

FINANCIAL STATEMENTS

As of September 30, 2023

PHILIPPINE HEALTH INSURANCE CORPORATION
COMPTROLLERSHIP DEPARTMENT
OFFICE OF THE SENIOR MANAGER

OCT 28 2023 (SAT)

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PHILIPPINE HEALTH INSURANCE CORPORATION
FUND MANAGEMENT SECTOR
OFFICE OF THE SENIOR VICE PRESIDENT

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

As at September 30, 2023 and December 31, 2022
(In Philippine Peso)

	Notes	2023	2022
ASSETS			
Current Assets			
Cash & cash equivalents	5	34,855,371,531.36	6,423,703,001.41
Investment in time deposits	6	136,664,079,713.94	126,426,398,154.07
Receivables, net	7	57,385,381,744.14	37,964,072,573.04
Other receivable, IRM	8	-	8,230,950.17
Inventories	9	116,760,632.47	122,846,003.71
Other current assets	10	8,460,343.62	28,369,587.64
Total Current Assets		229,030,053,965.53	170,973,620,270.04
Non-Current Assets			
Investment securities at amortized cost	11	316,174,874,865.78	281,181,882,804.54
Investment property	12	855,663,290.84	855,663,290.84
Property and equipment, net	13	813,884,341.64	824,386,979.52
Right-of-Use Assets	14	363,192,140.55	505,427,949.43
Intangible assets, net	15	260,682,982.35	264,741,752.95
Other non-current assets, net	16	216,245,040.21	193,270,283.58
Total Non-Current Assets		318,684,542,661.37	283,825,373,060.86
TOTAL ASSETS		547,714,596,626.90	454,798,993,330.90
LIABILITIES AND EQUITY			
Current Liabilities			
Financial liabilities	17	43,387,875,173.14	56,387,901,741.89
Inter-agency payables	18	872,547,114.85	716,088,055.90
Trust liabilities	19	1,051,662,807.80	1,009,307,576.02
Provision for Health Benefits - IBNR	20	106,448,239,614.00	95,907,073,327.40
Other payables	21	2,204,560,120.21	1,035,151,201.07
Total Current Liabilities		153,964,884,830.00	155,055,521,902.28
Non-Current Liabilities			
Deferred credits/Unearned income	22	11,599,368,200.69	952,574,650.03
Lease Payable	23	402,208,608.87	535,743,246.85
Leave benefits payable	24	794,685,798.03	807,441,849.24
Provision for insurance contract liabilities (ICL)	25	266,873,312,531.00	266,873,312,531.00
Total Non-Current Liabilities		279,669,575,138.59	269,169,072,277.12
TOTAL LIABILITIES		433,634,459,968.59	424,224,594,179.40
EQUITY			
Members' Equity	26	114,080,136,658.31	30,574,399,151.50
Total Equity		114,080,136,658.31	30,574,399,151.50
TOTAL LIABILITIES AND EQUITY		547,714,596,626.90	454,798,993,330.90

Prepared by:

MARY ANN A. MALINIS

Acting Division Chief, AICD, Comptrollership Department

Reviewed by:

CHERIE CARMEN B. DIVINA, CPA, MBA, CSEE

Senior Manager, Comptrollership Department

Recommending Approval:

RENATO L. LIMSIACO, JR., CPA, DM, CESE

SVP, Fund Management Sector

ATTY. ELI DINO D. SANTOS

EVP and Chief Operating Officer

Approved by:

EMMANUEL R. LEDESMA, JR.

President and Chief Executive Officer



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the Period Ended September 30, 2023 and 2022
(In Philippine Peso)

	Notes	2023	2022
Premium Contributions	27	164,085,872,535.96	145,210,847,318.26
Less: Benefit claims expenses	29	94,024,370,929.95	102,167,336,682.80
GROSS MARGIN FROM OPERATIONS		70,061,501,606.01	43,043,510,635.46
OPERATING EXPENSES			
Personnel services	30	3,690,747,688.75	3,251,395,314.60
Other operating expenses	31	1,933,307,595.10	1,941,548,988.68
TOTAL OPERATING EXPENSES		5,624,055,283.85	5,192,944,303.28
NET OPERATING INCOME		64,437,446,322.16	37,850,566,332.18
Add: Interest and other income	28	15,153,600,208.15	8,230,822,489.03
NET INCOME		79,591,046,530.31	46,081,388,821.21

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the Period Ended September 30, 2023 and 2022
(In Philippine Peso)

	Notes	2023	2022
INCOME			
Premium contributions	27	164,085,872,535.96	145,210,847,318.26
Interest and other income	28	15,153,600,208.15	8,230,822,489.03
		179,239,472,744.11	153,441,669,807.29
EXPENSES			
Benefit claims expenses	29	94,024,370,929.95	102,167,336,682.80
Personnel services	30	3,690,747,688.75	3,251,395,314.60
Other operating expenses	31	1,933,307,595.10	1,941,548,988.68
		99,648,426,213.80	107,360,280,986.08
NET INCOME		79,591,046,530.31	46,081,388,821.21

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

For the Period Ended September 30, 2023 and 2022
(In Philippine Peso)

	Notes	2023	2022	Dec-22
RESERVE FUND	26			
Reserve at January 1		275,785,094,946.82	176,584,864,460.18	191,498,004,527.64
Net income before change in ICL		79,591,046,530.31	46,081,388,821.21	79,038,542,241.98
Prior year adjustment		3,914,690,976.50	1,744,558,795.63	5,248,548,177.20
Reserve Fund at September 30		359,290,832,453.63	224,410,812,077.02	275,785,094,946.82
Provision for insurance contract liabilities (ICL)	25	(245,210,695,795.32)	(992,593,062,892.29)	(245,210,695,795.32)
TOTAL MEMBERS' EQUITY		114,080,136,658.31	(768,182,250,815.27)	30,574,399,151.50

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EVP and Chief Operating Officer

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President and Chief Executive Officer



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
For the Period Ended September 30, 2023 and 2022
(In Philippine Peso)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Cash received from premium contributions	160,847,347,318.64	128,353,428,075.52
Interest received from investments	-	-
Collection of other income	514,842,952.14	233,834,446.90
Gain on Foreign Exchange	38,322.92	66,154.15
Collection of rent income	540,000.00	218,791.12
Reimbursement of point of service (POS)	-	-
Total Cash Inflows	161,362,768,593.70	128,587,547,467.69
Cash Outflows		
Payment of benefit claims	(92,247,263,681.08)	(101,131,331,808.55)
Payment of operating expenses	(5,682,440,235.80)	(4,733,384,828.89)
Payment of financial charges	(25,403,281.26)	(21,689,568.57)
Loss on Foreign Exchange	(31,481.48)	-
Total Cash Outflows	(97,955,138,679.62)	(105,886,406,206.01)
Net Cash Provided by/(Used in) Operating Activities	63,407,629,914.08	22,701,141,261.68
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Matured time deposits	108,737,520,475.90	96,902,926,947.39
Matured treasury bills	9,350,077,535.19	-
Interest received from investments	11,963,226,323.15	8,111,644,730.91
Matured treasury bonds	40,579,228,000.00	8,902,998,342.00
Proceeds from disposal of assets	178,500.00	27,611.32
Total Cash Inflows	170,630,230,834.24	113,917,597,631.62
Cash Outflows		
Placement on time deposits	(118,975,182,213.57)	(82,167,481,387.61)
Placement on treasury bills	-	(12,214,512,859.21)
Placement on treasury bonds	(85,404,202,939.35)	(31,787,669,036.74)
Accrued interest paid on placement of bonds	(767,492,630.56)	(8,114,166.66)
Purchase of Fixed assets	(284,586,941.65)	(196,479,121.60)
Total Cash Outflows	(205,431,464,725.13)	(126,374,256,571.82)
Net Cash Provided by/(Used in) Investing Activities	(34,801,233,890.89)	(12,456,658,940.20)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Trust receipts	340,580,071.08	331,197,170.06
Total Cash Inflow	340,580,071.08	331,197,170.06
Cash Outflows		
Trust disbursements	(323,128,200.62)	(268,046,498.99)
Finance lease payments	(192,179,363.70)	(187,497,230.58)
Principal	(180,087,571.31)	(172,159,422.14)
Interest	(12,091,792.39)	(15,337,808.44)
Total Cash Outflows	(515,307,564.32)	(455,543,729.57)
Net Cash Provided by/(Used in) Financing Activities	(174,727,493.24)	(124,346,559.51)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28,431,668,529.95	10,120,135,761.97
CASH AND CASH EQUIVALENTS, JANUARY 1	5 6,423,703,001.41	6,363,794,517.98
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	5 34,855,371,531.36	16,483,930,279.95

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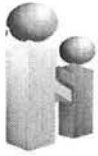
ATTY. ELI DINO D. SANTOS

EVP and Chief Operating Officer

Approved by:

EMMANUEL R. LEDESMA, JR.

President and Chief Executive Officer



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/or Controlled Corporation (GOCC), was established to administer the Program at the central and local levels. The Head Office is located at 709 CityState Centre Building, Barangay Oranbo, Shaw Blvd., Pasig City.

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

The Corporation is an attached agency of the Department of Health (DOH) for policy coordination and guidance, governed by a Board of Directors (BODs) composed of 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 (PCEO), 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 BODs of the Corporation subject to limitations prescribed in the Act.

1.1. Corona Virus Pandemic

The Corona Virus Disease 19 (COVID-19) pandemic that started in 2020 has greatly challenged the country, compromising the viability of numerous businesses, triggering massive layoffs and joblessness, and sending the nation’s economy to record high contraction. But for countless members and their families afflicted with COVID-19, PhilHealth has been able to provide the needed financial relief from the high cost of treatment for the novel coronavirus. As a crucial partner of the government in its overall pandemic response, PhilHealth immediately put together benefit packages ranging from testing, facility-based and home isolation, treatment and hospitalization, and a vaccine injury compensation package for those who will experience serious adverse effects following COVID-19 inoculation.

True to its mandate of ensuring every Filipino’s access to a full spectrum of essential, quality health services as mandated by the UHC Law, PhilHealth continued serving its members,

partners and stakeholders despite mobility restrictions brought about by strict quarantine levels. This, even though many in its ranks had to go on quarantine, seek treatment, or succumbed to the dreaded disease. Not to mention the various inquiries that aggravated the pandemic effects on the morale of its employees. Despite all these, PhilHealth has not reneged on its mission to its members and healthcare providers through steadfast processing and payment of their benefit claims. While it had to reduce client traffic in its frontline offices due to human resource constraints, all while observing minimum health standards, PhilHealth continue to break more grounds to make its services accessible and felt by the people.

