GSIS	93,820,590.09	13,204,819.12
Due to Pag-ibig	3,185,515.46	2,340,405.46
Due to PhilHealth	12,445,692.51	5,339,633.08
Due to Other NGAs	12,991,190.34	16,588,787.41
Due to other GOCCs	752,888.28	752,888.28
Due to LGUs	186,559.69	106,826.41
PhilHealthProvident Fund	8,199,748.69	2,985,285.64
Trust Liabilities		
UNFPA Project	34,632.68	2,479,644.49
UMID Project	104,932,284.18	104,666,003.92
Unclaimed refund from HCPs	357,462,354.56	350,460,477.67
AHP-Protest Bond	4,391,540.00	5,284,225.73
Donations	9,365,298.47	9,676,631.09
Performance/Bidders Bond Payable	32,288,355.04	24,798,922.32
Retention Fee	43,494,586.10	22,300,332.15
WHO Proj (Ctr for Global Devt)	1,711,826.89	1,598,284.26
ICD 10	-	1,875,636.04
German Dev.t Corp.	-	96,401.02
Phil. Training Inst.	5,798,657.71	6,040,548.92
PhilHealth Run 2013	44,684.46	4,805,379.39
PhilHealth Run 2015	2,501,184.68	11,499,157.27
European Project	0.00	2,500,000.00
Calamity Fund	736,421.13	965,739.76
Others	170,435,797.87	150,546,602.96
<b>Total</b>	<b>2,328,602,016.08</b>	<b>2,272,977,732.88</b>

14.1 Statutory liabilities are inter-agency payables which includes 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. PhilHealth Provident Fund is also classified under this category.

14.2 Trust Liabilities refer to funds from other sources which are held in trust for specific purpose.

14.3 Donations include funds received from the following entities, including earned interest thereon:

	2016	2015
Westmont Investment Corp.	2,965,655.77	2,965,655.77
Strategies & Alliance Corp.	3,960,402.06	3,980,402.06
All Asia Capital Trust Corp.	598.63	598.63
First Metro Investment Corp.	3,813.02	3,813.02
BF General Insurance Corp.	1,425.07	1,425.07
Land Bank of the Phils.	110,000.00	110,000.00
Donation received by PRO's	2,323,403.92	2,614,736.54
<b>Total</b>	<b>9,365,298.47</b>	<b>9,676,631.09</b>

These shall finance specific projects like:

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

## 15. OTHER DEFERRED CREDITS

This account consists of the following:

	2016	2015
Advance Premium by Informal Economy	1,150,805,440.98	721,539,075.80
Reclassification of Premium Contribution for NHTS enrollment (CYs 2013 & 2014)	516,844,200.00	516,844,200.00
Accreditation Fees - ACAs	631,238.89	513,750.00
Accreditation Fees - HCPs	4,990,007.84	4,946,324.46
Subsidy from LGUs	3,994,045.00	7,807,600.00
Others	835,797.58	687,489.26
<b>Total</b>	<b>1,678,100,730.29</b>	<b>1,252,338,439.52</b>

Other Deferred Credits account refers to the payment of premium contribution, accreditation fees received in advance by the Corporation or income received not pertaining to the current year.

## 16. INSURANCE LIABILITY FOR LIFETIME MEMBERS

As stipulated in the Section 17 of RA 10606 (or Section 27 of RA 7875), a separate fund for the benefit claims reserve of the existing Lifetime members must be set up as a liability of the

corporation. The claims liability reserves requirement for the number of covered Lifetime members as of year-end 2016 was estimated at P22,123,933,673 by the Corporate Actuary.

## 17. MEMBERS' EQUITY

Members' Equity consists of the following:

	2016	2015 As Restated
Reserve Fund	107,226,377,457.18	129,287,621,260.88
Surplus	1,456,748.97	1,456,748.97
Net Unrealized Loss on Available for Sale Investment	(57,094,196.10)	(39,267,480.35)
<b>Total Members' Equity</b>	<b>107,170,740,010.05</b>	<b>129,249,810,529.50</b>

### 17.1 Reserve Fund

	2016	2015 As Restated
<b>Reserve Fund</b>	<b>107,226,377,457.18</b>	<b>129,287,621,260.88</b>

The Reserve Fund is recorded per Office Order No. 0145, S.2012 which is based on the provisions of Section 27 of RA 7875 as amended by RA 10606, which states that 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 of P306.60B, the amount actuarially estimated for two years' projected Program expenditures: Provided further; That whenever actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

The remaining portion of the Reserve Fund that are not needed to meet the current expenditure obligations or used for the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be known as the "Investment Reserve Fund" xxx:

### 17.2 Surplus

	2016	2015 As Restated
Surplus at beginning of year	1,456,748.97	(164,968,816.73)
Net income	62,689,869.30	1,432,383,539.61
Prior Year Adjustment	-	-
Total Surplus	64,146,618.27	1,267,414,722.88
Surplus transfer to Reserve Fund	(62,689,869.30)	(1,265,957,973.91)
<b>Surplus at year end</b>	<b>1,456,748.97</b>	<b>1,456,748.97</b>

