



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

ANNUAL AUDIT REPORT

on the

**PHILIPPINE HEALTH INSURANCE
CORPORATION
(PhilHealth)**

For the Years Ended December 31, 2021 and 2020



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Philippine Health Insurance Corporation
Citystate Centre Building
709 Shaw Boulevard
Pasig City

Report on the Audit of the Financial Statements

Adverse Opinion

We were mandated to audit the financial statements of the **Philippine Health Insurance Corporation (PhilHealth)**, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the *Bases for Adverse Opinion* section of our report, the accompanying financial statements do not present fairly, in all material aspects, the financial position of **PhilHealth** as at December 31, 2021 and 2020, and its financial performance and cash flows for the years ended, in accordance with Philippine Financial Reporting Standards (PFRS).

Bases for Adverse Opinion

The balance of the account Provision for Insurance Contract Liabilities (ICL) as at December 31, 2021 and 2020, both in the amount of P1.014 trillion, is unreliable due to: a) non-recognition of the changes in estimates in CY 2021, which was not in accordance with the requirements of Philippine Accounting Standards (PAS) 8, resulting in the misstatement of the accounts, Provision for ICL and Member's Equity accounts as at December 31, 2021, and Other Comprehensive Income (OCI) for CY 2021 by P674.946 billion; and, b) misapplication of the first-time adoption of PFRS 4 in the previous year also resulted in a misstatement of the CY 2020 OCI balances by an undetermined amount. These deficiencies affected the fair presentation of the accounts in the financial statements, contrary to paragraph 15 of PAS 1.

PhilHealth did not implement the 0.5 percent increase in premium contribution in CY 2021 as mandated in the Universal Health Care (UHC) Act resulting in the understatement of the income from Premium Contribution during the year by P15.156 billion, consequently understating the accounts Receivables from Direct Contributors and Retained Earnings by the same amount, as at December 31, 2021, which is contrary to paragraph 15 of PAS 1.

The recognition/inclusion of the 241,134 Returned to Hospital (RTH) claims with admission years between 2011 to 2020 and 82,804 claims filed/refiled after December 31, 2021 amounting to P3.064 billion and P1.447 billion respectively, under account Accrued Benefit Claims Payable (ABCP) – In Course of Settlement (ICS) overstated the balance by P4.511 billion while understating ABCP-ICS-RTH and Provision for Health Benefits – Incurred but not Yet Received (IBNR) accounts for an undetermined amount, which is not in conformity with the requirement for fair presentation prescribed under PAS 1.

The delay in the issuance of PhilHealth Official Receipts (PORs) covering the premium remittances of its clients totaling P1.800 billion, which were deposited directly to PhilHealth's bank accounts and were temporarily recorded under the "Undistributed Collections" account, resulted in the misstatement of the Receivable, Other Payable, and/or Revenue accounts for an undetermined amount, thus affecting the fair presentation of the accounts in the financial statements, contrary to Paragraph 15 of PAS 1. The late issuance of the PORs was due to the late submission/presentation by the clients to the PhilHealth collection officers of deposit slips and/or equivalent document/s corresponding to the remittances.

The Salaries and Wages, Other Compensation, and Due to Officers and Employees accounts are misstated by P72.712 million, P40.919 million, and P113.631 million, respectively, due to the non-recognition of accrual for adjustments in salaries and allowances for the implementation of the Compensation and Position Classification System (CPCS) provided under Executive Order (EO) No. 150, which is inconsistent with the requirements of PAS 1 and Conceptual Framework for General Purpose Financial Reporting (CFGPFR) to faithfully represent the transactions for the proper period.

The accounting errors in the recognition and measurement of Investment in Bonds and Accrued Interest Receivable resulted in the overstatement of Investment in Bonds, Accrued Interest Income and Interest Income accounts by P26.429 million, P7.202 million, and P7.202 million, respectively, thus affecting the fair presentation of these accounts in the financial statements as at December 31, 2021, contrary to paragraph 15 of PAS 1.