This pandemic has likewise resulted to limited movement for the members who have not ceased seeking the services as well as from fulfilling their obligations to the Program. To respond to such demands, important and timely innovations in frontline services were introduced such as the PhilHealth Member Portal wherein members can access their membership and contribution records, and download their Member Data Record with just a few taps on their smart phones or gadgets essentially anywhere and everywhere. The said portal also enables self-paying members to pay their premium contributions online either via credit card, debit card or GCash. PhilHealth's Corporate Action Center (CAC) was also challenged by the current pandemic, but it did not waver in its resolve to continue serving the information needs of members. Complementing its automated voice response for basic queries is the Callback Channel wherein clients can simply text a request for callback to 0921-630-0009. Within 72 hours, agents will call them back for relevant information or assistance being requested. For the year 2021, more than 35,000 calls were received and acted upon by the CAC. PhilHealth vows to be more relevant and responsive to the growing healthcare needs of its 110 million members here and abroad. It is committed to level up its benefits and services by constantly strengthening its organizational, financial and more importantly its human resource capability to efficiently and effectively meet the demands of these changing times.

The scale and duration of these developments remain uncertain as of the date of the issuance of the financial statements. Considering the evolving nature of the pandemic, the Corporation continues to monitor the risks and on-going COVID-19 impact in its operations. While the financial impact is considered a non-adjusting event, the effect on the Corporation's operations and financial performance remains positive and robust. Nonetheless, the Corporation strongly believes that it can remain as a going-concern given its access to short-term and long-term funding and continuous financial support from its stockholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation and Statement of Compliance

Presently, PhilHealth is now classified as a Commercial Public Sector Entities (CPSE) per COA Resolution No. 2020-013 dated January 31, 202, re: Renaming Government Business Entities (GBEs) and Non-Government Business Entities (non-GBEs) into CPSEs and 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 Philippine Financial Reporting Standards (PFRSs) as its financial reporting framework.

2.2. Measurement Bases

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 values, 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 asset and fair value of the consideration received in exchange for incurring a liability.

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.

2.3. Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Corporation adopted effective for annual periods beginning January 1, 2023.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- 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.
- Annual Improvements to PFRS 2018 to 2022 Cycle:
 - Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test of IFRS 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.

2.4. New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS, which are not yet effective as at January 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

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.

In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

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

2.5. Financial Assets and Liabilities

Date of Recognition

The Corporation recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

“Day 1” Difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Corporation recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss.

In cases where there is no observable data on inception, the Corporation deems the transactions price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Corporation determines the appropriate method of recognizing the “Day 1” difference.

Classification of Financial Instruments

The Corporation classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Corporation's business model.

As at December 31, 2022 and December 31, 2021, the Corporation does not have financial assets and liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets

Included in this category are cash and cash equivalents, receivables and other receivables.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Corporation having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

This category includes financial liabilities, inter-agency payables, trust liabilities, leave benefits payable and other payables.

2.6. Impairment of Financial Assets at Amortized Cost

The Corporation records an allowance for Expected Credit Loss (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

2.7. Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Corporation has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Corporation's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.8. Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

2.9. Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Corporation; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Corporation does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.10. Inventories

Inventories include office supplies and materials inventory, semi-expendable machinery and equipment, and semi-expendable furniture, fixtures and books. These are initially measured at cost.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, its carrying value is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit and loss.

2.11. 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 less any portion that has already been consumed or that has already expired.

2.12. Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

The depreciation periods for property and equipment, based on above policies, are as follows:

Particulars	Number of 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

The estimated useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

Land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

2.13. Intangible Assets

Intangible asset represents computer software and licenses. 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 while the licenses are amortized over the life of the license. The amortization period and method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits from the intangible assets. 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.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

2.14. 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.

2.15. Reserve Fund

Reserve Fund represents the cumulative results of normal and continuous operations profit of the Corporation including prior period adjustments, effects of changes in accounting and other adjustments.

2.16. Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue is recognized either at a point in time or over a period of time.

Premium Contributions

Revenue is recognized as the member contributions become due. Fines and penalties are recognized when the event that triggers the fine or penalty occurs. If the collectability is not reasonably assured, fines and penalties are recognized only when cash is received.

Interest Income

Interest income is recognized as the interest accrues taking into account the effective interest.

Rent Income

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

2.17. Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity to participants.

Benefit Claims Expense

This represents expenses incurred by the Corporation for health care services, in-patient, out-patient, PCB and Z benefit packages availed of by the members and their dependents. Benefit Claims Expenses are generally recognized at the date of admission (per Corporate Order 2021-0051).

Operating Expenses

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

2.18. Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Corporation assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Corporation as a Lessee. Leases are recognized as a Right-of-Use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation.

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.

Right-of-Use (ROU) Assets. At commencement date, the Corporation measures ROU assets at cost. The cost comprises:

- i. the amount of the initial measurement of lease liabilities;

- ii. any lease payments made at or before the commencement date less any lease incentives received;
- iii. any initial direct costs; and
- iv. an estimation of costs to be incurred by the Corporation in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any re-measurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms including renewals or the useful lives of the underlying assets. In addition, the ROU asset is periodically reduced by impairment losses, if any and adjusted for certain measurement of the lease liability.

ROU assets are office spaces and warehouses being leased by PhilHealth with a multi-year contract.

Lease Liabilities

At commencement date, the Corporation measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Corporation uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and
- iv. the exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is re-measured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option.

Short-Term Leases and Leases of Low-Value Assets

Short-term leases and lease of low value assets are exempted from the recognition of ROU asset and lease liability as allowed under PFRS 16. These are recognized in the profit or loss when incurred.

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.

Corporation as a Lessor

Leases where the Corporation does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which these are earned. Operating leases are recognized as income in the statements 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.

2.19. Employee Benefits

Short-term Benefits.

Short-term benefits given by the Corporation to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Corporation.

2.20. Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its major shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.21. Provisions

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 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.

2.22. Provision for Insurance Contract Liabilities (ICL)

Provision for ICL is the best estimate that relates to expected net of present value of expenses (claims + expenses) and present value of collection. Since 2005, PFRS have mandated that these liabilities must be properly recognized and reported in the financial statements.

2.23. Contingencies

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

2.24. Events after the Reporting Period

Post year-end events that provide additional information about the Corporation's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires Corporation to exercise judgment, make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgment and estimates used in the financial statements are based upon Corporation's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgment and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Judgments

In the process of applying the Company's accounting policies, management has made certain judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

3.2. Estimates and Assumptions

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

Estimating Premium Income from the Direct Contributors - Employed Sector

Estimate is based on last month's premium contributions which are due and paid through Accredited Collecting Agents (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 Useful Lives of Property and Equipment

The Corporation estimates the useful lives of the property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There is no change in the estimated useful lives of depreciable property and equipment in 2023 and 2022.

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. It includes claims already approved for payment awaiting ADA and RTH of the current year. The estimate is based on the case rate amount extracted from the N-Claims.
- b. Incurred But Not Yet Reported (IBNR) - These are claims which are estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the year and have yet to be submitted to the Corporation. The IBNR is the balance between IBNP and ICS when IBNP are those claims yet to be paid by PhilHealth. The amount to be recorded is actuarially estimated. IBNR is computed as follows:

$$\text{IBNR} = \text{IBNP} - \text{ICS}$$

Methodology for Estimating IBNP

The method applied in estimating IBNP 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.

4. Financial Risk Management

Risk Management is not the sole responsibility of the 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 will serve as a guide in the implementation of the risk management framework and processes in the Corporation.

Alongside, it adopted 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.

- a. 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;
- b. 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 the BPOs with regard to risk management and compliance; and
- c. 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 line of defense in managing risks.

Financial Risk Factors

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

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 Sec. 5.2 of Department of Finance (DOF) Circular No. 002-2022, on the Revised Guidelines on Authorized Government Depository Banks, which mandates all Government Owned and Controlled Corporations (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, 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 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 R.A. 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 Philippine Dealing Exchange, (ii) Risk-Based Capital Adequacy Ratio (CAR), (iii) Financial Standing on Earnings and Profitability, (iv) compliance to Securities Regulation Code and Code of Ethics Governing Financial Market Activities in the Philippines, and (iv) 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 Sec. V.D.2 of CO 2021-0057 PhilHealth Omnibus Guidelines on Fund Investments (Corporate Order No. 2021-0057). 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.

Investments in government securities are not impaired. Only investments in corporate bonds are subject to impairment. Allowance for impairment is computed as follows:

$$\begin{array}{ccccccc} \text{EAD} & & \text{PD} & & \text{LGD} & & \text{ECL} \\ \text{Exposure at Default} & \times & \text{Probability of Default} & \times & \text{Loss Given Default} & = & \text{Expected Credit Loss} \end{array}$$

As regards 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 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 when renewing their accreditation to assess their capabilities as collecting agents.

On Cash Management: The Corporation maintains its accounts in any of the Authorized Government Depository Banks (AGDBs) in compliance with DOF Circular No. 01-2017 namely: Land Bank of the Philippines and Development Bank of the Philippines. These are the depository and servicing banks for the Corporation's over-the-counter collections, disbursements, funding and settlement accounts which are covered by Payroll Servicing Agreement and Memorandum of Agreement on One Fund Disbursement Account, respectively. Hence, lesser vulnerability of default given the Corporation's compliance to regulatory agencies and the service agreements with the AGDBs.

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 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 Treasury (BTr) and the Department of Budget and Management (DBM). These accounts are covered by service agreements: Memorandum of Agreement 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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

5. Cash and Cash Equivalents

This account is composed of the following:

	2023	2022
Collecting Officers	73,994,196.40	346,093,287.75
Petty Cash Fund (PCF)	5,204,659.85	3,660,932.71
Cash in Bank	5,629,474,889.05	4,250,198,796.83
Special Savings Deposits	29,146,697,786.06	1,823,749,984.12
Total	34,855,371,531.36	6,423,703,001.41

- 5.1. Collecting officers represent collections at the end of the month made by collecting officers which are to be deposited on the following working day.
- 5.2. The Corporation uses the imprest fund system in handling its petty cash fund. This fund is for the use of miscellaneous expenditures which cannot be conveniently paid by check wherein an officer holding the fund is also properly bonded in accordance with law.
- 5.3. Cash in banks 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.

Cash in bank earns interest based on the prevailing interest rates. Interest earned on bank deposits amounted to ₱ 1,166,135.68 and ₱ 1,197,889.37 in September 30, 2023 and September 30, 2022 respectively.

- 5.4. SSDs 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 ranging from 1 to 5.3500 per cent and 0.4500 to 0.5500 per cent as of September 30, 2023 and December 31, 2022, respectively.

6. Investment in Time Deposit

Investments in Time Deposits are term deposits of ninety-one (91) to three hundred sixty-four (364) days with interest rate ranging from 5.2000 to 6.3500 percent and 1 to 6 per cent per as of September 30, 2023 and December 31, 2022, respectively.