### 17.3 Net Unrealized Loss on Available for Sale Investment

This account pertains to the difference between the cost of the original investment in externally managed fund and its fair value as of the reporting date. Details of this account are as follows:

Net Realized Profit in value of EMF	9,954,495.14
Accumulated Unrealized Loss in value of EMF	(67,048,691.24)
Net Unrealized Loss on Available for Sale Investments	(57,094,196.10)

## 18. PREMIUM CONTRIBUTIONS

Details of Premium Contributions are as follows:

	2016	2015 As Restated
Formal Economy	47,940,636,727.66	40,558,515,410.78
Private	38,615,367,987.31	30,092,811,582.36
Gov't.	9,284,183,419.29	10,450,165,329.32
Kasambahay	41,085,321.06	15,538,499.10
Informal Economy	4,927,645,301.00	6,815,711,848.64
Migrant Worker	1,075,704,842.13	1,639,493,828.02
Informal Sector/Self Earning Individual including Organized Group	3,665,856,558.87	5,090,952,370.62
Women about to give birth	186,083,900.00	85,265,650.00
Indigent - NHTS	34,682,688,000.00	36,257,956,800.00
Senior Citizens	13,045,051,200.00	13,045,051,200.00
Special Gov't. Programs	35,500,800.00	81,856,800.00
Bangsamoro	667,200.00	54,484,800.00
PAMANA	34,833,600.00	27,372,000.00
Sponsored	3,159,080,022.13	3,001,862,739.86
LGUs	2,412,708,897.13	2,547,289,233.72
Others	746,371,125.00	454,573,506.14
<b>Total Premium Contributions</b>	<b>103,790,602,050.79</b>	<b>99,760,954,799.28</b>

The amounts collected come from the following members in accordance with Title III Sec. 5 of the Implementing Rules and Regulations of RA 7875 as amended otherwise known as the National Health Insurance Act of 2013 to wit:

- a. Income from the Formal Economy comes from the premium contributions of the following:
  1. Government employees
  2. Private employees
  3. All other workers rendering services, whether in government or private offices, such as job order contractors, project-based contractors and the likes
  4. Owners of micro enterprises
  5. Owners of small, medium and large enterprises
  6. Household Help – as defined in RA 10361 on “Kasambahay Law”
  7. Family Drivers
- b. Income from the Informal Economy comes from the premium contributions of the following:
  1. Migrant Workers
  2. Informal Sector
  3. Self-Earning Individuals
  4. Filipinos with Dual Citizenship
  5. Naturalized Filipino Citizens
  6. Citizens of other countries working and/or residing in the Philippines
  7. Women about to give birth
- c. Premium contributions recorded as income for Indigent – NHTS comes from the National Government as appropriated in the GAA.
- d. Premium contributions from the sponsored members is being paid by another individual, government agency, or private entity according to the rules as may be prescribed by the Corporation.

- e. Premium contributions for special government programs comes from the National Government as appropriated in the GAA.
- f. Premium contributions for Senior Citizen or Elderly comes from the National Government.

## 19. INTEREST AND OTHER INCOME

Interest and other income account are as follows:

	2016	2015 As Restated
<b>Interest Income</b>		
Held to Maturity Investments	4,910,577,538.99	6,186,694,375.03
Special Savings Deposits	827,789,583.32	776,164,108.20
Savings and Current Deposits	4,702,684.09	5,901,675.61
<b>Total Interest Income</b>	<b>5,743,069,806.40</b>	<b>6,968,760,158.84</b>
<b>Other Income</b>		
Accreditation Fees - HCPs	17,964,211.29	34,091,707.96
Fines and Penalties	37,924,081.09	83,250,960.11
Rent Income	401,258.12	561,995.16
Gain on Foreign Exchange	59,831.00	28,400.40
Gain on Sale of Assets	336,520.03	250,711.68
Gain from Exchange of Assets	-	2,499.00
Income from Grants & Donations	1,129,881.99	552,649.60
Miscellaneous Income	12,166,127.95	6,392,505.86
<b>Total Other Income</b>	<b>69,981,911.47</b>	<b>125,131,429.77</b>
<b>Total Interest &amp; Other Income</b>	<b>5,813,051,717.87</b>	<b>7,093,891,588.61</b>

- 19.1 Miscellaneous income consists of income ranging from one hundred thousand and above which includes penalties from supplier and accreditation fees of ACAs in the Head Office, while in PROs this includes income from payment for certification of premium payment (PRO VI), sale of scrap materials and cash received for GSIS insurance claims for PRO VIII due to typhoon Ruby.
- 19.2 Rent Income – this is an income from the rented portion of PRO III office building.

