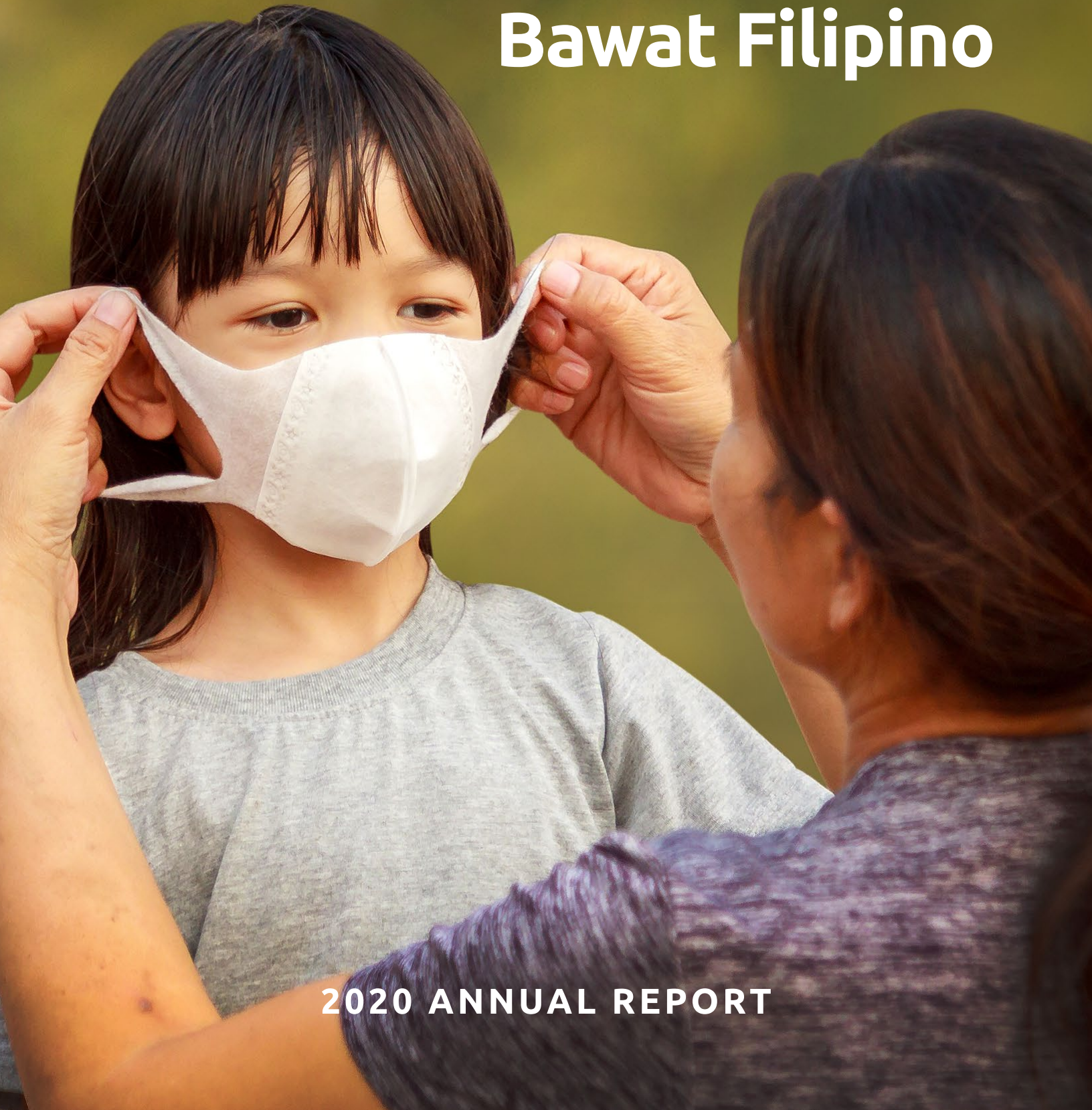


PHILIPPINE HEALTH INSURANCE CORPORATION

# Pinatatag na Segurong Pangkalusugan ng Bawat Filipino



2020 ANNUAL REPORT





# Pinatag na Segurong Pangkalusugan ng Bawat Filipino

Isang mahalagang bahagi sa kasaysayan ng PhilHealth ang pormal na pagsasabatas ng Universal Health Care Act of 2019, na naglalayong mabigyan ang bawat Filipino ng pantay na access sa mga de-kalidad at epektibong health care services sa pamamagitan ng PhilHealth. At sa ika-25 taong anibersaryo, patuloy ang PhilHealth sa pagpapatatag sa mga serbisyong pangkalusugan nito upang patuloy ring seguraduhing ligtas at protektado ang bawat Filipino.

Sinubok sa taong 2020 hindi lang ang Pilipinas kundi ang buong mundo nang dumami ang mga kaso ng COVID-19. At kasabay ng paglaganap ng pandemya ay nasubukan din ang PhilHealth sa tungkulin nito sa bawat miyembrong Filipino. Ngunit sa tulong ng bawat isa, masasabi nating naging matagumpay tayo sa pagpapapanatag ng loob ng bawat pamilyang Filipino sa pamamagitan ng pagtiyak sa kanila na palaging nandito ang PhilHealth para umagapay sa kanilang mga pangangailangang pangkalusugan.

Sa kabila ng matagumpay na paglulunsad ng iba't ibang inobasyon sa sebisyo at mga bagong benepisyo para sa miyembro sa loob ng 25 taon, asahang mananatiling tapat ang PhilHealth sa mandato nitong patuloy na mabigyan ng dekalidad na benepisyong pangkalusugan at segurong pangkalusugan ang bawat mamamayang Filipino.

## Contents

Message from the President of the Philippines	2
Message from the Board Chairperson	3
Message from the President and CEO	4
PhilHealth's 2020 Operational Highlights	6
In Retrospect: The Year That Was 2020	11
Corporate Governance Statement	16
Commission of Audit	22
Statement of Management's Responsibility for the Financial Statements	30
Statements of Financial Position	31
Statements of Comprehensive Income	32
Statements of Changes in Equity	32
Statements of Cash Flows	33
Notes to Financial Statements	34
Board of Directors	61
Executive Officers	67

### Vision

"Bawat Filipino, Miyembro.  
Bawat Miyembro,  
Protektado. Kalusugan ng  
Lahat, Sigurado."

### Mission

"Benepisyong  
Pangkalusugan, Sapat at  
Dekalidad para sa Lahat."

### Core Values

Integridad, Inobasyon,  
Agarang Serbisyo, Taus-  
pusong Paglilingkod,  
Pagmamalasakit, Angkop  
na Benepisyo, Panlipunang  
Pagkakabuklod.





## From the President of the Philippines

My warmest greetings to the Philippine Health Insurance Corporation (PhilHealth) as it publishes its 2020 Annual Report.

This administration aspires for a more responsive and inclusive public health insurance system that will give our people the confidence to live life to the fullest. I thus laud PhilHealth for remaining steadfast in its mandate to make healthcare accessible to all Filipinos, whatever circumstance they may be facing.

May this report not only highlight your invaluable assistance to our *kababayans* who were directly affected by the COVID-19 pandemic, but also provide us innovative insights on how to ensure the effective and efficient utilization of healthcare benefits, especially during difficult times such as this.

Let compassion, integrity and excellence guide you as you continue to promote the improved welfare of our people, most especially the poor and marginalized. Together, let us achieve a brighter and healthier future for the entire nation.

I wish you the best in your endeavors.

A handwritten signature in black ink, reading "Rodrigo Duterte".

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

## From the Board Chairperson

The year 2020 will undoubtedly be remembered for all its extraordinary circumstances. Directly at the heels of the Taal Volcano eruption, the COVID-19 pandemic challenges all aspects of life in our country. Still, we continued to work tirelessly in the background, implementing the necessary improvements to our health systems, responding to the pandemic with a spectrum of benefit packages whilst simultaneously moving Universal Health Care forward.

It goes without saying that the concerted initiatives of the Department of Health, the entire government, healthcare providers, civil society organizations, and key stakeholders, have been key to pushing these reforms. Despite all the challenges thrown at the health sector, PhilHealth's goals under R.A. No.11223, or the UHC Law, remain the same: the creation of comprehensive and affordable primary care benefit packages, the shifting from provider payment to a prospective model, and the advancement of information technology reforms as we move further into digital health landscapes.

The COVID-19 pandemic shifted resources and focus, but we did not allow this to derail our initiatives in fulfillment of the UHC promise. It is clear to us that implementing the UHC Law and responding to the COVID-19 pandemic are symbiotic; the system that UHC seeks to strengthen is the same system that responds to the pandemic.

In the past year, the hardworking men and women of PhilHealth have honored our countrymen with their steadfast commitment and unyielding service. But there remains much to do, and so we are called to do more. Let us strive harder to protect every Juans and Juanas, and build a better and safer future. I call on every dedicated and hardworking officer and employee to join hands in realizing a better future for the Philippine public health!

 A handwritten signature in black ink, reading "Francisco T. Duque, III, MD, MSc.".
 

**FRANCISCO T. DUQUE, III, MD, MSc.**  
Secretary of Health





## From the President and CEO

The year 2020 has been a year like no other for PhilHealth. We have faced the worst public health and economic crisis because of the Covid-19 pandemic. All at the same time, the institution was placed under intense public scrutiny due to allegations of irregularities. It was a year that many of us hope to never see repeated. But amidst all these challenges, PhilHealth has become more resolute than ever. We have seen how we re-committed ourselves to the welfare of our members. This commitment has guided our efforts as we worked to help our members ride out the health and economic upheavals that came our way, while making a difference for many by responding as a caring pillar of the country.

This year saw the implementation of the Universal Health Care (UHC) Act which provided all Filipinos equitable access to quality and affordable health goods and services, and protected them against financial risks. The signing of this law delivered ground breaking milestone in the history of health care wherein PhilHealth plays a major role as implementer of the National Health Insurance Program (NHIP). With the signing of this Act, all Filipinos are already automatically included under the NHIP, making PhilHealth's coverage rate at 100%.

For the Corporation to make significant strides towards the attainment of the goals of the UHC, PhilHealth has introduced a Three-Point Action Plan to implement an efficient and corruption-free NHIP namely digital transformation, anti-fraud measures, good governance and financial stability.

It has also introduced priority activities and programs in support of this action plan such as collaboration with the Anti-Money Laundering Council (AMLC), National Law Enforcement Coordinating Committee (NALECC), Presidential Anti-Corruption Commission (PACC), Commission on Audit (COA), Insurance Commission (IC) and the National Bureau of Investigation (NBI) to facilitate investigation process.

In addition, the filing of criminal and PRC cases against erring healthcare professionals and personnel were intensified; a Task Force for Internal Affairs to handle prompt resolution of administrative cases filed concerning PhilHealth officers and employees was created; and ARTA requirements to promote ease of transactions with PhilHealth by the members, were complied.

The pandemic has tested PhilHealth in ways that would have been unimaginable at the start of the year, but the Agency has repeatedly met and exceeded expectations. We have led efforts to ensure uninterrupted care during the pandemic. In the midst of growing public concern over the financial cost of getting treatment for the COVID-19 disease, PhilHealth shouldered the full cost of treatment for all patients in the initial phase of the crisis, and in mid-April, we launched a newly recomputed case rate packages to cover treatment, based on accepted protocols in dealing with the disease, with a cost range from P43,267 to P786,384 depending on severity of cases.

To protect the welfare and uphold the morale of all health workers both in public and private health facilities, we shouldered all their medical expenses should they fall ill during the period of the Covid 19 pandemic.

Also, a support package for Covid-19 testing was released in early June, with payments ranging from P900 to P3,400 per test, depending from where the materials were sourced. An isolation package amounting to P 22,449 was likewise approved in support of the pandemic. This package covers Covid-19 patients (e.g. suspect, probable or confirmed) admitted in Community Isolation Units designated by the National Government and/or the Local Government Unit.

Financial assistance package called the Debit Credit Payment Method (DCPM) and Interim Reimbursement Mechanism (IRM) was also provided to various health care institutions to assist them in the fight against Covid-19.

Despite the constraints brought about by the pandemic, such as quarantine, limited public transportation, and others, the Corporation has managed to stay within the mandated 60-day limit of processing claims. For this year, the national average for processing time for good claims is at 42 days.

This pandemic may not be over anytime soon but with the intensified COVID-19 vaccination drive by the Government, we are positive that we will see some semblance of normalcy in the coming months. The year 2020 has shown us that we can tackle anything when we work together as a team.

  
**ATTY. DANTE A. GIERRAN, CPA**  
 President and Chief Executive Officer

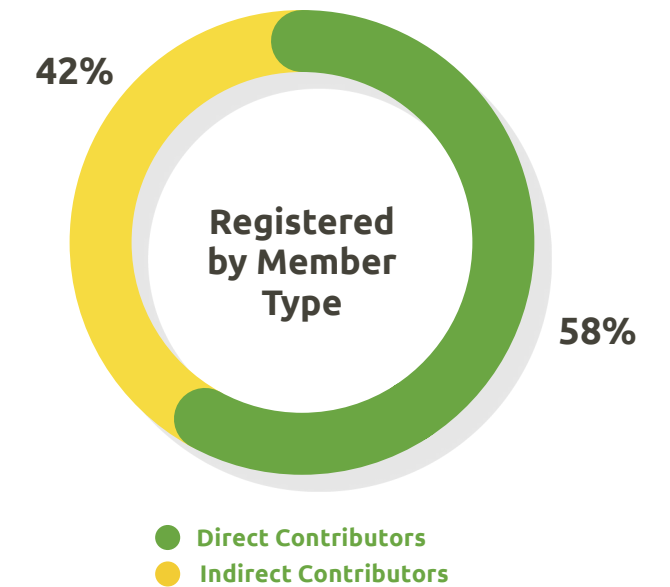


# 2020 Operational Highlights

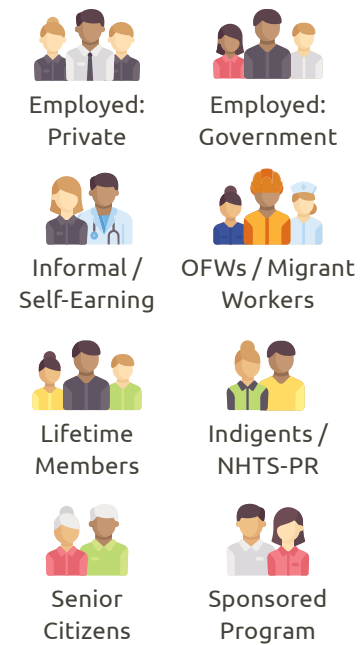
## Membership

With the passage of the Universal Health Care Act (RA11223), all Filipinos are now automatically covered by the National Health Insurance Program (NHIP), bringing PhilHealth's coverage rate to 100%. PhilHealth was able to register 96 million Filipinos in 2020, out of an estimated population of 110 million, projected from the August 2015 PopCen by PSA, with a 1.72 growth rate. Beneficiaries who are already recorded in the PhilHealth database are referred to as "Registered." Members and their eligible Dependents are referred to as PhilHealth Beneficiaries.

The number of members enrolled in the Informal and Self-Employed Sector increased by 7%, from 8.4 million to 9 million. The Sponsored Program category, on the other hand, saw a drop in membership from 2.1 million to 958 thousand.



## Distribution by Member Category *(in millions)*



Member Category	Members	Beneficiaries
<b>Direct Contributors</b>	<b>30.7</b>	<b>59.1</b>
Employed: Private	14.2	25.4
Employed: Government	2.4	6.2
Informal / Self-Earning	9.1	18.5
OFWs / Migrant Workers	3.6	6.6
Lifetime Members	1.3	2.4
<b>Indirect Contributors</b>	<b>22.1</b>	<b>36.9</b>
Indigents / NHTS-PR	12.8	24.2
Senior Citizens	8.3	10.6
Sponsored Program	1.0	2.1
<b>Total</b>	<b>52.8</b>	<b>96.0</b>

### NOTES:

\*Modified categories based on Republic Act No.11223 (UHC Act)

\*\*Includes Kasambahay, Family Drivers, Enterprise Owners, Filipinos w/ Dual Citizenship, Naturalized Filipino Citizens, PRA Foreign Retirees, Citizens of Other Countries working / residing / studying in the Philippines.

\*\*\*Indigent count of members and dependents were based on DSWD LiTahanan database and are subject for further validation

06  
2020  
Operational  
Highlights



## Premium Collection

With nearly P149 billion in Premium Income in 2020, the Corporation's revenues were bolstered by increased collection efforts. This is a 2% increase over the previous year (P146B). With P55.2 billion, the private sector continues to be the largest contributor, accounting for 37 percent of total premium contribution income. Premium payments from the government sector increased by 23 percent from last year. This is due to an increase in the yearly premium collected from P18.4 billion last in 2019 to P22.7 billion this year. Because of the national government's subsidies, premium contribution earnings were more than P28 billion greater than benefit payouts. The Corporation's collection strategies have clearly been reinforced, as it was on track of the Actuary's full-year forecasts.

### Premium Contributions by Member Category *(in millions)*

Membership Category	Actual Collections
Employed: Private	55,210
Senior Citizens	31,177
Indigents / NHTS-PR	30,290
Employed: Government	22,717
Informal / Self-Earning	7,012
Sponsored Program	1,958
OFWs / Migrant Workers	344
Others	287
<b>Total</b>	<b>148,995</b>

Source: Financial Statements

## Benefit Expense and Claims Payment

Benefit Claims Expense was recognized at the date of confinement for CY 2020. Primary Care Benefit (PCB) payment is also included in the benefit claims, which are actuarially anticipated as of December 31, 2020. The same is anticipated to be paid in accordance with the PCB PFPR payment policy (per family payment rate). Largely attributed to the shift in Filipinos' health-seeking behavior because of the ongoing COVID-19 pandemic, Benefit Claims Expenses only reached P120.9 billion in 2020 - a 12% drop from the previous year's benefit payment. Filipinos were more inclined to stay at home instead of visiting healthcare facilities to avoid contracting the COVID-19 virus.

Benefit expense payment to beneficiaries in the Informal and Self-Earning member program accounted for 37% of the total benefit payment costs. It also had the highest growth rate, with a 28 percent increase over the previous year.

### Benefit Payment Expense by Member Category *(in millions)*

Membership Category	Total Amount Paid
Indigents / NHTS-PR	29,608
Employed: Private	13,873
Informal / Self-Earning	33,299
Employed: Government	5,888
Lifetime Members	-
Senior Citizens	27,198
Sponsored Program	7,299
Others	15
Interim Financing Mechanism (IFM)	3,722
<b>Total</b>	<b>120,903</b>

Source: Financial Statements



## Claims Payment by Member Category

In 2020, the Informal and Self-Earning Members sector accounted for 22% of the total 10.2 million claims processed. The most significant increase in claims came from the Lifetime Members Program, which increased by 8% from 2019 as a consequence of increased confinement among the elderly potentially as a result of the COVID-19 pandemic.

Membership Category	Total Claims Amount Paid <i>(in millions)</i>	Claims Count <i>(in millions)</i>
<b>Direct Contributors</b>	<b>47,616</b>	<b>5.2</b>
Employed: Private	14,730	1.5
Employed: Government	6,444	0.7
Informal / Self-Earning	19,537	2.3
OFWs / Migrant Workers	1,558	0.1
Lifetime Members	5,306	0.6
Others**	41	0.0
<b>Indirect Contributors</b>	<b>48,179</b>	<b>5.1</b>
Indigents / NHTS-PR	16,481	1.8
Senior Citizens	19,102	1.9
Sponsored Program	12,596	1.4
<b>Total</b>	<b>95,795</b>	<b>10.2</b>



## Accreditation

There were 9,731 Health Care Institutions (HCIs) accredited in 2020. Sixty percent of these accredited hospitals are from the Private Sector.

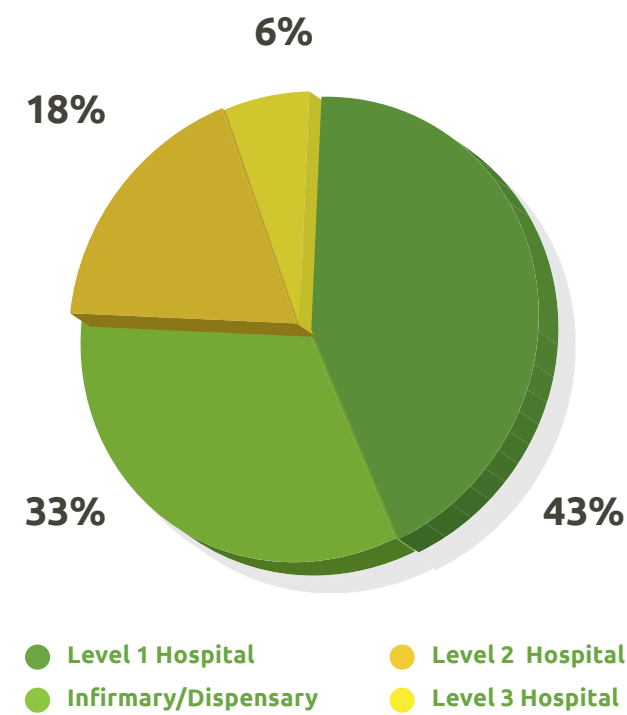
### Health Care Providers – Institutions

Category	Government	Private	Total
Level 1 Hospital	340	490	830
Level 2 Hospital	44	301	345
Level 3 Hospital	54	63	117
Infirmary/ Dispensary	329	294	623
Animal Bite Treatment Centers	390	33	423
Ambulatory Surgical Clinics	2	175	177
Community Isolation Units	698	13	711
Drug Abuse Treatment Rehabilitation Centers	9	-	9
DOTS Package	1,722	87	1,809
Free Standing Dialysis Clinics	6	427	433
Family Planning Clinics	313	719	1,032
SARS CoV2 Testing Labs	67	47	114
Maternity Care Package Providers	1,259	1,638	2,897
Outpatient HIV/ Aids Treatment	118	35	153
Outpatient Malaria Package	58	-	58
<b>Total</b>	<b>5,409</b>	<b>4,322</b>	<b>9,731</b>



## Distribution of Accredited Hospitals (Govt. & Private)

In 2020, there were 47,693 accredited Health Care Professionals (HCP). Medical Specialists account for 47% of the total. Training is available to 46% of qualified general practitioners. It's worth mentioning that 46% of accredited general practitioners have trainings.



### Accredited Health Care Providers - Professionals

Professionals	Count
Physicians	42,944
General Practitioners	11,076
General Practitioners (with Training)	9,504
Medical Specialists	22,364
Other Professionals	4,599
Dentists	947
Nurses	49
Midwives	4,749
Total	47,693



11  
In Retrospect:  
The Year That  
Was 2020



# In Retrospect: The Year That Was 2020

**The year 2020 saw the ground breaking milestone in the healthcare system which is the implementation of the Universal Healthcare Act (UHC Act). Under the UHC all Filipinos are all automatically provided coverage under the National Health Insurance Program (NHIP), thus achieving 100% coverage of all our citizen. In spite of this milestone, the year 2020 will also be remembered in history as one of the most vulnerable years in healthcare as the whole world shut down due to the COVID-19 pandemic. While we all witnessed the pandemic evolved, we also saw how many Filipinos braved the battle against the deadly coronavirus with the help of reliable services that PhilHealth has been offering through the years.**

## Strengthening Partnerships for the UHC implementation

At the start of the new decade, PhilHealth entered into partnerships with other government agencies such as the Metropolitan Manila Development Authority (MMDA) to strengthen its public information campaign on the implementation of the Universal Health Care (UHC) Act. The MMDA actually committed to publicly displaying PhilHealth information materials on their digital and non-digital advertising platforms to provide the public with relevant information about newly launched UHC benefits, programs, and services. The ceremonial signing of the Memorandum of Agreement (MOA) between the two agencies took place in Pasig City, and top officials from both agencies were present.

PhilHealth formalized a close collaboration with the Philippine Heart Association (PHA) to strengthen the organization's information campaign. The partnership aims to inform the public about PhilHealth's new benefits and services by placing PhilHealth ads on PHA's advertising platforms. In turn, PhilHealth will conduct the Social Health Insurance Education Series, or SHInES, to provide learning opportunities for PHA members. PhilHealth hopes that undertaking this project will raise people's awareness of the principles of social solidarity, thereby multiplying its advocates and champions.

Furthermore, PhilHealth increased its efforts to reach out to and meet with Local Government Units across the country to address various operational concerns in the implementation of UHC at the local government unit level, such as registering PhilHealth beneficiaries with a primary care provider within their jurisdiction and integrating all local health systems into a provincial-wide health system. Among them was the Batangas provincial government, with whom PhilHealth discussed the major roles and functions of the Local Health Board during the meeting.

The Pasig City government, led by Mayor Victor Ma. Regis N. Sotto, the country's youngest local executive, better known as Vico Sotto, was among the first to express support

for PhilHealth's launch of Universal Health Care (UHC). He expressed hope that Pasig would be one of the first cities to implement the program. Mayor Soto stated in his statement that when it comes to UHC, one of the primary infrastructures that should be strengthened is the barangay health centers; thus, rehabilitating their facilities and providing more medical supplies and medicines are among his priorities.

He emphasized the importance of strengthening primary care units such as barangay health centers because hospitals cannot provide services to everyone and vowed to improve the system for medicine delivery. Mayor Soto also stated that the city's budget for medical supplies in 2020 is three times that of 2019. He also believes that increasing the City's health budget will fund the expansion of PhilHealth membership for the city's marginalized populations. He also revealed his plan to invest P36.8 million per year in PhilHealth membership, beginning with the enrollment of 11,000 tricycle drivers, and a total of P772.7 million in medicines and supplies for 2020.

Parañaque City, as one of the UHC Integration Sites identified by the Department of Health, aspires to be one of the country's Universal Health Care-ready cities. There are already 17 PhilHealth accredited primary care providers, 10 dialysis centers, 13 maternity care providers, one (1) ambulatory surgical clinic, eight (8) TB DOTS providers, and two (2) private animal bite centers in the city. Along with two city-owned hospitals and 16 rural health units staffed by full-time doctors, nurses, and midwives, the health care needs of their residents are met. Mayor Edwin Olivarez is also extremely proud that the city has already reached 731,221 or nearly 100 percent PhilHealth coverage of their projected population of 731,776. This entitles residents to quality health care services and financial risk protection, especially at a time when medical service costs are constantly rising.

With the implementation of the UHC, the city is continuously making its health services available to all of its residents, as the city's health team conducts medical and dental caravans in which PhilHealth and other government agencies participate. The caravan's goal is to provide residents with easy access to health care services, as well as livelihood and other social services.

Mayor Olivares understands the importance of having an effective referral system as one of the building blocks of a health system, and the city has taken concrete steps to

strengthen its referral management system to ensure the overall quality of care to patients. This notable achievement moves the city closer to its goal of becoming a Universal Health Care-ready city.

In addition, PhilHealth held a Partners Forum in which it presented to its local and development/foreign partners the various technical assistance required to transition to an organization capable of implementing the Universal Health Care (UHC) Law. The event is part of PhilHealth's resource mobilization strategy to strengthen the country's social health insurance system. The Forum served as a forum for the Corporation's plans and objectives, which are based on its long-term thrusts known as "GEARS" (Good Governance, Essential Benefits, All Filipinos Covered/Registered, Responsive Health Care System).

Among the development partners present were from the Asian Development Bank (ADB), Korean International Cooperation Agency (KOICA), The World Bank (WB), Think Well, United Nations Children's Fund (UNICEF), United States Agency for International Development (USAID) Office Health and Project Teams and World Health Organization (WHO). Local partners that support PhilHealth advocacies and communication plans such as CitizenWatch Ph, Light Rail Transit Authority (LRTA), Manila International Airport Authority (MIAA), Metropolitan Development Authority (MMDA), SmartStart, TV5 Alagang Kapatid Foundation, Inc., and Vitel 365 were also present.

The forum was then followed by a program titled "Pasasalamat sa Partners" as a way for PhilHealth to express gratitude to these same partners who have helped advance the National Health Insurance Program over the years. These collaborations have aided PhilHealth in improving its workforce's learning process, as well as the organization's leadership, management, and capacity, as well as its business processes.

## Responding to the Needs of the Time

The catastrophe brought about by natural calamities typhoon Ursula and the eruption of Taal volcano and the abrupt spread of the COVID-19 pandemic during the first quarter of 2020 paved the way for the launching of innovations in our healthcare system which are necessary to address the immediate needs of those directly affected by the crisis. While simultaneously pushing through with the implementation of the UHC.

### Special Privileges During Catastrophic Situations

In light of the severe damages and crisis caused by recent calamities that struck our country in quick successions, such as tropical storm Ursula and the Taal volcano eruption, PhilHealth extended special privileges to ensure the continued provision of responsive health care benefits to members at all times, particularly during fortuitous events.