	2023	2022
Investment in Time Deposits – Local Currency	136,662,739,943.37	126,425,079,472.13
Investment in Time Deposits – Foreign Currency	1,339,770.57	1,318,681.94
Total	136,664,079,713.94	126,426,398,154.07

7. Receivables

This account is composed of the following:

	2023	2022
Receivable from Direct Contributors	30,639,060,101.86	36,935,770,827.22
Due from NGAs	42,638,239,037.32	21,145,709,573.61
Due from LGUs	221,584,955.78	255,783,120.78
Accrued Interest Receivable from Investment	6,661,550,279.13	2,837,220,803.94
Other Receivable	48,752,298.89	48,508,762.59
Receivables	80,209,186,672.98	61,222,993,088.14
Less: Allowance for Impairment	(22,823,804,928.84)	(23,258,920,515.10)
Receivables, net	57,385,381,744.14	37,964,072,573.04

7.1. Receivable from direct contributors represent accruals of premium contributions from direct contributor members based on ACAs and Over-the-counter Collections.

	2023	2022
Receivable from Direct Contributors	30,639,060,101.86	36,935,770,827.22
Less: Allowance for Impairment	(1,946,150,955.79)	(2,353,248,669.33)
Total	28,692,909,146.07	34,582,522,157.89

7.2. Due from NGAs account represents premium contributions for the following:

	2023	2022
NHTS		
No. of enrollees	12,618,921	-
Amount	21,212,897,250.00	-
Senior Citizen		
No. of enrollees	8,557,139	8,557,139
Amount	20,537,134,800.00	20,537,134,800
Point-of-Service (POS)		
No. of enrollees	203,306	203,306
Amount	450,295,200.00	450,295,200
Fortuitous event		
No. of enrollees	56,135	56,135
Amount	134,724,000.00	134,724,000
PAMANA		
No. of enrollees	18,031	-
Amount	16,632,000.00	-
PWD		
No. of enrollees	136,030	-
Amount	244,854,000.00	-

Department of Public Works and Highways
(DPWH)

	258,374.86	652,684.38
DBM-Procurement	41,272,531.86	22,902,889.23
Due from NGAs – BIR	170,880.60	0.00
Total	42,638,239,037.32	21,145,709,573.61
Allowance for impairment	(20,671,858,800.00)	(20,671,858,800.00)
Net amount	21,966,380,237.32	473,850,773.61

Details of Due from NGA's

Enrollment of 12,618,921 indigent members under the Listahan 2 of the DSWD categorized through NHTS-PR program for CY 2023 based on billing to DBM dated March 22, 2023 and May 26, 2023.	21,212,897,250.00
Enrollment of 18,031 families under the PAMANA program for CY 2023 based on 2022 billings to DBM dated August 18, 2022.	16,632,000.00
Enrollment of 136,030 qualified PWDs CY 2023 based on 2022 billing to DBM dated April 4, 2022.	244,854,000.00
DBM-Procurement	41,272,531.86
Due from NGAs – BIR	170,880.60
2023 Total	21,515,826,662.46

Fund transfer to DPWH for lot improvements (PRO II)	258,374.86
Total 2022 and 2023	21,516,085,037.32

Enrollment of 187,623 qualified members under the 2019 POS program for the period January to December 2018 per billing to DBM	450,295,200
Total 2018	450,295,200

Enrollment of 2,258,757 Senior Citizens which were automatically renewed for the period January to December 2016 per billing to DBM through DOH [P12,998,827,200 - P7,577,809,200 (Collection)]	5,421,018,000
Less: Allowance for impairment	(5,421,018,000)
Total 2016	-

Enrollment of 5,416,178 Senior Citizens for CY 2015 per billing to DBM	12,998,827,200
Less: Allowance for Impairment	(12,998,827,200)
Total 2015	-

Enrollment of 56,135 families of which 55,474 families came from Region VIII who were casualties of Typhoon Yolanda and for the extended insurance coverage under the Fortuitous Event Program implemented as a component of the NHIP for the billing period January to December 2014.	134,724,000
Enrollment of 882,204 Senior Citizens for the period of October to December 2014 per billing to DBM	2,117,289,600
Less: Allowance for Impairment	(2,252,013,600)
Total 2014	-
Grand Total	21,966,380,237.32

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

	2023	2022
National Capital Region (NCR)	6,040.00	6,040.00
Cordillera Administrative Region (CAR)	105,365.00	105,365.00
II	0.00	1,192,600.00

III	69,482,228.30	98,908,028.30
V	795,000.00	795,000.00
VI	147,530,922.48	151,000,287.48
VII	3,665,400.00	3,775,800.00
Due from LGUs	221,584,955.78	255,783,120.78
Less: Allowance for Impairment	(202,507,776.38)	(231,892,977.30)
Due from LGUs, net	19,077,179.40	23,890,143.48

7.4. Accrued Interest Receivable from investment amounting to P6,661,550,279.13 83 and P2,837,220,803.94 as at September 30, 2023 and December 31, 2022, respectively, represent interest earned as at the reporting date from special savings deposit, time deposit, investment securities at amortized cost which are due for collection on the following year.

7.5. Other Receivables amounting to P48,752,298.89 and P48,508,762.59 as at September 30, 2023 and December 31, 2022, respectively, represent due from officers and employees. Allowance for impairment of P3,287,396.67 was provided due to ECL as of September 30, 2023.

8. Other Receivable – Interim Reimbursement Mechanism (IRM)

On 30 January 2020, the Board issued PBR No. 2496, S. 2020 which approved the inclusion of the Interim Reimbursement Mechanism (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 Board issued PBR No. 2515, s. 2020 dated 31 March 2020 to ratify the implementation of IRM nationwide due to the 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 07, 2020, PhilHealth issued Corporate Order No. 2020-0033 signed by PCEO BGen. Ricardo C. Morales. It provides the guidelines and procedures in the recording and reporting of benefit claims under the IRM.

As of September 30, 2023, the total released IRM of P14,970,250,093.56 or 100 percent has already been liquidated.

Details are as follows:

Region	No. of HCIs	Released	Liquidated	Balance
NCR	162	4,353,410,548.80	4,353,410,548.80	-
CAR	19	484,137,869.40	484,137,869.40	-
I	F49	782,476,917.41	782,476,917.41	-
II	13	338,564,866.55	338,564,866.55	-
III	105	1,956,388,846.23	1,956,388,846.23	-
IV-A	89	1,248,048,505.33	1,248,048,505.33	-
IV-B	41	690,075,499.50	690,075,499.50	-

V	61	724,616,526.28	724,616,526.28	-
VI	1	121,372,688.00	121,372,688.00	-
VII	50	1,101,824,042.59	1,101,824,042.59	-
VIII	36	505,534,201.70	505,534,201.70	-
IX	13	378,753,947.06	378,753,947.06	-
X	18	737,824,643.50	737,824,643.50	-
XI	28	890,240,858.28	890,240,858.28	-
XII	17	483,567,834.00	483,567,834.00	-
CARAGA	2	89,487,448.93	89,487,448.93	-
BARMM	7	84,524,850.00	84,524,850.00	-
Total		14,970,850,093.56	14,970,850,093.56	0.00

9. Inventories

Inventories as of September 30, 2023 and December 31, 2022 were all stated at cost.

This account is composed of the following:

	2023	2022
Office Supplies and Materials Inventory	90,363,003.83	91,980,768.04
Semi-Expendable Machinery and Equipment	9,149,437.55	8,842,410.67
Semi-Expendable Furniture, Fixtures and Books	18,700,501.87	23,200,560.53
Inventories	118,212,943.25	124,023,739.29
Less: Allowance for Impairment	(1,452,310.78)	(1,177,735.53)
Inventories, net	116,760,632.47	122,846,003.71

- 9.1. Office Supplies and Materials Inventory account amounting to P90,363,003.83 and P91,980,768.04 as at September 30, 2023 and December 31, 2022, respectively, represents small tangible items that are expected to be used within one (1) year from the reporting date.
- 9.2. Semi-Expendable Machinery and Equipment account amounting to P9,149,437.55 and 8,842,410.67 as at September 30, 2023 and December 31, 2022, respectively, represents office equipment, information and communication technology costing less than P50,000.00.
- 9.3. Semi-Expendable Furniture, Fixtures, and Books account amounting to P18,700,501.87 and P23,200,560.53 as at September 30, 2023 and December 31, 2022, respectively, represents furniture, fixtures and books costing less than P50,000.00.

10. Other Current Assets

This account is composed of the following:

	2023	2022
Other Receivables:		
Creditable Withholding Tax		1,493,155.59
Other Current Assets	63,416,746.57	70,833,859.29
Other Current Assets	63,416,746.57	72,327,014.88
Less: Allowance for Impairment	(54,956,402.95)	(43,957,427.24)
Other Current Assets, net	8,460,343.62	28,369,587.64

10.1. Remittance of taxes withheld from the released IRM have been liquidated as at September 30, 2023.

10.2. Other Current Assets amounting to P63,416,746.57 and P70,833,859.29, as at September 30, 2023 and December 31, 2022, respectively, represent Due from Officers and Employees. Fines and Penalties from ACAs and compromise penalties of hospitals amounting to P24,264,032.00 for the taxable year 2003-2004 per BIR decision with reference No. P06-15 dated April 14, 2015 is included in the balance as well.

11. Investment Securities at Amortized Cost

This account is composed of the following:

	2023	2022
Investment in Treasury Bills	-	9,350,077,535.19
Investment in Government Bonds	310,628,441,933.14	270,732,356,462.44
Investment in Corporate Bonds	5,547,910,000.00	1,100,000,000.00
Total Investments	316,176,351,933.14	281,182,433,997.63
Less: Allowance for Impairment	(1,477,067.36)	(551,193.09)
Investments, net	316,174,874,865.78	281,181,882,804.54

11.1. Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 3.6475 percent as at December 31, 2022. Treasury Bills has matured and no new placement as of September 30, 2023.

	Interest Rate(%)	2023	2022
Treasury Bills	3.4850	-	5,615,365,066.64
Treasury Bills	3.4850	-	1,429,808,755.57
Treasury Bills	3.8100	-	1,962,204,667.76
Treasury Bills	3.8100	-	342,699,045.22
Total		-	9,350,077,535.19

11.2. Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of 4.9559 per cent and 3.9794 per cent as at September 30, 2023 and December 31, 2022, respectively.

	Interest Rate(%)	2023	2022
Retail Treasury Bonds	4.7083	71,000,000,000.00	78,316,890,000.00
RTB Non-Restricted Environment	4.8000	239,628,441,933.14	192,415,466,462.44
Total		310,628,441,933.14	270,732,356,462.44

11.3. Investment in Corporate Bonds with a maturity period of more than one (1) year and with an average interest rate of 5.9024 per cent and 4.8256 per cent as at September 30, 2023 and December 31, 2022, respectively.