## 20. BENEFIT CLAIMS EXPENSES

Details of this account are as follows:

	2016	2015 As Restated
Formal Economy	24,967,516,900.29	24,922,914,693.10
Private	17,543,199,120.30	17,118,822,319.07
Gov't. including PCB	7,424,317,779.99	7,804,092,374.03
Informal Economy	20,764,441,162.02	21,078,979,905.53
Migrant Worker including PCB	1,302,521,604.12	1,666,305,621.81
Informal Sector/Self Earning Individual including	19,461,919,557.90	19,412,674,283.72
Indigent - NHTS including PCB	19,209,462,650.18	25,896,272,119.25
Sponsored	11,703,876,496.39	7,412,951,698.75
LGUs including PCB/PR EVENTS	7,945,456,532.63	7,258,227,770.05
NGAs	801,580.00	23,875,185.03
Others	3,757,618,383.76	130,848,743.67
Lifetime Member Program & Senior Citizens	25,107,206,519.82	19,914,306,807.13
<b>Total Benefit Claims Expenses</b>	<b>101,752,503,728.70</b>	<b>99,225,425,223.76</b>

## 21. PERSONAL SERVICES

Personal services account includes:

	2016	2015 As Restated
Salaries & Wages	1,911,027,873.38	1,454,057,123.27
Other Compensation	3,088,675,010.36	2,248,547,252.33
Statutory Contributions	574,514,129.77	392,112,296.40
Other Personal Services	9,667,630.13	10,044,064.94
<b>Total Personal Services</b>	<b>5,583,884,643.64</b>	<b>4,104,760,736.94</b>

## 22. OTHER OPERATING EXPENSES

	2016	2015 As Restated
MODE	1,878,527,201.09	1,822,075,520.17
Other Expenses	91,590,444.15	80,112,286.51
Non-Cash Expenses	234,457,881.78	190,089,080.90
<b>Total Other Operating Expenses</b>	<b>2,204,575,527.02</b>	<b>2,092,276,887.58</b>

This account represents the administrative costs which must be within the limit as prescribed in Section 72. Financial Management of the Revised Implementing Rules and Regulations of RA 7875 as amended by RA 9241 and RA 10606 known as the National Health Insurance Act of 2013.

## 23. OTHER SIGNIFICANT AND RELEVANT INFORMATION

### 23.1 Arrears of the National Government as an employer

PhilHealth had adjusted premium contribution of the Employed Sector in CY 2013 through PhilHealth Circular No. 057s.2012 which prescribes Php 875.00 per month as the maximum contribution shared equally by the Employer and the Employee at Php 437.50 each. However, DBM has only allocated Php 312.50 or a 40% discrepancy. The Corporation had formally billed the Department of Budget and Management of the estimated NG Employer Premium Differential and request allocation of the unappropriate balances for the following periods:

Arrears	
CY 2001-2012	Php 9,664,042,011.00
CY 2013	330,691,801.00
CY 2014	330,691,801.00
CY 2015	330,691,801.00
CY 2016	330,691,801.00
<b>Total</b>	<b>10,986,809,215.00</b>

### 23.2 Assigned lot to PRO III

A parcel of lot with a total area of 1,831 sq. m. located within the Government Center, Barangay Maimpis, City of San Fernando, Pampanga was assigned to PRO III per Deed of Assignment from Regional Government Center (RGC) of San Fernando, Pampanga through a MOA executed by and between the Regional Development Council III and PhilHealth. A warehouse was constructed in this lot with a carrying amount of P2,520,000 in the financial statements.

---

# Corporate Governance Statement

## I. Governance

In line with efforts to improve corporate governance, the Board approved the enhancement of PhilHealth's Manual of Corporate Governance.

As part of its continuing professional development program for Appointive Directors, the seven (7) Appointive Board members participated in the "Corporate Governance Orientation Program for Government Owned and Controlled Corporations (GOCCs)" organized by the Institute of Corporate Directors in 2016. In addition, to foster accountability, the Board adopted its assessment policy and procedure as a tool to develop effective induction and training programs for its members for purposes of enhancing professionalism.

In compliance with good corporate governance practices, the Board started the groundwork for the adoption of a whistleblowing policy in a bid to further protect PhilHealth's fund and promote accountability. In addition, it started deliberating on the need to adopt Internal Code of Ethics/ Conduct particularly Confidentiality Rules in light of the Data Privacy Act and the Freedom of Information Executive Order.

A total of 12 regular Board meetings, 3 special Board meetings, and 49 committee meetings were conducted throughout the year. To boost productivity of its meetings, the Board of Directors and Management was guided by the "Guidance for Board Meeting Preparations" which was issued by the Office of the Chair. With the assistance of the Corporate Planning Department, the Board under the new administration, was able to review PhilHealth's vision, mission, and goals and conducted its medium-term strategic planning.

### Compliance

In 2016, the Board reviewed its status vis-a-vis the GCG Corporate Governance Scorecard and worked on improving compliance in the aspects of "Stakeholder Relationships", "Disclosure and Transparency" and "Responsibilities". The Board made much progress in improving its course in the aspect of Board Responsibility.