During this time, all claims made on behalf of members or their beneficiaries to non-accredited health care facilities will be covered, as long as these facilities are duly licensed by the Department of Health (DOH). This also applies to services provided by non-accredited health care professionals who are licensed by the Professional Regulations Commission. Furthermore, coverage is extended to claims for medical treatments received as an outpatient or inpatient as a result of both direct and indirect effects of a fortuitous event

within improvised or satellite facilities, including patients transferred from or managed by health care personnel from accredited facilities in evacuation areas or improvised health care facilities.

During fortuitous events, admissions lasting less than 24 hours will be paid, and the filing period for claims will be extended from 60 to 120 days from the date of the member's discharge. During this time, our members are also exempt from the 45-day annual benefit limit and the single period of confinement. The extension of deadlines for payment of premium contributions, reimbursement for both referring and receiving health care facilities, the extension of the deadline for submission of health care facility reports, and extension of provider accreditation are also granted under the special privilege during fortuitous events.

### The Implementation of the Interim Reimbursement Mechanism (IRM)

The PhilHealth Board approved the inclusion of the interim reimbursement mechanism (IRM) among the special privileges that may be conferred during fortuitous events and national emergencies on January 30, 2020. The IRM is an emergency prospective payment measure designed to provide health care institutions with an emergency fund to respond to unanticipated events such as natural disasters, calamities, and other unanticipated events. In light of the COVID-19 emergency, the Corporation recognized the need to preposition funds to hospitals and initially released P27 billion to health care institutions to allow them to respond quickly to the pandemic.

The main goal of the IRM is to make funds readily available to qualified hospitals to ensure continuous delivery of health services to address the impact of the pandemic and avoid serious disruptions in the functioning of our healthcare system. COVID-19 patients are assured that they will not be turned down by health care facilities because PhilHealth automatically covers their COVID-19 hospitalization through the IRM.

In the past, the Corporation has used the IRM to address unforeseen events such as the aftermath of Super Typhoon Yolanda and the devastation caused by the Marawi conflict.

### The PhilHealth Konsulta Package

The Konsulta package was created through the approval of PhilHealth Board Resolution (PBR) No. 2479 s. 2019 last November 28, 2019.

It was initially set as the flagship package to integrate the two existing primary care benefits, the Primary Care Benefits (PCB) and the Expanded PCB.

The goal of Konsulta is to provide all Filipinos with financial access to primary care providers who will provide basic essential services at all stages of life to promote health, identify risks, and ensure early diagnosis, treatment, and care. Consultation and case management are included in the benefits package, as are health screening, laboratories, and diagnostic services, as well as management of common illnesses. Once implemented, the Konsulta package will be available in all accredited government and private health care providers and primary care facilities' outpatient departments.

The Konsulta package was supposed to be launched in February 2020, but it was postponed due to the declaration of a national emergency due to the COVID-19 pandemic. Meanwhile, the Corporation was forced to shift its focus to developing benefits to address the COVID-19 pandemic,



as well as assess possible revisions to the implementation guidelines, plans, and timeline for the Konsulta's launch to conform to the new normal in light of quarantine protocols.

Pandemic Response Benefit Packages

When the COVID-19 outbreak began, PhilHealth took the lead in responding to the pandemic through national health insurance. To protect all Filipinos from financial crisis during the pandemic, PhilHealth developed various COVID-19 benefit packages that would cover testing, community isolation, and inpatient care.

COVID-19 Test

The benefits package for the SARS-CoV-2 test by RT-PCR includes the minimum health care services of the COVID-19 test by RT-PCR, such as screening, specimen collection and handling, actual RT-PCR test performance, and analysis and reporting of test results. PhilHealth covers the costs of all of these mandatory direct health services.

Furthermore, on May 5, 2020, PhilHealth signed a Memorandum of Agreement with the Philippine Red Cross (PRC). Through the MOA, PhilHealth implemented a prospective payment mechanism for PRC's SARS-COV-2 testing services. The agreement covers all testing referred to the PRC, including those screened by the PRC and those endorsed under the PRC's agreements and arrangements, including periodic testing of frontline health workers due to the nature of their work.

Benefit Package	Amount
RT-PCR SARS-CoV-2 Testing Package	
All services for testing are procured and provided by the testing laboratory	P3,409
Test kits are donated to the testing laboratory	2,077
Test kits are donated to the testing laboratory; the cost of running the laboratory and RT-PCR machine for testing is included in the facility budget.	901

Community Isolation

This benefit package was initially approved on April 8, 2020, and was later revised on July 7, 2020. This benefit package covers all services required to effectively manage cases requiring isolation according to the DOH's applicable guidelines. It also includes professional fees, medications, diagnostics, transportation, and other operational costs. The community isolation benefit package costs P22, 449.

Benefit Package	Amount
Community Isolation Package	P22,449

Inpatient Care for COVID-19 Cases

Following the passage of the Bayanihan to Heal as One Act (Republic Act No.11469), PhilHealth developed a comprehensive set of benefit packages to cover inpatient care for probable and confirmed cases of COVID-19. The COVID-19 inpatient benefit package will be available to all Filipinos, both PhilHealth members, and non-members. Those who have not yet registered with PhilHealth will be automatically covered if they complete the member registration process before being discharged from the facility.

The benefits package includes a no-copayment policy for direct healthcare services delivered by both private and public providers. Patients may only be charged a co-payment for amenities and add-on services such as private consultant selection, private duty nurse, suite

room accommodations, and other comfort and convenience measures provided by the hospital at the patient's request.

Benefit Package	Amount
Mild Pneumonia in the Elderly or with comorbidities (Covid-19)	P43,997
Moderate Pneumonia (Covid-19)	143,267
Severe Pneumonia (Covid-19)	333,519
Critical Pneumonia (Covid-19)	786,384

Full Financial Risk Protection for Filipino

Health Workers

PhilHealth also ensured that all healthcare workers were fully protected financially. According to PhilHealth Circular No. 2020-0011, all health workers hospitalized due to COVID-19, regardless of employment status, are eligible for COVID-19 benefits for inpatient case management with no co-payment, regardless of whether admitted in a public or private facility. This ensures full financial risk protection for all public and private health workers for medical expenses or any work-related injury or disease during a state of national emergency, as specified by the Bayanihan to Heal as One Act (Republic Act No.11469). Furthermore, full financial risk protection covers not only hospital-based health workers, but all health workers who contribute to the country's pandemic response's whole-of-government, whole-of-society, and whole-of-system approach.

Benefit Package	Amount
Full Financial Risk Protection for Filipino Health Workers and Patients against Coronavirus Disease (Covid-19)	Full payment
(for cases admitted from Feb 1 to April 14, 2020.)	

PhilHealth also provided members special benefits due to the pandemic, among these special benefits includes:

- Lifting of the 45-day rule where PhilHealth members will be covered by the Corporation regardless if their total days of confinement have exceeded 45 days;
- Lifting of the 24-hour rule in which PhilHealth members who were confined for less than 24 hours shall still be covered by the Corporation;
- Extension of submission of claims from 60 days to 120 days; and
- Extension of hemodialysis sessions from 90 sessions to 144 sessions for the calendar year of 2020.

Continued Expansion of Services and Better Access for Members Nationwide

In 2020, there are a total of one hundred twelve (112) Local Health Insurance Offices, seventy-four (74) PhilHealth Express, Business Centers, and Satellite Offices that were established nationwide. These frontline offices were strategically placed in areas with known foot traffic such as shopping malls, terminals, etc. to be more accessible to our members.

The Launch of the Enhanced PhilHealth Member Portal

PhilHealth launched the enhanced PhilHealth Member Portal as part of its commitment to bring its services closer to its members. It is an updated version of the PhilHealth website's Member Inquiry facility. Members can now access their membership and contribution records online using this new online software tool. Members can now view and verify the accuracy of their membership profile information, such as complete and accurate spelling of their names, date of birth, address, employer, names of dependents, and other pertinent information.

For those who prefer to keep a hard copy of their file, this new feature allows for the downloading and printing of the Member Data Record (MDR). In addition, the PhilHealth Member Portal allows members to view their contribution history and check to see if their premium payments are up to date. Furthermore, self-paying individuals will soon be able to use this Portal's online payment service to pay their premiums whenever and wherever they want, with the assurance that their payments will be automatically credited to their account.

Members can now conveniently access their records from the comforts and safety of their homes and offices using their smartphones, laptops, tablets, and personal computers, saving them from the hassles of lining up, transportation costs, and greatly reducing contacts and the hazards of contracting the COVID-19.

The Online Payment Facility in the Electronic Premium Remittance System (EPRS)

To provide maximum convenience and security to all employers, PhilHealth introduced the Electronic Premium Remittance System (EPRS) with an online payment facility, allowing employers to manage and pay their premium remittance online at any time and from any location. This online service aims to simplify and speed up the receipt and automatic posting of employer contributions to PhilHealth. It also aims to prevent the spread of dishonored payment transactions and prolonged reconciliation status in the EPRS as a result of incorrect payment information posting.

Strengthening the Capacity of the Corporation Through Digital Transformation

To meet the requirements of Universal Health Care (UHC), the corporation intends to implement the following: PhilHealth 1.0 for legacy system maintenance and upgrade, and PhilHealth 2.0 for enterprise system development to ensure interoperability, harmonization, and integration of all application systems. To date, 100 applications have been developed and deployed.

Current Online Services for Members and Stakeholders

- *Member Portal* – an online facility that provides members safe and hassle-free access to their membership and contribution records.
- *Health Care Institution Portal (HCI Portal)* – an online source facility that simplifies the filing of claims and availment procedure. The portal allows HCIs to check eligibility of membership or dependents including the status of sponsored members under the National Household Targeting System Poverty Reduction (NHTS-

PR) during benefit availment; generates the PhilHealth Benefit Eligibility Form (PBEF) effectively replacing the Member Data Record (MDR), application for Pre-Cataract Surgery Authorization and HCIs profile data entry and editing.

- *Electronic Premium Remittance System (ePRS)* – a system that enables employers to post premium payments of their employees through a link to accredited collecting banks (ACBs) payment gateways in real-time.
- *Electronic Group Enrollment System (eGroup)* – a system that facilitates registration, billing and query of organized groups.
- *Kasambahay Unified Registration System (KURS)* – an embedded system intended for the use of household helpers to enable their registration with PhilHealth, Pag-IBIG, and Social Security System (SSS).
- *Electronic Claims System (eClaims)* – a modular web service that provides an interface to health facilities to enable them to submit medical claims online to PhilHealth and track the status of their claims and reimbursement.
- *Primary Care Module and the Updated Primary Care Module* – an application system for proactive health care particularly profiling and consultation of PhilHealth members and their dependents.
- *Electronic Collection Reporting System (ECRS)* – a system that enables accredited collecting agents to upload and submit their daily collection reports to PhilHealth.
- *Point of Service (POS)* – an application system for registering and on the spot enrollment of citizens who are not yet members of PhilHealth once they are admitted to any accredited health care facilities.

Infrastructure for Information Technology

PhilHealth currently operates two (2) groups of dedicated enterprise servers for the production databases, as well as an enterprise-grade data center and a server room. The Internet Protocol-Virtual Private Network (IP-VPN) technology is used to connect the Head Office and the PROs. Local Health Insurance Offices (LHIOs), PhilHealth Regional Offices (PROs), and branches are all part of the nationwide IP-VPN secondary and redundant link. The PhilHealth Express and Service Desks are linked to the PhilHealth Enterprise Network via the Internet via IPsec or SSL VPN, allowing online and real-time transactions between the offices.

The centralized replicated databases are housed in a RISC Server running Solaris 11. Oracle 11g and 19g versions of the databases are used.

Mirroring of the centralized production database is being implemented continuously in order to balance and optimize the load and performance of network and database resources. The query (mirror) database now handles database extractions, viewing, queries, and printing with this configuration.

Continuous data replication is made possible by a remote data center with a 24 Mbps direct internet link to the Head Office. To ensure the security of systems and databases, network security measures such as an intrusion detection system, URL content filtering, and a firewall have been implemented.



# 2020 PhilHealth Board Accomplishments

**Notwithstanding the challenges brought about by the Coronavirus Disease 2019 (COVID-19) pandemic, the PhilHealth Board of Directors, being the highest policy-making body of the Corporation, remained focused on its primordial duty of ensuring good corporate governance in PhilHealth.**

The Board continued setting policy directions, monitoring the implementation of the National Health Insurance Program (NHIP), and overseeing Management actions, with the goal of providing financial risk protection to all Filipinos in accordance with the Universal Health Care (UHC) Law.

By the end of 2020, a total of 19 Regular Board Meetings, four (4) Special Board Meetings, and 27 Board Committee Meetings were held, resulting in the issuance of more than 79 PhilHealth Board Resolutions (PBRs) covering various areas of concern.

## Benefits Delivery and Membership

Proving that it is responsive to the needs of its members and their dependents, its *raison d'être*, the Board, proactively implemented measures that would help address the growing public health concern.

It initially approved a 14-day isolation benefit package of Php14,000 for Patients Under Investigation (PUI) for the then 2019 Novel Coronavirus. After which, it temporarily gave the Management a free hand to develop guidelines providing for no co-payment or full financial risk protection for Filipino health care workers and patients. This meant that the full hospitalization costs incurred by COVID-19 patients, whether admitted in a public or private facility, was to be shouldered by the Corporation—a crucial lifesaver at a time when treatment protocols were still nascent.

Not long after, upon review of the prevailing hospitalization costs and in view of the efficient utilization of the NHIP fund, the Board approved fixed benefit packages for the comprehensive case management of COVID-19 patients. These include coverage for:

- SARS-CoV-2 testing (Php2,710, Php5,450 and Php8,150, depending on package description);
- Community Isolation (Php22,449); and
- Inpatient care of patients who developed severe illness or outcomes such as mild pneumonia (Php43,997), moderate pneumonia (Php143,267), severe pneumonia (Php333,519), and critical pneumonia (Php786,384).

The case rate for critical pneumonia is the highest package rolled out by PhilHealth, true to its mission of *"Benepisyong Pangkalusugang Sapat at Dekalidad para sa Lahat."* With new available evidence in treating COVID-19, the inpatient benefit packages were subsequently amended to apply only to confirmed cases. Management was also directed to swiftly develop an intermediate package for cases initially managed as COVID-19 but with negative RT-PCR test results.

Moreover, the number of accredited COVID-19 testing laboratories and reverse transcription polymerase chain reaction (RT-PCR)-based COVID-19 test kits approved by the Food and Drug Administration (FDA) increased over time, resulting in the reduction of the test kits' market price. For this reason, the Board deemed it prudent and proper to reduce the SARS-CoV-2 testing package to Php901, Php2,077 and Php3,409, depending on the package description.

To further guarantee that the benefit packages are always tailor-fitted to the changing times, the Board directed the Management to establish a COVID-19 Expert Panel and Program Management Team, which shall review and assess the current and proposed COVID-19 benefit packages of the Corporation, and approved the coverage of SARS-CoV-2 testing using cartridge-based PCR test—both of which will be functional and implemented by 2021.

16

## Corporate Governance Statement



Pursuant to the provisions of Section 4(l) of RA No. 11469, otherwise known as the Bayanihan to Heal as One Act, the Board confirmed the authority of the President and Chief Executive Officer to enter in a Memorandum of Agreement (MOA) with the Philippine Red Cross (PRC) on the expanded targeted testing for SARS-CoV-2, one of the key strategies in addressing the pandemic. This was also to make sure that testing is readily available and economical. Recognizing the critical role PRC plays in boosting the testing capacity of the national government, the Board eventually expanded its engagement with PRC and removed the provision on the built-in limitation or cap which was anchored on PRC's objective to test 2% of the current 13 million population of the National Capital Region. Not only did this allow PRC to test more people, including many returning OFWs, it also allowed the Corporation to settle its outstanding obligations with them. The Board likewise directed the Management to continue with its renegotiation efforts with PRC, and guarantee that the engagement is compliant with existing rules and regulations of the Commission on Audit (COA).

Considering the limited coverage for essential health services, the Board also approved payment of actual valid claims for hemodialysis sessions that had exceeded the annual limit of 90 sessions. This allowed the coverage of 144 hemodialysis sessions until December 31, 2020, easing the socio-economic burden of thousands of patients with end-stage renal disease, most of whom undergo the procedure thrice a week.

## Finance

In the spirit of transparency, accountability, and the timely and accurate disclosure of the Corporation's financial condition, the Board through its Audit Committee judiciously reviewed the Financial Statements (FS) quarterly. These quarterly FS were further scrutinized by the Board en banc, even compared with the figures from the previous years. The Board also provided technical guidance on fine-tuning the report and approved en banc the FS for submission to COA in compliance with reportorial requirements.

The Corporate Operating Budget (COBs) for CY 2020 and 2021 were scrutinized and lengthily discussed by the Risk Management Committee to assure the public that no unnecessary expenses were included, the funding of critical projects was adequate, and the budget allocations were logical, correct and truthful. Time and again, the Board emphasized the

need to exercise prudence in spending the NHIP fund. As a result, the Board approved the 2020 COB and supplemental budget for Information and Communication Technology projects and re-enacted the CY 2020 COB until the first quarter of CY 2021 to ensure the unhampered operation of the Corporation.

To ascertain that the fund is robust and sufficient and to align the existing investment policies with the provisions under Section 11 of RA 11223, the Board approved the revision of the Omnibus Guidelines on Fund Investment for the Management to properly invest in legally acceptable assets and give it enough flexibility to exploit the market, secure its funds, and warrant the liquidity of its assets.

The Board also extensively discussed various assumptions and projections on the effect of the COVID-19 to the Program to determine its actuarial sustainability.

To ensure adequate funding of the Program and the continued coverage of members under the Indirect Contributors Sector, which includes, among others, those under the National Household Targeting System (NHTS) and Senior Citizen categories, the Board approved the proposed government subsidy for indirect contributors under the 2021 General Appropriations Act (GAA).

Also, with the pandemic affecting various industries and sectors that caused financial difficulty for many Filipinos, the Board approved the extension until December 31, 2020 of the deadline of payment of premium contributions by self-earning individuals, professional practitioners and other self-paying members without interest. This was not only to give them ample time to settle their dues, but also to encourage them to still pay since no interest would be charged for their late payments. The severe unemployment rates among Overseas Filipino Workers (OFWs) also prompted the Board to amend Section 10.2 (c) of the Implementing Rules and Regulations (IRR) of the UHC Act, specifically the deletion of the provision requiring the payment of PhilHealth premiums by OFWs prior to the issuance of their Overseas Employment Certificate.

The Board likewise approved the guidelines and parameters on the compromise, waiver or release, in whole or in part, of interest or surcharges imposed upon employers for late or non-remittance of premium contributions of employees, and allowed the payment of premium arrears through installment arrangements for valid circumstances.

## Legal and Anti-Fraud Initiatives

The Board approved the PhilHealth Rules on Administrative Cases Against Health Care Providers and Members (PROAC), a key milestone in the Corporation's fight against fraud. The PROAC simplifies the existing rules and aligns it with the IRR of the UHC, with the aim of a more efficient turnaround time for the investigation, prosecution and adjudication of cases. The PROAC also establishes preventive mechanisms on the temporary suspension of payment of claims, withdrawal of accreditation, preventive suspension of accreditation pending adjudication, charging of fines to future claims and restitution of paid claims. Public consultations were made to ensure that relevant comments and inputs from stakeholders were duly considered, including those from Philippine Hospital Association (PHA), Philippine Medical Association (PMA), Private Hospital Association of the Philippines, Inc. (PHAPI), Philippine College of Hospital Administrators (PCHA), and PhilHealth Head Office and Regional Offices. The PROAC shall henceforth serve as the rules of procedures with regard to resolving administrative cases filed involving health care providers, members and PhilHealth employees in their violation of the offenses defined and penalized under the UHC and its IRR in compliance with the requirements of administrative due process.

Furthermore, vested with quasi-judicial powers, the Board, through its Committee on Appealed Administrative Cases against Health Care Providers (CAAC), reviewed 56 administrative cases on various offenses. The Board en banc then promulgated 20 decisions involving 15 health care facilities—a stern warning to health care institutions, whether government or private, that unscrupulous activities shall be meted with the corresponding penalties and sanctions within the scope of law.

As part of its anti-fraud initiatives, the Board approved the Whistleblower Protection Policy for PhilHealth Members and Stakeholders. As the PhilHealth Whistleblowing System under Corporate Order No. 2018-0077 is only applicable to reports of malfeasance, nonfeasance, and violations of existing relevant laws committed by PhilHealth officers and employees, the new policy has expanded the scope to reports of fraud committed by health care providers, members, and other stakeholders, including the grant, whenever practicable, of incentive to potential whistleblowers.





The policy also provides that appropriate criminal action or appropriate cases may be filed against whistleblowers who made malicious falsehoods or allegations that are determined to be fabricated.

Proving that it had nothing to hide, the Board participated in several congressional hearings to shed light on various issues hurled against the Corporation, including allegations of corruption. The Board also fully cooperated and immediately complied with subpoenas and document requests from investigating agencies such as the House of Representatives (HOR), Department of Justice (DOJ), National Bureau of Investigation (NBI), Presidential Anti-Corruption Commission (PACC), and the Office of the Special Assistant to the President, in aid of the investigations being conducted.

The Board is also committed to account for the use of the taxpayers’ money in an honest and transparent manner. In this light, the Board instructed the uploading on the corporate website and submission to both houses of Congress of the report on the status of liquidation by the health care facilities (HCFs) of the Php14.97 billion Interim Reimbursement Mechanism (IRM) Fund. These are prepositioned funds intended to capacitate such HCFs and guarantee not only their financial viability but also the access by members to PhilHealth benefits in preparation for the pandemic’s potential adverse impact on the entire health care system.

## Human Resource

The Board also recognizes the invaluable contributions of its entire workforce (regardless of employment status)—the backbone by which it stands. As such, the Board approved the renewal of all 755 existing Job Order Contractors (JOCs) for 2021, the hiring of 59 additional JOC drivers, and the creation of 11 regular plantilla positions under the Arbitration Office. This is to ensure that the day-to-day operations of the Corporation and critical support systems are not being compromised, and that the need for additional manpower, relative to the previously procured additional service vehicles and the accumulated case backlogs, is addressed while preparations for an agency-wide reorganization are underway. The Board also approved an Interim Table of Organization prior to the said reorganization.

To maintain a culture of transformative leadership and competence, the Board en banc approved the recommendation of its Governance Committee for the appointment of nine (9) Executive and Managerial Officers. The appointments were made in consonance

with the 2017 Omnibus Rules on Appointments and Other Human Resources Actions (ORAOHRA) of the Civil Service Commission (CSC) which requires the PhilHealth Human Resource Merit Promotion and Selection Board for Executive and Managerial Positions to assist the PhilHealth Board in the judicious and objective selection of the candidates.

The Board, recognizing as well the importance of having a trusted and capable Management to steer the Corporation, approved various designations as well as the subsequent secondments of senior officers from other agencies for continuity of operations in offices where executive positions had been vacated.

For operational efficiency and faster turnaround time in the hiring of personnel, the Board approved the delegation of the authority to sign appointments of casual employees in the Central Office and regional employees from the Executive Vice-President and Chief Operating Officer (EVP and COO) to the Senior Vice-President for Management Services Sector and to the Regional Vice-Presidents, respectively. This allowed the EVP and COO to focus on strategic endeavors of the Corporation.

## The Board and its Internal Development

In compliance with GCG requirements, the Board approved the 2020 PhilHealth Board Calendar to ensure that meetings are appropriately scheduled and harmonized with the activities of the Management. Adapting to the “new normal”, the Board also quickly shifted to videoconferencing in conducting its meetings.

In September 2020, the Board recommended the appointment of Atty. Dante A. Gierran, CPA as the new President and CEO of the Corporation. The Board Committees were accordingly reconstituted in view of the appointment of other new members of the Board. On the other hand, resolutions were issued to express gratitude and appreciation for the invaluable services rendered by the outgoing members.

The Board constantly endeavored to develop their expertise and knowledge through various learning and development programs. Newly appointed Board Members, for instance, attended the Corporate Governance Orientation Program for GOCCs facilitated by the Institute of Corporate Directors, and the Orientation on National Health Insurance Program and the UHC-IRR organized by the Social Health Insurance Academy.

Putting premium on the significant relationship between Board performance and organizational effectiveness, the Board, in compliance with the GCG requirement for an annual board performance evaluation, also actively participated during the Board Assessment held December 11, 2020. The activity aimed to determine their strengths and areas for improvements in relation to their performance as members of the Board and of their respective committees in the following areas: Board/Committee Membership and Quality, Board/Committee Governance, Oversight Function, Quality of Board/Committee Meetings, Board/Committee Information, Development Programs, Strategic and Risk Management, and Succession Planning. More importantly, the 6 ultimate objective of the activity is for the Board to attain the highest level of good governance standards, which, in turn, will contribute to the attainment of the strategic goals of the Corporation.

## Governance

Lastly, the Board ensures that PhilHealth abides by the GCG rules and regulations. Toward this end, the Board approved the CY 2019 PhilHealth Performance Scorecard, the recalibrated targets for the CY 2020 PhilHealth Performance Scorecard due to the pandemic, and the CY 2021 PhilHealth Performance Scorecard, and directed the submission of these scorecards to the GCG for its final approval.

The Audit Committee, which is responsible for overseeing the adequacy and effectiveness of the Corporation’s internal control system, approved the Risk-Based Internal Audit Strategic Plan for CY 2021. Additionally, the Board, upon recommendation of the Audit Committee, approved the PhilHealth Revised Internal Audit Charter (PRIAC) to conform with the requirements of the Internal Auditing Standards for the Philippine Public Sector (IASPPS) issued by the Commission on Audit.

Meanwhile, the Governance Committee provided significant inputs on the revision of the Manual of Corporate Governance particularly on the streamlining and enhancement of specific duties and responsibilities of the Board and Management in alignment with the UHC Law. The revised Manual, which will include amendments on the streamlined Board Committees, is expected to be issued by 2021.

The Board also monitored the progress report on the Corporation’s Medium-Term Development Plan and

Business Continuity Plan and approved the revocation of various resolutions to align with existing rules.

PhilHealth also assures that there is full compliance with the Code of Corporate Governance, its Manual of Corporate Governance and all other rules and regulations in the Corporation. Noncompliance, if any, is brought to the attention of the concerned officials and properly handled in accordance with the existing policies.

## Concluding Notes

Despite the seemingly endless barrage of controversies aimed to mow PhilHealth’s credibility, the tremendous odds to buck to regain the public’s trust and confidence, and the concomitant internal hurdles to surmount, the Board understands that it is but a small price to pay as public servants—inevitable realities, or consequences, of government work that should never derail the Corporation off its track.

At a time when agile and member-sensitive decisions are crucial, the Board shall continue to work hand-in-hand with the Management and equally important rank-and-file employees, and serve the people with honor and integrity. This is in the hopes of fully realizing, sooner rather than later, the noble aspirations of UHC and PhilHealth’s vision of *“Bawat Filipino, Miyembro; Bawat Miyembro, Protektado; Kalusugan ng Lahat Segurado.”*

**PhilHealth encourages whistleblowers with any information pertaining to the Corporation, its officials and personnel to contact us through:**

**Face to Face Meetings:** Any PhilHealth Director, Official and Employee

**E-mail:** whistleblower@philhealth.gov.ph

**Mail:** Room 1711, 17th Floor, Philippine Health Insurance Corporation, Citystate Centre, 709 Shaw Boulevard, Pasig City

**Telephone:** (02) 8 441-7442





Republic of the Philippines  
**COMMISSION ON AUDIT**

Commonwealth Avenue, Quezon City, Philippines

**CORPORATE GOVERNMENT SECTOR**

Cluster 6 - Social, Cultural, Trading, Promotional and Other Services

November 26, 2021

**THE BOARD OF DIRECTORS**

Philippine Health Insurance Corporation  
Citystate Centre, 709 Shaw Boulevard.  
Pasig City

Gentlemen/Mesdames:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the **Philippine Health Insurance Corporation (PhilHealth)**, for the years ended December 31, 2020 and 2019.

The report consists of the independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, the Status of Implementation of Prior Year's Audit Recommendations, and the Annexes.

The Auditor rendered a disclaimer of opinion on the fairness of the presentation of the financial statements of PhilHealth in view of the following:

1. The faithful representation in the financial statements (FSs) of the balance of Financial Liabilities - Accrued Benefits Payable — incurred but Not yet Received (ABP-IBNR) account in the amount of P64.575 billion was not established as significant reversal in Calendar Year (CY) 2020 of CY 2019 estimates of P9.034 billion was not supported with relevant documents to substantiate the same and no disclosure was provided for the assumptions and sources of estimation used that could have a significant risk of resulting in material adjustments to the carrying amount of the liabilities within the next financial year, contrary to Paragraphs 15 and 125 of Philippine Accounting Standard (PAS) 1 and Qualitative Characteristic (QC)26 of the Conceptual Framework of General Purpose Financial Reporting (CFGPFR).
2. The faithful representation in the FSs of the balance of the Receivable from Direct Contributors account as of December 31, 2020 with carrying amount of P8.521 billion and the Premium Contributions — Direct Contributors account totaling P85.569 billion for CY 2020, could not be

ascertained due to: (a) the absence of control to account for the Statements of Premium Accounts (SPAs) not generated and paid by the employers in the private and government sectors, indicating premium contributions due from members, hence it could not be validated if all SPAS for the period were accounted for and recorded in the books; and (b) the inconsistent recognition of accrued premium receivable and revenue from direct contributors by the PhilHealth Regional Offices (PROS) and the Head Office (HO) and, the non-identification of prior period premium payments by the Standard Enforcement Reconciliation Unit (SERU) in the Report of Daily Summary of Validated Accredited Collecting Agents (ACAS) Remittances, which is the primary source document in recognizing premium contributions in the books, resulted in unreliable accruals of premium contributions, contrary to Paragraphs 15 and 27 of PAS 1 and QC12 of the CFGPFR.