	Interest Rate(%)	2023	2022
7-yr Ayala Land Inc. Fixed Rate Bonds	3.8915	1,100,000,000.00	1,100,000,000.00
2.5 yrs SM Prime Holdings Fixed Rate Bonds	6.2069	1,000,000,000.00	-
4 yrs SM Prime Holdings Fixed Rate Bonds	6.2151	1,000,000,000.00	-
6 yrs SM Prime Holdings Fixed Rate Bonds	6.3275	500,000,000.00	-
3 yrs Robinson Land Corp. Fixed Rate Bonds	6.0972	270,000,000.00	-
3 yrs Robinson Land Corp. Fixed Rate Bonds	6.1663	856,910,000.00	-
1.5 yr DBP Fixed Rate Bonds	6.4126	821,000,000.00	-
Total		5,547,910,000.00	1,100,000,000.00
Less: Allowance for Impairment		(1,477,067.36)	(551,193.09)

Investments in Corporate Bonds, net	5,546,432,932.64	1,099,448,806.91
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Interest earned on Investment Securities at Amortized Cost amounted to P8,479,214,224.34 and P7,248,188,946.87 as at September 30, 2023 and September 30, 2022, respectively.

12. INVESTMENT PROPERTY

This account is composed of the following:

- 12.1. A parcel of land situated in Quezon City with a total area of 17,230.50 square meters (sq. m.). This property has a carrying amount of P439,377,751. The Head Office of PhilHealth shall be constructed in this lot. Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation acquired an additional 145 sq. m. lot from the National Housing Authority (NHA) located in Barangay Pinyahan, East Avenue, Quezon City at a cost of P2,439,735.
- 12.2. 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 P413,845,805 was appraised with a fair market value of P3,354,220,000 as of August 06, 2021.

13. Property and Equipment – Net

This account is composed of the following:

2023						
	Land and Land Improvements	Bldg. & Structure/ Leasehold Impts.	Construction in Progress	Furniture & Fixtures, Equipment & Books	Motor Vehicle	Total
Cost						
Balance at beg. of year	P 20,514,062.12	P 264,490,613.57	P 29,017,393.56	P 2,248,131,497.82	P 333,671,181.64	P 2,895,824,748.71
Additions	0.00	5,612,698.00	1,079,106.11	33,096,270.73	247,548,000.00	287,336,074.84
Adjustments	0.00	(5,993,285.69)	(67,478.85)	(70,916,621.53)	(136,479,339.65)	(213,456,725.72)
Balance at end of Aug.	20,514,062.12	264,110,025.88	30,029,020.82	2,210,311,147.02	444,739,841.99	2,969,704,097.83
Accum. Depreciation						
Balance at beg. of year	1,498,375.89	175,073,280.58	0.00	1,699,918,230.63	194,947,882.09	2,071,437,769.19
Depreciation	0.00	18,738,673.85	0.00	128,258,225.59	26,631,861.29	173,628,760.73
Adjustments	0.00	(5,136,709.53)	0.00	(62,991,223.74)	(21,118,840.46)	(89,246,773.73)
Balance at end of Aug.	1,498,375.89	188,675,244.90	0.00	1,765,185,232.48	200,460,902.92	2,155,819,756.19
Carrying Amount	P 19,015,686.23	P 75,434,780.98	P 30,029,020.82	455,125,914.54	P 244,278,939.07	P 813,884,341.64

2022						
	Land and Land Improvements	Bldg. & Structure/ Leasehold Impts.	Construction in Progress	Furniture & Fixtures, Equipment & Books	Motor Vehicle	Total
Cost						
Balance at beg. of year	P20,514,062.12	P252,045,197.89	P27,870,253.01	P2,287,996,767.40	P230,094,370.63	P 2,818,520,651.05
Additions	0.00	19,093,988.35	1,147,140.55	83,353,274.65	106,190,000.00	209,784,403.55
Adjustments	0.00	(6,648,572.67)	0.00	(123,218,544.23)	(2,613,188.99)	(132,480,305.89)
Balance at end of year	20,514,062.12	264,490,613.57	29,017,393.56	2,248,131,497.82	333,671,181.64	2,895,824,748.71
Accum. Depreciation						
Balance at beg. of year	1,498,375.89	153,134,466.66	0.00	1,542,123,678.70	183,055,928.30	1,879,812,449.55
Depreciation	0.00	28,212,562.65	0.00	213,565,541.97	14,493,515.15	256,271,619.77
Adjustments	0.00	(6,273,748.73)	0.00	(55,770,990.04)		(64,646,300.13)
Balance at end of year	1,498,375.89	175,073,280.58	0.00	1,699,918,230.63	194,947,882.09	2,071,437,769.19
Carrying Amount	P19,015,686.23	P89,417,332.99	P29,017,393.56	P548,213,267.19	P138,723,299.55	P 824,386,979.52

Included under Land and Buildings accounts are the following:

- 13.1 A parcel of lot with a total area of 1,544 sq. m. and a building with a total floor area of 3,287 sq. m. purchased by PRO III for its permanent Regional Office in San Fernando, Pampanga at a cost of P25,520,363.00. The land and building were appraised with a fair market value of P73,710,000.00 as of August 4, 2021. PRO 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 P22,025,000.00 as of August 4, 2021.

- 13.2** A parcel of lot with a total area of 2,897 sq. m. located in Tuguegarao City which will be used as the PRO II's Regional Office. This property was received by way of donation, through a Memorandum of Agreement (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 P4,056,000.00 was appraised with a fair market value of P51,280,000.00 as of August 10, 2021. 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 II, the construction of the building for another two years per RDC-2 Resolution No. 02-25, s. of 2017.
- 13.3** 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 at P1,086,000.

14. Right-of-Use Assets

Right-of-Use (ROU) assets are office spaces and warehouses being leased by PhilHealth with a multi-year contract.

Summary of Right-of-Use Assets as follows:

	2023		
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	441,721,702.65	(369,845,139.47)	71,876,563.18
NCR	149,228,615.60	(74,035,177.11)	75,193,438.49
CAR	19,802,525.62	(3,602,032.95)	16,200,492.67
I	1,149,859.14	(550,602.77)	599,256.37
II	-	-	-
III	118,134,934.10	(42,020,436.66)	76,114,497.44
IVA	75,637,436.18	(60,572,522.78)	15,064,913.40
IVB	110,340,988.12	(62,155,007.99)	48,185,980.13
V	-	-	-
VI	-	-	-
VII	87,505,524.04	(77,207,026.00)	10,298,498.04
VIII	12,941,045.12	(9,314,767.1)	3,626,278.02
IX	-	-	-
X	7,313,118.83	(4,461,244.04)	2,851,874.79
XI	45,540,318.17	(42,154,731.58)	3,385,586.59
XII	-	-	-
CARAGA	70,722,319.54	(32,041,209.60)	38,681,109.94
BARRM	16,704,773.31	(15,591,121.82)	1,113,651.49
Carrying Amount	1,156,743,160.42	(793,551,019.87)	363,192,140.55

	2022		
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	441,721,774.49	(293,281,906.14)	148,439,868.35
NCR	149,228,615.60	(74,035,177.11)	75,193,438.49
CAR	22,643,590.88	(16,413,949.78)	6,229,641.10
I	1,149,859.14	(263,138.00)	886,721.14
II	-	-	-
III	118,134,934.10	(24,292,815.63)	93,842,118.47
IVA	75,637,436.18	(49,445,052.76)	26,192,383.42
IVB	101,425,109.85	(46,308,741.76)	55,116,368.09
V	-	-	-

VI	6,212,330.78	(5,917,679.55)	294,651.23
VII	87,505,524.04	(57,171,314.37)	30,334,209.67
VIII	10,961,210.61	(7,068,469.49)	3,892,741.12
IX	-	-	-
X	92,574,846.16	(85,355,036.58)	7,219,809.58
XI	50,243,144.02	(34,898,006.77)	15,345,137.25
XII	-	-	-
CARAGA	76,467,794.09	(37,367,887.18)	39,099,906.91
BARRM	16,704,773.31	(13,363,818.70)	3,340,954.61
Carrying Amount	1,250,610,943.25	(745,182,993.82)	505,427,949.43

Details of ROU Assets as at September 30, 2023 are as follows:

Lessor	Use	Lease Period	Amount
Head Office			
Zapanta Realty & Dev't. Corp.	Office Space	06/01/2019 to 05/31/2024	198,829,375.97
Columbia Estate Properties, Inc.	Office Space	01/01/2021 to 05/31/2024	129,128,366.47
Columbia Estate Properties, Inc.	Warehouse	03/01/2019 to 02/29/2024	26,963,393.72
Fortune General Ins. Corp.	Office Space	06/01/2019 to 05/31/2024	14,095,120.28
Fortune Life Ins. Co., Inc.	Office Space	06/01/2019 to 05/31/2024	37,264,464.55
Columbia Estate Properties, Inc.	Office Space	01/01/2019 to 05/31/2024	35,440,981.66
Sub-Total Head Office			441,721,702.65
PRO NCR			
Westco Electrical & Equipt. Corp.	PRO Space	12/01/2017 to 11/30/2022	18,795,648.69
Metro Dry Clean Ventures, Inc.	PRO Warehouse 1	01/01/2019 to 04/30/2021	2,708,023.56
CAS Properties, Inc.	PRO Warehouse 2	07/16/2018 to 07/15/2023	4,207,384.51
Columbia Estate Properties	Central Branch Office & LHIO QC	01/01/2018 to 12/31/2022	34,835,751.21
Fibertex Corporation	LHIO Rizal	03/01/2017 to 02/28/2022	6,689,639.09
Our Workshop Sales (OWS)	LHIO Fairview	06/01/2017 to 05/31/2022	6,148,053.75
Intraland Resource, Inc.	North Branch Office	01/01/2019 to 12/31/2021	903,969.42
Guru Property Dev't. & Mgt. Corp.	LHIO Caloocan	01/01/2019 to 11/30/2021	6,901,710.50
Lica Management, Inc.	LHIO Mandaluyong	05/02/2018 to 04/30/2023	8,816,270.76
Cromagen Land Corporation	South Branch Office	07/01/2019 to 06/30/2024	40,845,094.72
Industrial Timber Corporation	LHIO Makati	01/01/2019 to 03/31/2021	903,969.42
Iriz One Properties Inc.	LHIO Pasig	01/01/2019 to 04/30/2021	6,964,698.31
Editha Building	LHIO Las Pinas	01/01/2019 to 10/31/2019	1,671,982.84
BNC Properties, Inc.	LHIO Paranaque	08/01/2018 to 07/31/2022	8,836,41.82
Sub-Total PRO NCR			149,228,615.60
PRO CAR			
Lester Astudillo	Abra Office Space	04/01/2022 to 03/03/2027	5,276,891.92
Montanosa Pastoral Resources Corp	Baguio Office Space	04/01/2023 to 03/03/2025	12,399,666.40
NCIP KALINGA		04/01/2023 to 03/03/2025	1,086,790.67
Precious Sarah Residence-Apayao		07/16/2023 to 07/15/2025	1,039,176.63
Sub-Total PRO CAR			19,802,525.62
PRO I			
Municipality of Laoa,Pangasinan	LHIO Eastern Pangasinan Warehouse	03/01/2022 to 02/28/2025	339,610.07
B & D Bldg, Allied Properties	LHIO Western Pangasinan	05/16/2022 to 05/15/2025	810,249.07
Sub-Total PRO I			1,149,859.14
PRO III			
Dona Rita Realty Corp.	Branch Office	07/06/2022 to 07/05/2027	53,503,199.30
Analita T. Mangahas	LHIO Gapan	08/01/2022 to 07/31/2027	10,418,399.14
Vicente Lim	Warehouse	04/10/2019 to 03/31/2024	13,562,850.21
Oscar Santos	LHIO Olongapo	08/01/2022 to 07/31/2027	18,232,198.50
JCB Building	LHIO Gapan satellite office	11/09/2020 to 11/28/2025	1,426,970.01
Juan D. Nepomuceno Sons, Inc.	LHIO Angeles	04/30/2021 to 04/29/2026	14,730,364.76
Alice B. Gonzales	LHIO Iba	04/30/2021 to 04/29/2026	6,260,952.18
Sub-Total PRO III			118,134,934.10
PRO IV-A			
Lucena Grand Central Terminal, Inc.	Storage Space	10/01/2019 to 09/30/2024	4,231,115.13
Lucena Grand Central Terminal, Inc.	LHIO Lucena	01/01/2019 to 07/31/2023	4,845,299.84