To promote greater transparency in public governance, PhilHealth has continued to provide pertinent information to its various stakeholders via its transparency page, [https://www.philhealth.gov.ph/about\\_us/transparency/](https://www.philhealth.gov.ph/about_us/transparency/), such as on: its mandates and functions; corporate profile; citizen's charter; board meetings; annual reports (including audited financial statements); approved budgets and corresponding targets; major programs and projects, status and assessment reports; and, annual procurement.

Aside from whistleblowing policy, PhilHealth, an ISO-certified GOCC, now has policy statements on quality policy, risk management, "no gift" policy, corporate social responsibility, and freedom of information.

### Control

To assist the various committees in fulfilling its mandated functions, the Board decided to tap the expertise of technical consultants. Experts in Civil Service Rules and Human Resources, Appropriations, Board Assessment and Governance, and Information Technology were tapped. As part of its efforts to provide an independent check on Management, an ad hoc committee was established to investigate and resolve gaps and issues pertinent to compliance by management of Board directives.

A Grievance and Appeals Review Committee (GARC) was also created to hear and decide all grievances filed by accredited health care providers and members against program implementors.

In view of reported insurance fraud and leakages, the Board reconstituted its Committee on Appealed Administrative Cases (CAAC) against erring health care providers and members, and sought the assistance of the National Bureau of Investigation and the Office of the Ombudsman to examine reported complaints.

The Board also threshed out some details of the Risk Management Framework and related policies in 2016.

## II. Audit Committee

The Audit Committee has the primary responsibility to oversee, monitor and evaluate the adequacy and effectiveness of PhilHealth's internal control system, engage and provide oversight of the Corporation's internal and external auditors, and coordinate with the Commission on Audit (COA). The Audit Committee is composed of the following:

Chairperson	: <b>Ruperto B. Alerosa</b> National Anti-Poverty Commission (NAPC)
Vice-Chair	: <b>Atty. Nora M. Saldares / Atty. Lucio L. Yu</b> Government Service Insurance System (GSIS)
Members	: <b>Ms. Jane M.N Sta. Ana</b> Filipino Overseas Workers Sector <b>Atty. Silvestre H. Bello III</b> Department of Labor and Employment (DOLE) <b>Atty. Ronnie T. Davidas</b> Health Care Providers Sector <b>Atty. Noel O. Palomado</b> Formal Economy Sector

For the past three (3) years from 2013 to 2016, the Audit Committee was able to deliberate and provide directives relating to:

1. Management Audit on the Procurement, Financial, LGU Receivables, Unclaimed Refund, Collection and Availment Behavior, Logistics Expenses, Performance-Based Bonus and Human Resource Systems;
2. Operations Audit on the All Case Rates, No-Balance Billing, Primary Care Benefit I, Maternity Care Package, Cataract Package and Accreditation of Health Care Professionals, PhilHealth Overseas Filipinos Program, PhilHealth CARES Programs/Projects;
3. Information Systems Audit on the N-Claims, Membership and Contribution Information System (MCIS) and Other Related Application Systems and Utilities, PhilHealth Enrollment and Registration. Such initiatives redounded to 1096 Audit Observations with corresponding 1775 Audit Recommendations for management action.

In addition, as part of the ongoing efforts to ensure the adequacy and effectiveness of internal control system, including effectiveness and efficiency of operations, the Management undertook critical actions that addressed the major audit observations. Enhancements in certain benefit policies, systems and packages were issued to ensure the coverage and access of members to quality health care. On the critical support systems, enhancement and clarification of guidelines ensued to warrant the strengthened compliance to laws, rules and regulations, including office policies. Lastly, reinforcement in the information systems policies was made to reiterate the need to segregate the duties and responsibilities as one (1) of the control activities in the uses of application systems.

### III. Risk Management Committee

The Corporation considered risk management as far back as 2007 when it re-engineered its organizational structure. PhilHealth's risk management team under the Actuarial Services and Risk Management Sector was created as part of the corporation's observance of good governance. The corporation's risk management scheme initially followed the Australian/New Zealand Standard of Risk Management (AS/NZS 4360:2004). Such scheme later evolved into the ISO 31000:2009 Risk Management Standard and follows an integrated approach in managing risks, i.e. all types of risks at all levels of the organization – from strategic to day-to-day. The silo approach in risk management, nevertheless, is likewise used per office/department in cases where there are risks which need not be addressed on a corporate-wide level.

PhilHealth's Risk Management Department (RMD) as the lead office of the corporation's risk management program is tasked to coordinate the corporation's risk management activities. In this light, the said office developed PhilHealth's Risk Management Manual to serve as a guide for PhilHealth to systematically and explicitly address the risks that come with all the activities and projects of the corporation.

Among others, basic orientation programs on risk management, including disaster management, have been conducted for personnel in Central Office, as well as in certain PhilHealth Regional Offices, and the Risk Management Department plans to continue these orientations to imbed a more risk-aware culture corporate-wide.

### IV. Nomination and Remunerations Committee

The Committee met twice during 2016 to start in their selection process in search for Managers, Vice-Presidents, Senior Vice-Presidents and Executive Vice-President and Chief Operating Officer of the Corporation. The Committee incessantly searches for the next leaders of the Corporation to ensure a transformative leadership and culture.