3. The faithful representation in the FSs of the Premium Contributions totaling P148.995 billion for CY 2020 could not be substantiated with reasonable certainty due to: (a) the Electronic PhilHealth Acknowledgement Receipts (ePARs) generated thru the PhilHealth's electronic collection system has no repository database where the Audit Team could validate the transactions; and (b) 160 or 17.13 percent of the sampled PhilHealth Agency Receipts (PARS) and SPAS aggregating P179.127 million were not submitted for audit precluding the validation thereof, contrary to Paragraph 15 of PAS 1 and QC12 of the CFGPFR.
4. Non-submission of 349 checks and Journal Vouchers (JVS) and their supporting documents totaling P14.914 billion precluded the Audit Teams from conducting audit and review thereof, consequently, the faithful representation in the FSs, accuracy, completeness and occurrence of the accounts affected by these transactions, among others, Receivables, Financial Liabilities, and Member's Equity with balances as of December 31, 2020 in the amounts of P11.166 billion (net), P107.709 billion and P851.719 billion (negative), respectively, and total Premium Contributions for CY 2020 amounting to P148.995 billion could not be established, contrary to QC12 and QC29 of CFGPFR.
5. The faithful representation in the FSs of the balances of Financial Liabilities-Accounts Payable (AP)-Personnel Services (PS), Financial Liabilities-AP-Maintenance and Other Operating Expenses (MOOE), Financial

Liabilities— AP-Capital Expenditure (CapEx), Financial Liabilities-AP-Benefit Claims Processed (AP-BOP), Financial Liabilities-Due to Officers and Employees and Leave Benefits Payable accounts as of December 31, 2020, in the amounts of P624.159 million, P1.136 billion, P276.683 million, P5.318 billion, P282.799 million and P1.208 billion, respectively, could not be established, due to non-maintenance of Subsidiary Ledger (8L) per creditor to support the General Ledger (GL) balances and absence of supporting documents in PhilHealth HO for the recorded APs, Due to Officers and Employees and Leave Benefits Payable totaling P3.883 billion at year-end, contrary to QC12, QC15 and QC26 of the CFGPFR and Paragraph 15 of PAS 1.

6. The faithful representation as of December 31, 2020 of the balances in the financial reports of the PRO National Capital Region (NCR) & Rizal, which were included in the FSs of the HO, of the accounts Financial Liabilities— AP-BCP and Financial Liabilities—ABP-in Course of Settlement (ICS) totaling P673.738 million and P1.346 billion, respectively, could not be ascertained due to: (a) variance in the AP-BCP account of P1.912 billion between the balances per FSs of P673.738 million and as confirmed by eight (8) Health Care Institutions (HCIs) totaling P2.586 billion, out of 1,473 HCIs; (b) variances of P7.118 billion and P13.562 billion between the balances of the AP-BCP account reflected in the FSs and GL and the balances between the GL and the corresponding SLs, respectively, which remained unreconciled at year-end; and (c) absence of detailed schedules showing indispensable information, among others, name of the HCIs/members, amount due, transactions date, and claims series, hindered the reconciliation of records between HCIs/members and PRO NCR & Rizal on unpaid benefit claims, contrary to Paragraph 15 of PAS 1.
7. The faithful representation in the FSs of the balance of the Cash and Cash Equivalents account amounting to P28.050 billion as of December 31, 2020 was not established due to the non-submission, among others, of the Certification of Debited Amount from One—Way Deposit Account (OWDA) of PRO NCR & Rizal, Weekly Monitoring Report, and bank debit memos to support the recorded weekly transfer/sweeping of funds aggregating P8.004 billion in CY 2020 from PRO NCR & Rizal OWDA with various LBP Branches to PhilHealth HO Land Bank of the Philippines (LBP) Mother Account, contrary Paragraph 15 of PAS 1.
8. The continued utilization by PhilHealth of fragmented systems in data management due to the delay in the procurement of an integrated information Technology (IT) system manifests weak internal financial control, thus exposing the information in the FSs to risk of misstatements and questionable integrity and reliability.
9. The recognition of Provision for Insurance Contract Liabilities (ICL) amounting to P1.014 trillion and P28.605 billion for the CYs 2020 and 2019, respectively, was not compliant with PAS 8 due to misapplication on the initial adoption of Philippine Financial Reporting Standard (PFRS) 4. Likewise, the Statement of Financial Position was not presented in

three (3) comparative periods (2020, 2019 and January 1, 2019) given the change in accounting policy, which is not in conformity with the requirement for comparability and fair presentation of the FSs provided for under PAS 1. Thus, the non-recognition of the effect of changes in accounting policy in the prior periods and the non-presentation of Statement of Financial Position in three (3) comparative periods cast doubts on the reliability of the FSs.

10. The inadequacy/non-disclosures in the Notes to FSs to conform with the requirements of the PFRSs, such as, contingencies arising from PhilHealth's outstanding legal cases, potential impact/effect of the ongoing Coronavirus Disease 2019 (COVID-19) pandemic on the operations and financial transactions of PhilHealth, and the Corporation's plans in addressing the risk and uncertainties on events and circumstances that may cast doubts on its ability to continue as a going concern, among others, deprived the intended users of the FSs of relevant information in making economic decisions, contrary to Paragraphs 9, 17 and 112 of PAS 1. For the foregoing audit observations which caused the issuance of a disclaimer of opinion, we recommended that Management:

- 1.1 Direct the concerned Department(s)/Offices to:
  - a. Provide the necessary disclosures to apprise the users of the assumptions, judgments, and sources of estimation that have a significant risk of resulting in a material adjustment to the carrying amount of the Financial Liabilities-ABP-IBNR account in the succeeding period/ financial year.
  - b. Synchronize the corporate policies and procedures in the accounting of Financial Liabilities-ABP-IBNR and define the responsibilities of the concerned offices/ departments in the HO and PROS, with consistency in the implementation thereof, to ensure reliability and completeness of the recognized liability and expense accounts in the FSs.
- 1.2 Require the Actuarial Services and Risk Management Sector (ASRMS) to: (i) support the significant reversal of CY 2019 estimates of P9.034 billion with relevant documents to substantiate the same, and provide a copy thereof to the Audit Team for verification; and (ii) fast track the preparation and approval of the policy on the actuarial assumptions as basis in the valuation of IBNR claims.
- 2.1 Direct the concerned Department/s to:
  - a. Consider enhancing the Electronic Premium Remittance System (EPRS) by developing an application system that will automatically generate SPA monthly to be billed and sent to all registered employers in the database;



<p>b. Establish control to account for SPAS not generated and paid by employers to ensure the accuracy, reliability, and completeness of recorded premium contributions and to fairly present the Receivable from Direct Contributors and Premium Contributions - Direct Contributors accounts in the FSs; and</p> <p>c. Ensure that all prior period unpaid premium contributions be included in the computation of the amount due to be billed to and settled by employers with corresponding interest for late payment and charges.</p>		<p>reconciliation of records between various HCIs/members and PRO NCR &amp; Rizal.</p>	<p>The other significant audit observations and recommendations that need immediate action are as follows:</p>
<p>2.2 Require the Comptrollership Department (ComDep) to provide written justification why the PhilHealth Corporate Order (PCO) No. 2019-009 dated January 17, 2019 has not been adopted in accruing premium receivable and revenue.</p> <p>2.3 Instruct the HO ComDep and the PROS to comply with the PCO No. 2019-009 to avoid inconsistent accounting application/treatment in accruing premium receivable and revenue.</p> <p>2.4 Consider enhancing the said PCO by deleting item 3 thereof, as accruing premium receivable and revenue based on SPAS not generated and paid is more accurate, instead of the previous month collection.</p> <p>2.5 Direct the SERU to identify prior period payments of premium contributions in the RF2 or the Abstract of Collection Report submitted by ACAs and in the Daily Summary of Validated ACAs Remittance.</p> <p>2.6 Instruct the ComDep to thoroughly analyze the recording of premium contributions in the books of accounts and to effect necessary adjustments to fairly present the Receivable from Direct Contributors, Premium Contributions — Direct Contributors and other affected accounts in the FSs.</p> <p>2.7 Fast track the development of the Premium Accounts Module (PAM) and a system that will be able to segregate the current and prior period premium payments of each member/employer to immediately resolve the issues in the recording of the Receivable from Direct Contributors and Premium Contributions - Direct Contributors accounts considering the materiality of the amounts thereof in the FSs.</p> <p>3.1 Direct the information Technology Management Department (ITMD) to create a database that will serve as a repository of all issued ePARs and provide full access right to COA Auditors to facilitate conduct of audit of collections of premium contributions thru the ePARs.</p> <p>3.2 Require the Treasury Department (TDep) to submit to the Audit Team the remaining sampled PARS and SPAS, for validation purposes and, to send formal communication</p>	<p>4.1 Require the ComDep in coordination with the TDep to:</p> <p>a. Cause the immediate submission to the Audit Team of 349 vouchers and their supporting documents; and</p> <p>b. Henceforth, ensure strict compliance with the submission of vouchers and their supporting documents pursuant to the pertinent provisions of PD No. 1445 and COA Circular No. 95-006 dated May 18, 1995, to avoid issuance of Notice of Suspension (NS).</p> <p>5.1 Require the ComDep to:</p> <p>a. Ensure that all liabilities recorded under the APS, Due to Officers and Employees and Leave Benefits Payable accounts are duly supported with the necessary documents to prove the accuracy and validity thereof;</p> <p>b. Maintain SLs for all liabilities accounts that would Show the transactions history and amounts owed to each creditor/supplier/ vendor of the Agency and to support the balances appearing in GLs; and</p> <p>c. Analyze the liabilities accounts and effect adjustments, if warranted, to fairly present their balances in the FSs.</p> <p>6.1 Require the PRO NCR &amp; Rizal Management to direct the:</p> <p>a. Fund Management Section (FMSn) and Branches to: (i) provide written justification on the noted variance between the records of eight (8) HCIs and PRO NCR &amp; Rizal; (ii) conduct regular reconciliation with the records of all HCIs on claims reimbursements from PhilHealth and the records of PRO NCR &amp; Rizal, and effect adjustments in the books, if any, to arrive at reconciled balances and to fairly present the balances of the Financial Liabilities-ABP- ICS and Financial Liabilities—AP—BCP accounts in the FSs; and (iii) prepare detailed schedules showing indispensable information for each individual HCIs/ member creditor.</p> <p>b. FMSn to: (i) reconcile the balances of the Financial Liabilities-AP—BCP between the Trial Balance (TB), GL and SLs; (ii) appropriately classify the SLs for each Membership category and submit to the Audit Team the reports on the adjustments made; and (iii) maintain SL for each Health Care Facility (HCF) to facilitate</p>	<p>7.1 Direct the PRO NCR &amp; Rizal Management to require the responsible Office/Unit to prepare and submit to the Audit Team, for verification, the necessary reports/documents as bases of FMSn in determining whether the amounts debited from the OWDA are accurately credited to PhilHealth HO LBP Mother Account, pursuant to item V of PhilHealth Office Order No. 0092, s. 2012 dated August 1, 2012, such as: (a) Certification of Debited Amount from OWDA; (b) Weekly Monitoring Report; and (c) LBP debit memos for the weekly sweeping.</p> <p>8.1 Prioritize the procurement of an integrated IT system in compliance with PhilHealth's mandate with the end view of fully automating its operations for efficient and effective management, monitoring, and reporting of its transactions, and set timelines in the conduct of procurement of the integrated IT system and diligently observe the same for the speedy realization thereof.</p> <p>9.1 Direct the:</p> <p>a. Concerned Department/Office(s) to compute the adjusted balances of Provision for LCL as of January 1, 2019 and December 31, 2019, subject to the approval of the Board of Directors (BOD), to be comparative with the amount recognized in CY 2020;</p> <p>b. Fund Management Sector (FMSr) to revise the Statements of Financial Position, showing comparative figures as at January 1, 2019, December 31, 2019, and December 31, 2020 and, henceforth, to apply all changes in accounting policy retrospectively with related disclosures in the Notes to FSs to ensure presentation of comparative information and for fair presentation of the accounts balances in the FSs; and</p> <p>c. Moving forward, should there be instances requiring retrospective application of effecting changes in accounting policy becomes impracticable in the succeeding periods, require the FMSr to disclose the same in the Notes to FSs.</p> <p>10.1 Consider the suggested enhancements in the FSs presentation of the accounts as well as in the Notes to FSs to align with the requirements of the Standards and for better understandability of FSs by users/ stakeholders.</p> <p>10.2 Require the ComDep to coordinate with the Arbitration Office in the determination of the probability of future economic inflow and outflow to the Corporation relative to the cases filed by and against PhilHealth.</p>	<p><b>Interim Reimbursement Mechanism (IRMi — Coronavirus Disease 2019 (COVID-19))</b></p> <p>11. The PhilHealth released funds in the total amount of P14.971 billion to various HCIs nationwide under the IRM scheme for services not yet rendered, contrary to the prohibition against advance payments on government contracts under Section 88(1) of PD No. 1445.</p> <p>11.1 We recommended that top Management:</p> <p>a. Submit specific statutory authority or prior approval from the Office of the President, authorizing the advance payments made through the IRM to various HCIs nationwide; and</p> <p>b. Henceforth, ensure strict compliance with Section 88(1) of PD No. 1445 on the prohibition against advance payments for subsequent IRM fund releases, if necessary.</p> <p>12. PhilHealth released IRM funds amounting to P7. 642 billion or 51.04 percent of the total releases of P14.971 billion to 503 HCIs for COVID-19 without deducting/ applying the corresponding two percent (2%) creditable income tax upon release of the IRM funds, contrary to Bureau of Internal Revenue (BIR) Revenue Regulation (RR) No. 2-98 dated April 17, 1998, as amended by RR No.11-2018 dated January 31, 2018, Revenue Memorandum Circular (RMC) No. 16-2013 dated February 8, 2013, and pertinent provisions of RA No. 8424, otherwise known as the National Internal Revenue Code (NIRC), as amended by RA No. 10963; thus, PhilHealth did not fully comply with relevant tax laws, rules and regulations. Likewise, the subsequent remittance of required creditable income taxes of P156.739 million to BIR by PhilHealth HO on the grossed-up total IRM fund releases, resulted in: (a) excess of IRM funds for COVID-19 by the same amount released to 505 private HCIs nationwide, contrary to PhilHealth Circular No. 2020-0007 dated March 20, 2020; and (b) over-remittance to the BIR amounting P10.062 million, contrary to RR No. 2-98, as amended by RR No. 11-2018. The resulting excess IRM funds releases and over-remittance could be considered irregular expenditures as defined under item 3.1 of COA Circular No. 2012-003 dated October 29, 2012.</p> <p>12.1 We recommended that top Management direct the concerned Department/s to:</p> <p>a. Submit written justifications on: (i) inability to withhold taxes on IRM funds released to private HCIs and remit the same within the prescribed period, contrary to the provisions of BIR RR No. 2-98, as amended by RR No. 11-2018 and RMC No. 16-2013; (ii) withholding and remittance of taxes to tax-exempt HCIs; and (iii) over-remittance of taxes to the BIR;</p> <p>b. Provide basis of grossing up the IRM fund releases in the computation of the two percent (2%) creditable income tax; and</p>



- c. Henceforth, strictly comply with BIR RR No. 2-98, as amended by RR No.11-2018, and RMC No. 16-2013, to avoid the imposition of fines and penalties by the BIR and to ensure that IRM fund releases to HCIs should not exceed the established allowable fund limits.
13. PhilHealth granted IRM Funds in the total amount of P10.651 billion or 71.15 percent of the total releases to 488 HCIs; however, the amounts released/granted to these HCIs were more than what was allowed under PhilHealth Circular No. 2020-0007 and its corresponding PhilHealth Standard Operating Procedure (SOP) Nos. 2020-02-02-007 and 2020-02-02-008, resulting in excessive releases by a total of P81.507 million to P2.208 billion based on the Audit Team's recalculated IRM Allowable Amount using five sets of data in the computation of Average Reimbursements Per Day (ARPD), thus depriving other qualified/eligible HCIs of the availment of IRM funds critical in the immediate provision of health care services to PhilHealth members and their dependents.
- 13.1 We recommended that top Management:
- Require the authorized official or concerned Office in PhilHealth HO, in charge of the preparation and development of the policy guidelines to clarify the noted inconsistencies in the computation of the maximum IRM amount that could be granted to qualified HCIs, particularly on the amount of paid claims that should be included and the actual reckoning period for the computation of the ARPD as specified in PhilHealth Circular No. 2020-0007 and SOP No. 02-02-008, particularly the "total amount of paid claims for admissions in the Fiscal Year (FY) before the adverse event, to be divided by 365 days" and "total amount of paid claims for the FY prior to the adverse event, divided by 365 days", respectively; and
  - Cause the review and re-computation of allowable IRM fund to each qualified/eligible HCIs as basis in determining the appropriate action to be taken as regards the granting of excessive IRM funds to HCIs.
- 13.2 We further recommended that PhilHealth Management inform in writing the Audit Teams in the HO and PROS of the updates on the action(s) taken on the matter and provide specific timeline on how the issue on excessive granting of IRM funds to HCIs be resolved.
14. PhilHealth Circular No. 2020-0007 was not meticulously devised and reviewed before its implementation as some of its provisions were not applicable to the existing fortuitous event or the COVID-19 pandemic, prompting the need for IRM fund releases to affected HCIs. PhilHealth Management neither made revisions nor amendments to the said Circular to specifically address the issue on the existing fortuitous event, thus, resulted in non-compliance with some of the guidelines in the processing and releasing of IRM funds totaling P14.971 billion to 711 HCIs nationwide during CY 2020.
- 14.1 We recommended that top Management revisit PhilHealth Circular No. 2020-0007 on IRM and related issuances to address the noted inapplicability of certain provisions on the existing fortuitous event, specifically the COVID-19 pandemic.
15. PhilHealth did not establish definite guidelines and criteria or organize an evaluation team for the selection and validation of the requesting HCIs applying for the grant of the IRM fund, contrary to the provisions of PhilHealth Circular No. 2020-0007. As a result, HCIs that are not directly involved in facilitating/providing COVID-19 related health care services and those with alleged violations with PhilHealth policies were granted IRM funds totaling P783.734 million and P3.115 billion, respectively.
- 15.1 We recommended that top Management:
- Revisit and diligently review the existing PhilHealth Circular on IRM and related issuances and consider amendments/revisions by providing therein definite guidelines/criteria/parameters as basis of the validation teams in the selection/approval of the applications of the requesting HCIs for the grant of IRM fund;
  - Organize validation teams composed of staff from the concerned Local Health Insurance Office (LHiO) or from the PRO or both to perform the required validation activities to ensure that only qualified/eligible HCIs are granted with IRM fund; and
  - Require the PRO VI Management and the concerned official(s) in PhilHealth HO to: (i) submit written justification(s) on why out of the total 33 applications for the grant of IRM, only 14 were endorsed and recommended to PhilHealth HO for approval of the President and Chief Executive Officer and, only one was approved; and (ii) provide the Audit Teams clarifications/basis in the selection of the HCIs entitled to receive I RM fund.
16. Due to late system update in time for the IRM fund releases, lack of definite guidelines, and conflicting PhilHealth Memoranda as to how the IRM funds are to be liquidated, benefit claims in the total amount of P405.528 million were applied as regular reimbursements thru the Auto Credit Payment System (ACPS) instead of deducting the same against the IRM fund balances of 119 HCIs under PRO NCR & Rizal and PRO V, contrary to the provisions of item VI.G.10.f of PhilHealth Circular No. 2020-0007, thereby resulting in significant unliquidated IRM fund balances of HCIs as of December 31, 2020, and unnecessary cash outlays on the part of PhilHealth. Likewise, due to system error,

two IRM recipient—HCIs under PRO NCR & Rizal showed over-liquidation in the total amount of P1.383 million, which remained unadjusted as of December 31, 2020.

- 16.1 We recommended that top Management:
- Require the PROS NCR & Rizal and to comply strictly with the guidelines on the liquidation or application of benefit payments against the IRM funds as provided under PhilHealth Circular No. 2020-0007;
  - Instruct the PRO NCR & Rizal to follow up/coordinate with the iT HO on the status of the PRO'S endorsement relative to the recorded over-liquidation of the two IRM recipient-HCIs due to System error and update the Audit Team on the matter for validation purposes; and
  - Direct the PRO V to communicate with the concerned HO official(s) the noted observations pertaining to PhilHealth's system on tagging of IRM liquidations, as well as the recording of refunds so that these will be addressed appropriately.

### IRM — Taal Volcano Eruption

17. Funds totaling P321.705 million were disbursed to HCIs under the IRM without the required resolution of the PhilHealth BOD, contrary to Section 26 of RA No. 7875, as amended by RA No. 10606, in relation to Section 4(1) of PD No. 1445. Likewise, 37 out of 131 HCIs granted with IRM funding were located in areas that were not directly affected by the Taai Volcano eruption. Thus the propriety of the funds released to said HCIs could not be ascertained.
- 17.1 We recommended that top Management:
- Submit the necessary documents or PhilHealth Board Resolution (PBR) showing the authority of or instructions to PRO iV-B to release to HCIs the IRM funds for Taai Volcano eruption.
  - Require the PRO IV-B to:
    - Submit to the Audit Team written explanation why the 37 HCIs in the 4th and 5th legislative districts of Batangas received IRM funds when they were not adversely affected by the eruption of the Taai Volcano; and
    - Strictly comply with the provisions of Section 26 of RA No. 7875, as amended by RA No. 10606, in relation to Section 4(1) of PD No. 1445.
- 17.2 Moving forward, we further recommended that top Management exercise the diligence of a good father of a family in the succeeding releases of funds in response to fortuitous events, if any, to protect the interest of the Corporation in particular and the government in general.

### Interim Financing Mechanism (IFM)

18. The grant of advance cash payment amounting to P100 million to the Contractor was made without legal authority due to absence of prior approval of the President of the Philippines as required under Section 88(1) of PD No. 1445, otherwise known as the Government Auditing Code of the Philippines.
- 18.1 We recommended that PhilHealth top Management:
- Secure a post facto approval of the President of the Philippines on the release of cash advance of P100 million to the Contractor; and
  - Moving forward, stop granting cash advance payments for services not yet rendered or for supplies and materials not yet delivered under any contract without the prior approval of the President and beyond the limitations prescribed under the existing laws, rules, and regulations to protect the interest of the government.
19. The propriety and occurrence of claims under the iFM amounting to P3.375 billion could not be reasonably established due to: (a) non-submission of duly accomplished Case Investigation Form (CiF) for the 950,144 Reverse Transcription — Polymerase Chain Reaction (RT-PCR) tests; and (b) inconsistencies and deficiencies in the validated line list or summary of test results, such as: (1) 26,448 validated RT-PCR tests bore no CIF Reference Number and other pertinent information of member-patients tested, i.e. complete address, admission date, procedure date, assigned PhilHealth Identification Number (PIN); (ii) multiple RT-PCR tests were conducted to 8,155 members; (iii) about 764 members have been tested twice in one day; (iv) a total of 1,532 RT-PCR tests were declared twice in the line list; and (v) 2,120 RT-PCR tests under 1,053 PINs appearing twice or more in different or conflicting names; thus, not in conformity with the provisions under the IFM MOA, Department of Health (DOH) Department Circular No. 2020-0318, DOH Department Memorandum No. 2020-0436 and PhilHealth Circular No. 2020-0010, as amended by PhilHealth Circular No. 2020-0017 and, these disbursements could be considered unsubstantiated claims, contrary to Section 4(6) of PD No. 1445.
- 19.1 We recommended that PhilHealth top Management direct the FMSr to:
- Submit properly accomplished CIFs on all payments made to the Contractor and the relevant documents supporting the deductions made amounting to P13.377 million, otherwise the disbursements will be suspended in audit;
  - Revalidate the previous payments made to the Contractor to ascertain that only those valid RT-PCR tests conducted will be paid and to deduct overpayment(s), if any, in the succeeding claims of the Contractor; and



- c. Comply strictly with the DOH Department Circular No. 2020-0318, DOH Department Order No. 2020-0436, PhilHealth Circular No. 2010-0010, as amended by PhilHealth Circular No. 2010-0017 and Section 4(6) of PD No. 1445 to ensure that the subsequent payments to the Contractor are duly supported with complete documentation.
- 19.2 We further recommended that Management consider requiring FMSr to conduct pre-audit of the CIFs being downloaded by the ITMD and ensure that the deficiencies noted are already addressed before submitting the same to the Audit Team to avoid issuance of NS.

**PhilHealth Benefit Packages and Claims**

- 20. The ultimate objectives of the Electronic Claims (eClaims) of reducing the Turn Around Time (TAT) and improve the operational efficiency in the processing/ payment of claims were not fully attained in PRO NCR & Rizal due to the delayed payment of 649,893 claims totaling P6.519 billion in CY 2020, an increase of 568,643 claims aggregating P5.732 billion or eight times higher than the reported data or 81,250 claims totaling P786.747 million in CY 2019, contrary to Item I of PhilHealth Circular No. 2017-0030. Likewise, 829,348 claims under the All Case Rate (ACR) provider payment mechanism in the total amount of P8.428 billion in CY 2020 were paid in PRO NCR & Rizal and PRO XI beyond the prescribed period of 60 days from the date of receipt of claims or date of refiling in the case of Return To Hospital (RTH), contrary to Section 47 (I) of RA No. 7875, as amended by RA No. 10606. Further, payments of 889 Z Benefit claims amounting to P31.407 million in CY 2020 by PRO XI were made beyond the stipulated period of 30 working days, contrary to Item IX.D of PhilHealth Circular No. 2015-035.
- 20.1 We recommended that top Management:
  - a. Consider establishing a policy to lower/ reduce the 60 days TAT on claims processing/payment given the integration and full implementation of eClaims and ensure compliance thereof by all PROs.
  - b. Require the PRO NCR & Rizal to submit to the Audit Team proof(s) that the claims processed/paid beyond 60 calendar days (clds) in CY 2020 were crude claims.
  - c. Direct the PRO XI Management to make an analysis on the optimal ratio between the claims received per day and the adjudicators and processors needed to meet the required TAT on the processing of ACR claims, and if warranted, hire additional adjudicators and processors.
- 21. The practice of full reimbursements to HCIs of package rates (ACR and Z Benefit), despite the actual hospital charges plus the maximum amount of Professional Fees (PF) incurred by member-patients were lower, still persist as evidenced by 186,044 validated sampled

- claims which resulted in an overpayment of P610.495 million, contrary to Section 2 of PD No. 1445. Moreover, PhilHealth's program objective of increasing financial health protection of member-patients was not fully achieved since the HCIs were the ones who benefited from the excess payments.
- 21.1 We reiterated our previous years' recommendation that top Management re-evaluate the present guidelines on the implementation of the ACR and Z Benefit package rate and reconsider revising the same accordingly by including a provision that reimbursements shall be based on member-patients' actual hospitalization charges plus PF or the case rate amount, whichever is lower, to protect the interest of the government and the members/beneficiaries.
- Enrolled Senior Citizens (SCs) in the PhilHealth Program**
- 22. The process controls in the membership data collection of enrolled 6,235,438 SCs were deficient/weak resulting in: (a) a total of 8,156 SC members who are already dead were still included in the PhilHealth Members Database (PMD), of which 4,544 or 55.71 percent pertained to CY 2019 deaths, but included in the billings to the Department of Budget and Management (DBM) for the CY 2020, resulting in over subsidy from the National Government (NG) amounting to P22.720 million; (b) the non-updation of the status of the 2,187 out of the 2,344 samples of deceased members in the PhilHealth Members Information System (MIS); and (c) duplication of members' records in the PMD due to errors in encoding members' data, thus, exposing the Corporation to risk of generating inaccurate/unreliable data and possible payment of fraudulent claims.
  - 22.1 We recommended that Management:
    - a. Update the PMD, specifically the enrolled SC Members, to exclude those who are already dead so that they will no longer be included in the amount to be billed to NG thru the DBM;
    - b. Direct the concerned Department(s) to secure from the HCIs or any competent authority the Monthly List of Deaths and update their status as "Deceased" in the Database, if enrolled as members;
    - c. Consider crafting a guideline for the purpose, when necessary;
    - d. Embed a preventive control in the MIS to detect errors in encoding before proceeding with the registration or enrollment to mitigate if not to eliminate duplication of members' records; and
    - e. Instruct the encoders to be extra cautious in encoding members' data in the MIS and to undergo refresher training when necessary and cause the corrections of noted errors in the MIS.