Lessor	Use	Lease Period	Amount
Lucena Grand Central Terminal, Inc.	PRO Office Space	12/01/2019 to 11/30/2024	25,183,214.34
Calamba Medical Center	LHIO Calamba	11/01/2019 to 10/31/2024	10,484,741.13
Calamba Medical Center	LHIO Calamba	07/01/2020 to 06/30/2025	2,491,822.15
Premium Link Devt. Corp.	LHIO Dasmariñas	05/01/2019 to 04/30/2024	14,027,936.48
One FS Industrial Corp.	LHIO Dasmariñas Storage Space	08/01/2019 to 07/31/2024	1,411,916.84
One FS Industrial Corp.	LHIO Trece Martires	01/01/2019 to 08/31/2023	4,427,682.80
One FS Industrial Corp.	LHIO Trece Martires Storage Space	08/01/2019 to 07/31/2024	1,268,188.78
Manuelito Lorica	LHIO Gumaca Office Space	02/01/2021 to 01/31/2026	6,676,068.29
JVB Building	LHIO Gumaca Storage Space	01/01/2019 to 01/31/2023	589,550.40
Sub-Total PRO IV-A			75,637,436.18
PRO IV-B			
Wildy Dy Tan	LHIO Lipa Warehouse	10/24/2018 to 09/24/2023	4,826,995.78
Millorey, Inc.	LHIO Batangas City	09/05/2019 to 08/31/2024	7,252,249.75
Edgardo P. Perez	LHIO Tanauan	06/02/2022 to 06/02/2027	17,562,077.39
Feature Realty Holdings & Dev't. Corp.	LHIO Lemery	11/27/2019 to 11/31/2024	5,539,756.66
XRC Mall Developer	Regional Office	07/01/2020 to 06/30/2025	59,818,371.69
Karangyan Builders & Traders	LHIO Oriental Mindoro	06/01/2021 to 05/31/2026	6,425,658.58
Bernardo B. Go, Jr.	LHIO-Palawan	06/29/2023 to 06/28/2028	8,915,878.27
Sub-Total PRO IV-B			110,340,988.12
PRO VII			
Province of Siquijor	Office Space	01/01/2017 to 12/31/2026	2,585,425.60
Elsita A. Panizales (Bais)	Office Space	02/01/2022 to 01/31/2024	1,547,469.92
Carcar City - LGU	Office Space	07/22/2019 to 06/21/2024	6,160,726.69
JGY Land Corporation	Office Space	09/16/2019 to 09/15/2024	14,396,242.80
Talibon DC General Merchandise	Warehouse	03/16/2020 to 03/15/2025	215,756.58
Hancit Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	19,159,821.62
Skytower Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	43,440,081.83
Sub-Total PRO VII			87,505,524.04
PRO VIII			
R.K. Eng'g. & Construction Works	Office Space	07/01/2019 to 06/30/2024	1,853,819.49
MAV Properties	Office Space	04/16/2019 to 04/15/2024	6,016,068.84
EC Cereno Rental Services	Office Space	07/01/2019 to 06/30/2024	1,744,771.47
CINCO Real Property Estate Leasing	Office Space	12/09/2022 to 11/18/2025	1,346,550.81
HUGH TREVOR Realty Warehouse	Office Space	12/15/2022 to 12/14/2025	1,979,834.51
Sub-Total PRO VIII			12,941,045.12
PRO X			
Q and G Chua Trading Corp.	Office Space	7/1/2023 to 12/31/2023	222,667.36
Q and G Chua Trading Corp.	Stock room	7/1/2023 to 12/31/2023	25,977.88
F.E. Chua	Office Space	7/1/2023 to 12/31/2023	136,594.32
Stephen N. Harun	PBC tubod	01/01/2023 to 12/31/2023	233,322.82
FNX Commercial Building	LHIO - Gingoog	01/01/2023 to 12/31/2023	1,624,430.25
Mayee Commercial e-Rental	PBC Maranding	01/01/2023 to 12/31/2023	174,992.12
LGU Maramag	PBC Maramag	07/01/2023 to 12/31/2023	62,757.73
Ma Victoria J. Janso	PBC Camiguin	07/01/2023 to 12/31/2023	265,111.68
N & G Realty and Development Corporation	PRO-X's Warehouse	07/01/2023 to 12/31/2023	2,371,986.75
Gonzales-Gimeno Realty Inc	LHIO Iligan	07/01/2023 to 12/31/2023	642,074.05
Ororama Supercenter	PBC Carmen	07/01/2023 to 12/31/2023	170,253.49
Wilky Y. Suevo	LHIO Ozamiz	07/01/2023 to 12/31/2023	1,173,596.40
Cherob Real Estate Lessor		07/01/2023 to 12/31/2023	209,353.98
Sub-Total PRO X			7,313,118.83
PRO XI			
DDIS Inc.	Warehouse	7/1/2022 to 06/30/2027	1,194,612.90
828 Commercial Building	Office Space	07/01/2022 to 06/30/2027	1,228,795.77
Valgosons Realty Incorporated	Office Space	01/16/2019 to 01/15/2024	43,116,909.50
Sub-Total PRO XI			45,540,318.17
PRO CARAGA			
Abcalo Commercial Building	Office Space	07/01/2020 to 06/30/2025	43,598,301.17
Mn Bayalas Commercial	LHIO Bislig	03/01/2020 to 02/28/2025	4,877,827.01
CARAGA Ramlizdy Corp.	LHIO Butuan City	12/01/2020 to 11/30/2025	12,129,493.10

Lessor	Use	Lease Period	Amount
Saint Francis Realty	Office Space	06/01/2022 to 05/31/2025	7,060,207.62
JTP Realty	LHIO Tandag	03/01/2022 to 02/28/2025	3,056,490.64
Sub-Total PRO CARAGA			70,722,319.54
PRO BARMM			
Kouzbary Builders	PRO Space	01/01/2019 to 12/31/2023	16,704,773.31
Total PRO BARMM			16,704,773.31
GRAND TOTAL			1,156,743,160.42

15. Intangible Assets – Net

This account is composed of the following:

	2023	2022
Cost		
Balance at beginning of year	525,969,058.68	467,617,381.76
Additions	-	47,651,497.20
Adjustments	79,592.00	10,700,179.72
Balance at end of year	526,048,650.68	525,969,058.68
Accumulated Amortization		
Balance at beginning of year	261,227,305.73	250,247,247.68
Amortization	4,138,362.60	10,206,769.67
Adjustments	-	773,288.38
Balance at end of year	265,365,668.33	261,227,305.73
Carrying Amount	260,682,982.35	264,741,752.95

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

16. Other Non-Current Assets

This account is composed of the following:

	2023	2022
Advances for Operating Expenses	230,815.92	-
Advances to Special Disbursing Officers	326,608.26	-
Advances to Officers & Employees	5,581,505.39	350,377.72
Prepayments	16,595,297.05	15,120,827.27
Guaranty Deposits	116,801,569.63	111,682,753.09
Other Deposits	3,007,765.23	3,155,547.78
Sub-Total	142,543,561.48	130,309,505.86
DBM (transfer of NHIP Program from GSIS to PHIC)	155,235,240.00	155,235,240.00
PDIC (per MB Reso. 459 dated 04/07/2005)	327,103.25	327,103.25
COA Disallowance of former officers and employees	-	-
PROs (from Various Health Providers-DCS)	700,555.15	700,555.15
Unserviceable Equipment	47,306,076.37	48,874,314.98
Serviceable Equipment	1,540,186.36	1,095,251.36
Receivable from NGAs	394,749,368.00	394,741,430.00
Receivable from PCSO	-	-
Receivable from LGUs	450,492,457.61	481,189,229.73
Other Assets - Intangibles	6,287,168.39	6,287,168.39
Total	1,056,638,155.13	1,088,450,292.86
Less: Allowance for Impairment	(982,936,676.40)	1,025,489,515.14)
Sub-Total	73,701,478.73	62,960,777.72
Other Non-Current Assets, net	216,245,040.21	193,270,283.58

- 16.1** The Special Disbursing Officer (SDO) is an Accountable Officer duly designated, responsible and accountable for the proper management of funds for a specific legal purpose or activity and is properly bonded in accordance with law. The amount is P326,608.26 and nil as at September 30, 2023 and nil at December 31, 2022, respectively. The amount represents the funds on hand from the said officers as of reporting date.
- 16.2** Advances to Officers and Employees amounting to P5,581,505.39 and P350,377.72 as at September 30, 2023 and December 31, 2022, 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 P16,595,297.05 and P15,120,827.27 as at September 30, 2023 and December 31, 2022, respectively, represent authorized payments made for insurance of motor vehicles of the Corporation from the Government Service Insurance System (GSIS), prepaid rent, prepaid registrations and other prepayments.
- 16.4.** Guaranty Deposits amounting to P116,801,569.63 and P111,682,753.09 as at September 30, 2023 and December 31, 2022, respectively, represent transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals. These deposits are made for the faithful performance of the provisions of the lease agreements and shall cover possible damages to the leased premises. These are refundable at the end of the service agreement.
- 16.5.** Long Term Receivable from the DBM amounting to P155,235,240.00 as at September 30, 2023 and December 31, 2022 represents surcharges for late remittance of the employer counterpart for premium contribution. However, allowance for impairment account of the same amount was provided for after evaluation of such factor as aging of accounts, collection experience in relation to particular receivable and identified doubtful accounts.
- 16.6.** Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to P327,103.25 as at September 30, 2023 and December 31, 2022 was the result of the Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation. As of last communication on July 7, 2022, no collection has been received. A follow-up letter was made on March 10, 2023 as per Audit Committee directive.
- 16.7.** Debit/Credit Scheme (DCS) amounting to P700,555.15 as at September 30, 2023 and December 31, 2022 refer to the balance of advance payment to HCPs for the year 1999.
- Allowance for impairment of 700,555.15 was provided for due to closure of some of the hospital facilities and as prescribed by PFRS 9.
- 16.8.** Unserviceable Equipment account amounting to P47,306,076.37 and P48,874,314.98 as at September 30, 2023 and December 31, 2022, respectively, represent equipment that are already for disposal. This account shall be further reclassified as Non-Current Asset–Held for Sale, once the requirements set upon by the Standard are met.
- 16.9.** Serviceable Equipment account amounting to P1,540,186.36 and P1,095,251.36 as at September 30, 2023 and December 31, 2022, respectively, represent pieces of equipment which are still functional but already obsolete and fully depreciated and ready for disposal. This account shall be further reclassified as Non-Current Asset–Held for Sale, once the requirements set upon by the Standard are met.