The Intangible Assets, net and Member's Equity accounts with year-end balances of P217.370 million and (P816.008) billion, respectively, were understated due to the non-recognition of capitalizable costs incurred for: a) 49 software solutions/programs worth P11.047 million and b) 21 software programs with an undetermined amount, all of which are internally-developed by PhilHealth with indefinite useful lives, contrary to paragraphs 21, 57 and 66 of PAS 38 and Qualitative Characteristics (QC) 12 of the CFGPFR.

The inadequacy/non-disclosures in the Notes to Financial Statements (FSs) of the potential impact/effect of the ongoing pandemic caused by COVID-19 on the operations and financial transactions of PhilHealth and the Corporation's plans in addressing the risk and uncertainties of events and circumstances that may raise substantial doubts about its ability to continue as a going concern affected the fair presentation of FSs and may also have impacted the economic decisions of the intended users, contrary to paragraphs 25 and 112 of PAS 1.

Other Matter

In our report for CY 2020 dated August 3, 2021, we did not express an opinion on the fairness of the FSs as at December 31, 2020 due to the limitation in establishing the faithful representation of the Financial Liabilities-Accrued Benefits Payable (ABP)-IBNR, Receivable from Direct Contributors, Premium Contributions amounting to P64.575 billion, P8.521 billion (at carrying amount), and P148.995 billion, respectively, and other asset, liability, expense, and revenue accounts. The bases, however, for the disclaimer of opinion in the prior year were not yet resolved in CY 2021.

Considering further the magnitude and pervasiveness of misstatements, comprising of the following: a) Provision for ICL and Member's Equity accounts as at December 31, 2021 and OCI account for CY 2021 by P674.946 billion; b) Receivables from Direct Contributors and Premium Contributions accounts by P15.156 billion; c) ABCP – ICS by P4.511 billion; d) ABCP-ICS-RTH and Provision for Health Benefits – IBNR accounts by undetermined amount; and d) other misstatements in asset, liability, expense, and revenue accounts, our present opinion is different from that expressed in our previous report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PhilHealth's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PhilHealth or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PhilHealth's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the PhilHealth's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report. However, because of the matters described in the *Bases for Adverse Opinion* section of our report, we were able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the PhilHealth in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRSs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT


ATTY. ABDUL NASSIF M. FAISAL

Supervising Auditor

Audit Group F – Philippine Health Insurance Corporation

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

Corporate Government Audit Sector

June 30, 2022



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Philippine Health Insurance Corporation is responsible for the preparation of the financial statements as at December 31, 2021 and 2020, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

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

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

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

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



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2021 and 2020
(In Philippine Peso)

	Notes	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	6,363,794,518	28,050,485,089
Investment in time deposits	6	66,238,665,699	67,235,402,005
Receivables, net	7	10,627,319,911	11,166,376,473
Other receivable, IRM	8	18,669,852	1,570,977,280
Inventories	9	132,012,124	151,931,261
Other current assets	10	120,170,608	226,091,027
Total Current Assets		83,500,632,712	108,401,263,135
Non-Current Assets			
Investment securities at amortized cost	11	260,877,460,648	162,544,939,050
Property and equipment, net	12	2,569,319,833	3,041,286,570
Intangible assets, net	13	217,370,134	224,231,817
Other non-current assets, net	14	318,210,373	248,883,193
Total Non-Current Assets		263,982,360,988	166,059,340,630
TOTAL ASSETS		347,482,993,700	274,460,603,765
LIABILITIES			
Current Liabilities			
Financial liabilities	15	142,234,204,641	107,709,036,141
Inter-agency payables	16	645,224,113	624,413,468
Trust liabilities	17	1,755,243,689	458,536,363
Other payables	18	2,212,752,741	739,498,490
Total Current Liabilities		146,847,425,184	109,531,484,462
Non-Current Liabilities			
Deferred credits/Unearned income	19	1,266,530,830	1,183,584,412
Leave benefits payable	20	1,121,556,490	1,208,368,125
Provision for insurance contract liabilities	21	1,014,255,679,628	1,014,255,679,627
Total Non-Current Liabilities		1,016,643,766,948	1,016,647,632,164
TOTAL LIABILITIES		1,163,491,192,132	1,126,179,116,626
EQUITY			
Members' Equity	22	(816,008,198,432)	(851,718,512,861)
Total Equity		(816,008,198,432)	(851,718,512,861)
TOTAL LIABILITIES AND EQUITY		347,482,993,700	274,460,603,765