The 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 August 3, 2021 are discussed in detail in Part II of the report. We also invite your attention to the prior year's partially and unimplemented audit recommendations embodied in Part III of the report.

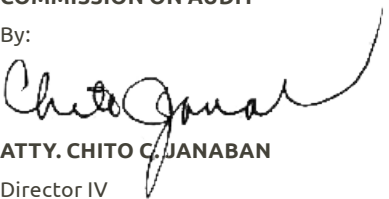
In our transmittal letter of even date, we request the President & Chief Executive Officer of PhilHealth to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the report.

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

Very truly yours,

**COMMISSION ON AUDIT**

By:



**ATTY. CHITO C. JANABAN**

Director IV  
Cluster Director

*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 UP Law Center
- The National Library
- The COA Central Library




## Statement of MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Philippine Health Insurance Corporation is responsible for the preparation of the financial statements as at December 31, 2020 and 2019, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Philippine Health Insurance Corporation in accordance with the Philippine Financial Reporting Standards (PFRS) where applicable, as well as government accounting standards and other pertinent rules and regulations, and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

  
ATTY. DANTE A. GIERRAN, CPA  
President and  
Chief Executive Officer

  
FRANCISCO T. DUQUE III, M.D. MSc  
Secretary of Health/  
Chairman of the Board

  
ATTY. MA. EMILY P. ROQUE, CPA  
Acting SVP, Fund  
Management Sector

## PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF FINANCIAL POSITION

As at December 31, 2020 and 2019 (In Philippine Peso)

	Notes	2020	2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	28,050,485,089	11,834,620,202
Investment in time deposits	8	67,235,402,005	70,086,086,078
Receivables, net	9	11,166,376,473	10,833,342,692
Other receivable, IRM	10	1,570,977,280	-
Inventories	11	151,931,261	130,083,501
Other current assets	12	226,091,027	93,617,633
<b>Total Current Assets</b>		<b>108,401,263,135</b>	<b>92,977,750,106</b>
<b>Non-Current Assets</b>			
Investment securities at amortized cost	13	162,544,939,050	124,382,976,137
Property and equipment, net	14	3,041,286,570	3,402,101,399
Intangible assets, net	15	224,231,817	267,770,907
Other assets, net	16	248,883,193	264,180,316
<b>Total Non-Current Assets</b>		<b>166,059,340,630</b>	<b>128,317,028,759</b>
<b>TOTAL ASSETS</b>		<b>274,460,603,765</b>	<b>221,294,778,865</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial liabilities	17	107,709,036,141	80,021,022,956
Inter-agency payables	18	624,413,468	202,932,678
Trust liabilities	19	458,536,363	527,941,359
Other payables	20	739,498,490	6,643,577
<b>Total Current Liabilities</b>		<b>109,531,484,462</b>	<b>80,758,540,570</b>
<b>Non-Current Liabilities</b>			
Deferred credits/Unearned income	21	1,183,584,412	1,123,783,051
Leave benefits payable	22	1,208,368,125	849,149,212
Provision for insurance contract liabilities (ICL)	23	1,014,255,679,627	28,605,281,694
<b>Total Non-Current Liabilities</b>		<b>1,016,647,632,164</b>	<b>30,578,213,957</b>
<b>TOTAL LIABILITIES</b>		<b>1,126,179,116,626</b>	<b>111,336,754,527</b>
<b>EQUITY</b>			
Members' equity	24	(851,718,512,861)	109,958,024,338
<b>Total Equity</b>		<b>(851,718,512,861)</b>	<b>109,958,024,338</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>274,460,603,765</b>	<b>221,294,778,865</b>



## PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019 (In Philippine Peso)

	Notes	2020	2019
Total Premium contributions	25	148,994,622,175	146,435,027,872
Less: Benefit claims expenses	27	120,903,158,175	136,959,845,886
<b>GROSS MARGIN FROM OPERATIONS</b>		<b>28,091,464,000</b>	<b>9,475,181,986</b>
<i>Operating Expenses</i>			
Personnel services	28	4,807,795,598	4,548,872,577
Other operating expenses	29	2,337,313,382	8,399,876,786
<b>TOTAL OPERATING EXPENSES</b>		<b>7,145,108,980</b>	<b>12,948,749,363</b>
<b>NET OPERATING INCOME (LOSS)</b>		<b>20,946,355,020</b>	<b>(3,473,567,377)</b>
Add: Interest and other income	26	9,113,372,620	8,131,735,048
<b>NET INCOME OTHER COMPREHENSIVE INCOME</b>		<b>30,059,727,640</b>	<b>4,658,167,671</b>
<b>NET INCOME</b>		<b>30,059,727,640</b>	<b>4,658,167,671</b>

## PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019 (In Philippine Peso)

	Notes	2020	2019
<b>SURPLUS</b>	24,1		
Surplus at January 1		1,783,347	1,783,347
Net income		30,059,727,640	4,658,167,671
Prior year adjustments		858,581,400	-
Adjustment of contingent capital		(1,783,347)	-
<b>Total Surplus</b>		<b>30,918,309,040</b>	<b>4,659,951,018</b>
Surplus transferred to reserves		(30,918,309,040)	(4,658,167,671)
<b>Surplus at December 31</b>		<b>-</b>	<b>1,783,347</b>
<b>RESERVE FUND</b>	24,2		
Reserve at January 1		109,956,240,991	105,298,073,320
Surplus transferred to reserves		30,918,309,040	4,658,167,671
<b>Reserve Fund at December 31</b>		<b>140,874,550,031</b>	<b>109,956,240,991</b>
<b>Provision for insurance contract liability (ICL)</b>	23	<b>(992,593,062,892)</b>	<b>-</b>
<b>TOTAL MEMBERS' EQUITY</b>		<b>(851,718,512,861)</b>	<b>109,958,024,338</b>

## PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019 (In Philippine Peso)

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash Inflows</i>			
Cash received from premium contributions		149,124,372,821	151,408,632,100
Interest received from investments		9,442,517,989	7,937,952,430
Collection of other income		350,273,720	609,502,291
Collection of rent		490,600	487,226
Reimbursement of point of service (POS)		3,833,180	137,088,891
<b>Total Cash Inflows</b>		<b>158,921,488,310</b>	<b>160,093,662,938</b>
<i>Cash Outflows</i>			
Payment of benefit claims		(100,116,022,875)	(98,606,376,851)
Payment of operating expenses		(6,992,377,210)	(6,238,203,486)
Payment of bank charges		(82,121)	(14,123)
<b>Total Cash Outflows</b>		<b>(107,108,482,206)</b>	<b>(104,844,594,460)</b>
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		<b>51,813,006,104</b>	<b>55,249,068,478</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash Inflows</i>			
Matured time deposits		140,548,007,408	22,228,358,701
Matured treasury bills		2,449,315,185	-
Matured treasury bonds		19,888,928,000	11,983,682,201
Proceeds from disposal of assets		486,329	254,225
<b>Total Cash Inflows</b>		<b>162,886,736,922</b>	<b>34,212,295,127</b>
<i>Cash Outflows</i>			
Placement on time deposits		(137,697,386,265)	(91,314,444,779)
Placement on treasury bills		(7,026,043,200)	-
Placement on treasury bonds		(53,764,546,693)	(11,987,196,201)
Accrued Interest paid on placement of bonds		(174,534,351)	-
Fixed assets purchase		(188,717,521)	(495,390,464)
<b>Total Cash Outflows</b>		<b>(198,851,228,030)</b>	<b>(103,797,031,444)</b>
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>(35,964,491,108)</b>	<b>(69,584,736,317)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash Inflows</i>			
Trust receipts		367,316,274	-
<b>Total Cash Inflows</b>		<b>367,316,274</b>	<b>-</b>
<i>Cash Outflows</i>			
Trust receipts		-	(30,985,951)
<b>Total Cash Outflows</b>		<b>-</b>	<b>(30,985,951)</b>
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>367,316,274</b>	<b>(30,985,951)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>16,215,831,270</b>	<b>(14,366,653,790)</b>
Effects of exchange rate changes on cash and cash equivalents		33,617	(46,948)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>7</b>	<b>11,834,620,202</b>	<b>26,201,320,940</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>7</b>	<b>28,050,485,089</b>	<b>11,834,620,202</b>



PHILIPPINE HEALTH INSURANCE CORPORATION

Notes to Financial Statements (All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The National Health Insurance Act of 1995 or Republic Act (RA) No. 7875, and its amendments, otherwise known as the “National Health Insurance Act of 2013”, instituted a National Health Insurance Program (NHIP) that shall provide health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all Filipinos. The Philippine Health Insurance Corporation (PhilHealth), a tax-exempt government owned and controlled corporation (GOCC), was established to administer the Program at the central and local levels. The PhilHealth Head Office is located at 709 CityState Center Building, Barangay Oranbo, Shaw Boulevard, Pasig City.

On February 20, 2019, RA No. 11223 or the Universal Health Care (UHC) Law was enacted. This law automatically provides social health risk protection for all Filipino citizens in the NHIP.

The Corporation being an attached agency of the Department of Health (DOH) for policy coordination and guidance, is governed by a Board of Directors (BOD) composed of thirteen (13) members and has the powers and functions provided for in Article IV, Section 16 of RA No. 7875, as amended. The Corporation has the power, among others, to formulate and promulgate policies, set standards, rules and regulations necessary to ensure quality of care and overall accomplishment of program objectives, formulate and implement guidelines contributions and benefits; establish branch offices, manage grants and donations, acquire property, collect, deposit, invest, administer and disburse the National Health Insurance Fund (NHIF), to enter into contract with health care institutions, to fix a reasonable compensation, allowances and benefits of all positions including the President and Chief Executive Officer (CEO), based on a comprehensive job analysis and audit of actual duties and responsibilities subject to the approval of the President of the Philippines.

The NHIF as amended shall consist of premiums from direct or indirect contributors; 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 No. 7875, as amended; donations and grants-in-aid; and all accruals thereof. Under Section 26, Article VI of RA No. 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 BOD of the Corporation subject to limitations prescribed in the Act.

2. STATEMENT OF COMPLIANCE WITH PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRSs)

The accompanying financial statements of PhilHealth have been prepared in accordance with PFRSs, where practicable, as well as government accounting standards and other pertinent rules and regulations.

3. BASIS OF PREPARATION

3.1 Basis of Measurement

The financial statements are measured in Philippine Peso (P), which is also the Corporation’s functional and presentation currency. All values are rounded-off to the nearest peso, unless otherwise stated. The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of an assets and fair value of the consideration received in exchange for incurring a liability.

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.

The Corporation uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for

identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3.2 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting policies and disclosures

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.

A. New Standards effective for reporting periods beginning on or after January 1, 2019.

PFRS 9, Financial Instrument which replaces Philippine Accounting Standard (PAS) 39 should be adopted effective the annual periods beginning on or after January 1, 2019. However, its adoption has been deferred to Calendar Year (CY) 2025. The deferment is made in order to coincide with the implementation of PFRS 17 which the Insurance Commission deferred to CY 2025.

PFRS 9, Financial Instruments – This Standard replaces PAS 39, Financial Instruments: Recognition and Measurement (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and depreciation expense recognition. 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 (FVTPL) 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; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

- 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.

Based on the Corporation’s analysis of its business model and the contractual cash flow characteristics of its financial assets as at December 31, 2020, the Corporation has concluded that all of its

	Classification under PAS 39	Classification under PFRS 9	Carrying Amount under PAS 39	Carrying Amount under PFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost	67,235,402,005	67,235,402,005
Premium receivables	Loans and receivables	Financial assets at amortized cost	11,166,376,473	11,166,376,473
Investment securities	AFS financial assets	Financial assets at amortized cost	162,544,939,050	162,544,939,050

The Corporation assessed that the adoption of PFRS 9 has no significant impact on the carrying amounts of the Corporation’s financial assets carried at amortized cost.

■ Amendments to PFRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions

The amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment transactions, the accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

■ Amendments to PFRS 4, Insurance Contracts - Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts

The amendments give all insurers the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9, Financial Instruments is applied before implementing PFRS 17, Insurance Contracts (‘the overlay approach’). Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption (until 2021) from applying PFRS 9. Thus, continuing to apply PAS 39, Financial Instruments: Recognition and Measurement instead (‘the deferral approach’).

■ PFRS 15, Revenue from Contract with Customers

The new Standard replaces PAS 11, Construction Contracts, PAS 18, Revenue and their related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, which a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.).

■ 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 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.

■ Amendments to PFRS 15, Revenue from Contract with Customers – Clarification to PFRS 15

The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent

financial assets and liabilities shall continue to be measured on the same basis as under PAS 39.

The following table shows the original classification categories under PAS 39 and the new classification categories under PFRS 9 for each class of the Corporation’s financial assets as at December 31, 2020:

considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

■ Amendments to PAS 28, Investments in Associates and Joint Ventures - Measuring an Associate or Joint Venture at Fair Value

The amendments are part of the Annual Improvements to PFRS 2014-2016 Cycle and clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

■ Amendments to PAS 40, Investment Property - Transfers of Investment Property

The amendments clarify that transfers to, or from, investment property (including assets under construction and development) should be made when, and only when, there is evidence that a change in use of a property has occurred.

■ Philippine Interpretation/International Financial Reporting Interpretations Committee (IFRIC) 22, Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance clarifying that the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency is the one at the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

B. New and Amended PFRSs Issued but Not Yet Effective.

Relevant new and amended PFRSs which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements are summarized as follows:

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, Reference to Conceptual Framework – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PFRS 16, Property, Plant and Equipment - Proceeds Before Intended Use – The amendments prohibit deducting from



the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the related proceeds and related cost from such items shall be recognized in profit or loss. The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

■ Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling the contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

Annual Improvements to PFRS 2018 to 2020 Cycle:

■ Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards* - Subsidiary as a First-time Adopter – The amendments permit a subsidiary that applies PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to PFRS.

■ Amendments to PFRS 9, *Financial Instruments* - Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities – The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

■ Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

■ Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13, Fair Value Measurement.

Effective for annual periods beginning on or after January 1, 2025 –

■ PFRS 17, *Insurance Contracts*

This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

**C. Deferred effectivity**

■ The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information with the overlay approach if, and only if, applying PFRS 9.

■ The Corporation applied the exemption from applying PFRS 9 as permitted by the amendments to PFRS 4 applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts* issued in September 2016. The temporary exemption permits the Corporation to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2022. The Corporation concluded that it qualified for the temporary exemption from PFRS 9 because its activities are

predominantly connected with insurance.

■ 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 a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

**4.2 Other Current Assets**

Other current assets represent assets of the Corporation which are expected to be realized within one year or within the Corporation’s normal operating cycle whichever is longer. Other current assets are presented in the Statement of Financial Position at cost.

**4.3 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:

Particulars	Estimated Useful Life (in years)
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.

**4.4 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.

**4.5 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.

**4.6 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.

**4.7 Accounting for Insurance Liability for Lifetime Membership**

As stipulated in the Section 17 of RA No. 10606 (or Section 27 of RA No. 7875), a separate fund for the benefit claims reserve of the existing Lifetime members must be set up as a liability of the Corporation.

In compliance thereto, the Corporation, initially, set up the fund by recognizing an expense and liability account based on an actuarial estimate. Annually, this liability is adjusted.

**4.8 Contingent Assets**

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

**4.9 Investment Securities at Amortized Cost**

*Interest income*

Interest income is recognized in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the expected estimated future cash payments and receipts through the expected life of the financial asset or liability. Where financial assets have been impaired, interest income continues to be recognized on the impaired value, based on the original effective interest rate.

*Classification*

Financial assets - Management determines the appropriate classification of financial instruments at the time of the purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified. The Corporation’s investments are categorized as:

■ Held-to-maturity investments – These are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation’s management has the positive intention and ability to hold to maturity. Where PhilHealth to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale. These include treasury bills and treasury bonds.

■ Available-for-sale – These are investments intended to be held to maturity, which may be sold in response to needs for liquidity or changes in interest rates or exchange rates. These include treasury bills and bonds and corporate bonds.

*Recognition*

Purchases and sales of financial instruments at fair value through profit or loss and available for sale assets are recognized on the date they are transferred to the Corporation.

*Measurement*

Financial instruments are initially recognized at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue thereof.

Available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the ‘financial instruments at fair value through profit or loss’ category are included in the profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income,

until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in other comprehensive income should be recognized in profit or loss.

However, interest calculated using the effective interest method is recognized in the profit or loss.

*Derecognition*

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the Statement of Financial Position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

**4.10 Surplus**

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

**4.11 Revenue Recognition**

Revenue is recognized to the extent that it 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 recognized as the interest accrues taking into account the effective interest.

(c) Rent Income - Income from rental of property is recognized on a straight-line basis over the lease term.

**4.12 Expense Recognition**

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

*Benefit Claims Expense*

This represents benefits incurred by the Corporation for health care services, in-Patient, out-Patient, Primary Care Benefit (PCB) and Z benefit packages availed of by the members and their dependents. Benefit Claims Expense is recognized at the date of confinement as incurrence of the expense per Corporate Order No. 2018-0095.

*Operating Expenses*

These include personnel services and maintenance and other operating expenses which are recognized as expense in the period they are incurred.

**4.13 Leases**  
Corporation as a Lessee

The Corporation’s leasing activity is mainly for office spaces and warehouses. The non-cancellable contracts period for leases is 3 to



5 years and has no extension clause. Upon expiration of the lease contract, it is extended on a month to month basis only until a new contract is executed or a new office space will be leased.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use asset are based on the lease term since there is neither a transfer of title nor purchase option in the lease contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments, including incremental, that are not paid at the commencement date or January 1, 2019, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the rate provided by Bloomberg Valuation (BVAL) rate provided by the Corporation's Investment Division. Generally, PhilHealth uses the BVAL rate to measure lease liability.

Lease payments included in the measurement of the lease liability are fixed payments and incremental payments indicated in the lease contract and cost of restoring the lease asset at the end of the contract, if any.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future leases payments arising from a change in an index or rate.

Corporation as a Lessor

Rental income from operating leases is recognized in the Statement of Comprehensive 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 an 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.

*Short-term leases and leases of low-value assets*  
The Corporation does not have leases of low-value assets. Classified under Short-term leases are office spaces that are on a month to month basis renewal and have no multi-year contract. Right-of-Use assets are office spaces and warehouses being leased by PhilHealth with a multi-year contract.

Below is the summary of information regarding right-of-use asset of the Corporation:

	2019
Carrying amount of Right-of-use asset	882,953,381
Depreciation expense	239,479,446
Interest expense	47,231,732
Short-term leases	239,591,033
<b>Total Cash Outflow for Leases</b>	<b>1,409,255,592</b>

**4.14 Research and Development Cost**  
There is no policy yet formulated for the treatment of research costs and the basis for capitalization of development costs (for those internally developed application/software).

4.15 Employee Benefits

Short-term Benefits

The Corporation recognizes a liability net of amounts already paid and the obligation can be estimated reliably.

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

4.16 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 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.

4.17 Contingent Liabilities

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

4.18 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.

5. FINANCIAL RISK MANAGEMENT

Risk Management is not the sole responsibility of Management and the BOD. It is the responsibility of every employee in all levels in the Corporation. To ensure the systematic management of risks it is facing while implementing the NHIP, PhilHealth established the Enterprise-wide Risk Management and developed the Risk Management Manual and Policy. These Manual and Policy serve as guide in the implementation of the risk management framework and processes in the Corporation.

Alongside, it adapted the Risk Governance Framework and defined the roles and responsibilities in the management of risks in the Corporation. It talks about the three lines of defenses in managing risks in the Corporation.

■ The first line of defense has the ownership, responsibility and accountability for directly managing the risks. These are the Business Process Owners (BPOs) who have the responsibility of managing the day-to-day risks that they will encounter as they do their respective works. And they have the responsibility to report the risks so that immediate action can be done to address those risks that affect their work in particular and the Corporation in general;

■ The second line of defense oversees, monitors, and facilitates the implementation of an effective Risk Management practices by the first line of defense. These are the Risk Management Committee of the Board (RiskCom), the Management and Project Management Team-Risk Management (PMT-RM) as the technical arm of RiskCom. They are mainly responsible for developing policies for Management's or BOD's approval and monitor the risk management policies, define work practices and advise when needed by the BPOs with regard to risk management and compliance; and

■ The third line of defense is the audit functions for both internal and external auditors which will provide assurance to the Board and Management on the effectiveness of the first and second lines of defense in managing risks.

5.1 Financial Risk Factors

This is the risk that results from unexpected changes in external markets, prices, rates and liquidity supply and demand.

A. Credit risk

This refers to the risk of loss arising from the Corporation's counterparty to perform contractual obligations in a timely manner. This includes risk due to (a) failure of a counterparty to make required payments on their obligations when due (Default Risk) and (b) default of a counterparty before any transfer of securities or funds or once final transfer of securities or funds has begun but not been completed (Settlement Risk).

The Corporation's placements in fixed term deposits with Authorized Government Depository Banks (AGDBs) are in accordance with Section 2 of Department of Finance (DOF) Circular No. 01-2017, on the Amended Guidelines on Authorized Government Depository Banks, which mandates all GOCCs, National Government Agencies (NGAs) and Local Government Units (LGUs) to maintain and deposit government funds only with AGDBs.

The Corporation implements a structured and standardized evaluation guideline, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (i.e. yield versus comparable financial instruments, term of the indebtedness including redemption feature, liquidity of the issuance, monitoring of issuer and counterparty risks including risks arising from implementation, and other portfolio and strategic considerations)

and information from third party (e.g. Philippine Ratings Services Corporation and Credit Ratings and Investors Services Philippines, Inc.) are used to determine if counterparties are credit-worthy. With respect to bond underwriters and selling agents, PhilHealth, as a qualified institutional buyer of debt securities under Section 10.1 (L) of the Securities Regulation Code (SRC), deals only with domestic universal bank or domestic investment house duly assigned by the issuer as underwriter or selling agent for the distribution of debt issuances.

Purchase of peso denominated government securities under the Non-Restricted Trading Environment (NRTE) of the Philippine Dealing Exchange (PDE) is based on Treasury Circular No. 04-2014, Implementing DOF Department Order No. 068-2014, entitled, "Revised Rules and Regulations for the Issuance, Placement, Sale, Service and Redemption of Treasury Bills and Bonds under RA No. 245, As Amended." Evaluation of counterparty trading participant in the NRTE platform, at the minimum, is measured on the Government Securities Eligible Dealer's: (i) good standing in the PDE, (ii) Risk-Based Capital Adequacy Ratio (CAR), (iii) Financial Standing on Earnings and Profitability, (iv) compliance to SRC and Code of Ethics Governing Financial Market Activities in the Philippines, and (v) positive track record of service with other government agencies.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, PhilHealth investments are regularly monitored to ensure that these are always within the prescribed cumulative ceilings specified in Section VI.2 of PhilHealth's Omnibus Guidelines on Funds' Investments (Corporate Order No. 2016-0021). The said Corporate Order outlines the policies and guidelines in determining and managing exposure limits to investment instruments including the negative list of investments that are considered not ethically and socially responsible by the Corporation, such as, companies with exposures in sin products like tobacco, liquor, alcohol, including gaming, and mining and quarrying.

As regards the criteria for accreditation of applicant collecting agents for premium collections, PhilHealth requires submission of three-year Audited Financial Statements, as one of the documentary requirements for accreditation. Financial evaluation of the applicants comprised the analysis on liquidity ratio, solvency ratio, capital adequacy ratio and profitability ratio vis-a-vis the current Bangko Sentral ng Pilipinas (BSP) Performance Indicators for banks, including non-banks with quasi-banking function. Once accredited, on an annual basis, submission of their yearly financial statements is required to monitor financial standing of the Accredited Collecting Agents (ACAs) to mitigate any losses that may be incurred by the concerned ACAs. Other documentary requirements such as Articles of Incorporation, Certificate of Good Standing with Existing Industry Association, Electronic Banking Authority, among others, are likewise submitted by PhilHealth ACAs to assess their capabilities as collecting agents.

On Cash Management, the Corporation maintains its accounts in any of the AGDBs in compliance with DOF Circular No. 01-2017 namely: Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and Philippine Veterans Bank (PVB). These are the servicing banks for the Corporation's disbursements, funding and settlement accounts which are covered by Payroll Servicing Agreement and Memorandum of Agreement (MOA) on One Fund Disbursement Account, respectively. Hence, there is lesser vulnerability of default, given the Corporation's compliance with regulatory agencies and the service agreements with the AGDBs.

B. Liquidity Risk

This refers to the risk of loss, though solvent, due to insufficient financial resources to cover for liabilities as they fall due. It also involves the risk of excessive costs in securing such resources. This risk also refers to: (a) unanticipated changes in liquidity supply and demand that may affect the organization through inability to meet contractual obligations or default (Funding Liquidity Risk) and (b) asset illiquidity or the risk of loss arising from inability to realize the value of assets, without significant reduction in price, due to bad market conditions (Market Liquidity Risk).

PhilHealth manages this risk through daily monitoring of cash flows in consideration of future payment due dates and regular premium collection receipts. PhilHealth also maintains sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption to cash flow such as Special Savings Deposits with AGDBs, Treasury Bills and Government Securities with remaining life of less than one (1) year.

As to management of ACAs, they are required to remit their collections to PhilHealth on a daily basis in accordance with the

DOF Circular Nos. 01-2015 dated June 1, 2015 and 01-2017 dated May 11, 2017. Compliance to existing covenants in the Collection and Remittance Agreements with ACAs is strictly monitored by the Corporation and close monitoring through daily reconciliation of collections and remittances by ACAs are being done and implemented including the imposition of penalties and interests for late remittances, under remittances and late submission of required reports and documents.

On Cash Management, the Corporation also maintains its collections account with the AGDBs as prescribed in DOF Circular No. 01-2017. The collection comprises remittances from its collecting agents and other receipts which include fund support coming from the National Government via funds releases through the Bureau of the Treasury (BTr) and the Department of Budget and Management (DBM). These accounts are covered by service agreements: MOA on Opening of One-Way Deposit Collection Account and Sweeping of Available Balance to Mother Accounts, Collection and Deposit Pick up Agreement, hence ensuring the steady inflow of funds to meet the daily fund requirements of the Corporation.

C. Market Risk

Market risk is the Corporation's exposure to potential loss due to unexpected changes in external markets, prices or rates related to general market movements of a specific financial asset on the Statement of Financial Position. This risk arises from volatility in the absolute level of interest rates and fluctuations in interest rates due to changes in global and local economic conditions and political developments that affect the value of the Corporation's securities investments. Since the securities investments of the Corporation are Held-to-Maturity (HTM) investments, the Corporation has very minimal exposure to market risk and it has the predictability of regular returns from the HTM investments. These regular earnings allow the Corporation to make plans for the future, knowing this income will continue at the set rate and the final return of capital upon maturity.

The Corporation manages market risk by monitoring the market price of its investments. Also, the Corporation strictly adheres to the provisions of Section II of UHC Law which states that the funds invested in various investment and financial instruments shall earn an average annual income at prevailing rates of interest. Currently, PhilHealth has significant investments in government securities and corporate bonds with fixed interest rates that are within acceptable levels.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with PFRSs 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 Premium Income from the Direct Contributors - Employed Sector

Estimate is based on last month's premium contributions which are due and paid through ACAs and over the counter at PhilHealth's Regional Offices (PROs).

*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 behavior 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 still in process at the end of the reporting period. The estimate is based on the case rate amount extracted from the N-Claims. It also includes claims awaiting encoding (not yet encoded claims) which is measured by using the average value 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 (HCIs) as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per Corporate Order No. 2015-0017 dated December 8, 2015. The amount to be recorded is actuarially estimated.

### Methodology for Estimating IBNR

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.

## 7. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2020	2019
Collecting officers	112,340,134	88,585,210
Petty cash fund (PCF)	3,024,342	2,899,473
Cash in bank	25,297,702,624	2,087,016,745
Special savings deposit (SSD)	2,637,417,989	9,656,118,774
<b>Total</b>	<b>28,050,485,089</b>	<b>11,834,620,202</b>

7.1 The amounts of P112.340 million and P88.585 million as at December 31, 2020 and 2019, respectively, represent collections at the end of the month of the Collecting Officers which are to be deposited on the following working day.

7.2 Using the Imprest Fund system, PhilHealth's PCF is for the use of miscellaneous expenditures which cannot be conveniently paid by check. An officer holding the PCF is also properly bonded in accordance with law. The amounts of P3.024 million and P2.899 million as at December 31, 2020 and 2019, respectively, represent available petty cash fund as of reporting dates.

7.3 Cash in Bank amounting to P25.298 billion and P2.087 billion as at December 31, 2020 and 2019, respectively, represent 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 reporting dates. The significant increase was due to the receipt of payment on December 29, 2020 amounting to P22.020 billion which was only invested in the following reporting period.