- 16.10.** Receivable from NGAs amounting to P394,749,368.00 and P394,741,430.00 as at September 30, 2023 and December 31, 2022 represents deficiency in employer share of the Health Insurance Premium Contributions by different government agencies nationwide from CYs 2001 to 2008.
- 16.11.** 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 below:

	2023	2022
NCR	1,307,600.00	1,307,600.00
CAR	20,893,160.82	22,806,503.32
I	35,962,267.37	35,962,267.37
II	15,914,961.40	15,914,961.40
IV-A	14,124,485.00	14,124,485.00
IV-B	938,740.00	938,740.00
V	279,103,173.04	281,853,173.04
VIII	6,079,685.95	6,940,501.57
X	1,592,544.45	21,456,374.45
XI	13,036,340.54	16,546,340.54
CARAGA	59,622,947.00	61,421,731.00
BARMM	1,916,552.04	1,916,552.04
Carrying Amount	450,492,457.61	481,189,229.73

- 16.12.** Other Assets – Intangibles – These are reclassified from Intangible Assets which were fully amortized and was left with their residual value only amounting to P6,287,168.39 as at September 30, 2023 and December 31, 2022. The reclassification was recommended by COA.
- 16.13.** Allowance for impairment 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/impairment accounts receivable per PhilHealth Corporate Order No. 2017-0010 dated January 20, 2017.

Per PhilHealth Corporate Order No. 2017-0010, the Corporation shall establish and maintain an Allowance for Doubtful/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.

	2023	2022
DBM (transfer of NHIP Program from GSIS to PHIC)	155,235,240.00	155,235,240.00
PDIC (per MB Reso. 459 dtd 04/07/2005)	327,103.25	327,103.25
PROs (from Various Health Providers-DCS)	716,684.65	700,555.15
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from LGUs	431,916,218.50	474,485,186.74
Allowance for Impairment	982,936,676.40	1,025,489,515.14

17. Financial Liabilities

This account is composed of the following:

	2023	2022
Accounts Payable	567,047,477.66	941,329,026.94
Accrued Benefits Payable	42,239,115,447.09	54,977,762,554.56
Due to Officers and Employees	577,378,358.95	464,537,809.95
Operating Lease Payable	4,318,889.44	4,257,350.44
Other Financial Liabilities	15,000.00	15,000.00
Total	43,387,875,173.14	56,387,901,741.89

Below is the breakdown of the Accounts Payable:

	2023	2022
Personnel Services	28,162,953.67	32,124,909.12
M.O.O.E.	507,944,317.44	778,920,887.76
CAPEX	30,940,206.55	130,283,230.06
Total	567,047,477.66	941,329,026.94

- 17.1. Accounts Payable – Personnel Services amounting to P28,162,953.67 and P32,124,909.12 as at September 30, 2023 and December 31, 2022, respectively, represent per diems and allowances of the Board of Directors and Committee members which are due for payment. This also includes the GSIS premium amounting to ₱20,604,585.00 which was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS in compliance with Opinion No. 56, s. of 2018 from the Office of the Government Corporate Counsel 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.
- 17.2. Accounts Payable – MOOE amounting to P507,944,317.44 and P778,920,887.76 as at September 30, 2023 and December 31, 2022, respectively, represent procurement of goods or services which are due for payment.
- 17.3. Accounts Payable - CAPEX amounting to P30,940,206.55 and P130,283,230.06 as at September 30, 2023 and December 31, 2022, respectively, represent procurement of property and equipment which are due for payment.
- 17.4. Accrued Benefits Payable are accrued expenses from claims filed by members or HCIs and received by the corporation but not yet processed and paid.

Below is the breakdown of the Accrued Benefits Payable:

	2023	2022
Benefit Claims Processed	4,569,385,800.63	7,656,040,443.25
Benefit Claims Processed-Primary Care Benefit (PCB)	4,458,865.00	6,847,697.00
Benefit Claims Processed-Konsulta	14,448,367.54	793,488.20
In-Course of Settlement (ICS)	29,614,584,741.54	38,179,864,716.60
ICS - in process	27,238,091,057.25	32,649,449,703.72
ICS-RTH	2,376,493,684.29	5,530,415,012.88
PCB	7,840,071,923.00	8,930,105,106.66
Konsulta	196,165,749.38	204,111,102.85
Total	42,239,115,447.09	54,977,762,554.56

- 17.5. Accrued Benefit Payable - Claims Processed amounting to P4,569,385,800.63 and P7,656,040,443.25 as at September 30, 2023 and December 31, 2022, respectively, represent benefit claims awaiting payment for the next crediting date. It also includes pending claims payment due to non-submission of official receipt from the HCI as well non-negotiated checks by the HCI as of reporting date.
- 17.6. Accrued Benefit Payable - Primary Care Benefit (PCB) processed amounting to P4,458,865.00 and P6,847,697.00 as at September 30, 2023 and December 31, 2022, respectively, represent PCB payment checks still in the possession of the Corporation.
- 17.7. Accrued Benefit Payable – Konsulta amounting to P14,448,367.54 and P793,488.20 represents benefit claims for Konsulta package as at September 30, 2023 and December 31, 2022, respectively.
- 17.8. Accrued Benefits Payable – ICS amounting to P29,614,584,741.54 and P38,179,864,716.60 as at September 30, 2023 and December 31, 2022, respectively, are estimated benefit claims still in process as of the reporting period.
- 17.9. Accrued Benefits Payable – PCB amounting to P7,840,071,923.00 and P8,930,105,106.66 as at September 30, 2023 and December 31, 2022, respectively, are claims which are actuarially estimated to be outstanding as of report date.
- 17.10. Due to Officers and Employees amounting to P577,378,358.95 and P464,537,809.95 as at September 30, 2023 and December 31, 2022, respectively, represents liability to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees.

Included in the accounts payable is the accrued personnel services (PS) for Welfare Support Assistance (WESA) from CY 2012 to CY 2020, based on the following grounds, to wit:

The PhilHealth Board of Directors issued PHIC Board Resolution No. 385, s. 2001, granting the payment of the Welfare Support Assistance (WESA) of P4,000.00 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 Republic Act (R.A.) No. 7305, otherwise known as the Magna Carta of Public Health Workers. However, On February 07, 2008, the COA issued 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 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 Board 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 SSL which explicitly identifies laundry and subsistence allowance as excluded from the integrated salary, but also by statutory authority, particularly, Section 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 (GR No. 213453) reversing the ND and COA decision on WESA on November 29, 2016, PhilHealth Management, with the concurrence of the Board of Directors, decided that such WESA should be given retroactive effect so that the rate of WESA, in lieu of Subsistence and Laundry Allowance, at P4,000 shall be deemed continuously granted starting February 2012 after its restoration by virtue of the PhilHealth Board of Directors 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 September 30, 2023, the remaining balance for WESA amounting to P95,764,729.96 are for retired and resigned employees.

- 17.11.** Operating Lease Payable amounting to P4,318,889.44 and P4,257,350.44 as at September 30, 2023 and December 31, 2022, respectively, are for Rental expense with no contract but extended on a month to month basis.
- 17.12.** Other Financial Liabilities – this account is used to recognize the amount of other financial liabilities incurred which cannot be appropriately classified under any of the specific financial liability accounts.

18. Inter-Agency Payables

This account is composed of the following:

	2023	2022
Due to BIR	297,662,828.40	160,737,151.66
Due to GSIS	106,580,122.45	88,447,899.82
Due to Pag-ibig	4,550,807.52	3,701,875.41
Due to PhilHealth	13,718,422.69	13,194,105.83
Due to NGAs	10,544,307.84	10,540,300.97
Due to Government Corporations	427,593,702.63	427,593,702.63
Due to LGUs	1,087,303.32	1,063,399.58
Due to Treasurer of the Phil	10,809,620.00	10,809,620.00
Total	872,547,114.85	716,088,055.90

- 18.1.** Due to BIR consists of liability for taxes withheld from employees' compensation and income payment to suppliers of goods and services which will be remitted in the subsequent period.
- 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 which will be remitted to the appropriate agencies in the subsequent periods.

- 18.3. Due to NGAs refers to SAGIP and PHIE projects of the Department of Health.
- 18.4. Due to Government Corporations refer to accrual of UMID billing from GSIS and SSS as well as loan payment to National Home Mortgage Finance Corporation
- 18.5. Due to LGUs refers to overpayment of premium contributions under sponsored programs which shall be applied to their additional enrollment during the year, if any. It also includes local tax withheld located outside the region for remittance to LGU.

19. Trust Liabilities

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

This account is composed of the following:

	2023	2022
UNFPA Project	37,988.46	37,785.77
Unclaimed Refund from Health Care Providers	312,299,412.21	312,162,815.75
AHP - Protest Bond	74,195,320.00	41,985,000.00
Donations	8,657,518.86	8,710,839.86
Bail Bonds Pay./Guaranty/Security Deposit Pay.	31,089,133.61	32,773,701.79
Retention Fee	40,730,850.03	36,736,179.70
Global Development Project	1,958,886.31	1,958,886.31
Philippine Training Institute	6,100,656.63	5,222,073.80
Philippine Training Institute - NSSF	605,103.16	619,138.39
PhilHealth Run 2013	900.00	900.00
PhilHealth Run 2015	87,218.87	87,218.87
Calamity Fund	80,747.82	127,437.26
PhilHealth Provident Fund	21,317,801.51	36,622,000.73
COVID-19 National Vaccine Indemnity Fund	521,866,915.36	498,833,761.87
LBP Electronic Salary Loan	716,869.28	-
Disallowance/Charges	389,766.56	194,500.00
Others	31,527,719.13	33,235,335.92
Total	1,051,662,807.80	1,009,307,576.02

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

	2023	2022
Westmont Investment Corporation	2,945,656.00	2,945,656.00
Strategies and Alliance Corporation	3,510,097.83	3,563,418.83
Land Bank of the Philippines	110,000.00	110,000.00
Donation received by PROs	2,091,765.03	2,091,765.03
Total	8,657,518.86	8,710,839.86

20. Provision for Health Benefits – IBNR

Provision for Health Benefits – IBNR amounted to ₱106,448,239,614.00 and ₱95,907,073,327.40 as at September 30, 2023 and December 31, 2022, respectively. They are claims which are actuarially 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.