#### Whistle-Blowing Policy

PhilHealth adopted a corporate-wide Whistleblowing Policy, consistent with GCG Memorandum Circular No. 2016-02 and PhilHealth Board Resolution No. 2212, s, 2017 and established a Whistleblowing Committee to ensure its efficient implementation.

In February 2017, the Board approved the policy and immediately directed Management to disseminate it widely and upload it on its official website. The purpose of this Whistleblowing Policy is to enable any concerned individual to report and provide information, anonymously if he/she wishes, and even testify on matters involving the actions or omissions of the Directors/Trustees, Officers, and Employees of the Corporation that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices, are grossly disadvantageous to the Corporation or the government. The informant or whistleblower, who may report anonymously, is protected from retaliatory action and can be incentivized under this policy.

Whistleblowers are encouraged to utilize the online reporting channel that will be established by the Whistleblowing Committee. Reports on any violation of law, rules, code of conduct or any wrongdoing covered by the policy can also be addressed to the Whistleblowing Committee at Room 1711, Citystate Centre, 709 Shaw Blvd., Pasig City.

The policy also provides that retaliatory acts against whistleblowers who submit reports in good faith shall not be tolerated. These acts include discrimination or harassment in the workplace, demotion, reduction in salary benefits, termination of contract, and evident bias in performance evaluation. All possible assistance under the law will be extended to the whistleblower.

Meanwhile, reported cases that pertain to complaints against program implementers will be referred to the Grievance and Appeals Review Committee (GARC) that was also re-established by the PhilHealth Board in 2016.

# Board of Directors

**Pauly Jean B. Rosell-Ubial, M.D.,MPH.,CESO II**

*DOH Secretary, Chairperson*

**Ramon F. Ariztosa Jr.**

*Acting President and CEO*

*Second Row:*

**Hon. Catalino S. Cuy**

*DILG Officer-in-Charge*

**Hon. Judy M. Taguiwalo**

*DSWD Secretary*

**Atty. Silvestre H. Bello III**

*DOLE Secretary*

**Atty. Emmanuel F. Dooc**

*SSS President and CEO*

*Third Row:*

**Atty. Nora Malubay-Saludares**

*GSIS OIC-President and General Manager*

**Carlos G. Dominguez**

*DOF Secretary*

**Hon. Alicia Dela Rosa-Bala**

*CSC Chairperson*

**Ruperto B. Alerosa**

*NAPC-BS Vice Chairman*



# Board of Directors



**Dr. Celestina Ma. Jude P. Dela Serna**  
*Filipino Migrant Workers*

Dr. Celestina Ma. Jude P. De la Serna obtained her Doctor of Medicine degree from the De la Salle University in Dasmariñas, Cavite in 1989. She worked at the De la Serna Clinic, a private health clinic based in Bohol province from 2002-2003, before becoming the Chief of Hospital of Maribojoc Community Hospital for two (2) years. Up until her appointment as PhilHealth Board Member, she was the Chief of Hospital of Cong. Natalio P. Castillo Sr. Memorial Hospital, also in Bohol. She has practical experience in hospital, emergency, home health and primary care.



**Dr. Roy B. Ferrer**  
*Employers Sector*

Dr. Roy B. Ferrer is a BS Biology graduate from the Ateneo de Davao University and obtained his Doctor of Medicine degree from the Davao Medical School Foundation. He has a Master of Science degree in Internal Medicine, Major in Diabetology from the University of the East Ramon Magsaysay Memorial Medical Center – Institute for Studies on Diabetes Foundation. From Year 2000 up to his appointment as PhilHealth Board Member, Dr. Ferrer was a Medical Consultant at the Ricardo Limso Medical Center in Davao City. He worked as Medical Specialist from 1993 to 2009, and as Medical Officer IV at the Davao Medical Center from 1997 to 1999. He was the President and Chief Executive Officer of Central Lab Diabetes, Wellness, Heart and Kidneys, Inc. and eventually became its Chief Finance Officer. He is a Fellow and President of the Davao Chapter of the Philippine Society of Medical Specialists in Government Service, an affiliate society of the Philippine Medical Association (PMA). For four (4) years, he also served as Board Member of the Stroke Society of the Philippines – Davao Chapter.



**Dr. Roberto M. Salvador Jr.**  
*Formal Economy Sector*

Dr. Roberto M. Salvador earned his Doctor of Medicine degree from the Manila Central University – FDTMF in Caloocan City. Before he was appointed as PhilHealth Board Member, he was a Medical Officer at the Bureau of Quarantine of the Department of Health. Earlier, he was a medical consultant for adult and pediatric infections and tropical diseases at the Castro General Hospital and Sto. Nino General Hospital, both in Bulacan; at the Sagrada Familia General Hospital in Pampanga; and at St. Lazarus Medical and Surgical Clinic in Sta. Cruz, Manila.