7.4 The SSDs amounting to P2.637 billion and P9.656 billion as at December 31, 2020 and 2019, respectively, are term deposits of one (1) day up to ninety (90) days with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The interest rates ranged from 0.2603 percent to 1.8750 percent and 0.400 percent to 4.4250 percent for Cys 2020 and 2019, respectively.

## 8. INVESTMENTS IN TIME DEPOSITS

	2020	2019
Investment in time deposits - local	67,235,402,005	70,086,086,078
<b>Total</b>	<b>67,235,402,005</b>	<b>70,086,086,078</b>

Investments in Time Deposits are term deposits of ninety-one (91) to three hundred sixty-four (364) days with interest rate ranging from 0.8750 percent to 2.3600 percent and ranging from 3.3250 percent to 4.3100 percent for CYs 2020 and 2019, respectively.

## 9. RECEIVABLES

	2020	2019
Receivable from direct contributors	8,536,647,321	7,797,196,442
Due from NGAs	21,401,657,560	21,523,354,944
Due from LGUs	415,239,938	544,875,156
Accrued interest receivable from investment	1,497,000,575	1,651,848,865
Other receivables	3,061,630	3,297,836
<b>Receivables</b>	<b>31,853,607,024</b>	<b>31,520,573,243</b>
Allowance for impairment	(20,687,230,551)	(20,687,230,551)
<b>Receivables, net</b>	<b>11,166,376,473</b>	<b>10,833,342,692</b>

This account consists of:

9.1 Receivable from Direct Contributors account represents accruals of premium contributions from direct contributor members based on ACAs and Over-the-counter Collections.

	2020	2019
Receivable from direct contributors	8,536,647,321	7,797,196,442
Allowance for impairment	(15,371,751)	(15,371,751)
<b>Receivables, net</b>	<b>8,521,275,570</b>	<b>7,781,824,691</b>

9.2 Due from NGAs account as of December 31, 2020 represents premium contributions for the following:

[illegible]



9.3 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:

Region	2020	2019
National Capital Region (NCR)	23,041,240	29,490,000
Cordillera Administrative Region (CAR)	-	11,533,856
I	2,664,000	1,065,000
II	553,270	17,964,470
III	109,978,856	111,971,671
IV-A	5,325,400	3,010,600
IV-B	3,580,800	1,841,400
V	3,219,000	4,983,000
VI	168,254,075	177,104,520
VII	15,227,100	71,192,640
X	1,500,000	3,540,000
XI	10,812,200	10,809,000
XII	-	5,488,400
XIII – CARAGA	70,571,997	83,656,999
Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	512,000	11,223,600
<b>Total</b>	<b>415,239,938</b>	<b>544,875,156</b>

9.4 Accrued Interest Receivable from Investment account amounting to P1.497 billion and P1.652 billion as of December 31, 2020 and 2019, respectively, represents interest earned as at the reporting date from SSD, time deposits, investment securities at amortized cost which are due for collection on the following year.

9.5 Other Receivables amounting to P3.062 million and P3.298 million as of December 31, 2020 and 2019, respectively, represent due from officers and employees.

10. OTHER RECEIVABLE - INTERIM REIMBURSEMENT MECHANISM (IRM)

On January 30, 2020, the BOD issued PhilHealth Board Resolution (PBR) No. 2496, s. 2020 which approved the inclusion of the IRM among the special privileges that may be conferred to the members during fortuitous events and emergencies. It provides:

“WHEREFORE, premises considered, the Board RESOLVES, as it is hereby RESOLVED, to APPROVE the inclusion of Interim Reimbursement Mechanism among the special privileges that may be conferred during fortuitous events and emergencies, thereby amending PhilHealth Board Resolution No. 1848, s. 2013 for this purpose;”

Subsequently, the BOD issued PBR No. 2515, s. 2020 dated March 31, 2020 to ratify the implementation of IRM nationwide due to the Coronavirus Disease 2019 (COVID-19) pandemic. Thus:

“WHEREFORE, premises considered, the Board RESOLVES, as it is hereby RESOLVED to RATIFY the implementation of Interim Reimbursement Mechanism nationwide due to the coronavirus disease (COVID-19).”

On May 7, 2020, PhilHealth issued Corporate Order No. 2020-0033 signed by then President and CEO BGen. Ricardo C. Morales. It provides the guidelines and procedures in the recording and reporting of benefit claims under the IRM.

As of December 31, 2020, a total of P13.400 billion or 89.5 percent has already been liquidated out of the P14.971 billion released IRM, leaving a balance of P1.571 billion or 10.5 percent, nationwide.

11. INVENTORIES

This account includes the following:

	2020	2019
Office supplies and materials inventory	110,139,605	107,095,032
Semi-expendable machinery and equipment	21,613,716	4,128,324
Semi-expendable furniture, fixture and books	20,177,940	18,860,145
	<b>151,931,261</b>	<b>130,083,501</b>

11.1 Office Supplies and Materials Inventory account amounting to P110.140 million and P107.095 million as at December 31, 2020 and 2019, respectively, represents small tangible items that are expected to be used within one (1) year from the reporting date.

11.2 Semi-Expendable Machinery and Equipment account amounting to P21.614 million and P4.128 million as at December 31, 2020 and 2019, respectively, represents office equipment, information and communication technology costing less than P15,000.00.

11. 3 Semi-Expendable Furniture, Fixtures, and Books account amounting to P20.178 million and P18.860 million as of December 31, 2020 and 2019, respectively, represents furniture, fixtures and books costing less than P15,000.00.

12. OTHER CURRENT ASSETS

Other Current Assets account amounting to P226.091 million and P93.618 million as of December 31, 2020 and 2019, respectively, includes the following:

12.1 Other Current Assets include other receivable – others which represent the Interim Financial Mechanism (IFM) Funds amounting to P100.000 million released to Philippine Red Cross (PRC) to cover COVID -19 testing services.

12.2 Remittance of taxes withheld from the released IRM amounting to P35.064 million.

12.3 IRM Funds amounting to P132,400 represent advance payments to HCLs due to Taal Volcano Eruption.

12.4 Withholding taxes and compromise penalties of hospitals amounting to P24.264 million for the taxable year 2003-2004 per Bureau of Internal Revenue (BIR) decision with reference No. P06-15 dated April 14, 2015.

12.5 Fines and penalties from ACAs.

13. INVESTMENT SECURITIES AT AMORTIZED COST

13.1 Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 3.8197 percent:

	Interest Rate	2020	2019
Treasury Bills	3.8360%	2,578,490,109	-
Treasury Bills	3.8360%	500,584,229	-
Treasury Bills	3.7870%	1,497,653,676	-
<b>Sub-Total</b>		<b>4,576,728,014</b>	<b>-</b>

13.2 Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of 5.2147 percent:

	Interest Rate	2020	2019
Treasury Bills	4.7750%	58,816,890,000	50,599,080,000
Treasury Bills	4.5190%	77,536,468,190	40,686,267,054
Treasury Bills	6.3500%	6,752,352,846	15,052,629,083
<b>Sub-Total</b>		<b>143,105,711,036</b>	<b>106,337,976,137</b>

13.3 Investment in Corporate Bonds with a maturity period of more than one year and with interest rates from 3.8915 percent to 5.5796 percent:

	Interest Rate	2020	2019
7-year Meralco Fixed Rate Bonds	4.3750%	-	1,500,000,000
7-year PLDT Fixed Rate Bonds	5.2250%	650,000,000	650,000,000
5.5-year SM Prime Holdings, Inc. Fixed Rate Bonds	5.1000%	-	500,000,000
7-year SM Prime Holdings, Inc. Fixed Rate Bonds	5.2006%	500,000,000	500,000,000
7-year Aboitiz Power Corp. Fixed Rate Bonds	5.2050%	1,000,000,000	1,000,000,000
5.25-year Aboitiz Equity Ventures, Inc. Fixed Rate Bonds	4.4722%	-	1,000,000,000
7-year Aboitiz Equity Ventures, Inc. Fixed Rate Bonds	5.0056%	1,000,000,000	1,000,000,000
7-year Filinvest Land, Inc. Fixed Rate Bonds	5.4000%	1,000,000,000	1,000,000,000
7-year Filinvest Land, Inc. Fixed Rate Bonds	5.3567%	780,000,000	780,000,000
7-year Robinsons Land Corp. Fixed Rate Bonds	4.8000%	1,500,000,000	1,500,000,000
7-year Ayala Land, Inc. Fixed Rate Bonds	4.5000%	950,000,000	950,000,000
7-year Ayala Land, Inc. Fixed Rate Bonds	3.8915%	1,100,000,000	1,100,000,000
5.25-year South Luzon Tollway Corp. Fixed Rate Bonds	4.9925%	-	182,500,000
7-year South Luzon Tollway Corp. Fixed Rate Bonds	5.5796%	182,500,000	182,500,000
5.25-year SM Prime Holdings	4.5095%	1,200,000,000	1,200,000,000
2-year DBP Series A ASEAN Sustainability Fund	4.2500%	5,000,000,000	5,000,000,000
<b>Sub-Total</b>		<b>14,862,500,000</b>	<b>18,045,000,000</b>
<b>Grand Total</b>		<b>162,544,939,050</b>	<b>124,382,976,137</b>

Interest earned on Investment Securities at Amortized Cost amounted to P6.643 billion and P6.445 billion in CYs 2020 and 2019, respectively.

14. PROPERTY AND EQUIPMENT

This account consists of:

	Land and land improvements	Building and structure / leasehold improvements	Right-of-use assets	Construction in progress	Furniture & fixtures equipment & books	Motor vehicles	Total
<b>COST</b>							
January 1, 2020	876,177,353	203,545,772	1,169,988,083	27,569,241	2,988,168,775	234,199,193	5,499,648,417
Additions	-	47,614,212	154,819,117	-	153,626,945	2,998,934	359,059,208
Adjustments	-	(10,923,628)	(8,495,765)	-	(120,940,062)	(6,191,280)	(146,550,735)
<b>December 31, 2020</b>	<b>876,177,353</b>	<b>240,236,356</b>	<b>1,316,311,435</b>	<b>27,569,241</b>	<b>3,020,855,658</b>	<b>231,006,847</b>	<b>5,712,156,890</b>
<b>ACCUMULATED DEPRECIATION</b>							
January 1, 2020	1,470,337	101,669,779	200,209,852	-	1,642,825,081	151,371,970	2,097,547,019
Depreciation	27,716	25,106,380	239,479,446	-	341,030,230	22,064,838	627,708,610
Adjustments	-	(4,513,280)	(6,331,244)	-	(39,565,641)	(3,975,144)	(54,385,309)
<b>December 31, 2020</b>	<b>1,498,053</b>	<b>122,262,879</b>	<b>433,358,054</b>	<b>-</b>	<b>1,944,289,670</b>	<b>169,461,664</b>	<b>2,670,870,320</b>
<b>Net Book Value, Dec. 31, 2020</b>	<b>874,679,300</b>	<b>117,973,477</b>	<b>882,953,381</b>	<b>27,569,241</b>	<b>1,076,565,988</b>	<b>61,545,183</b>	<b>3,041,286,570</b>
<b>Net Book Value, Dec. 31, 2019</b>	<b>874,707,016</b>	<b>101,875,992</b>	<b>969,778,231</b>	<b>27,569,241</b>	<b>1,345,343,694</b>	<b>82,827,225</b>	<b>3,402,101,399</b>

Included under Land and Buildings accounts are the following:

14.1 A parcel of land situated in Quezon City with a total area of 17,231 square meters (sq. m.). This property with a carrying amount of P439.378 million was appraised on January 23, 2017 by an independent appraiser with a fair market value of P1.2 billion. The Head Office of the Corporation 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 (NHA) located in Barangay Pinyahan, East Avenue, Quezon City at a cost of P2.440 million.

14.2 A property with a total area of 4,355 sq. m. acquired from Fort Bonifacio Development Corporation (FBDC), in exchange for the Corporation’s investments in FBDC located in Fort Bonifacio, Taguig City. This asset with a carrying amount of P413.846 million was appraised with a fair market value of P2.613 billion as of December 7, 2018.

14.3 A parcel of lot with total area of 1,544 sq. m. and a building with a total floor area of 3,287 sq. m. purchased by PRO No. III for its permanent Regional Office in San Fernando, Pampanga at a cost of P25.520 million.

The land and building were appraised to have a fair market value of P74.605 million as of January 20, 2017. PRO No. III also purchased a warehouse in San Fernando City, Pampanga with a total area of 1,831 sq. m. and was appraised with a fair market value of P16.240 million as of December 27, 2016.

14.4 A parcel of lot with a total area of 2,897 sq. m. located in Tuguegarao City which will be used as the PRO No. II's Regional Office. This property was received by way of donation, through a MOA executed between the Department of Public Works and Highways (DPWH) Region II and the Corporation. This property which is carried in the books at P4.056 million was appraised with a fair market value of P23.176 million as of January 19, 2017. In compliance with the condition set forth in the MOA to construct PhilHealth's office building within two years from the execution of the Deed of Donation, the Regional Development Council (RDC) II has extended, upon the request of PRO No. II, the construction of the building for another two years per RDC-2 Resolution No. 02-25, series of 2017.

14.5 A parcel of lot with a total area of 600 sq. m. located in Gov. Democrito O. Plaza Government Center, Patin-ay, Prosperidad, Agusan del Sur which will be used as the PRO CARAGA's Local Health Insurance Office (LHIO) San Francisco Corporate Office. This property was received by way of donation, through Deed of Donation executed by the Provincial Government of Agusan del Sur in favor of PhilHealth office. This property is recorded in the books at P1.086 million.

14.6 Summary of Right of Use Assets follows:

Office	2020	2019
Head Office	479,762,130	479,762,130
PRO NCR	167,819,282	165,383,429
PRO CAR	63,592,569	63,592,570
PRO I	19,193,204	14,482,293
PRO III	47,948,907	47,948,907
PRO IV-A	71,107,860	44,178,059
PRO IV-B	98,641,188	38,822,816
PRO V	24,278,093	24,278,093
PRO VI	61,027,138	61,027,138
PRO VII	34,655,504	34,439,747
PRO VIII	9,614,660	9,614,660
PRO X	95,823,072	95,823,648
PRO XI	46,790,139	46,790,139
PRO XII	25,131,313	25,131,313
PRO CARAGA	54,221,602	2,008,368
PRO BARMM	16,704,773	16,704,773
Total	1,316,311,434	1,169,988,083

Details of Right of Use Assets as of December 31, 2020 amounting to P1.316 billion are as follows:

Lessor	Use	Lease Period	Amount
HEAD OFFICE			
Zapanta Realty & Dev't. Corp.	Office Space	06/01/2019 to 05/31/2024	198,829,920
Columbia Estate Properties, Inc.	Office Space	06/01/2019 to 05/31/2024	202,609,160
Columbia Estate Properties, Inc.	Warehouse	03/01/2019 to 02/29/2024	26,963,466
Fortune General Ins. Corp.	Office Space	06/01/2019 to 05/31/2024	14,095,120
Fortune Life Ins. Co., Inc.	Office Space	06/01/2019 to 05/31/2024	37,264,464
Sub-Total			479,762,130
PRO NCR			
Westco Electrical & Equipt. Corp.	PRO Space	12/01/2017 to 11/30/2022	18,795,649
Metro Dry Clean Ventures, Inc.	PRO Warehouse 1	05/01/2016 to 04/30/2021	2,708,024
CAS Properties, Inc.	PRO Warehouse 2	07/16/2018 to 07/15/2023	4,207,384
Columbia Estate Properties	Central Branch Office & LHIO QC	01/01/2018 to 12/31/2022	34,835,751
Fibertex Corporation	LHIO Rizal	03/01/2017 to 02/28/2022	6,689,639
Our Workshop Sales (OWS)	LHIO Fairview	06/01/2017 to 05/31/2022	6,148,054
Intraland Resource, Inc.	North Branch Office	01/01/2017 to 12/31/2021	13,290,782
Guru Property Dev't. & Mgt. Corp.	LHIO Caloocan	12/01/2017 to 11/30/2021	6,901,710
Lica Management, Inc.	LHIO Mandaluyong	05/02/2018 to 04/30/2023	8,816,271
Cromagen Land Corporation	South Branch Office	07/01/2019 to 06/30/2024	40,845,095
Industrial Timber Corporation	LHIO Makati	04/01/2018 to 03/31/2021	903,969
Iriz One Properties Inc.	LHIO Pasig	05/02/2016 to 04/30/2021	6,964,698
Editha Building	LHIO Las Pinas	11/01/2014 to 10/31/2019	1,671,983
BNC Properties, Inc.	LHIO Paranaque	08/01/2018 to 07/31/2022	8,836,419
**for adjustment	Leasehold Improvement		6,203,854
Sub-Total PRO NCR			167,819,282
PRO CAR			
Snobt, Inc.	PRO Space	01/01/2019 to 09/30/2022	36,782,658

Kennon Wood Homes	PRO Warehouse	01/01/2019 to 06/30/2023	14,760,210
Lester Astudillo	Abra Office Space	01/01/2019 to 04/30/2021	774,798
Lester Astudillo	Abra Storage	01/01/2019 to 09/30/2022	277,396
Fe C. Ballesteros	Apayao Office Space	01/01/2019 to 07/31/2022	805,054
Dangwa Transportation Co., Inc.	Benguet Office Space	01/01/2019 to 08/31/2022	5,372,104
Municipality of Mankayan	Benguet Office Space	01/01/2019 to 09/30/2023	437,425
JDT Commercial	Ifugao Office Space	01/01/2019 to 10/31/2022	698,867
JZ Commercial Space	Kalinga Storage	01/01/2019 to 07/31/2022	411,375
Rosemarie Maliaman-Agus	Kalinga Office Space	01/01/2019 to 09/30/2022	666,194
Kedawen Rentals	Mt. Province Office Space	01/01/2019 to 02/28/2023	2,606,488
Sub-Total PRO CAR			63,592,569
PRO I			
Goldmaster Holding Corp.	Office Rental	01/01/2020 to 12/31/2020	8,835,706
Paul Jude Realty Co.	PRO Warehouse	01/01/2020 to 12/31/2022	2,769,829
Marmor Realty	LHIO Western Pangasinan	01/01/2020 to 12/31/2022	1,878,942
Monte Fer Building	LHIO Western Pangasinan Warehouse	01/01/2019 to 12/31/2020	82,203
GSV Space Rental	PSO Agoo	01/01/2019 to 01/31/2020	796,306
VVH Realty Corp.	Office Rental	07/01/2020 to 12/31/2020	1,131,303
Henady Real Estate Lessor	LHIO Ilocos Sur	01/01/2019 to 12/31/2021	2,356,826
Stern Real Estate & Dev't. Corp.	PSO Candon	01/01/2019 to 12/31/2020	1,342,089
Sub-Total PRO I			19,193,204
PRO III			
Dona Rita Realty Corp.	Branch Office	03/01/2016 to 02/28/2021	11,403,079
Dona Rita Realty Corp.	LHIO Malolos	04/01/2016 to 03/31/2021	5,907,079
Vicente Lim	Warehouse	04/10/2019 to 03/31/2024	13,562,850
Juan D. Nepomuceno Sons, Inc.	LHIO Angeles	06/01/2015 to 05/31/2020	2,101,347
Tarlac MetroTown Corp.	LHIO Tarlac	02/01/2017 to 01/31/2022	3,309,626
Juanita T. Pancho	LHIO Olongapo	05/01/2015 to 04/30/2020	1,373,012
Alfredo B. Zabala	LHIO Bataan	04/01/2016 to 03/31/2021	2,372,422
Tioseco Sta. Ines Properties	LHIO Gapan	03/01/2015 to 02/28/2020	1,104,060
Abe & Luth Property Leasing	LHIO Sta. Maria	09/01/2017 to 08/31/2022	6,150,873
Ellmac Primeholdings, Inc.	LHIO Baler	02/01/2016 to 01/30/2021	664,559
Sub-Total PRO III			47,948,907
PRO IV-A			
Lucena Grand Central Terminal, Inc.	Storage Space	10/01/2019 to 09/30/2024	4,231,115
Lucena Grand Central Terminal, Inc.	Storage Space	09/01/2019 to 02/28/2022	1,273,442
Lucena Grand Central Terminal, Inc.	LHIO Lucena	01/01/2019 to 07/31/2023	4,845,200
Lucena Grand Central Terminal, Inc.	PRO Space	12/01/2019 to 11/30/2024	25,183,214
James L. Uy	LHIO San Pablo	01/01/2019 to 03/31/2020	1,715,914
Kian Seng Trading	LHIO San Pablo Storage Space	01/01/2019 to 10/31/2020	112,372
Calamba Medical Center	LHIO Calamba	11/01/2019 to 10/31/2024	10,484,741
Premium Link Devt. Corp.	LHIO Dasmarias	05/01/2019 to 04/30/2024	14,027,937
One FS Industrial Corp.	LHIO Dasmarias Storage Space	08/01/2019 to 07/31/2024	1,411,917
One FS Industrial Corp.	LHIO Trece Martires	01/01/2019 to 08/31/2023	4,427,683
One FS Industrial Corp.	LHIO Trece Martires Storage Space	08/31/2019 to 07/31/2024	1,268,189
Manuelito Lorica	LHIO Gumaca Office Space	01/01/2019 to 04/30/2020	1,536,586
JVB Building	LHIO Gumaca Storage Space	01/01/2019 to 01/31/2023	589,550
Sub-Total PRO IV-A			71,107,860



PRO IV-B			
Sunview Property Ventures, Inc.	Regional Office Warehouse	11/07/2017 to 10/07/2022	7,026,515
Wildy Dy Tan	LHIO Lipa Warehouse	01/01/2017 to 10/31/2022	1,062,637
Wildy Dy Tan	LHIO Lipa Warehouse	10/24/2018 to 09/242023	4,826,996
Antonio Ramos, Jr. MD	LHIO Occidental Mindoro	12/11/2017 to 11/11/2022	1,346,835
Araceli R. Tan	LHIO Marinduque	09/16/2017 to 09/15/2022	2,926,772
Millorey, Inc.	LHIO Batangas City	09/05/2019 to 08/31/2024	7,252,250
Edgardo P. Perez	LHIO Tanauan	07/01/2017 to 06/30/2020	2,878,611
Bernardo B. Go, Jr.	LHIO Palawan	06/03/2017 to 05/31/2022	5,962,443
Feature Realty Holdings & Dev't. Corp.	LHIO Lemery	11/27/2019 to 11/31/2024	5,539,757
XRC Mall Developer	Regional Office	07/01/2020 to 06/30/2025	59,818,372
Sub-Total PRO IV-B			98,641,188
PRO V			
ANST Building	Regional Office	06/01/2019 to 05/31/2022	24,278,093
Sub-Total PRO V			24,278,093
PRO VI			
Ojcastro, Joseph Royce	LHIO Aklan Office Space	04/01/2017 to 03/31/2022	3,386,270
Ong, Virgilio K.	LHIO Antique Office Space	12/01/2017 to 11/30/2022	2,000,988
426 Holdings, Inc	LHIO Bacolod Office Space	10/17/2017 to 10/16/2022	6,785,115
426 Holdings, Inc	LHIO Bacolod Office Space	07/01/2017 to 06/30/2022	502,212
Pueblo de Panay, Inc.	LHIO Capiz Office Space	01/01/2018 to 12/31/2022	5,957,059
Heva Management and Development Corp.	LHIO Iloilo Office Space	01/01/2017 to 12/31/2022	4,214,732
Heva Management and Development Corp.	PRO Space	01/01/2017 to 12/31/2021	31,002,599
Heva Management and Development Corp.	PRO Warehouse	01/01/2017 to 12/31/2021	3,673,842
Pedro P. Zayco	LHIO Kabankalan Office Space	10/01/2017 to 09/30/2022	1,394,496
Northern Negros Planters Association, Inc.	LHIO Sagay Office Space	01/01/2017 to 12/31/2021	1,084,240
Roman Catholic Archbishop of Jaro	LHIO Sara Office Space	03/01/2017 to 02/28/2022	1,025,585
Sub-Total PRO VI			61,027,138
PRO VII			
Province of Siquijor	Office Space	01/01/2017 to 12/31/2026	2,585,426
Municipality of Talibon	Office Space	08/31/2017 to 07/31/ 2022	444,237
Verde Linear Building Warehouse	Warehouse	01/16/2018 to 01/15/2023	9,827,076
Elsita A. Panizales (Bais)	Office Space	07/01/2019 to 06/30/2021	1,026,040
Carcar City - LGU	Office Space	07/22/2019 to 06/21/2024	6,160,726
JGY Land Corporation	Office Space	09/16/2019 to 09/15/2024	14,396,243
Talibon DC General Merchandise	Warehouse	03/16/2020 to 03/15/2025	215,756
Sub-Total PRO VII			34,655,504
PRO VIII			
R.K. Eng'g. & Construction Works	Office Space	07/01/2019 to 06/30/2024	1,853,819
MAV Properties	Office Space	04/16/2019 to 04/15/2024	6,016,069
EC Cereno Rental Services	Office Space	07/01/2019 to 06/30/2024	1,744,772
Sub-Total PRO VIII			9,614,660
PRO X			
Limketkai and Sons, Inc.	Regional Office	01/04/2019 to 05/03/2023	89,680,815
Q & G Chua Trading Corp.	LHIO Valencia	01/01/2019 to 06/30/2023	1,678,138
Q & G Chua Trading Corp.	LHIO Valencia Stock Room	01/01/2019 to 06/30/2023	195,783
F.E. Chua	LHIO Valencia	01/01/2019 to 06/30/2023	1,012,105

Jimmy O. Lim	LHIO Ozamiz	07/01/2019 to 06/30/2022	3,256,231
Sub-Total PRO X			95,823,072
PRO XI			
DDIS Inc.	Warehouse	06/01/2017 to 05/31/2022	3,673,230
Valgosons Realty Incorporated	Office Space	01/16/2019 to 01/15/2024	43,116,909
Sub-Total PRO XI			46,790,139
PRO XII			
CSA Building	Regional Office	No data	25,131,313
Sub-Total PRO XII			25,131,313
PRO CARAGA			
Abcalo Commercial Building	Office Space	07/01/2020 to 06/30/2025	43,598,301
Mn Bayalas Commercial	LHIO Bislig	03/01/2020 to 02/28/2025	4,877,827
Primeglee Corporation	LHIO Surigao	05/01/2020 to 04/30/2023	3,769,172
JTP Realty	LHIO Tandag	02/01/2018 to 01/31/2021	1,976,302
Sub-Total PRO CARAGA			54,221,602
PRO BARMM			
Kouzbury Builders	PRO Space	01/01/2019 to 12/31/2023	16,704,773
Total PRO BARMM			16,704,773
GRAND TOTAL			1,316,311,434

15. INTANGIBLE ASSETS

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

	2020	2019
Cost, January 1, 2020	267,770,907	297,797,696
Additions/Deductions	167,165,810	45,900,476
Cost, December 31, 2020	434,936,717	343,698,172
Accumulated amortization	(210,704,900)	(75,927,265)
	224,231,817	267,770,907

16. OTHER ASSETS

This account consists of the following:

	2020	2019
Advances to disbursing officers	100	674,581
Advances to officers and employees	643,131	1,211,032
Prepayments	38,851,547	32,619,252
Deferred charges	94,006	771,659
Guaranty deposits	103,294,526	96,143,856
	142,883,310	131,420,380
DBM (transfer of NHIP Program from GSIS to PhilHealth)	155,235,240	155,235,240
PCSO (Enhanced GMA Program)	-	115,000,000
PDIC (per MB Resolution 459 dated April 7, 2005)	327,103	327,103

COA disallowances of former officers and employees	1,456,749	1,456,749
PROs (from various Health Providers-Debit Credit Scheme)	635,559	635,559
Unserviceable equipment	54,218,336	55,634,816
Serviceable equipment	1,919,814	3,678,768
Receivable from NGAs	394,741,430	394,741,430
Receivable from PCSO	283,800	100,566,336
Receivable from LGUs	437,719,969	455,575,301
Other assets – intangible	6,152,104	5,221,886
Gross Long-term receivable	1,052,690,104	1,288,073,188
Less: Allowance for doubtful accounts	(946,690,221)	(1,155,313,252)
	105,999,883	132,759,936
	248,883,193	264,180,316

16.1 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 amounts of P100 and P0.675 million as at December 31, 2020 and 2019, respectively, represent available funds from the said officers as of reporting date.

16.2 Advances to Officers and Employees amounting to P0.643 million and P1.211 million as at December 31, 2020 and 2019, respectively, represent cash advances granted to authorized officers and employees for legal authorized purpose such as local and foreign travels.

16.3 Prepayments amounting to P38.852 million and P32.619 million as at December 31, 2020 and 2019, respectively, represent authorized payments made for the purchase of goods from the Procurement Service of the DBM as well as insurance of motor vehicles of the Corporation from the Government Service Insurance System (GSIS).