Provision for IBNR, December 31, 2022	95,098,573,409.26
Add: Adj. in compliance to COA AOM	808,499,918.14
Provision for IBNR, December 31, 2022	95,907,073,327.40
Less: Claims paid applied to balance	(16,854,165,704.25)
IBNR, balance for 2023	79,052,907,623.15
Add: Increase as of August 31, 2023	27,395,331,990.71
Provision for IBNR, September 30, 2023	106,448,239,614.00
Provision for IBNR, December 31, 2021	55,453,415,291.42
Add: Adjustment on Restatement (COA)	1,447,209,967.00
IBNR, adjusted balance	56,900,625,258.42
Less: Claims paid applied to balance	(17,731,629,070.57)
IBNR, balance for 2021	39,168,996,187.85
Add: Increase in the Estimated Provision	55,929,577,221.55
Provision for IBNR, December 31, 2022	95,098,573,409.40
Add: Adj. in compliance to COA AOM	808,499,918.00
Provision for IBNR, December 31, 2022	95,907,073,327.40

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

21. Other Payables

This account is composed of the following:

	2023	2022
Undistributed Collections	2,178,766,677.45	1,005,835,986.13
Due to Non-Government Organizations / Civil Society Organizations	433,329.17	433,329.17
Other Payable - Others	25,360,113.59	28,881,885.77
Total	2,204,560,120.21	1,035,151,201.07

- 21.1** Undistributed Collections refer to unidentified premium collections, remittances of ACAs and accreditation fees credited to PhilHealth bank accounts as of reporting period.
- 21.2** Due to Non-Government Organization represents various reimbursement of PHIC Board of directors for meals and accommodation.
- 21.2** Other Payables – Others includes employees' association dues to PhilHealth White, amortization of loan availed from PhiCEA, and PROs Cooperative deduction from the salary of the PhilHealth employees.

22. Deferred Credits/Unearned Income

This account is composed of the following:

	2023	2022
Advance premium from Direct Contributors	212,590,272.44	412,694,954.13
Advance premium from Indirect Contributors	10,850,450,000.00	
Premium Contribution for NHTS enrollment (CY 2013 & 2014)	516,844,200.00	516,844,200.00
Accreditation Fees - ACAs	420,801.01	852,468.66
Accreditation Fees - HCPs	423,000.00	2,873,500.00
Sponsored - LGUs	18,273,627.24	18,943,227.24
Others	366,300.00	366,300.00
Total	11,599,368,200.69	952,574,650.03

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.

23. Lease Payable

Lease Payable amounting to ₱ 402,208,608.87 and ₱535,743,246.85 as at September 30, 2023 and December 31, 2022, respectively, are lease payable of the Corporation mostly office and warehouse rental ranging from 1 to 5 years.

24. Leave Benefits Payable

This provision is measured at the best estimate of the amount needed to settle them at the end of the reporting period. The obligation is measured at its "actual expected value". Charges to this account are disbursements for terminal leave pay and monetization.

Beg. Balance, 12/31/2022	807,441,849.24
Add: Current Monetization as Payable	
Less: Payments	<u>(12,756,051.21)</u>
End. Balance, 09/30/2023	<u>794,685,798.03</u>

Office	Regular	Casual	Total
Head Office	167,372,880.47	15,761,645.13	183,134,525.6
CAR	28,841,198.24	5,470,061.19	34,311,259.43
I	28,012,271.00	10,824,679.35	38,836,950.35
II	26,386,532.24	6,052,306.03	32,438,838.27
III	31,569,213.15	19,306,506.93	50,875,720.08
NCR	51,500,721.53	26,414,311.39	77,915,032.92
IV-A	42,970,145.11	21,706,940.90	64,677,086.01
IV-B	17,252,833.68	11,783,166.51	29,036,000.19
V	23,759,901.94	10,323,359.48	34,083,261.42
VI	26,342,833.90	17,387,036.53	43,729,870.43
VII	24,185,683.59	10,690,756.55	34,876,440.14
VIII	21,893,581.05	5,758,197.32	27,651,778.37
IX	17,899,400.35	4,791,912.77	22,691,313.12
X	13,932,800.93	5,792,536.01	19,725,336.94
XI	14,232,339.65	7,378,536.01	21,610,875.66
XII	15,646,703.37	7,914,434.04	23,561,137.41
CARAGA	21,122,259.30	6,073,421.93	27,195,681.23
BARMM	9,484,071.83	18,850,618.63	28,334,690.46
Total	582,405,371.33	212,280,426.70	794,685,798.03

(Data of PROs were consolidated based on the submitted documents of PRO HR Units.)

The provision of P794,685,798.03 and P807,441,849.24 represents money value of the earned leave credits as of September 30, 2023 and December 31, 2022 of officers and employees of PhilHealth.

25. Provision for 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.

The following are the Actuarial assumptions used in the computation of ICL for CY2022:

Requisite Information	Assumptions Used
Valuation	Closed group valuation
Mortality rates	In accordance with the Philippine Inter Company Mortality (PICM) Study
Morbidity rates	Average of the past 3-years on Utilization Rates and Average Value per Claim disaggregated by age and sex
Discount rates	Bloomberg Valuation Rate
Inflation rate/Increase in Benefit Payout	6%
Salary increase rate	3%
On premium increase	Premium as stated in RA 11223
On benefits	KONSULTA gradually transitioning to Comprehensive OPB
Operating expense	7.5%

Assumptions	Particulars
Include GAA	Includes the government subsidy of 79.06B in the Inflows
BVAL rates	Bloomberg Valuation Rate, which is increasing by 0.5% (or 50 basis points) every 5 years after the 25 th year up to a max of 8%
Lifespan	According to the latest WHO data published in 2019 life expectancy in the Philippines is: Male 67.3, female 75.5 and total life expectancy is 71.2. For the Direct Contributors, the liabilities beyond the average lifespan will not be considered when using this assumption.

The above assumptions are for the interim until the complete personnel complement of the Office of the Actuary is in place as well as the setting up of the system that can address the needed information to be able to address the requirements of PFRS 4.

The following are expected to be for further revisions:

1. Following the "Seriatim method", calculation of reserves shall be per member
2. Review of salary increase assumption
3. Incorporation of persistency rates
4. Conduct of Expense Analysis study for the specific operating expense assumption
5. Conduct of morbidity study
6. Conduct of medical inflation study
7. Conduct of mortality study

Following the assumptions aforementioned, the ICL as approved by the Board of Directors to be recorded for CY2022 are as follows:

	Actuarial Estimates
Total Outflows	5,037,679,508,012.00
Total Inflows	4,770,806,195,481.00
ICL, end of the year	266,873,312,531.00
ICL, beginning of the year	339,309,737,739.00
Change in ICL	72,436,425,208.00

The Actuarial Services and Risk Management Sector (ASRMS) performed Liability Adequacy Test as required by PFRS 4, using the same assumptions as stated above and in Note 2.22 as required by IC, the result of which is P266,873,312,531.00. The decrease is recognized as other gains as recommended by COA GAS in compliance to PAS 8, change in accounting estimates.

The approved computation was used to record the ICL, subject to re-measurement. Moreover, re-measurement is only made at year-end, hence, no changes is recorded during interim periods.

26. Members' Equity

This account is composed of the following:

	September 2023	September 2022	December 2022
Reserve	359,290,832,453.63	224,410,812,077.02	275,785,094,946.82
Provision for ICL	(245,210,695,795.32)	(992,593,062,892.29)	(245,210,695,795.32)
Total Members' Equity	114,080,136,658.31	(768,182,250,815.27)	30,574,399,151.50

26.1 Below is the breakdown of Reserve:

	September 2023	September 2022	December 2022
Reserve at January 1	275,785,094,946.82	176,584,864,460.18	191,498,004,527.64
Net income	79,591,046,530.31	46,081,388,821.21	79,038,542,241.98
Prior year's adjustments	3,914,690,976.50	1,744,558,795.63	5,248,548,177.20
Reserve Fund	359,290,832,453.63	224,410,812,077.02	275,785,094,946.82

The Reserve Fund is recorded in compliance with Office Order No. 0145, s. of 2012 which is based on the provisions of Section 27 of RA 7875 as amended by RA 10606, which states that the Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, that the total amount of reserves shall not exceed a ceiling of ₱470.59B, the amount actuarially estimated for two years' projected program expenditures: Provided further; that whenever actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

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

27. Premium Contributions

This account is composed of the following:

	2023	2022
Direct Contributors	102,865,262,508.13	86,682,125,084.76
Indirect Contributors	61,220,610,027.83	58,528,722,233.50
Total	164,085,872,535.96	145,210,847,318.26

27.1 Below is the breakdown of the Direct Contributors:

	2023	2022
Government	25,141,715,087.99	21,264,946,186.32
Private	71,594,675,466.16	59,102,714,093.04
Kasambahay	73,359,657.40	73,375,810.96
Family Driver	9,322.21	15,374.80
Migrant Worker - Land Based	167,436,215.16	197,861,558.09

Migrant Worker - Sea Based	343,301.67	636,994.00
Filipino with Dual Citizenship / Living Abroad	600,561.38	591,120.58
Women about to give birth	46,750.00	108,225.00
Professional Practitioner	40,726,459.29	39,998,322.13
Self-Earning Individual	4,783,040,107.28	5,007,600,607.33
Self-Earning Individual - Sole Proprietor	3,078,510.23	568,811.03
Self-Earning Individual - Group Enrollment Scheme	1,040,170,321.37	975,704,649.58
Foreign National	18,986,255.62	18,003,331.90
Others	1,074,492.37	-
Total	102,865,262,508.13	86,682,125,084.76

27.2 Below is the breakdown of the Indirect Contributors:

	2023	2022
Indigent - NHTS	28,392,572,250.00	27,161,820,000.00
Senior Citizens	32,198,516,250.00	30,988,912,500.00
PAMANA	16,632,000.00	10,200,600.00
Sponsored	612,889,527.83	367,789,133.50
Total	61,220,610,027.83	58,528,722,233.50

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

- a. Income from the Direct Contributors come from the premium contributions of the following:
 1. Government employees
 2. Private employees
 3. All other workers rendering services, whether in government or private offices, such as job order contractors, project-based contractors and the likes
 4. Owners of micro-enterprises
 5. Owners of small, medium and large enterprises
 6. Household Help – as defined in RA 10361 on “Kasambahay Law”
 7. Family Drivers
 8. Migrant Workers – as defined in RA 10022 (Migrant Workers Act) and RA 10801 (OWWA Act)
 9. Informal Sector
 10. Self-earning individuals
 11. Professional practitioners
 12. Filipinos with Dual Citizenship
 13. Naturalized Filipino Citizens
 14. Citizens of other countries working and/or residing in the Philippines
 15. Women about to give birth
 16. Foreign Retirees (Registered with Philippine Retirement Authority)
 17. All Filipinos aged 21 years and above who have the capacity to pay premiums.
- b. Income from the Indirect Contributors are attributed to premium contributions from the following:
 1. Indigent-NHTS as appropriated in the GAA.
 2. Sponsored members paid by another individual, government agency, or private entity according to the rules prescribed by the Corporation.
 3. Special government programs as appropriated in the GAA.
 4. Senior Citizen as appropriated in the GAA.