The notes on pages 10 to 72 form part of these financial statements

PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020
(In Philippine Peso)

	Notes	2021	2020
Premium contributions	23	171,174,395,113	148,994,622,175
Less: Benefit claims expenses	25	140,161,027,863	120,903,158,175
GROSS MARGIN FROM OPERATIONS		31,013,367,250	28,091,464,000
Operating Expenses			
Personnel services	26	4,277,374,147	4,807,795,598
Other operating expenses	27	3,568,206,170	2,337,313,382
TOTAL OPERATING EXPENSES		7,845,580,317	7,145,108,980
NET OPERATING INCOME (LOSS)		23,167,786,933	20,946,355,020
Add: Interest and other income	24	9,671,320,124	9,113,372,620
NET INCOME		32,839,107,057	30,059,727,640
OTHER COMPREHENSIVE INCOME		-	-
NET INCOME		32,839,107,057	30,059,727,640

The notes on pages 10 to 72 form part of these financial statements

PHILIPPINE HEALTH INSURANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2021 and 2020

(In Philippine Peso)

	Notes	2021	2020
SURPLUS	22		
Surplus at January 1		-	1,783,347
Net income		32,839,107,057	30,059,727,640
Prior year adjustments		2,871,207,372	858,581,400
Adjustment of contingent capital		-	(1,783,347)
Total Surplus		35,710,314,429	30,918,309,040
Surplus transferred to reserves		(35,710,314,429)	(30,918,309,040)
Surplus at December 31		-	-
RESERVE FUND	22		
Reserve at January 1		140,874,550,031	109,956,240,991
Surplus transferred to reserves		35,710,314,429	30,918,309,040
Reserve Fund at December 31		176,584,864,460	140,874,550,031
 Provision for insurance contract liability	21	 (992,593,062,892)	 (992,593,062,892)
 TOTAL MEMBERS' EQUITY		 (816,008,198,432)	 (851,718,512,861)

The notes on pages 10 to 72 form part of these financial statements

PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(In Philippine Peso)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Cash received from premium contributions		172,591,693,945	149,124,372,821
Interest received from investments		10,358,834,702	9,442,517,989
Collection of other income		434,725,500	350,273,720
Collection of rent		966,181	490,600
Reimbursement of point of service		9,522,070	3,833,180
Total Cash Inflows		183,395,742,398	158,921,488,310
Cash Outflows			
Payment of benefit claims		(100,236,837,967)	(100,116,022,875)
Payment of operating expenses		(5,950,463,864)	(6,740,277,535)
Payment of bank charges		(37,903)	(82,121)
Total Cash Outflows		(106,187,339,734)	(106,856,382,531)
Net Cash Provided by/(Used in) Operating Activities		77,208,402,664	52,065,105,779
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Matured time deposits		183,116,448,228	140,548,007,408
Matured treasury bills		4,576,728,014	2,449,315,185
Matured treasury bonds		59,026,529,000	19,888,928,000
Proceeds from disposal of assets		250,482	486,329
Total Cash Inflows		246,719,955,724	162,886,736,922
Cash Outflows			
Placement on time deposits		(182,119,647,809)	(137,697,386,265)
Placement on treasury bills		-	(7,026,043,200)
Placement on treasury bonds		(162,620,621,333)	(53,764,546,693)
Interest paid on placement of bonds		(866,458,172)	(174,534,351)
Fixed assets purchase		(201,182,425)	(188,717,521)
Total Cash Outflows		(345,807,909,739)	(198,851,228,030)
Net Cash Provided by/(Used in) Investing Activities		(99,087,954,015)	(35,964,491,108)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Trust receipts		504,431,434	367,316,274
Total Cash Inflows		504,431,434	367,316,274
Cash Outflows			
Finance lease payments		(310,578,911)	(252,099,675)
Total Cash Outflows		(310,578,911)	(252,099,675)
Net Cash Provided By/(Used In) Financing Activities		193,852,523	115,216,599
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(21,685,698,828)	16,215,831,270
Effects of exchange rate changes on cash and cash equivalents		22,257	33,617
Reversal of interest income on Treasury Bonds		(1,014,000)	-
CASH AND CASH EQUIVALENTS, JANUARY 1	5	28,050,485,089	11,834,620,202
CASH AND CASH EQUIVALENTS, DECEMBER 31	5	6,363,794,518	28,050,485,089