**Dr. Hildegardes C. Dineros**  
*Informal Economy*

Dr. Hildegardes C. Dineros is a pioneer and leader in the field of Metabolic and Bariatric Surgery in the Philippines. He has been invited to speak and present his work both in the local and international community. His areas of expertise include Laparoscopic Bariatric Surgery, Laparoscopic Metabolic Surgery (treatment for Type 2 Diabetes), Laparoscopic Gastrointestinal Surgery, Aesthetic and Plastic Surgery, and Complex Wound Care. His patients are both foreign and local clients and he has the most number of advanced bariatric surgery cases in the country with remarkable success.



**Hon. Eddie G. Dorotan, M.D.**  
*Elected Local Chief Executives*

Dr. Eddie G. Dorotan, is an experienced leader, manager and consultant in government and non-government organizations, both local and international, with almost 30 years of experience in strategic planning and management, innovative programming and networking, financing and resource mobilization, community organizing and training, and monitoring and evaluation in the areas of health care, sustainable development and local governance. He is currently the Executive Director of GalingPook Foundation, an NGO that promotes innovations and excellence in local health service delivery and local governance. He is also the Convener of the Global Public Innovations Network which promotes cutting edge innovations in health care, environment, education, economic development and governance in the USA, Chile, China, Philippines, Brazil, Mexico, Peru and South Africa.



**Hon. Anthony C. Leachon, M.D.**  
*Independent Director - Monetary Board*

Dr. Anthony C. Leachon is a Filipino physician - leader, preventive health education and health reform advocate. Dr. Leachon graduated from the UST Faculty of Medicine and Surgery in 1985 and was one of the PRC medical board top-notchers in June 1986. He practices medicine as the leading internist and cardiologist at Manila Doctors Hospital. Dr. Leachon has won several awards and recognitions as an outstanding physician leader and health advocate. Dr Leachon has been recognized for authoring Executive Order 595 - Health Education Reform Order (H.E.R.O.). The HERO remains the largest physician-led advocacy on comprehensive health education and disease prevention. For leading and pioneering the passage of this significant Executive Order, Dr. Leachon received Presidential Citation for helping the government with its preventive health education advocacy.



**Dr. Joan Cristine Reina Liban-Lareza**  
*Health Care Providers Sector*

Dr. Joan Cristine Reina Liban-Lareza is a Doctor of Medicine graduate of the Far Eastern University – Nicanor Reyes Foundation's Institute of Medicine. She chaired the Department of Obstetrics and Gynecology of Qualimed in San Jose del Monte, Bulacan. She is also a consultant at Nuvotek, Inc.; consultant and sonologist of Qualimed Trinoma and MyHealth Clinic; and sonologist at Klinikang Bata at Matanda, all in Quezon City. She is a Diplomate and Member of the Philippine Obstetrics and Gynecological Society (POGS) and a Fellow and Member of the Philippine Society of Ultrasound in Obstetrics and Gynecology (PSUOG).

# Executive Officers



L to R: **Ramon F. Ariztosa Jr.**, *OIC-President and Chief Executive Officer*; **Johnny Y. Sychua**, *OIC-Executive Vice President and Chief Operating Officer*

# Senior Vice Presidents



L to R : **Jovita V. Aragona**, Office of the Chief Information Officer, Information Management Sector; **Ruben John A. Basa**, Health Finance Policy Sector; **Shirley B. Domingo, M.D.**, Management Services Sector; **Ernesto V. Beltran**, Office of the Senior Vice President for Actuarial Services and Risk Management Sector and Office of the Actuary; **Gregorio C. Rulloda**, Fund Management Sector

Not in photo: **Atty. Jelbert B. Galicto**, Office of the Senior Vice President, Legal Sector; **Atty. Deborah K. Sy**, Office of the Corporate Secretary

# Vice Presidents



L to R : **Francisco Z. Soria Jr., M.D.**, Health Finance Policy Sector; **Clementine A. Bautista, M.D.**, Corporate Planning Department and Organizational System Development Office; **Israel Francis A. Pargas, M.D.**, Corporate Affairs Group;

# Vice Presidents



L to R: **Atty. Jay R. Villegas**, *Internal Audit Group*; **Nerissa R. Santiago**, *Office of the Actuary*; **Atty. Alfredo B. Pineda II**, *Arbitration Office*;  
Not in photo **Mae R. Dizon**, *Member Management Group*

# Area Vice Presidents



L to R: **Atty. Germain G. Lim**, Area II (South Luzon and NCR); **Elizabeth S. Fernandez, M.D.**, Area I (North Luzon); **Leo Douglas V. Cardona Jr., M.D.**, Area III (Visayas); Not in photo **Masiding M. Alonto, Jr.**, Area IV (Mindanao)

# Senior Managers



L to R: **Leilanie Cherrilina Joy V. Asprer, M.D.**, Accreditation Department; **Ma. Sophia B. Varlez**, Corporate Communication Department; **Gary A. Gaffud**, IT Audit Department; **Atty. Ma. Emily Roque**, Prosecution Department; **Chona S. Yap**, Overseas Filipino Program Office