28. Interest and Other Income

This account is composed of the following:

	2023	2022
Interest Income	14,528,543,016.97	8,042,631,744.74
Other Income	625,057,191.18	188,190,744.29
Total	15,153,600,208.15	8,230,822,489.03

28.1 Below is the breakdown of the Interest Income:

	2023	2022
Investment Securities at Amortized Cost	8,479,214,224.34	7,248,188,946.87
Special Savings Deposit	701,725,504.80	304,666,290.86
Investment in Time Deposit	5,346,437,152.15	488,578,617.64
Savings & Current Deposits	1,166,135.68	1,197,889.37
Total	14,528,543,016.97	8,042,631,744.74

28.2 Below is the breakdown of the Other Income:

	2023	2022
Accreditation Fees	10,292,297.37	14,494,071.96
Fines & Penalties	130,449,595.29	81,106,226.19
Rent Income	594,697.78	218,791.12
Gain (Loss) on Foreign Exchange	150,922.83	259,837.14
Gain on Sale of Property, Plant & Equipment	14,100.00	-
Gain on Sale of Unserviceable Property	142,257.69	101,659.63
Other Gains	-	5,423.98
Reversal of Impairment loss	454,115,402.60	-
Miscellaneous Income	29,297,917.62	92,004,734.27
Total	625,057,191.18	188,190,744.29

Reversal of Impairment Loss is credited when the allowance is being adjusted due to excessive provision or reversal of the allowance when collection was made.

Miscellaneous Income consists of income amounting to one hundred thousand or more. This includes income from proceeds from disposal of unserviceable properties, sale of valueless records, forfeited performance security and refund of benefit payment collected from delinquent employers.

Rent Income is an income earned from the portion of PRO III office building being leased out to a private entity.

29. Benefit Claim Expenses

Benefit Claims Expenses for 2023 and 2022 are recognized at the time of admission.

This account is composed of the following:

	2023	2022
Members' Benefits for Direct Contributors	50,378,641,803.19	51,437,779,598.49
Members' Benefits for Indirect Contributors	43,450,293,462.12	50,458,993,520.79
Interim Financing Mechanism (IFM)	-	269,004,561.00
DCPM-PRC	-	-
KONSULTA	195,435,664.64	1,559,002.52
Total	94,024,370,929.95	102,167,336,682.80

29.1 Below is the breakdown of Members' Benefit for Direct Contributors:

	2023	2022
Government	6,486,766,088.53	8,651,091,934.78
Private	19,028,369,472.71	18,403,766,762.44
Kasambahay	20,746,641.17	15,406,407.52
Family Driver	4,778,389.99	234,548.00
Migrant Worker - Land Based	252,731,801.35	101,321,780.07
Migrant Worker - Sea Based	392,382,718.91	37,556,296.23
Filipino with Dual Citizenship/Living Abroad	943,109.56	338,599.88
Professional Practitioner	50,930,503.07	-
Self-Earning Individual - New	16,048,626,130.88	18,229,089,522.36
Self-Earning Individual - Sole Proprietor	12,218,151.36	382,262.16
Self-Earning Individual - Group Enrollment	515,546,008.74	39,721,582.62
Foreign National	10,926,006.70	2,907,059.80
Lifetime Members	7,553,586,137.69	5,955,962,842.63
Others	90,642.53	-
Total	50,378,641,803.19	51,437,779,598.49

29.2 Below is the breakdown of Members' Benefit for Indirect Contributors:

	2023	2022
Indigent - NHTS	15,056,544,513.23	13,871,836,315.53
Senior Citizens	18,711,913,836.68	30,336,882,239.75
Sponsored	9,681,835,112.21	6,250,274,965.51
Total	43,450,293,462.12	50,458,993,520.79

30. Personnel Services

This account is composed of the following:

	2023	2022
Salaries & Wages	2,119,371,736.43	1,762,447,478.75
Other Compensation	1,144,983,051.25	1,140,954,349.75
Statutory Contributions	413,190,903.92	343,835,945.81
Other Personnel Services	13,201,997.15	4,157,540.29
Total	3,690,747,688.75	3,251,395,314.60

31. Other Operating Expenses

This account is composed of the following:

	2023	2022
Maintenance and Other Operating Expenses	1,539,949,221.62	1,074,329,530.41
Financial Expenses	27,214,867.72	32,429,031.68
Non-Cash Expenses	366,143,505.76	834,790,426.59
Total	1,933,307,595.10	1,941,548,988.68

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

31.1 Below is the breakdown of the MOOE:

	2023	2022
Traveling Expenses	89,856,270.99	36,439,004.14
Training and Scholarship Expenses	19,880,014.03	14,156,757.47
Supplies and Materials Expenses	111,661,247.16	115,088,462.73
Semi-Expendable Expenses	36,070,671.26	16,054,215.16
Water Expenses	5,113,420.60	4,607,179.78
Electricity Expenses	121,513,633.77	123,608,592.88
Communication Expenses	81,713,341.16	63,814,231.29
Awards / Rewards, Prizes and Indemnities	3,751,460.95	7,605,680.70
Research, Exploration and Development Exp.	10,983,520.00	344,688.00
Confidential, Intelligence and Extraordinary Exp.	3,970,409.84	3,689,822.79
Auditing Services	44,357,334.00	43,238,465.00
Consultancy Services	100,000.00	510,638.28
Other Professional Services	385,023,390.13	159,554,802.36
Janitorial Services	58,008,709.24	52,553,441.56
Security Services	126,440,854.09	110,426,355.44
Repairs & Maintenance	14,353,650.31	12,261,588.68
Taxes, Duties and Licenses	473,873.64	381,897.04
Fidelity Bond and Insurance Expenses	17,142,498.55	16,065,026.37
Advertising Expenses	14,767,649.81	6,693,410.92
Marketing and Promotional Expenses	38,514,612.12	8,120,546.04
Printing and Publication Expenses	3,945,853.81	3,376,543.97
Representation Expenses	37,557,217.01	36,936,184.56
Transportation and Delivery Expenses	1,451,037.60	1,012,998.22
Rent / Lease Expenses	232,385,405.45	194,411,790.24
Membership Dues and Contr. to Organizations	6,667,539.71	6,794,295.28
Subscription Expenses	2,372,361.54	1,014,147.51
Donations	400,162.65	256,065.90
Major Events Expenses	11,635,333.98	7,788,513.81
Other MOOE - Others	59,837,748.22	27,524,184.29
Total	1,539,949,221.62	1,074,329,530.41

31.2 Below is the breakdown of the Financial Expenses:

	2023	2022
Interest Expenses	11,473,934.84	16,126,722.26
Bank Charges	65,270.08	14,344.51
Other Financial Charges	15,675,662.80	16,287,964.91
Total	27,214,867.72	32,429,031.68

Interest Expenses includes the effect of applying PFRS 16.

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

31.3 Below is the breakdown of the Non-Cash Expenses:

	2023	2022
Depreciation	347,225,639.71	409,925,517.67
Land Improvements	-	-
Buildings and Other Structures	1,067,910.67	967,940.07
Machinery and Equipment	124,997,477.55	177,489,884.88
Furniture, Fixtures and Books	3,260,748.04	6,724,536.84
Transportation Equipment	26,631,861.29	10,098,985.44
Leased Assets	-	-
Leased Assets Improvements	17,670,763.18	19,323,231.15
Right-of-Use Assets	173,596,878.98	195,285,252.04
Other Property, Plant and Equipment	-	35,687.25
Amortization - Intangible Assets	4,138,362.60	7,738,375.32
Impairment Loss	14,093,329.45	416,907,721.20
Loans and Receivables	311,608.30	309,187,802.77
Other Receivables	12,366,429.91	45,174,600.91
Due from LGUs	-	-
Financial Assets held to maturity	980,984.37	810,068.30
Inventories	274,575.25	-
Property, Plant and Equipment	159,731.62	962.37
Intangible Assets	-	-
Other Assets	-	61,734,286.85
Losses	686,174.00	218,812.40
Loss on sale of property and equipment	-	216,251.17
Loss on FOREX	124,259.19	2,561.23
Loss of Assets	561,914.81	-
Loss on Sale of Assets	-	-
Other Losses	-	-
Total	366,143,505.76	834,790,426.59

32 Other Significant and Relevant Information

32.1 PhilHealth reclassified as Commercial Public Sector Entities (CPSEs)

PhilHealth is now classified as 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 POS Program

32.2.1 The Department of Budget and Management has issued the following SAROs for the payment of cost of availment for 2017 benefit claims of financially incapable families under Universal Health Care through POS Program, chargeable against PhilHealth's authorized appropriation under Republic Act No. 10924, FY 2017.

32.2.2 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	Amount received from DBM as of Sept. 30, 2023
SARO-BMB-C-17-0023166	91,333,530.00	91,333,530.00
SARO-BMB-C-17-0025119	103,350,096.00	103,350,096.00
SARO-BMB-C-17-0025794	2,805,316,374.00	1,196,668,091.00
	3,000,000,000.00	1,391,351,717.00

32.3 PhilHealth Supplemental Benefits

On December 28, 2018, the Department of Budget and Management issued SARO No. SARO-BMB-C-18-0035076 amounting 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 P3,500,000,000. No NCA received yet for the P3,500,000.00 as of September 30, 2023.

32.4 Arrears of the National Government as an Employer

32.4.1 The information below, though not recorded in our books of accounts, are deemed necessary to be disclosed.

32.4.2 PhilHealth adjusted the premium contribution of the Employed Sector in CY2013 through PhilHealth Circular No. 057, s.2012 which prescribed P875.00 per month as the maximum contribution shared equally by the Employer and the Employee at P437.50 each. However, DBM had allocated 312.50 only or a 40% deficiency. The Corporation consequently billed the Department of Budget and Management of the estimated NG Employer premium differential and requested the allocation of the unappropriated balances in the following periods:

Calendar Year	Amount of SARO
2001-2012	P 9,664,042,012.00
2013	330,691,801.00
2014	330,691,801.00
2015	330,691,801.00
2016	330,691,801.00
Total	P 10,986,809,216.00

32.5 Assigned Lot to PRO III

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

32.6 Non-remittance of GSIS Premium for Disallowed Salary Adjustments

The GSIS premium amounting to ₱20,604,585.00 was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS in accordance with Opinion No. 56, s. 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.

33.7 Contingent Liability

Under contingent liability is the employer's share for Philhealth Provident Fund (PPF) amounting to 1,208,222,508.94 for the years 2019, 2020 and 2021. The establishment of the PPF needs the approval of the President of the Philippines as observed through COA AOM hence, the timing and control of the approval is now beyond the control of the corporation. As of even date, the appeal is now with the Office of the President.

With other Government-Owned and Controlled Corporations and Government Financial Institutions that were able to secure approval for their Provident Fund, we are optimistic that the approval will be granted in due time.