The notes on pages 10 to 72 form part of these financial statements

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. Coronavirus Pandemic

The country is currently experiencing a pandemic resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting event as at December 31, 2021, the effect on the Corporation's operations and financial performance, however, cannot be

reasonably determined as at March 31, 2022. Nonetheless, the Corporation strongly believes that it can remain 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

The accompanying financial statements of the Corporation have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), where practicable, and Commission on Audit (COA) Circular No. 2017-004 which set forth the guidelines on the preparation of financial statements and other financial reports and implementation of the PFRSs by government corporation classified as government business enterprises.

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.

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

In preparing the financial statements of the Corporation, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value

was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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 new and amended PFRSs which the Corporation adopted effective for annual periods beginning on or after January 1, 2018 but only adopted in January 1, 2021:

PFRS 9, Financial Instruments – This standard replaced Philippine Accounting Standard (PAS) 39, Financial Instruments: Recognition and Measurement (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition and derecognition.

Initially, this has been deferred to coincide with the implementation of PFRS 17, Insurance Contracts, which the Insurance Commission (IC) deferred to calendar year (CY) 2025. However, as directed and approved by the BODs of PhilHealth's business model last September 30, 2021, PFRS 9 shall now be adopted for the year 2021.

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

For financial liabilities, the amount of change in fair value of a financial liability designated as fair value through profit or loss (FVPL) that is attributable to changes in the credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at inception of a contract. Recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

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

As allowed under transitory provisions of PFRS 9, the Corporation applied the requirements of PFRS 9 retrospectively but opted not to restate the comparative information.

The Corporation has performed an assessment and determined the following impact of PFRS 9 on its financial instruments:

Classification and Measurement. On the date of initial application, January 1, 2021, the Corporation made the following reclassifications:

Trade and other receivables and other financial assets that were classified as loans and receivables under PAS 39 are now classified as financial assets at amortized cost. These financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

The Corporation has not designated any financial assets as at FVPL and fair value through other comprehensive income (FVOCI).

There are no changes in the classification and measurement for the Corporation's financial liabilities.

The application of the classification and measurement requirements under PFRS 9 did not materially affect the carrying amounts of the Corporation's financial instruments as at January 1, 2021.

Impairment. Cash and cash equivalents are subject to the impairment requirements of PFRS 9, the resulting impairment loss is not significant primarily because the placements are with reputable counterparty banks that possess good credit ratings.

For financial assets at amortized cost which mainly comprise of receivables (excluding receivables from National Government Agencies (NGAs) and investments in triple A rated companies, the Corporation applies the general approach which keeps track on changes of credit risk. This resulted in an increase of the allowance for impairment losses with a corresponding decline in retained earnings as at December 31, 2021 by P1,208 billion for receivables and P222,230 for investments.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements except for PFRS 9 as discussed in the foregoing. Additional disclosures have been included in the notes to financial statements, as applicable.

2.4. New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRSs, which are not yet effective as at December 31, 2021 and have not been applied in preparing the financial statements, are summarized below.