# Senior Managers



L to R: **Melanie C. Santillan, M.D.**, Benefits Development and Research Department; **Atty. Rogelio A. Pocallan, Jr.**, Internal Legal Department; **Leila S. Tuazon**, Corporate Marketing Department; **Atty. Alex B. Canaverall**, Financial Audit Department; **Maria Elena Y. Herrera**, Comptrollership Department

# Senior Managers



L to R: **Gilda Salvacion A. Diaz**, Standards and Monitoring Department; **Narisa Portia J. Sugay, M.D.**, Non-Formal Sector, Member Management Group; **Atty. Ritche Y. Parnas**, Fact Finding Investigation and Enforcement Department; **Lemuel T. Untalan**, Corporate Planning Department; **Henry V. Almanon**, Human Resource Department

# Senior Managers



L to R: **Evangeline F. Racelis**, *Treasury Department*; **Mario S. Matanguihan**, *Physical Resources and Infrastructure Department*; **Cynthia D. Corvite**, *Project Management Office for PhilHealth Identity System*; **Jeanie T. Bernolia**, *Information and Technology Management Department*; **Arsenia B. Torres**, *Social Health Insurance Academy*

# Senior Managers



L to R: **Atty. Ma. Teresa E. Alibanto**, *Protest and Appeals Review Department*; **Rey T. Balena**, *Formal Sector, Member Management Group*;  
**Ann Marie C. San Andres**, *Risk Management Department*; **Ronald Allan C. Pablo**, *Corporate Information Security Department*;  
**Evelyn C. Bangalan**, *International and Local Engagement*

Not in photo: **Alberto C. Manduriao**, *Operations Audit Department*



L to R First Row :  
**Dennis S. Mas**, *PRO - NCR*; **Jerry F. Ibay**, *PRO - CAR*;  
Second Row :  
**Atty. Rodolfo B. Del Rosario Jr.**, *PRO I*; **Oscar B. Abadu Jr.**, *PRO II*

# Regional Vice Presidents



Third Row :  
**Walter R. Bacareza**, *PRO III*; **Edwin M. Oriña**, *PRO IVA*;  
**Paolo Johann C. Perez**, *PRO IVB*  
Fourth Row :  
**Orlando D. Iñigo Jr.**, *PRO V*; **Lourdes F. Diocson**, *PRO VI*



First Row :  
William O. Chavez, *PRO VII*; Renato L. Limsiaco Jr., *PRO VIII*;  
Second Row :  
Romeo D. Alberto, *PRO IX*; Masiding M. Alonto Jr., *PRO X*



## Regional Vice Presidents



Third Row :  
Dennis B. Adre, *PRO XI*; Miriam Grace G. Pamonag, *PRO XII*;  
Fourth Row :  
Atty. Khaliqzaman M. Macabato, *PRO ARMM*;  
Johnny Y. Sychua, *PRO CARAGA*



# Branch Managers



L to R: **Cynthia P. Camacho, M.D.**, *PhilHealth Regional Office NCR North*; **Cheryl W. Peña**, *PhilHealth Regional Office NCR Central*;  
**Bernadette C. Lico, M.D.**, *PhilHealth Regional Office NCR South*  
Not in photo **Ruby M. Vitug**, *PRO-III Branch A*; **Raul B. Tuquero, M.D.**, *PRO-III Branch B*

# Directory

## Head Office Address

Citystate Centre, 709 Shaw Blvd.,  
1603 Pasig City, Philippines  
Trunkline 441-7444; Action Center 441-7442

## PRO NCR

### Regional Office

10th Floor, Sunny Mede Center IT Building,  
1614 Quezon Avenue, Quezon City  
(02) 441-5673 Public Relations Unit

## PRO NCR South

### Regional Office

Rm. 1211, 12/F Citystate Centre Bldg.,  
709 Shaw Boulevard, Pasig City  
(02) 441-7444 loc. 3300; 635-8285; 631-4598

### Satellite Office

Global City, 7th Floor, SM Aura Tower,  
Bonifacio Global City, Taguig City  
531-6728; 531-6729; 531-6730

## Local Health Insurance Offices

### Pasig

Ground Floor, Iriz One Corporate Center,  
35 Meralco Ave, San Antonio Village, Pasig City

### Makati

337 ITC Building, Sen. Gil Puyat Avenue,  
Makati City  
897-1598; 897-2759; 897-6329; 897-3337;  
899-4506

### Las Piñas

471 Editha Building, Alabang-Zapote Road,  
Almanza I, Las Piñas City  
556-5374; 556-5685; 801-5256; 556-5687

## PRO NCR Central - Quezon City

### Regional Office

F.R. Estuar Bldg., 880 Quezon Avenue, Q.C.  
332-3021; 332-3022

## Local Health Insurance Office

### Quezon City

F.R. Estuar & Associates Penthouse,  
Estuar Building, 880 Quezon Ave., Q.C.  
332-1550