16.4 Deferred Charges amounting to P94,006 and P0.772 million as at December 31, 2020 and 2019, respectively, represent Debit/ Credit Scheme (DCS) transactions. For CY 2019, it includes the unused portion of the amount of benefit claims paid to various Health Care Providers (HCPs). This payment was made by PRO No. VIII in compliance with the PBR No. 1855, s. 2013 which provides a mechanism for extending substantial aid to the affected HCIs in the aftermath of the 'Super Typhoon Yolanda'. A total of P302.473 million was paid to the HCPs and of this amount, P301.795 million claims have been processed leaving a balance of P0.678 million as of December 31, 2019, this was reclassified to other receivables in CY 2020.

16.5 Guaranty Deposits amounting to P103.295 million and P96.144 million as at December 31, 2020 and 2019, respectively, represent transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals.

16.6 Long Term Receivable from the DBM amounting to P155.235 million as at December 31, 2020 and 2019 represents surcharges for late remittance of the employer counterpart for premium contribution. However, allowance for doubtful account of the same amount was provided after evaluation of factors such as aging of accounts, collection experience in relation to particular receivable and identified doubtful accounts.

16.7 Long Term Receivable from Philippine Charity Sweepstakes Office (PCSO) amounting to P115.000 million as at December 31, 2019 represents the balance of the account for the premium counterpart of various LGUs under the Enhanced PCSO – Greater Medicare Access (PCSO-GMA) Program. The said long term receivable was already collected from PCSO as of December 31, 2020.

16.8 Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to P327,103 as at December 31, 2019 and 2020 was pursuant to Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation.

16.9 Disallowances amounting to P1.457 million as at December 31, 2020 and 2019 refer to disbursements from CYs 1995 to 1999 for travel expenses, employees' benefits, and purchases of goods and services that were subsequently disallowed by the Commission on Audit (COA). Subsidiary ledgers for these disallowances are being maintained and kept for ready references.

16.10 The DCS amounting to P0.636 million as at December 31, 2020 and 2019 refers to the balance of advance payment to HCPs for the year 1999. Allowance for doubtful accounts of P115,626 for PRO No. VII; P9,698 for PRO No. X; P11,394 for PRO No. IV-A; P37,352 for PRO No. V; P76,184 for PRO No. VI and P17,609 for PRO CARAGA, or a total of P267,863 was provided due to closure of the hospital facilities.

16.11 Unserviceable Equipment account amounting to P54.218 million and P55.635 million as at December 31, 2020 and 2019, respectively, represents various equipment that are already for disposal. Serviceable Equipment account amounting to P1.920 million and P3.679 million as at December 31, 2020 and 2019, respectively, represents pieces of equipment which are still functional but already obsolete and fully depreciated and ready for disposal. These serviceable and unserviceable equipment accounts shall be further reclassified as Non-Current Asset – Held for Sale, once the requirements set upon by the Standard are met.

16.12 Receivable from NGAs amounting to P394.741 million as at December 31, 2020 and 2019 represents deficiency in employer share of the Health Insurance Premium Contributions to the Corporation by different government agencies nationwide for CYs 2001 to 2008.

16.13 Receivable from PCSO represents remaining unpaid billings for the enrollment of indigent families in the amount of P283,800 under the PCSO-GMA program for CYs 2003 and 2005.

16.14 Receivable from LGUs represents long overdue premium contributions from various cities and municipalities all over the Philippines for the enrollment of their respective constituents under the Sponsored Program of the Corporation. It was reclassified from Current Receivable to Other Assets in compliance with COA recommendation per Audit Observation Memorandum (AOM) No. 2015-22 (14) dated May 5, 2015, details as shown on the table.

PRO	2020	2019
NCR	1,307,600	1,428,200
CAR	22,984,568	11,450,712
I	38,805,892	39,839,267
II	15,914,961	21,532,741
IV-A	14,124,485	14,124,485
IV-B	938,740	938,740
V	285,953,173	286,037,068
VIII	12,143,182	28,916,462
IX	-	230,259
X	26,700,975	29,200,974
XI	16,918,141	19,918,141
BARMM	1,928,252	1,958,252
Total	437,719,969	455,575,301

16.15 Allowance for doubtful accounts was provided for the following uncollectible receivable accounts as recommended by COA per AOM No. 17-003 dated February 28, 2017 in accordance with COA Circular No. 2016-005 dated December 19, 2016 and based on the Corporation's policy on the setting up of allowance for doubtful/ uncollectible accounts receivable per PhilHealth Corporate Order No. 2017-0010 dated January 20, 2017.

	2020	2019
DBM (transfer of NHIP Program from GSIS to PhilHealth)	155,235,240	155,235,240
PCSO (Enhanced GMA Program)	-	115,000,000
PDIC (per MB Resolution 459 dated April 7, 2005)	327,103	327,103
PROs (from various Health Providers-DCS)	267,863	267,863
Receivable from NGAs	394,741,430	394,741,430
Receivable from PCSO	-	100,566,336
Receivable from LGUs	396,118,585	389,175,280
Total Allowance for Impairment	946,690,221	1,155,313,252

16.16 Per PhilHealth's Corporate Order No. 2017-0010, the Corporation shall establish and maintain an Allowance for Doubtful Accounts/ Impairment Accounts representing an estimate of the amount of accounts receivable that will not be collected. The goal in recording this allowance is to show, as accurately as possible, the net realizable value of accounts receivable on the financial reports. The allowance for uncollectible accounts shall be updated at the end of the fiscal year. The Corporation shall adopt the Allowance Method in recording bad debts in its books of account and use the Specific Identification Method in determining the amount of uncollectible in setting up the allowance for doubtful accounts.

16.17 Other Assets – Intangible – These are reclassified from Intangible Assets accounts and are fully amortized and left only with their residual value.

17. FINANCIAL LIABILITIES

This account consists of:

	2020	2019
ACCOUNTS PAYABLE	7,452,516,468	7,753,219,339
Personnel services (PS)	624,158,605	2,032,141,904
Maintenance and other operating expenses (MOOE)	1,136,200,147	1,125,933,981
Capital expenditure (CAPEX)	276,683,241	296,820,273
Benefit Claims Processed	5,317,814,480	4,124,188,649
Benefit Claims Processed-PCB	97,659,995	174,134,532
ACCRUED BENEFITS PAYABLE	99,061,105,693	71,267,938,336
ICS	15,862,773,693	21,921,630,105
ICS-Return to hospital (RTH)	5,372,520,762	-
IBNR	64,574,818,536	36,086,348,280
PCB	13,250,992,702	13,259,959,951
Due to officers and employees	282,798,743	-
Operating lease payable	2,336,296	-
Finance lease payable	905,503,725	998,262,164
Tax refund payable	4,760,216	1,603,117
Other financial liabilities	15,000	-
Total	107,709,036,141	80,021,022,956

17.1 Included in the other payable is the accrued PS for Welfare Support Assistance (WESA) from CYs 2012 to 2019. Below is the basis of accruing the said assistance, to wit:

The PhilHealth BOD issued PBR No. 385, s. 2001, granting the payment of the WESA of P4,000 each to all qualified employees effective January 01, 2001. This is in lieu of the subsistence and laundry allowances paid to public health workers under RA No. 7305, otherwise known as the *Magna Carta of Public Health Workers*. However, on February 07, 2008, the COA issued Notice of Disallowance (ND) PHIC 2008-003 (2004) disallowing the payment of WESA contending that the payment was made without legal basis in the absence of approval from the Office of the President. On Appeal, the COA en banc sustained the disallowance.

PhilHealth then filed a Petition before the Supreme Court seeking to reverse and set aside the Decision of the COA. The Supreme Court in its Decision dated November 29, 2016, held that the Health Secretary approved the grant of the WESA together with ten (10) other members of the Board does not make the act any short of the approval required under the law. As far as the Magna Carta and its Revised Implementing Rules and Regulations (IRR) are concerned, the then Health Secretary Dr. Alberto G. Romualdez, Jr. voted in favor of the WESA's issuance, and for as long as there exists no deception or coercion that may vitiate his consent, the concurring votes of his fellow BOD members does not change the fact of his approval. PhilHealth's grant of the WESA was aptly sanctioned not only by Section 12 of the Salary Standardization Law (SSL) which explicitly identifies laundry and subsistence allowance as excluded from the integrated salary, but also by statutory authority, particularly, Sections 22 and 24 of the Magna Carta. In view of such fact, the PhilHealth officers cannot be found to have approved the issuance of the same in bad faith or in gross negligence amounting to bad faith for it was well within the parameters set by law.

As a result of the decision of the Supreme Court (G.R. No. 213453) reversing the ND and COA decision on WESA on November 29, 2016, PhilHealth Management, with the concurrence of the BOD, decided that such WESA should be given retroactive effect so that the rate

of WESA, in lieu of Subsistence and Laundry Allowances, at P4,000 shall be deemed continuously granted starting February 2012 after its restoration by virtue of the PhilHealth BOD Resolution dated December 2019.

Such an interpretation is consistent with the constitutionally-protected right of labor and that any doubt in the interpretation of laws, including compensation laws, should be resolved in favor of labor. Section 3 of **Article XIII** of the **1987 Constitution** on Social Justice and Human Rights reads: "The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all." Section 18, **Article II** of the **1987 Constitution** states that "[t]he State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare" and Section 10 declares that "[t]he State shall promote social justice in all phases of national development."

As at December 31, 2020, the remaining balance for WESA is P95.678 million.

17.2 Benefit claims processed amounting to P5.318 billion and P4.124 billion as at December 31, 2020 and 2019, respectively, represent benefit payment checks still in the possession of the Corporation.

17.3 The Benefit Claims Processed -PCB amounting to P97.660 million and P174.135 million as at December 31, 2020 and 2019, respectively, represent PCB payment checks still in the possession of the Corporation.

17.4 Accrued Benefits Payable - ICS amounting to P21.235 billion and P21.922 billion as at December 31, 2020 and 2019, respectively, are benefit claims in process as of the reporting period. The account is composed of claims in process and claims that are not yet encoded in the system. Claims that are not yet encoded in the system multiplied by the average value per claim are added to the extracted amount of claims in process to come up with the total amount of accrual for ICS. Starting 2019, the estimate is based on the case rate amount extracted from the N-Claims.

17.5 Accrued Benefits Payable – IBNR amounting to P64.575 billion and P36.086 billion as at December 31, 2020 and 2019, respectively, are claims which are actuarially estimated to be in the possession of the HCIs as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per Corporate Order No. 2015-0017 dated December 8, 2015.

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.

17.6 Accrued Benefits Payable - PCB amounting to P13.251 billion and P13.260 billion as at December 31, 2020 and 2019, respectively, are claims which are actuarially estimated.

17.7 Due to Officers and Employees amounting to P282.799 million as at December 31, 2020 represent liability to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees. However, in CY 2019, it was lodged to PS.

17.8 Operating Lease Payable account amounting to P2.336 million as at December 31, 2020 represents accrual for Rental expense which did not qualify as finance lease or right of use assets.

17.9 Finance Lease Payable amounting to P905.504 million and P998.262 million as at December 31, 2020 and 2019, respectively are lease payable of the Corporation mostly office and warehouse rental ranging from 1 to 5 years.



18. INTER-AGENCY PAYABLES

This account consists of:

	2020	2019
Due to BIR	127,108,007	116,691,998
Due to GSIS	52,636,987	59,253,977
Due to Pag-IBIG	3,302,888	2,938,395
Due to PhilHealth	6,688,796	6,124,285
Due to other NGAs	10,529,468	10,518,000
Due to other government corporation	421,336,489	751,489
Due to LGUs	2,810,833	6,654,534
<b>Total</b>	<b>624,413,468</b>	<b>202,932,678</b>

18.1 Due to BIR consists of liability for income taxes withheld from employees’ compensation and for taxes withheld from payment to suppliers and health service providers for the account of the BIR.

18.2 Due to GSIS, Due to Pag-IBIG and Due to PhilHealth comprise of amortization of loans availments, life and retirement insurance premiums payable to GSIS, contributions and amortization of loan availments payable to Pag-IBIG fund, and medical insurance premiums payable to PhilHealth deducted from the salaries of the Corporation’s officials and employees and the employer’s counterpart.

18.3 Due to Government Corporations refer to receipt of funds from PCSO for COVID-19 related packages.

19. TRUST LIABILITIES

This account consists of:

	2020	2019
UNFPA Project	37,244	36,800
Unclaimed Refund from Health Care Providers	311,857,534	312,270,346
AHP - Protest Bond	9,815,000	6,275,000
Donations	8,826,740	8,845,550
Performance/bidders bond payable	31,321,958	30,679,641
Retention fee	38,475,384	34,609,577
Global Development Project	1,923,583	1,872,296
Philippine Training Institute	5,216,171	4,793,157
Philippine Training Institute-NSSF	245,886	-
PhilHealth Run 2013	900	900
PhilHealth Run 2015	872,605	563,205
Calamity fund	127,750	127,260
PhilHealth Provident Fund	21,136,154	17,467,851
Others	28,679,454	110,399,776
<b>Total</b>	<b>458,536,363</b>	<b>527,941,359</b>

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

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

	2020	2019
Westmont Investment Corporation	2,945,656	2,945,656
Strategies and Alliance Corporation	3,679,319	3,698,129
LBP	110,000	110,000
Donation received by PROs	2,091,765	2,091,765
<b>Total</b>	<b>8,826,740</b>	<b>8,845,550</b>

20. OTHER PAYABLES

This account consists of:

	2020	2019
Undistributed collections	329,092,713	-
Due to Non-government organization/civil society	433,329	-
Other payables – others	409,972,448	6,643,577
<b>Total</b>	<b>739,498,490</b>	<b>6,643,577</b>

20.1 Undistributed Collections refer to unidentified premium collections, remittances of ACAs and accreditation fees credited to PhilHealth bank accounts as of December 31, 2020.

20.2 Other Payables – Others include employees’ association dues to PhilHealth White, amortization of loans to PHICEA, and PROs cooperative deducted from the salary of the PhilHealth employees.

21. DEFERRED CREDITS/UNEARNED INCOME

This account consists of the following:

	2020	2019
Advance premium by informal economy	556,083,542	477,768,364
Premium contribution for NHTS enrollment (CYs 2013 and 2014)	516,844,200	516,844,200
Accreditation Fees – ACAs	642,969	636,114
Accreditation fees – HCPs	1,739,000	1,465,900
Subsidy from LGUs	42,812,788	33,478,533
Others	65,461,913	93,589,940
<b>Total</b>	<b>1,183,584,412</b>	<b>1,123,783,051</b>

Other deferred credits/unearned income 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.

22. LEAVE BENEFITS PAYABLE

Leave benefits payable amounting to P1.208 billion and P849.149 million as at December 31, 2020 and 2019, respectively, represent money value of the earned leave credits of officers and employees of PhilHealth.

23. PROVISION FOR INSURANCE CONTRACT LIABILITIES (ICL)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined using assumptions considered appropriate for the policies in force. The actuarial valuation is based on PFRS 4 and projected/estimated by the Actuary which was subjected to deliberation and approval of the PhilHealth Board.

Provision for ICL

Provision for ICL is the best estimate that relates to expected future claim payments and related expenses to be incurred after the valuation date, arising from future events. This shall be calculated as the best estimate of future claims and expenses.

The following are the Actuarial assumptions used in the computation of ICL:

Requisite Information	Assumptions Used
Valuation	Closed group valuation
Mortality rates	In accordance with the Philippine Inter Company Mortality Study per age group
Discount rates	Discount rates for Non-Life Insurance Policy Reserves as of June 2020 (Ref. CL No. 2020-78) from Insurance Commission
Inflation rate	3% as historical average and conservative projection
Salary increase rate	3% for Private, 4% for Government, 0% for IPP and OWP
On premium increase	As per RA No. 11223, providing increments of 0.5% to reach 5% by 2024; deferred implementation is 2020
On benefits	KONSULTA and Comprehensive OPB deferred for 1 year and other legislated benefits of UHC Law
Operating expense	7.5% as ceiling by Operating Budget

(a) Government, Private, IPP and OWP Present Value of Benefits recognition until 59 years old;

(b) Indigent, Lifetime Members and Senior Citizen Present Value of Benefits as legislated coverage;

(c) Insurance Commission Rates were used for the Discounting Rate CL No. 2020-78 as of June 30, 2020;

(d) Lifespan according to the latest World Health Organization (WHO) Data except to the Senior Citizen and Lifetime Members; and

(e) Government Premiums through General Appropriations Act (GAA) included in the inflow as discounted using the Insurance Commission Rates.

Provided further, that for the sector of Government, Private, Individually Paying and Overseas Worker, the projection for the Insurance Liabilities would be commensurate to the period they are contributing at 59 years old. This is not to overwhelm the liability on the provision as they will fold-in the Lifetime Members as they reach 60 years old and to ascertain their benefits proportionate to the contributions as PhilHealth allocates the premiums and invest for future expenses.

ICL Computation

Following the assumptions aforementioned and applying prudence based on the limitation on the sectors identified, the ICL as approved by the BOD to be reflected in PhilHealth’s books of accounts are as follows:

Sectors	PV of Contributions	PV of Benefit Expense	ICL Provision
Government	641,786,367,444	258,581,040,919	383,205,326,525
Private	2,080,577,255,293	1,163,623,780,424	916,953,474,869
IPP	147,096,556,203	1,121,341,184,775	(974,244,628,572)
OWP	7,740,802,664	341,679,894,588	(333,939,091,924)
Indigent	-	2,423,035,586,161	(2,423,035,586,161)
Lifetime	-	112,166,764,860	(112,166,764,860)
Senior Citizen	-	655,028,409,504	(655,028,409,504)
<b>Total</b>	<b>2,877,200,981,604</b>	<b>6,075,456,661,231</b>	<b>(3,198,255,679,627)</b>
Sensitivity Analysis Impact			2,184,000,000,000
<b>Net Impact</b>			<b>(1,014,255,679,627)</b>

The approved computation shall be used to record the ICL, subject to remeasurement. The updated calculations shall be presented for review to the Insurance Commission as recommended by the COA.

Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of ICL. The following are the considerations for the prospective valuation of the predictive data:

Requisite Information	Review Considerations
Valuation	Following the “Seriatim Method”, calculation of reserves shall be per member
Inflow Base Rate	Review of salary increase assumptions
Utilization Rate	Incorporation of persistency rates
Medical Expense	Conduct of expense analysis study for specific operating expense assumption
Survival Rate	Conduct of morbidity study and morality study
Average Cost per Case	Conduct of medical inflation study

In performing the test, current best estimates of future cash flows and claims handling. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy is

immediately charged to profit or loss by establishing an insurance contract liabilities provision for losses arising from the liability adequacy tests.

24. MEMBERS’ EQUITY

Members’ Equity consists of the following:

	2020	2019
Surplus (Disallowance)	-	1,783,347
Reserve fund	140,874,550,031	109,956,240,991
Provision for ICL	(992,593,062,892)	-
<b>Total Members’ Equity</b>	<b>(851,718,512,861)</b>	<b>109,958,024,338</b>

The negative effect of the Members’ Equity was due to the recognition of the Provision for ICL. The provision is an estimated future liability which is actuarially computed.

24.1 Surplus

	2020	2019
Surplus at the beginning of year	1,783,347	1,783,347
Net income	30,059,727,640	4,658,167,671
Prior year’s adjustments	858,581,400	-
Adjustment of contingent capital	(1,783,347)	-
Total surplus	30,918,309,040	4,659,951,018
Surplus transferred to reserve	(30,918,309,040)	(4,658,167,671)
<b>Surplus at Year-End</b>	<b>-</b>	<b>1,783,347</b>

Prior Year’s Adjustments were closed to Retained Earnings.

Premium contributions	382,324,216
Accreditation income	57,722
Interest income	25,148,035
Other income	4,026,595
Fines and penalties	5,038,509
Personnel services	10,441,973
Other operating expenses	16,456,096
Other financial charges	(2,599,512)
Non-cash expense	(5,419,332)
Member’s benefits expense	423,107,098
<b>Total</b>	<b>858,581,400</b>

24.2 Reserve Fund

	2020	2019
Reserve at January 1	109,956,240,991	105,298,073,320
Surplus transferred to reserve	30,918,309,040	4,658,167,671
<b>Reserve Fund</b>	<b>140,874,550,031</b>	<b>109,956,240,991</b>

The Reserve Fund is recorded per Office Order No. 0145, series of 2012 which is based on the provisions of Section 27 of RA No. 7875, as amended by RA No. 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 P306.600 billion, 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 is not needed to meet the current expenditure obligations or used for the above-mentioned 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.”

The fund for the Lifetime members based on the actuarial estimate is allocated in the Reserve Fund while the remaining portion is allocated for the Active members.

25. PREMIUM CONTRIBUTIONS

Details of Premium Contributions are as follows:

	2020	2019
<b>DIRECT CONTRIBUTORS</b>	85,569,185,891	77,069,857,223
Government	22,716,799,525	18,403,701,820
Private	55,209,834,620	50,461,085,141
Enterprise owner	218,278	161,200
Household help / Kasambahay	52,046,871	62,053,679
Migrant workers	343,906,401	1,021,834,517
Informal sector	4,713,745,564	4,171,188,007
Self earning Individuals	2,297,818,185	2,186,024,175
Organized group	216,365,485	126,652,756
Women about to give birth	2,089,051	618,808,948
Filipinos with dual citizenship	433,817	2,212,042
Naturalized Filipino citizen	404,515	211,775
Citizens of other countries working residing in the Philippines	11,919,745	11,668,188
Foreign retirees	3,603,834	4,254,975
<b>INDIRECT CONTRIBUTORS</b>	63,425,436,284	69,365,170,649
Indigents - NHTS	30,290,011,200	30,407,378,400
Senior citizens	31,177,190,000	33,868,279,600
Special government programs	52,687,200	106,209,600
Bangsamoro	-	48,148,800
PAMANA	52,687,200	58,060,800
Sponsored	1,905,547,884	4,983,303,049
NGAs	16,800	2,160,000
LGUs	1,026,185,165	2,008,250,049
POS	832,684,570	2,965,037,300
PWD	41,356,800	-
Others	5,304,549	7,855,700
	<b>148,994,622,175</b>	<b>146,435,027,872</b>

The amounts collected came from the following members in accordance with Title III, Section 5 of the IRR of RA No. 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:

- Government employees;
- Private employees;
- All other workers rendering services, whether in government or private offices, such as job order contractors, project-based contractors and the likes;
- Owners of micro enterprises;
- Owners of small, medium and large enterprises;
- Household Help – as defined in RA No.10361 or “Kasambahay Law”; and
- Family Drivers.
- Migrant Workers;
- Informal Sector;
- Self-Earning Individuals;
- Filipinos with Dual Citizenship;
- Naturalized Filipino Citizens;
- Citizens of other countries working and/or residing in the Philippines;
- Women about to give birth; and
- Foreign Retirees (Registered with Philippine Retirement Authority or PRA).

(b) Income from the Indirect Contributors come from the premium contributions of the following:

- Premium contributions recorded as income for Indigent – NHTS come from the National Government (NG) as appropriated in the GAA.
- Premium contributions from the sponsored members are being paid by another individual, government agency, or private entity according to the rules as may be prescribed by the Corporation.
- Premium contributions for special government programs come from the NG as appropriated in the GAA.
- Premium contributions for Senior Citizen or Elderly come from the NG as appropriated in the GAA. However, the unpaid balance per billing was not recognized as income but a disclosure only since only the Special Allotment Release Order (SARO) was released. The SARO released was disclosed in other significant and relevant information in this notes to financial statements as recommended by PhilHealth’s BOD (Note 32).

26. INTEREST AND OTHER INCOME

Interest and other income account is as follows:

	2020	2019
<b>INTEREST INCOME:</b>		
Investment securities at amortized cost	6,643,293,352	6,445,144,391
SSDs	2,154,744,391	1,489,811,647
Savings and current deposits	3,109,848	2,387,599
	<b>8,801,147,591</b>	<b>7,937,343,637</b>
<b>OTHER INCOME:</b>		
Accreditation fees – HCPs	19,574,505	26,657,822
Fines and penalties	56,841,705	92,636,976
Rent income	490,600	490,600
Income from grants and donations	-	1,086,000

Gain on foreign exchange	33,617	(45,503)
Sale of disposed/ unserviceable property	551,304	342,450
Gain on sale of property, plant and equipment	30,972	53,977
Miscellaneous income	234,702,326	73,169,089
	<b>312,225,029</b>	<b>194,391,411</b>
	<b>9,113,372,620</b>	<b>8,131,735,048</b>

26.1 Miscellaneous Income

This account consists of income ranging from one hundred thousand and above which includes penalties from supplier and Unclaimed Benefit Refund (UBR) amounting to P45.398 million which was reverted back to the fund after two years of publication in the PhilHealth’s website portal per recommendation of the COA in the 2018 Annual Audit Report. For PROs, this includes income from sale of valueless records, forfeited performance security and refund of benefit payment collected from delinquent employers.

26.2 Rent Income

This is an income earned from the portion of PRO No. III office building being leased out to a private entity.

27. BENEFIT CLAIMS EXPENSES

Details of this account are as follows:

	2020	2019
<b>MEMBERS’ BENEFITS FOR DIRECT CONTRIBUTORS</b>		
Private	13,873,277,860	20,342,381,763
Government	5,887,964,494	8,628,320,982
Enterprise owner	712,290	956,928
Household help / Kasambahay	14,374,430	21,663,540
Family driver	290,090	231,280
Informal economy	33,299,234,416	24,379,873,989
Lifetime member	-	13,057,946,692
<b>INFORMAL ECONOMY</b>		
Indigent - NHTS	29,607,884,126	36,465,259,126
Sponsored	7,298,754,362	10,918,615,838
Senior citizens	27,198,499,530	23,144,595,748
<b>Interim financing mechanism (IFM)</b>	<b>3,722,166,577</b>	<b>-</b>
<b>Total</b>	<b>120,903,158,175</b>	<b>136,959,845,886</b>

Benefit Claims Expenses for CYs 2020 and 2019 are recognized at the date of confinement.

The benefit claims also include PCB which are actuarially estimated as of December 31, 2019. The same are expected to be paid based on the existing policy on payment of the PCB PFP (per family payment rate).

The Lifetime Members benefit claims expenses for CY 2020 amounting to P6.943 billion were applied against the balance of the Insurance Liability for Lifetime members account previously set-up.

As regards to the reduction in the benefit expense from P139.960 billion in CY 2019 to P120.903 billion in CY 2020, the reason thereof is the expense for lifetime members being accounted as benefit expense in CY 2019, and it was only in CY 2020 when the Corporation has otherwise began charging the expense for the lifetime members against the insurance fund.



28. PERSONNEL SERVICES

Personnel services account includes:

	2020	2019
Salaries and wages	1,875,584,822	1,810,673,774
Other compensation	1,835,348,484	1,809,377,198
Statutory contributions	723,645,136	654,075,972
Other personnel services	373,217,156	274,745,633
<b>Total</b>	<b>4,807,795,598</b>	<b>4,548,872,577</b>

29.1 MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2020	2019
<b>Travelling expenses</b>	<b>21,946,983</b>	<b>177,658,473</b>
Travelling expenses – local	21,946,983	176,379,857
Travelling expenses – foreign	-	1,278,616
<b>Training and scholarship expenses</b>	<b>8,360,380</b>	<b>89,226,217</b>
<b>Supplies and materials expenses</b>	<b>135,935,188</b>	<b>169,673,370</b>
<b>Semi-expendable expenses</b>	<b>10,841,699</b>	<b>22,140,609</b>
<b>Utility expenses</b>	<b>134,088,923</b>	<b>153,285,044</b>
Water expenses	6,652,320	9,484,868
Electricity expenses	127,436,603	143,800,176
<b>Communication expenses</b>	<b>194,046,763</b>	<b>202,172,764</b>
Postage and courier services	23,418,450	25,396,358
Telephone expenses	73,434,813	74,795,696
Internet subscription expenses	96,664,395	101,040,680
Cable, satellite, telegraph and radio expenses	529,105	940,030
<b>Awards/rewards, prizes and indemnities</b>	<b>3,189,690</b>	<b>5,015,408</b>
<b>Survey, research, and development expenses</b>	<b>30,659,588</b>	<b>42,953,152</b>
<b>Confidential, intelligence and extraordinary expenses</b>	<b>4,714,428</b>	<b>6,241,689</b>
<b>Professional services</b>	<b>253,301,815</b>	<b>172,482,505</b>
Auditing services	63,520,987	60,932,904
Consultancy services	1,224,613	1,324,613
Other professional services	188,556,215	110,224,988
<b>General services</b>	<b>245,130,640</b>	<b>230,386,023</b>
Janitorial services	78,556,265	77,747,448
Security services	166,574,375	152,638,575
<b>Repairs and maintenance</b>	<b>19,870,727</b>	<b>25,505,985</b>
Repairs and maintenance - land improvement	47,450	14,110
Repairs and maintenance - building & other structures	857,497	665,539
Repairs and maintenance - machinery & equipment	8,789,128	11,529,038
Repairs and maintenance - transportation equipment	6,914,897	10,450,284
Repairs and maintenance - furniture & fixtures	369,240	637,215
Repairs and Maintenance - leased assets improvements	2,892,515	2,209,799
<b>Taxes, insurance premiums and other fees</b>	<b>18,387,639</b>	<b>22,083,099</b>
Taxes, duties and licenses	178,868	173,186

29. OTHER OPERATING EXPENSES

This account represents the administrative costs which must be within the limit as prescribed in Section 72, Financial Management of the Revised IRR of RA No.7875, as amended by RA No. 9241 and RA No. 10606, otherwise known as the "National Health Insurance Act of 2013.