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

Amendments to PFRS 3, Reference to Conceptual Framework - The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or International Financial Reporting Interpretation Committee (IFRIC) 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that

contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

Amendments to PFRS 16, Property, Plant and Equipment - Proceeds Before Intended Use - The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the related proceeds and related cost from such items shall be recognized in profit or loss. The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

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

- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 1, First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter - The amendments permit a subsidiary that applies PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.
 - Amendments to PFRS 9, Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of 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.
 - Amendments to PAS 41, Agriculture - Taxation in Fair Value Measurements - The amendment removes the requirement of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13, Fair Value Measurement.

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

- PFRS 17, Insurance Contracts - This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

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, 2021 and 2020, 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 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. 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. 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.

2.11. Property and Equipment

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

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

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations, where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation is computed on the straight-line method based on the estimated useful lives of the depreciable assets.

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

Particulars	Estimated Useful Life (in years)
Land improvements	10
Building and building improvements	30
Leasehold improvements	10
IT equipment	5
Furniture and fixtures	10
Office equipment	5
Communication equipment	10
Library books	5
Medical equipment	10
Transportation equipment	7

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.

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

2.12. Intangible Assets

Intangible assets represent 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 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.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

2.13. 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.

2.14. Surplus

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

2.15. 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 from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Corporation performs its obligation; (b) the Corporation's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Corporation's performance does not create an asset with an alternative use to the Corporation and the Corporation has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time. The following specific recognition criteria must also be met before revenue is recognized.

Premium contributions

Revenue is recognized as the member contributions become due.

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.

2.16. 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 benefits incurred by the Corporation for health care services, in-patient, out-patient, Primary Care Benefit (PCB) and Z benefit packages availed of by the members and their dependents. Benefit Claims Expense is recognized at the date of admission (per Corporate Order No. 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.

2.17. Leases

The Corporation assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Corporation assesses whether, throughout the period of use, it has both of the following:

- i. The right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. The right to direct the use of the identified asset.

If the Corporation has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Corporation also assesses whether a contract contains a lease for each potential separate lease component.

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 three to five 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.

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 remeasurement 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.

Below is the summary of information regarding ROU asset of the Corporation:

	2021
Carrying amount of Right-of-use asset	644,440,513
Depreciation expense	391,866,812
Interest expense	99,063,666
Short-term leases	88,688,354
Total	1,224,059,345

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 Corporation 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 remeasured 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.

2.18. Research and Development Cost

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

2.19. Employee Benefits

Short-term Benefits

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

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

2.20. Related Parties

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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. Provisions for Insurance Contract Liabilities (ICL)

Provision for ICL is the best estimate that relates to expected future claim payments to be incurred in relation to the liabilities that PhilHealth is contractually obligated to pay their members. Since 2005, PFRS have mandated that these liabilities must be properly recognized and reported in the financial statements.

Present Value

Actuarially-defined as the current worth of a future sum of money or stream of cash flows given a specified rate of return. Here, cash flows are discounted at the discount rate, and the higher the discount rate, the lower the present value of the future cash flows.

The following are the valuation requirements of the IC:

Assumption	IC Requirement
Discount rate	Discount rates prescribed by IC
Mortality	Based on actual experience
Disability/morbidity	Based on actual experience
Lapse/persistency	Based on actual experience
Expense	Based on actual experience derived from last expense study
Inflation	Suitable non-negative inflation rate
Margin for Adverse Deviation (MfAD)	Minimum margin assumption of +/- 10% prescribed by IC

Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of ICL.

The following are the considerations for the prospective valuation of the predictive data:

Requisite Information	Review Considerations
Valuation	Following the "Seriatim Method", calculation of reserves shall be per member
Inflow Base Rate	Review of salary increase assumptions

Requisite Information	Review Considerations
Utilization Rate	Incorporation of persistency rates
Medical Expense	Conduct of expense analysis study for specific operating expense assumption
Survival Rate	Conduct of morbidity study and morality study
Average Cost per Case	Conduct of medical inflation study

In performing the test, current best estimates of future cash flows and claims handling. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy is immediately charged to profit or loss by establishing an insurance contract liabilities provision for losses arising from the liability adequacy tests.

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 Corporation'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.