### Rizal

Fibertex Bldg., cor. Don Mariano Subd.,  
Ortigas Extension, Brgy. San Juan, Cainta, Rizal  
997-8377; 997-8374; 997-8380

## PRO NCR North - Manila

10 Commandment Bldg.,  
689 Rizal Ave., Ext., Grace Park West,  
Caloocan City 1400  
426-6873; 726-6864; 361-0706; 361-0713; 361-0716

## Local Health Insurance Office

### Manila

JARS Bldg., 1810 JP Laurel St., San Miguel, Manila  
526-6344; 523-2592; 521-6582

### Caloocan

5/F Victory Central Mall, Rizal Ave., Caloocan City  
365-2014; 365-0464

### Valenzuela

6th Floor, Pure Gold Paseo de Blas Rd. cor. East  
Service Rd. North, Valenzuela City  
227-4863

### Mandaluyong

Liberty Bldg., Boni Ave. cor. P. Cuz Brgy. San Jose  
Mandaluyong City  
532-0095; 532-0449; 532-0968; 532-0746

## PRO CAR - Baguio

### Regional Office

SN Oriental Traders Bldg., No. 19 Leonard Wood  
Rd., Baguio City 2600  
(074) 446-0371; (074) 444-8361; (074) 444-9862 (fax)

## PRO I - Dagupan

### Regional Office

EMDC Bldg., Sec. Francisco Q. Duque, Jr. Road,  
Tapuac District, Dagupan City, Pangasinan  
(075) 515-3333; (075) 515-1111; (075) 523-3127;  
(075) 5229691 (fax)

## PRO II - Tuguegarao

### Regional Office

The Builder's Place, Del Rosario Street,  
Tuguegarao City 3500  
(078) 846-1111

## PRO III-A - San Fernando

### Regional Office

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

## PRO III-B - Malolos

### Regional Office

The Cabanas Mall of Malolos  
2nd & 3rd Floor, N4 Bldg., Kilometer 44/45  
McArthur Highway, Longos, Malolos City, Bulacan  
(044) 7961559; (044) 796-1560 loc. 4400

## PRO IV-A - Lucena

### Regional Office

Lucena Grand Central Terminal  
Brgy. Ilayang Dupay, Lucena City  
(042) 373-7554 to 53; 373-7598

## PRO IV-B - Batangas

### Regional Office

Caedo Commercial Ctr., Calicanto, Batangas City  
(043)300-4342; 723-8822; 300-3267; 722-1602

## PRO V - Legazpi

### Regional Office

ANST III BLDG., Alternate Road, Legaspi City  
(052) 4815599; (052) 4815596

## PRO VI - Iloilo

### Regional Office

Gaisano City Capital-Iloilo in Luna St., La Paz,  
Iloilo City  
(033) 337-8724; (033) 501-9160 to 62

## PRO VII - Cebu

### Regional Office

8/F, Golden Peak Hotel & Suites, Gorordo Ave.  
Corner Escario St., 6000 Cebu City  
(032) 2337523; 2333270; 2333289; 2337407

## PRO VIII - Tacloban

### Regional Office

2/F PhilHealth Building, 2 P. Burgos St.,  
Tacloban City 6500  
(053)325-6623; 523-4846

## PRO IX - Zamboanga

### Regional Office

BGIDC Corporate Center, Gov. Lim Ave.,  
Zamboanga City  
(062) 992-3569; 992-3578; 992-2739 (fax)

## PRO X - Cagayan De Oro

### Regional Office

2nd/5th & 6th Flr. Trinidad Bldg., Yacapin-Corrales  
Streets, Cagayan de Oro City  
(088) 856-8355

## PRO XI - Davao

### Regional Office

Valgosons Bldg., Bolton Extension, Poblacion,  
Davao City, Davao Del Sur  
(082) 299-1232

## PRO XII - Koronadal

### Regional Office

CSA I Bldg., cor. Zulueta St., GBW Santos Drive  
City of Koronadal, South Cotabato 9506  
(083) 2289731 to 34; (083) 228-4733

## PRO CARAGA - Butuan

### Regional Office

Lynzee's Building, 766 J. Rosales Avenue,  
Butuan City  
(085) 341-1159; (085) 225-4995; (085) 225-7026

## PRO ARMM - Marawi

### Regional Office

Noramis Building, Congressman Omar Dianalan  
Blvd., Lilod Saduc, Marawi City  
(063) 876-0081; 0928-5071910; 0920-9372263

For Whistleblowing and Grievance reports, you may contact us at 441-7442 loc. 7650-51 Office of the Corporate Secretary (CorSec) Room 1711, 17th Flr., PhilHealth Main Office Citystate Centre Bldg., Shaw Blvd., Pasig. You may also email us at [whistleblower@philhealth.gov.ph](mailto:whistleblower@philhealth.gov.ph) and at [corsecphic@gmail.com](mailto:corsecphic@gmail.com)

PhilHealth Call Center (02) 441-74442

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





**PhilHealth**

*Your Partner in Health*