	2020	2019
Maintenance and other operating expenses (MOOE)	1,475,420,464	1,869,687,370
Other expenses	139,033,191	235,852,444
Non-cash expenses	722,859,727	6,294,336,972
<b>Total</b>	<b>2,337,313,382</b>	<b>8,399,876,786</b>

Fidelity bond premiums	7,274,824	7,935,875
Insurance expenses	10,933,947	13,974,038
<b>Other maintenance and operating expenses</b>	<b>394,946,001</b>	<b>550,863,032</b>
Advertising, promotional and marketing expenses	37,415,917	128,950,393
Printing and publication expenses	8,206,593	9,048,344
Representation expenses	31,136,287	42,759,330
Transportation and delivery expenses	2,751,500	4,796,684
Rent / lease expenses	239,591,033	163,700,054
Membership dues and contribution to organizations	8,948,982	8,589,322
Subscription expenses	27,596,156	31,837,123
Donations	612,035	141,321
Documentary stamps expense	-	1,175
Major events and conventions expenses	4,406,752	38,594,495
Other MOOE – others	34,280,746	122,444,791
<b>Total</b>	<b>1,475,420,464</b>	<b>1,869,687,370</b>

29.2 FINANCIAL EXPENSES

This account consists of the following:

	2020	2019
Bank charges	13,659	57,881
Interest expenses	47,231,732	133,241,448
Other financial charges	91,787,800	102,553,115
<b>Total</b>	<b>139,033,191</b>	<b>235,852,444</b>

Interest Expenses include the effect of applying PFRS 16 amounting to P47.232 million.

Other financial charges pertain to transaction fees/service fees of ACAs and Accredited Collecting Banks (ACBs), rental fees of National Registry of Scriptless Securities (nRoSS) facility and other financial charges.

29.3 NON-CASH EXPENSES

This account consists of the following:

	2020	2019
<b>Depreciation</b>	<b>627,708,610</b>	<b>537,117,741</b>
Depreciation - land improvements	27,716	27,716
Depreciation - buildings & structures/leasehold improvements	1,299,848	1,299,847
Depreciation – machinery and equipment	328,582,403	284,883,150
Depreciation – furniture and fixtures and books	12,428,297	13,462,250
Depreciation – transportation equipment	22,064,838	21,547,401
Depreciation – right-of-use assets	239,479,446	200,209,851
Depreciation – leased assets improvements	23,806,532	15,687,526
Depreciation – other property, plant & equipment	19,530	-
<b>Amortization - Intangible assets</b>	<b>58,345,765</b>	<b>75,927,265</b>
<b>Impairment loss</b>	<b>36,363,020</b>	<b>5,679,950,268</b>
Impairment loss – loans and receivables	-	23,245,402
Impairment loss – inter-agency receivables	-	5,555,742,000
Impairment loss – other receivables	7,057,200	17,905,980
Impairment loss – property, plant & equipment	5,952,805	-
Impairment loss – other assets	5,678,888	3,291
Impairment loss – intangible assets	17,674,127	83,053,595
<b>Losses</b>	<b>442,332</b>	<b>1,341,698</b>
Loss on forex	63,338	-
Loss on sale of property, plant, & equipment	25	1,341,698
Loss on sale of assets	31,591	-
Loss of assets	322,242	-
Other losses	25,136	-
<b>Total</b>	<b>722,859,727</b>	<b>6,294,336,972</b>

30. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Compensation of key management personnel

The key management personnel refer to the executive team, with the rank of Senior Vice President and up to President and CEO. These individuals have the authority and responsibility for planning, directing, and controlling the activities of the Corporation.

The aggregate compensation of the executive officers for CYs 2020 and 2019 is as follows:

	2020	2019
Salaries and wages	20,100,824	20,220,153
Terminal benefits	-	-
<b>Total</b>	<b>20,100,824</b>	<b>20,220,153</b>

The compensation of BOD for CYs 2020 and 2019 is as follows:

	2020	2019
Honorarium/ per diem	6,176,000	6,746,800
Other benefits	-	1,552,911
<b>Total</b>	<b>6,176,000</b>	<b>8,299,711</b>

There is no reportable compensation provided to close family members of key management personnel during the period.

31. CHANGES IN THE PRESENTATION FORMAT OF CERTAIN ACCOUNTS IN THE FINANCIAL STATEMENTS

The CY 2019 presentation format was changed in compliance to COA recommendation and to conform to the current year’s presentation format based on COA Circular No. 2015-010 dated December 01, 2015. The new presentation format has no impact on the financial statements as of December 31, 2019. Details as follows:

31.1 Statement of Financial Position

	December 31, 2019		
	Audited	Changed in Presentation format	New presentation format
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11,834,620,202	-	11,834,620,202
Investment in time deposits	70,086,086,078	-	70,086,086,078
Receivables – net	9,178,195,911	1,655,146,701	10,833,342,692
Inventories	-	130,083,501	130,083,501
Other current assets	1,878,847,835	(1,785,230,202)	93,617,633
<b>Total current assets</b>	<b>92,977,750,106</b>	<b>-</b>	<b>92,977,750,106</b>
<b>Non-current Assets</b>			
Investment securities at amortized cost	124,382,976,137	-	124,382,976,137
Property and equipment – net	3,402,101,399	-	3,402,101,399
Intangible assets – net	267,770,907	-	267,770,907
Other assets – net	264,180,135	-	264,180,135
Total non-current assets	128,317,028,759	-	128,317,028,759
<b>Total Assets</b>	<b>221,294,778,865</b>	<b>-</b>	<b>221,294,778,865</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Assets</b>			
Financial liabilities	75,566,261,517	4,454,761,439	80,021,022,956
Inter-agency payables	-	202,932,678	202,932,678
Trust liabilities	-	527,941,359	527,941,359
Other payables	5,192,279,053	(5,185,635,476)	6,643,577
<b>Total current liabilities</b>	<b>80,758,540,570</b>	<b>-</b>	<b>80,758,540,570</b>
<b>Non-Current Liabilities</b>			
Deferred credits/Unearned income	1,123,783,051	-	1,123,783,051
Leave benefits payable	849,149,212	-	849,149,212
Insurance liabilities for lifetime members	28,605,281,694	-	28,605,281,694

<b>Total non-current liabilities</b>	<b>30,578,213,957</b>	<b>-</b>	<b>30,578,213,957</b>
<b>Total Liabilities</b>	<b>111,336,754,527</b>	<b>-</b>	<b>111,336,754,527</b>
<b>Equity</b>			
Members’ equity	109,958,024,338	-	109,958,024,338
<b>Total members’ equity</b>	<b>109,958,024,338</b>	<b>-</b>	<b>109,958,024,338</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>221,294,778,865</b>	<b>-</b>	<b>221,294,778,865</b>

31.1.1 Accrued interest receivable from Investments, Receivable on Disallowances/Charges, and Due from Officers & Employees accounts, previously presented under Other Current Asset account, are now presented under Receivables account. Details as follows:

Accrued interest receivable from investments	1,651,848,865
Receivable on disallowances/charges	2,280,108
Due from officers & employees	1,017,728
<b>Total</b>	<b>1,655,146,701</b>

31.1.2 Supplies and Materials Inventories and Semi-expendable Inventories accounts, previously presented under Other Current Assets account, are now presented under Inventories.

Supplies and materials inventories	107,095,032
Semi-expendable inventories	22,988,469
<b>Total</b>	<b>130,083,501</b>

31.1.3 Certain payable accounts amounting to P4.455 billion, previously presented within Other Payables account, are now presented under Financial Liabilities. Details as follows:

Accounts payable – personnel services	2,032,141,904
Accounts payable – maintenance and other operating expenses	1,125,933,981
Accounts Payable – capital expenditures	296,820,273
Finance lease payable	998,262,164
Tax refund payable	1,603,117
<b>Total</b>	<b>4,454,761,439</b>

31.1.4 Statutory Liabilities amounting to P202.933 million, previously presented under Other Payables account, are now presented under Inter-Agency Payable.

Due to BIR	116,691,998
Due to GSIS	59,253,977
Due to Pag-ibig	2,938,395
Due to PhilHealth	6,124,285
Due to Other NGAs	10,518,000
Due to Other GOCCs	751,489
Due to LGUs	6,654,534
<b>Total</b>	<b>202,932,678</b>

31.1.5 Trust Liabilities amounting to P527.941 million, previously presented under Other Payables account, are now presented separately.

31.2 Statement of Cash Flows

	December 31, 2019		
	Audited	Changed in Presentation format	New presentation format
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Members' contribution	151,543,736,275	(135,104,175)	151,408,632,100
Interest received from investments	7,937,952,430	-	7,937,952,430
Collection of other income	609,542,452	(40,161)	609,502,291
Reimbursement of point of service (POS)	-	137,088,891	137,088,891
Collection of rent	487,226	-	487,226
<b>Total Cash Inflows</b>	<b>160,091,718,383</b>	<b>1,944,555</b>	<b>160,093,662,938</b>
<b>Cash Outflows</b>			
Payment of benefit claims	(98,606,376,851)	-	(98,606,376,851)
Payment of operating expenses	(6,238,167,850)	(35,636)	(6,238,203,486)
Payment of bank charges	(14,123)	-	(14,123)
<b>Total Cash Outflows</b>	<b>(104,844,558,824)</b>	<b>(35,636)</b>	<b>(104,844,594,460)</b>
<b>Net Cash Provided by Operating Activities</b>	<b>55,247,159,559</b>	<b>1,908,919</b>	<b>55,249,068,478</b>



CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Matured time deposits	-	22,228,358,701	22,228,358,701
Matured treasury bonds	4,821,486,000	7,162,196,201	11,983,682,201
Proceeds from disposal of assets	179,064	75,161	254,225
Total Cash Inflows	4,821,665,064	29,390,630,063	34,212,295,127
Cash Outflows			
Placement on time deposits	(69,086,086,078)	(22,228,358,701)	(91,314,444,779)
Placement on treasury bonds	(4,825,000,000)	(7,162,196,201)	(11,987,196,201)
Fixed assets purchased	(495,390,464)	-	(495,390,464)
Total Cash Outflows	(74,406,476,542)	(29,390,554,902)	(103,797,031,444)
Net Cash Used in Investing Activities	(69,584,811,478)	75,161	(69,584,736,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Trust receipts/disbursements (net)	(29,001,871)	(1,984,080)	(30,985,951)
Net Cash Used in Financing Activities	(29,001,871)	(1,984,080)	(30,985,951)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,366,653,790)	-	(14,366,653,790)
CASH AND CASH EQUIVALENT, JANUARY 1	26,201,320,940	-	26,201,320,940
Gain (Loss) on foreign exchange	(46,948)	-	(46,948)
CASH AND CASH EQUIVALENTS, DECEMBER 31	11,834,620,202	-	11,834,620,202

31.3 Other Operating Expenses

	December 31, 2019		
	Audited	Changed in Presentation format	New presentation format
Travelling expenses	177,658,473	-	177,658,473
Travelling expenses – local	176,379,857	-	176,379,857
Travelling expenses - foreign	1,278,616	-	1,278,616
Training and scholarship expenses	89,226,217	-	89,226,217
Supplies and materials expenses	169,673,370	-	169,673,370
Semi-expendable expenses	22,140,609	-	22,140,609
Utility expenses	153,285,044	-	153,285,044
Water expenses	9,484,868	-	9,484,868
Electricity expenses	143,800,176	-	143,800,176
Communication expenses	202,172,764	-	202,172,764
Postage and courier services	25,396,358	-	25,396,358
Telephone expenses	74,795,696	-	74,795,696
Internet subscription expenses	101,040,680	-	101,040,680
Cable, satellite, telegraph and radio expenses	940,030	-	940,030
Awards/rewards, prizes and indemnities	5,015,408	-	5,015,408
Survey, research, and development expenses	42,953,152	-	42,953,152
Confidential, Intelligence, and Development expense	-	6,241,689	6,241,689
Professional services	172,482,505	-	172,482,505
Auditing services	60,932,904	-	60,932,904
Consultancy services	1,324,613	-	1,324,613
Other professional services	110,224,988	-	110,224,988

General services	230,386,023	-	230,386,023
Janitorial services	77,747,448	-	77,747,448
Security services	152,638,575	-	152,638,575
Repairs and maintenance	25,505,985	-	25,505,985
Repairs and maintenance - land improvement	14,110	-	14,110
Repairs and maintenance - building & other structures	665,539	-	665,539
Repairs and maintenance - machinery & equipment	11,529,038	-	11,529,038
Repairs and maintenance - transportation equipment	10,450,284	-	10,450,284
Repairs and maintenance - furniture & fixtures	637,215	-	637,215
Repairs and Maintenance - leased assets improvements	2,209,799	-	2,209,799
Taxes, Insurance Premiums and Other Fees	22,083,099	-	22,083,099
Taxes, duties and licenses	173,186	-	173,186
Fidelity bond premiums	7,935,875	-	7,935,875
Insurance expenses	13,974,038	-	13,974,038
Other maintenance and operating expenses	557,104,721	(6,241,689)	550,863,032
Advertising, promotional and marketing expenses	128,950,393	-	128,950,393
Printing and publication expenses	9,048,344	-	9,048,344
Representation expenses	42,759,330	-	42,759,330
Transportation and delivery expenses	4,796,684	-	4,796,684
Rent / lease expenses	163,700,054	-	163,700,054
Membership dues and contribution to organizations	8,589,322	-	8,589,322
Subscription expenses	31,837,123	-	31,837,123
Donations	141,321	-	141,321
Documentary stamps expense	1,175	-	1,175
Major events and conventions expenses	38,594,495	-	38,594,495
Other MOOE - others	128,686,480	(6,241,689)	122,444,791
Total	1,869,687,370	-	1,869,687,370

Extraordinary and Miscellaneous Expenses amounting to P6.242 million, previously presented under Other MOOE, was now presented under Intelligence, Confidential, and Extraordinary Expenses.

32. OTHER SIGNIFICANT AND RELEVANT INFORMATION

32.1 PhilHealth as Commercial Public Sector Entity (CPSE)  
PhilHealth is now a CPSE per COA Resolution No. 2020-013 dated January 31, 2020, re: Renaming Government Business Entities (GBEs) and Non-Government Business Entities (Non-GBEs) into Commercial Public Sector Entities (CPSEs) and Non-Commercial Public Sector Entities (Non-CPSEs) pursuant to the 2018 Edition of the Handbook of International Public Sector Accounting Pronouncements (HIPSAP) Published by the International Federation of Accountants (IFAC) and the International Public Sector Accounting Standard Board (IPSASB) and its adoption of the PFRSs as its financial reporting framework.

32.2 Released of SARO to the Bureau of the Treasury (BTr) from DBM for insurance premiums of Senior Citizens

SARO No. BMB-C-20-0022548 dated December 29, 2020 in the amount of P8.951 billion was released to the BTr by DBM to cover the Fiscal Year (FY) 2020 NG subsidy for the insurance premiums of senior citizens under the NHIP, chargeable against GAA for FY 2020 under RA No. 11465.

However, the SARO was only disclosed in the books with the approval of the BOD and shall only be recorded once the corresponding Notice of Cash Allocation (NCA) has been received.

32.3 POS Program  
The DBM has issued the following SAROs for the payment of cost of availment for CY 2017 benefit claims of financially incapable families under the UHC through POS Program, chargeable against PhilHealth's authorized appropriation under RA No. 10924, GAA for FY 2017.

The release of the corresponding cash allocation is subject to PhilHealth's submission of the names of 2017 POS patients together with the actual amount of claims with the required premium contributions to DBM.

SARO No.	Amount of SARO	DBM Releases from CYs 2017 to 2019
SARO-BMB-C-17-0023166	91,333,530	91,333,530
SARO-BMB-C-17-0025119	103,350,096	103,350,096
SARO-BMB-C-17-0025794	2,805,316,374	1,187,146,021
Total	3,000,000,000	1,381,829,647

32.4 On December 28, 2018, the DBM issued SARO No. SARO-BMB-C-18-0035076 to eight billion five hundred ninety-seven million four hundred seventy-five thousand seven hundred seventy-six pesos (P8,597,475,776) which include the locally funded project “PhilHealth Supplemental Benefits” for all government employees of the Executive Branch amounting to P3.500 billion.

**32.5 Arrears of the NG as an employer**  
The information below, though not recorded in PhilHealth’s books of accounts, are deemed necessary to be disclosed.

PhilHealth had adjusted premium contribution of the Employed Sector in CY 2013 through PhilHealth Circular No. 057, series of 2012 which prescribes P875.00 per month as the maximum contribution shared equally by the Employer and the Employee at P437.50 each. However, DBM has only allocated P312.50 or a 40 percent discrepancy. The Corporation had formally billed the DBM of the estimated NG Employer Premium Differential and requested allocation of the unappropriated balances for the following periods:

Arrears	Amount
CYs 2001-2012	9,664,042,012
CY 2013	330,691,801
CY 2014	330,691,801
CY 2015	330,691,801
CY 2016	330,691,801
<b>Total</b>	<b>10,986,809,216</b>

**32.6 Assigned lot to PRO No. 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 No. 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 the Corporation. A warehouse was constructed in this lot with a carrying amount of P2.520 million in the financial statements.

**32.7 Non-remittance of GSIS Premium for Disallowed Salary Adjustments**  
The GSIS premium amounting to P20.605 million was part and parcel of the salary adjustments given to the Corporation’s employees, but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS per Opinion No. 56, Series of 2018 from the Office of the Government Corporate Counsel (OGCC) dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the Notice of Disallowance is lifted.

**32.8 PhilHealth’s share from Military Camp Sales Proceeds Fund (MCSPF)**  
The DBM has issued SARO-BMB-C-19-0024648 dated December 16, 2019 amounting to P279.504 million for the premium contributions of 116,460 indigent families under NHTS-PR program for CY 2017.

The release of the corresponding cash allocation is subject to PhilHealth’s submission of Monthly Disbursement Program.

**32.9 Number of Outstanding Legal Cases endorsed with the OGCC**  
The following is the number of the legal cases still outstanding:

	No. of Cases
Administrative Complaints against Health Care Providers	641
Administrative Complaints against Institutions	81
<b>Total</b>	<b>722</b>

**33. SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATIONS (RR) NO. 15 - 2010**

The taxes, duties and licenses fees paid and accrued during the taxable year required under RR No. 15-2010 are as follows:

	2020	2019
Real estate tax, license and permit taxes	178,868	173,186
Taxes on compensation and benefits	386,272,463	167,381,519
GMP	48,883,147	216,766,886
Expanded withholding taxes	1,071,991,116	394,307,734
<b>Total</b>	<b>1,507,325,594</b>	<b>778,629,325</b>

Other Taxes, Duties and Licenses amounted to P178,868 and P173,186 for CYs 2020 and 2019, respectively, are taxes paid for real property taxes and other fees paid to regulatory entities.





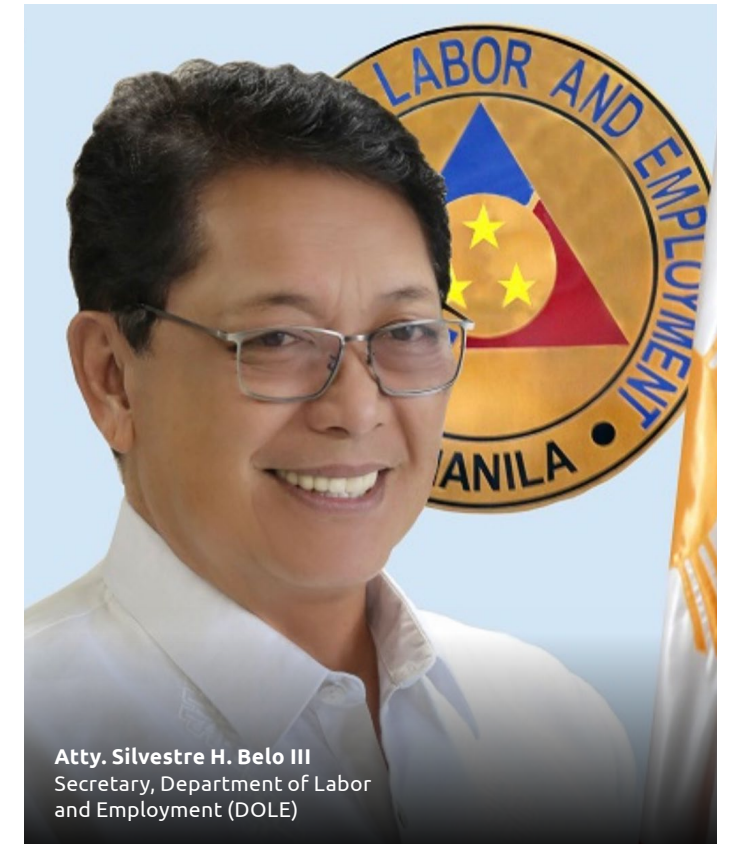
**Sec. Francisco T. Duque III, M.D., MSc**  
Secretary of Health, Chairperson



**Atty. Dante A. Gierran, CPA**  
President and CEO,  
Vice Chairperson



**Gen. Rolando Joselito D. Bautista, (Ret.)**  
Secretary, Department of Social Welfare  
and Development (DSWD)



**Atty. Silvestre H. Belo III**  
Secretary, Department of Labor  
and Employment (DOLE)



**Carlos G. Dominguez III**  
Secretary, Department of Finance (DOF)



**Atty. Lora Mangasar**  
Officer-In-Charge, Corporate Secretary

(not in photo) **Tina Rose Marie L. Canda**, Acting Office-In-Charge/Department of Budget and Management (DBM)



**ATTY. DANTE A. GIERRAN, CPA***Indirect Contributors Sector*

Atty. Dante A. Gierran is a certified public account. He passed the CP Board Exam in 1981. He is also a lawyer and passed the Bar Exam in 1996. He obtained his accounting degree from Rizal Memorial Colleges City in 1978 and his law degree from the University of Mindanao and the International Harvadian University in 1993.

**Before Going Public**

Prior to entering government, Atty. Gierran worked as a security guard, a bill collector, and a security officer and administrative officer at Tardal Security Guards Service from August 1972 to February 1979. In 1984, he was a part-time professor in Accounting at the Agro-Industrial Foundation of the Philippines College and International Harvardian University for three years. From 1979 to 1990, Atty. Gierran was a credit investigator and accountant at Manila Bank Davao City.

**NBI Stint**

Atty. Gierran was a Chief-of-Staff at the Office of the NBI Director from February 2012 to August 2013. In April 2011, he became a Training Director at the NBI Academy/Training Division until December 2013, where he took charge in the training/educating/molding of NBI Agents and other personnel of the Bureau. He then became the Acting Regional Director of NBI Region XI in Davao City from December 2013 to June 2016. In June 30, 2016, he officially became the Director of the National Bureau of Investigation and served until his compulsory retirement in February 22, 2020. He is presently into Private Consultancy Services of three private companies.

**BGEN. MARLENE R. PADUA, AFP (Ret.)***Health Care Providers Sector***Education:**

Health Service Management, PhD in Nursing-University of the Philippine Baguio, University of the Philippines Manila • Master of Arts in Nursing-University of Asia and the Pacific • Pre-Nursing/Graduate Nurse/Bachelor of Science in Nursing-St. Louis University College of Arts and Science General Hospital School of Nursing- Philippine Women's University • Secondary Education-St. Louis University High School Baguio City • Basic Education-St. Louis University Elementary School Baguio City

Prior to her stint as a member of the PhilHealth Board as representative for the Health Care Provider Sector, BGen. Padua served as Chair of the Advisory Council of the PNP Health Service PATROL Plan of the Philippine National Police Health Service in 2017. BGen. Padua also served as Dean of the College of Nursing in Arellano University in Pasig in 2012. She was a faculty member and research coordinator in Florentino Cayco Memorial School of Graduate Studies 2009. BGen. Padua also served as Chief Nurse in the Nurse Corps. of the Armed Forces of the Philippines from 2004-2007; Chief Nurse of the Philippine Army from 2003-2004; Deputy Chief Nurse of the Philippine Navy in 2001-2003; Assistant Chief Nurse for Clinical Service Fort Bonifacio General Hospital in 1999-2000. BGen. Padua also served as Command Nurse of the 4th Infantry Division/Camp Evangelista Station Hospital in Cagayan De Oro 1998-1999. She also served as Staff Nurse from 1987 to 1998 at the Coney Island Hospital, Brooklyn, New York, USA; Nurse-In-Charge from 1984-1986 at the Bonifacio Naval Station Dispensary and Chief Registrar from 1983 to 1984 and Head Nurse from 1973-1983 in the AFP Medical Center.

**ALEJANDRO LABRADO CABADING, CPA***Expert Panel***Education:**

BSC Major in Accountancy-Ateneo De Zamboanga 1980 –1984 • AB Political Science-University Western Mindanao State University • Claret School of Zamboanga City • Canelar Elementary School

Mr. Cabading was a proprietor at the Alejandro L. Cabading Accounting Office from 1995 prior to his appointment as member of the PhilHealth Board expert panel. Mr. Cabading served as College Instructor in Ateneo De Zamboanga University from 1994-1997 and Zamboanga Arturo Eustaquio College in 1990 to 1994. He also served as Branch Accountant at Marsman Inc., Pharmaceutical Co. from Apr 1992 to 1994 and was a Production Assistant at the Garment Export Co., Creative Lines Inc. from May 1990 to Dec 1990.

Mr. Cabading is a member of the Philippine Institute of Certified Public Accountant and Employers' Confederation of the Philippines.

**MARIA GRACIELA GARAYBLAS-GONZAGA, M.D.***Expert Panel*

Dr. Maria Graciela Garayblas Gonzaga graduated from the University of Santo Tomas Faculty of Medicine and Surgery. She is a diplomate and fellow of the Philippine College of Physicians and the Philippine Society of Experimental and Clinical Pharmacology. She was a Takeda Science Foundation scholar in Gifu University, Japan as well as a scholar of the Katholiek Universiteit Leuven in Belgium. She also took her Master of Science in Health Development and Management from Chulalongkorn University as Rockefeller Foundation scholar.

As an academician, she rose from the ranks, having served the Department of Medicine as supervisor of Medicine 2 and supervisor of clinical pharmacology. She also served as consultant in Internal Medicine in the University of Santo Tomas Hospital. As a consultant, she was involved in the training of the residents giving emphasis on Internal Medicine as a specialty. She started the UST Bioavailability Unit, a grant given by AUSAID. She became Faculty Secretary, Assistant Dean and eventually Dean

of the Faculty of Medicine from 2006-2013. As a researcher, she has published papers in reputable local journals and served as chair of the UST Hospital Institutional Review Board for nearly 15 years. She was also a member of the Department of Science and Technology's capacity building committee and institutional development board and served as one of the judges in the research contest as well as the outstanding researcher awards. As a clinician, she continues to practice internal medicine and spends time helping our less fortunate fellowmen. She was with the group that went to New Washington, Aklan and Tacloban, Leyte immediately after Yolanda devastated the area. As a practitioner, she knew her limitations, when to refer patients to other specialists and subspecialists, a trait she always teaches young colleagues. She discusses patient's condition with the other attending physicians yet maintain highest standards of confidentiality and professionalism. She retired prematurely from the Faculty of Medicine after being appointed member of the Board of Medicine of the Professional Regulation Commission, a post she holds until her appointment as Expert Panel Member of the Philippine Health Insurance Corporation.

**JASON ROLAND N. VALDEZ, M.D., MPH***Direct Contributors Sector*

Dr. Jason is a graduate of the De La Salle University accelerated medical program achieving a degree in Human Biology from DLSU-Manila and his doctor of medicine degree from DLSU-Health Sciences Campus. He passed the physician licensure examination of the Philippines in 2007, and the U.S. Medical Licensure Examination in 2009. He pursued further studies in the University of the Philippines obtaining a Masters degree in Public Health and completing the academic units in Hospital Administration. He has served in various positions in the healthcare industry, not merely in the clinical setting, but also in the management and operation of health institutions. He is a member of the international maritime health association, being involved in the industry for 8 years. His advocacy is a holistic health and wellness promotion in the career of every seafarer while on board and ashore or both. He aims to benefit both the seafarer with a long and healthy seafaring career, as well as the ship owners with an increasingly productive workforce.





## RENE ELIAS C. LOPEZ, M.D.

### *Employers Group*

#### Leadership Overview

Dr. Rene Elias C. Lopez is an incumbent member of the Board of Directors of the Philippine National Oil Company Renewables Corporation. His professional affiliations include being a Member of the Philippine Medical Association and the Davao Medical Society and a Consultant in General Surgery at Davao Doctors Hospital, San Pedro Hospital, Medical Mission Group Hospital, Inc., and Brokenshire Hospital.

#### Public Health Experience

Dr. Lopez was a Medical Officer at the Department of Surgery of Davao Medical Center from 1991 to 1995. In 1996, he became a Medical Specialist/Regional Medical Training Officer and Regional Coordinator at the Department of Health Regional Office XI, which lasted for six years. From 2009 to 2019, Dr. Lopez was a Quarantine Medical Officer at the Bureau of Quarantine, Port of Davao, DOH.

#### Community Participation

Dr. Lopez authored numerous ordinances and resolutions at the Sangguniang Panlungsod ng Dabaw from 2004 to 2019. His previous positions in various community organizations/affiliations include Deputy Supreme Pursuivant at the Supreme Council of the Order of the Knight of Rizal from 2014-2016; Medical Consultant for the Medical Emergency Services of the Davao City 911 Central Communications and Response Center; Member of the Rotary Club of East Davao; and Senator at the Greater Davao Jaycees.

## TEODORO JAVIER HERBOSA, M.D.

### *Expert Panel*

#### A World-Class Leader

With his slew of remarkable achievements both in medicine and public service, it can be said that Dr. Teodoro Javier Herboso was born to lead. Currently a special adviser to the Philippines' National Task Force Against COVID-19, his experiences go way back to 1999 when he became a consultant to the World Health Organization Western Pacific Regional Office.

Some of his notable international leadership positions include Regional Education Coordinator for Hospital Preparedness for Emergencies (HOPE) Program at John Hopkins University in Maryland, USA; Temporary Adviser at World Health Organization – WPRO PHEMAP Course in Thailand; Temporary Consultant

to Mass Casualty Management at WHO – WRPO in Fiji; Course Monitor for HOPE Course in India; Temporary Adviser/Facilitator at WHO's Public Health Emergency Management for Asia and the Pacific; and Course Development Team Leader for USAID-OFDA.

#### An Experienced Educator

For four years, Dr. Herboso held the position of Executive Vice President for the University of the Philippines System until April 2021. He was also a professor at the National University of Malaysia before becoming the Undersecretary of the Philippines' Department of Health and the 3rd Vice President of the UP Alumni Association.

His other noteworthy experiences in education include Associate Professor at the College of Medicine in the University of the Philippines Manila; Professor for Emergency Department at Hospital Universiti Kebangsaan in Kuala Lumpur, Malaysia; Medical Consultant/Adviser at Australasian Registry of Emergency Medical Technicians in Melbourne, Australia; and Member of the International Advisory Board at Asian Disaster Preparedness Center in Bangkok, Thailand.

#### A Proficient Former Health Undersecretary

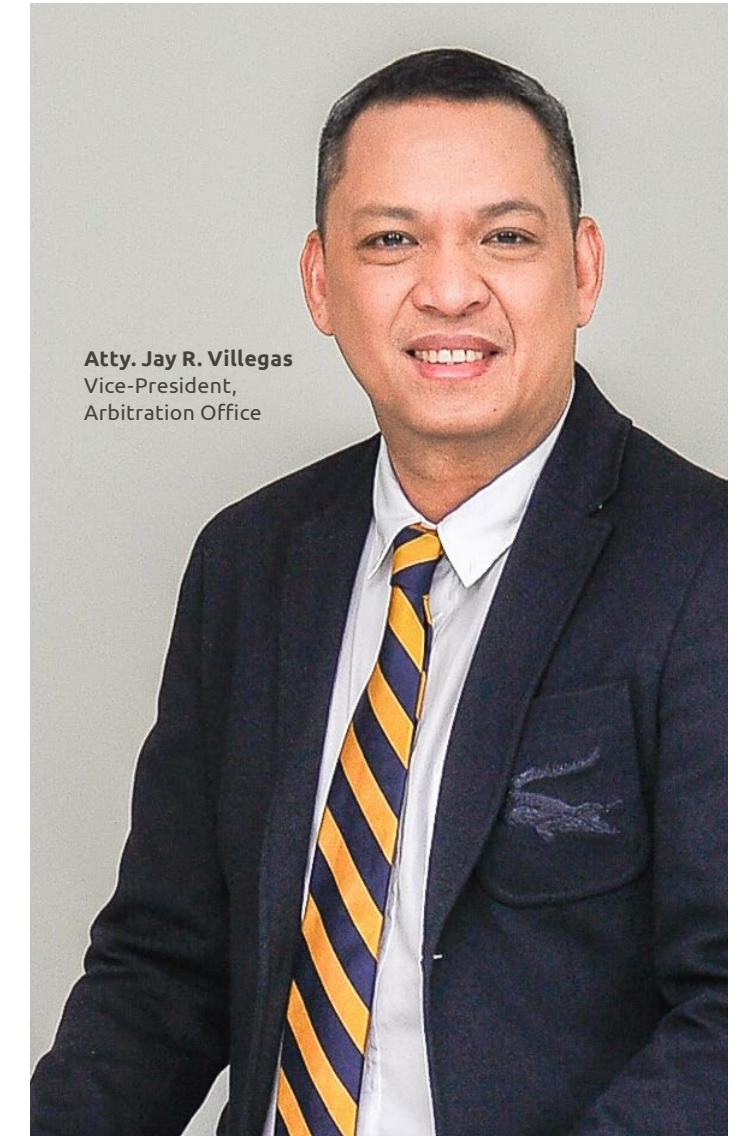
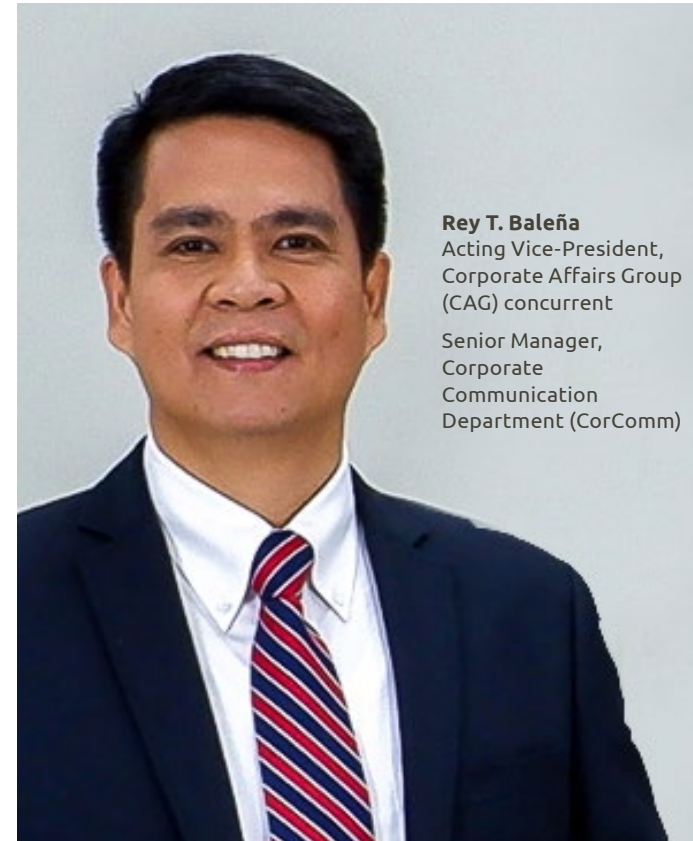
Dr. Herboso was the Philippines' Health Undersecretary from November 2010 to March 2015. As head of the NCR Hospitals Operations Cluster, he acted as a concurrent head of DOH – NCR Office, performed oversight function to all Metro Manila Special and Specialty Hospitals, and monitored and addressed issues and concerns related to the implementation of Kalusugang Pangkalahatan.

He also provided a Comprehensive Framework for Action as coordinator of the Disaster Management and Rehabilitation Task Force in 2014. As head of the Operations Cluster of NCR and Southern Luzon from 2011 to 2014, Dr. Herboso performed oversight function over the DOH Regional Centers in NCR, Calabarzon, Mimaropa, and Bicol Region.

His other functions as health undersecretary include the chairmanship of the Center of Public-Private Partnerships in Health, the Joint DOH-PhilHealth IT Steering Committee, the Health Screening and Evaluation Committee for Training and Development, and the Special Center Office Bids and Awards Committee. He was also a member of the Performance Management Team from 2012 to 2014 and the DOH-DOST National Governance Steering Committee on eHealth in 2014.



## OFFICE OF THE PRESIDENT AND CEO





## OFFICE OF THE EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER

**Nerissa R. Santiago**  
Acting EVP/COO,  
Acting Senior Vice-President,  
Actuarial Services and Risk  
Management Sector



**Oscar B. Abadu, Jr.**  
Vice-President,  
Membership Management  
Group (MMG)  
Concurrent Head,  
Non-Formal Sector



**Chona S. Yap**  
Senior Manager,  
Overseas Filipinos  
Program (OFP)



**Lemuel T. Untalan**  
Senior Manager,  
Formal Sector



**Ann Marie C. San Andres**  
Acting Vice-President,  
Internal Audit Group

## INTERNAL AUDIT GROUP

**Atty. Alex B. Cañaveral**  
Senior Manager,  
Financial Audit  
Department



**Atty. Michael Troy A. Polintan**  
Senior Manager,  
Operations Audit  
Department





## HEALTH FINANCE POLICY SECTOR



**Leo Douglas V. Cardona, MD.**  
Acting Senior Vice-President,  
Health Finance Policy Sector (HFPS)



**Rizza Majella L. Herrera, MD.**  
Acting Vice-President,  
Quality Assurance Group  
Concurrent Senior Manager,  
Accreditation Department



**Lambert S. David, MD.**  
Acting Senior Manager,  
Standards and Monitoring  
Department (SMD)

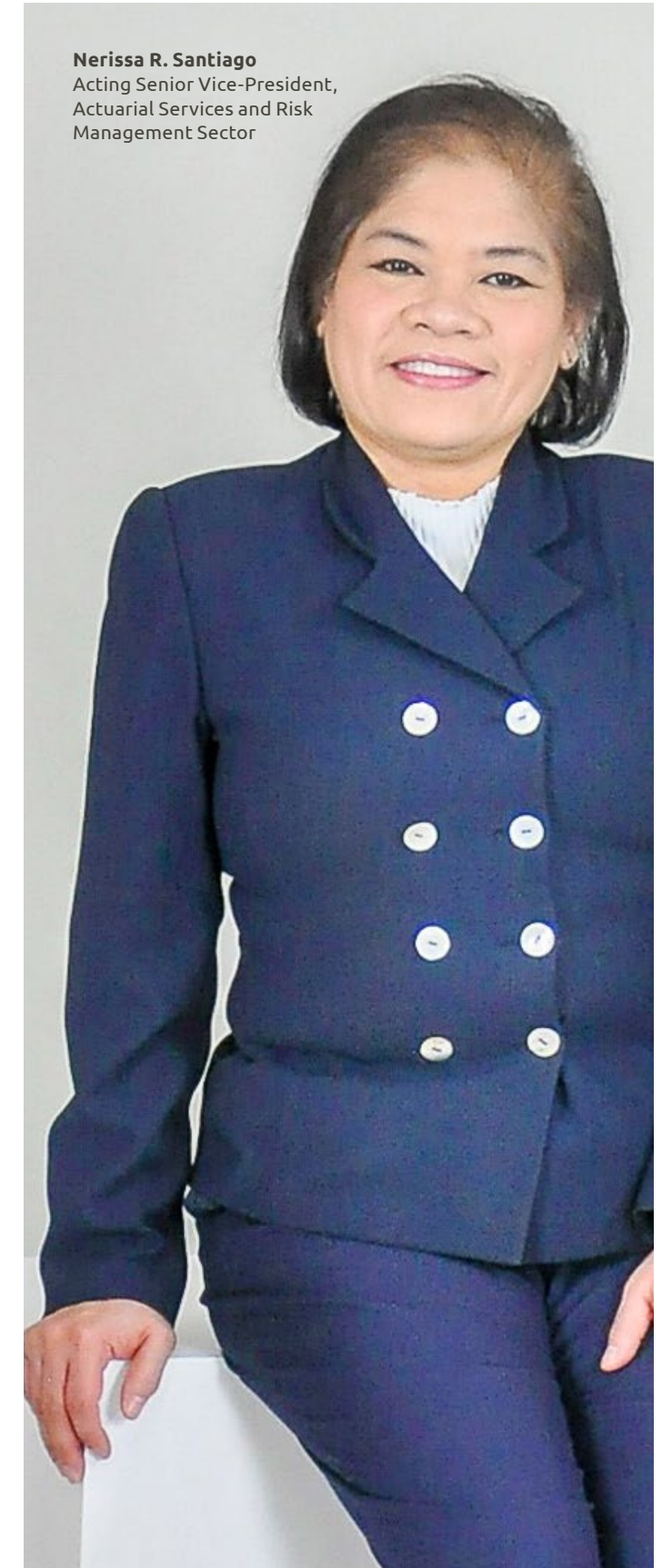
## ACTUARIAL SERVICES AND RISK MANAGEMENT SECTOR



**Yolanda M. De Leon**  
Acting Senior Manager,  
Risk Management  
Department (PMT)



**Gilda Salvacion A. Diaz**  
Vice-President,  
Office of the Actuary



**Nerissa R. Santiago**  
Acting Senior Vice-President,  
Actuarial Services and Risk  
Management Sector

(not in photo) **Mary Antonette Y. Remonte, MD.**, Acting Senior Manager Benefits Development and Research Department (BDRD)



## INFORMATION MANAGEMENT SECTOR



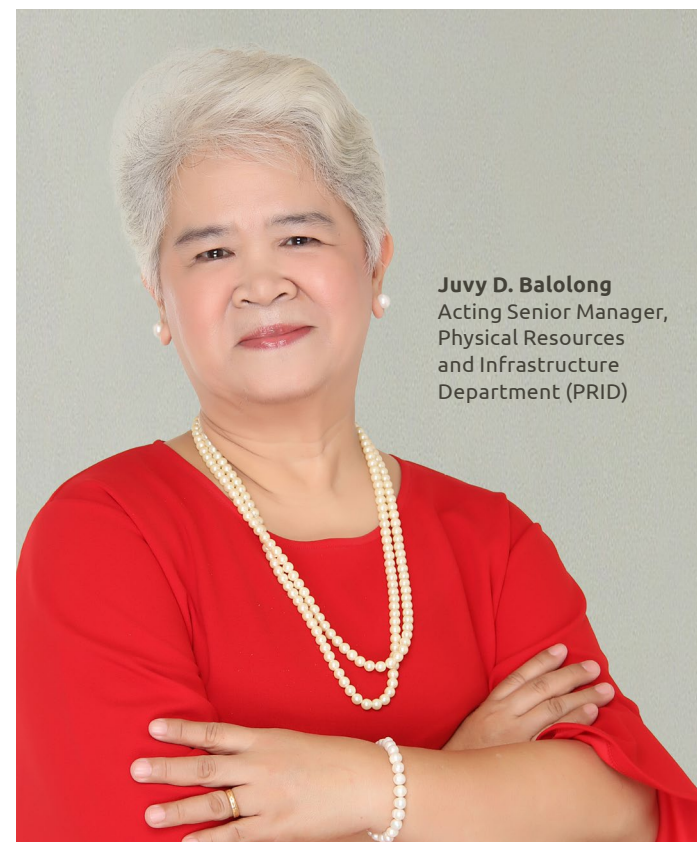
## LEGAL SECTOR



(not in photo) **Atty. Roy A. Maranan**, Acting Senior Manager Protest and Appeals Review Department (PARD)



## MANAGEMENT SERVICES SECTOR

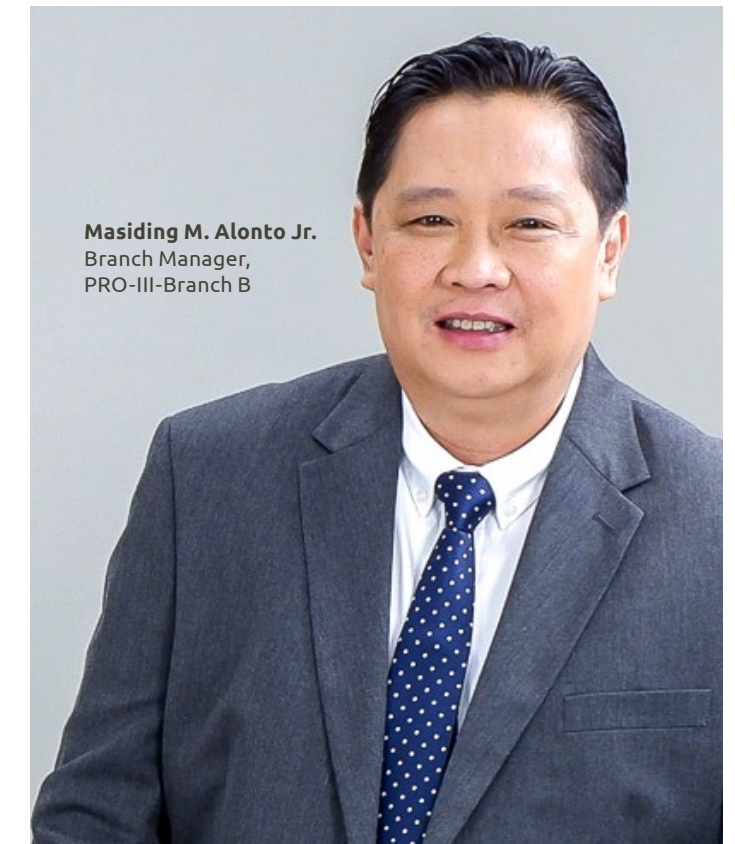
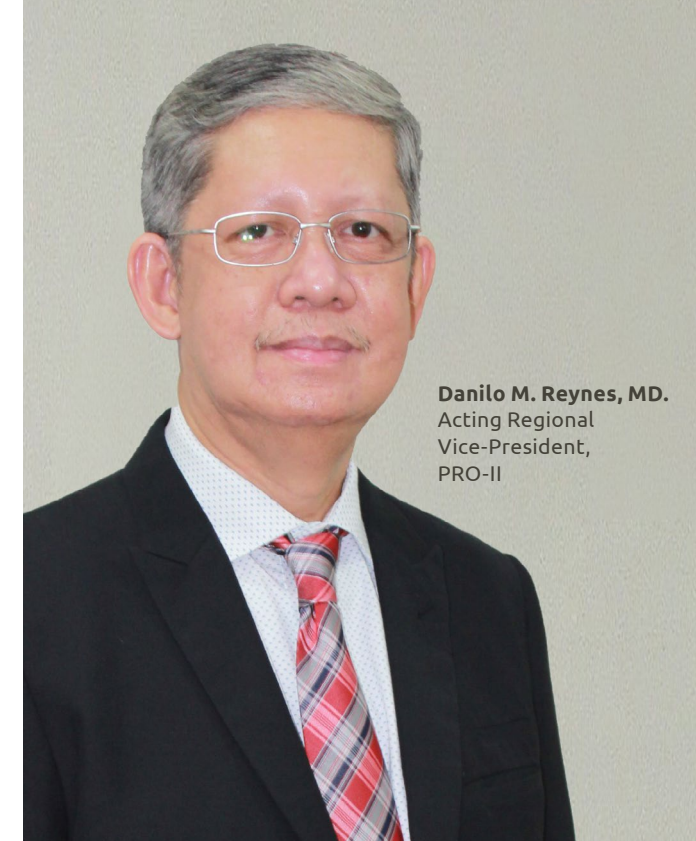


## FUND MANAGEMENT SECTOR



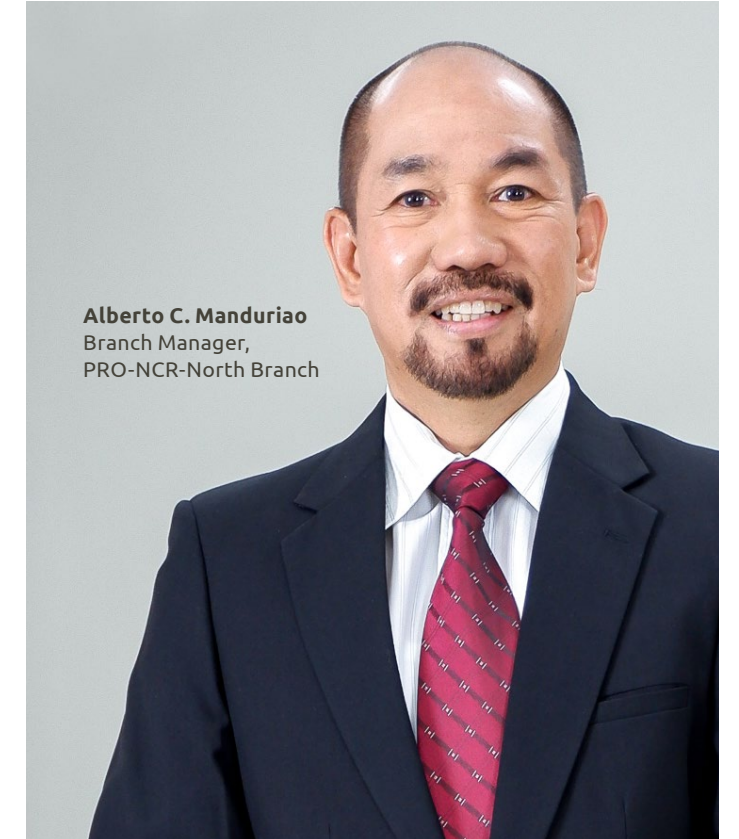
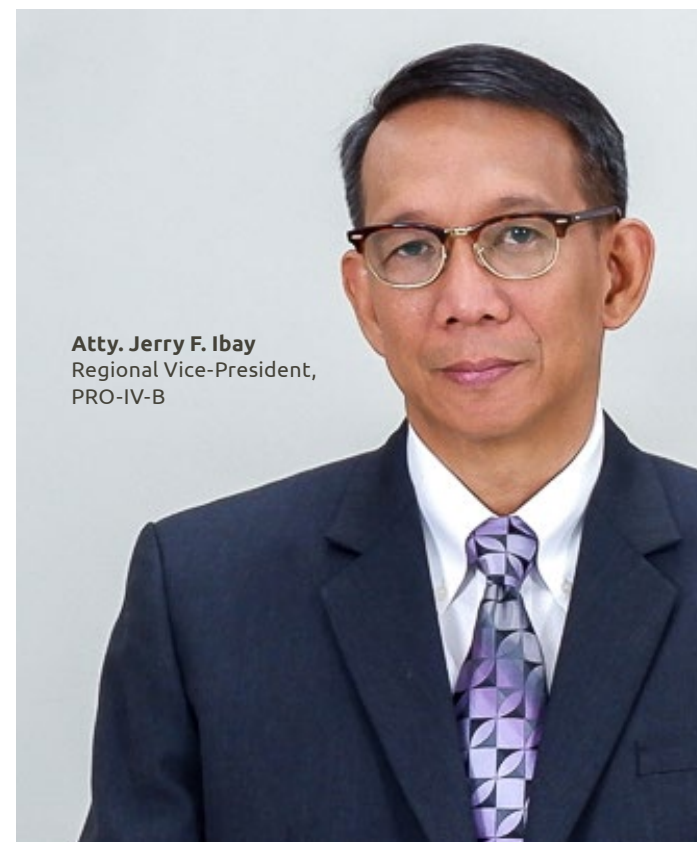


## AREA I (NCR NORTH AND CENTRAL LUZON)





## AREA II (NCR SOUTH LUZON)





## AREA III (VISAYAS)



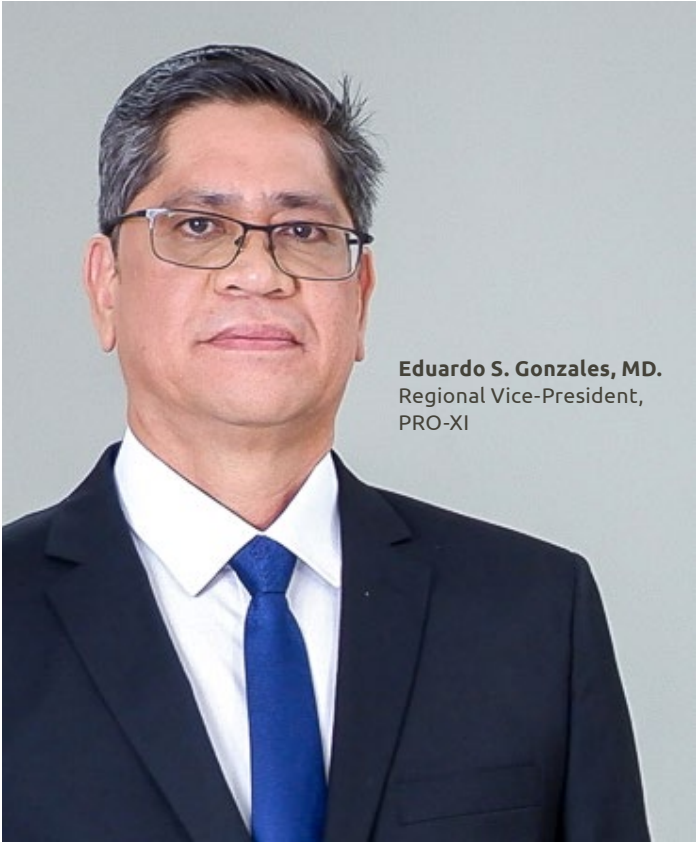
(not in photo) **Atty. Valeria Anne H. Hollero**, Regional Vice-President PRO-VI

## AREA IV (MINDANAO)





AREA IV (MINDANAO)



**Eduardo S. Gonzales, MD.**  
Regional Vice-President,  
PRO-XI



**Hector Zenon Leonardo P. Malate, MD.**  
Regional Vice-President,  
PRO-XII



**Michael Jibson C. Hernandez**  
Regional Vice-President,  
PRO-CARAGA



**Sainuddin M. Moti, MD**  
Regional Vice-President,  
PRO-BARMM

Directory

Head Office Address

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8007 Pioneer Street, Kapitolyo, Pasig City

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Brgy. Magallanes, Makati City

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PRO NCR Central - Quezon City

Corporate 145 Building,  
145 Mother Ignacia, Barangay  
South Triangle, Quezon City

Local Health Insurance Office

**South Triangle, Quezon City**  
Lower Ground Floor, Corporate Building  
145 Mother Ignacia, Barangay  
South Triangle, Quezon City  
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Fairview, Quezon City

Our Workshop Sales (OWS) Building  
Lot 19 Block 237 Neopolitan 4 Brittany  
Subdivision, Barangay Pasong Putik,  
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Rizal

Fibertex Bldg., cor. Don Mariano Subd.,  
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PRO NCR North - Manila

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Local Health Insurance Office

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so.manila@philhealth.gov.ph

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Service Road North, Valenzuela City  
(02) 8 277-4863

Mandaluyong

3rd Floor, 500 Shaw Zentrum Mall  
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PRO CAR - Baguio

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PRO II - Tuguegarao

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PRO III-A - San Fernando

G/F PhilHealth Bldg., Lazatin Blvd.,  
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Pampanga C-2000  
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loc. 4330

PRO III-B - Malolos

The Cabanas Mall of Malolos 2nd  
and 3rd floors N4 Bldg.  
Km. 44/45 MacArthur Highway Longos,  
Malolos City, Bulacan  
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loc. 4400

PRO IV-A - Lucena

Lucena Grand Central Terminal,  
Brgy. Ilayang, Dupay, Lucena City  
(042) 373-7554  
member.pro4a@philhealth.gov.ph

PRO IV-B - Batangas

Xentro Mall Batangas City, Diversion Road,  
Brgy. Alangilan, Batangas City, Batangas  
region4b@philhealth.gov.ph

PRO V - Legazpi

ANST III Building  
Alternate Road, Legazpi City  
Healthline: (052) 481-5596

PRO VI - Iloilo

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Lapaz, Iloilo City  
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(0998) 959-9487  
region6@philhealth.gov.ph

PRO VII - Cebu

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N. Escario Street corner Acacia Street,  
Cebu City 6000

PRO VIII - Tacloban

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Tacloban City, Leyte  
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PRO IX - Zamboanga

BGIDC Corporate Center, Gov. Lim Ave.,  
Zamboanga City  
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PRO X - Cagayan De Oro

8F Gateway Tower 2, Limketkai Center, C.M.  
Recto Avenue, Cagayan de Oro City  
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Santos Drive, Koronadal City  
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region12@philhealth.gov.ph  
admin.pro12@philhealth.gov.ph

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Lynzee's Building, 766 J. Rosales Avenue,  
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phic\_armm@yahoo.com

For whistleblowing and grievance report, you  
may contact us at Tel. Nos. (02) 8 441-7442  
loc. 7650-51

Office of the Corporate Secretary (CorSec)  
Room 1711, 17th Floor, PhilHealth Main Office  
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Shaw Blvd.,Pasig City.

You may also email us at:  
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