Accounting for Lease Commitments - The Corporation as a Lessor

The Corporation has entered into commercial property sublease agreements for its leased property. The Corporation determined based on evaluation of the terms and

conditions of the arrangements that the lessor retains all the significant risks and rewards of ownership of the leased property. Accordingly, the leases are accounted for as operating leases.

Classifying Lease Commitments – The Corporation as a Lessee

The Corporation has entered into commercial property leases for its premises and administrative offices. For the Corporation's non-cancellable lease, the Company recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Corporation's incremental borrowing rate. For the Corporation's short-term leases and lease of low value assets, these are recognized in the profit or loss when incurred.

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 2021 and 2020.

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 claims which consist of the following:

- a. In-Course of Settlement (ICS) - these are claims still in process at the end of the reporting period. The estimate is based on the case rate amount extracted from the NClaims.
- b. Incurred But Not Yet Received (IBNR) - These are claims which are estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per Corporate Order No. 2015-0017 dated December 8, 2015. The amount to be recorded is actuarially estimated.

Methodology for Estimating IBNR

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

4. FINANCIAL RISK MANAGEMENT

Risk Management is not the sole responsibility of the Management and the BODs. 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.

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

the Risk Management Committee of the Board (RiskCom), the Management and Project Management Team-Risk Management 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

- 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.

4.1. Financial Risk Factors

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

a. Credit risk

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

The Corporation's placements in fixed term deposits with Authorized Government Depository Banks (AGDBs) are in accordance with Section 2 of Department of Finance (DOF) Circular No. 01-2017, on the Amended Guidelines on AGDBs, which mandates all Government-Owned and/or Controlled Corporations (GOCCs), 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 RA No. 245, As

Amended". Evaluation of counterparty trading participant in the NRTE platform, at the minimum, is measured on the Government Securities Eligible Dealer's (i) good standing in the Philippine Dealing Exchange, (ii) Risk-Based Capital Adequacy Ratio, (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 Section VI.2 of PhilHealth Omnibus Guidelines on Funds' Investments (Corporate Order No. 2016-0021). The said Corporate Order outlines the policies and guidelines in determining and managing exposure limits to investment instruments including the negative list of investments that are considered not ethically and socially responsible by the Corporation such as companies with exposures in sin products like tobacco, liquor, alcohol, including gaming, and mining and quarrying.

As regards 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 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 to assess their capabilities as collecting agents.

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

b. Liquidity Risk

This refers to the risk of loss, though solvent, due to insufficient financial resources to cover for liabilities as they fall due. It also involves the risk of excessive costs in securing such resources. This risk also refers to (a) unanticipated changes in liquidity supply and demand that may affect the organization through inability to meet contractual obligations or default (Funding Liquidity Risk) and (b) asset illiquidity or the risk of loss arising from inability to

realize the value of assets, without significant reduction in price, due to bad market conditions (Market Liquidity Risk).

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

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

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

c. Market Risk

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

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

5. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2021	2020
Collecting officers	28,724,227	112,340,134
Petty cash fund (PCF)	2,970,129	3,024,342
Cash in bank	2,705,288,887	25,297,702,624
Special savings deposit (SSD)	3,626,811,275	2,637,417,989
Total	6,363,794,518	28,050,485,089

- 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 PCF. 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.
- 5.4. SSD are term deposits of one day up to 90 days with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The interest rates ranged from 0.2603 percent to 0.8000 percent as at December 31, 2021 and 2020.

Sources of interest income recognized by the Corporation are as follows (see Note 24):

	2021	2020
Investment Securities at Amortized Cost	7,801,259,843	6,643,293,352
SSDs and Investment in Time Deposit	1,727,095,168	2,154,744,391
Savings and Current Deposits	1,880,829	3,109,848
Total	9,530,235,840	8,801,147,591

6. INVESTMENTS IN TIME DEPOSITS

	2021	2020
Investment in time deposits - local	66,238,665,699	67,235,402,005
Total	66,238,665,699	67,235,402,005

Investments in Time Deposits are term deposits of 91 to 364 days with interest rates ranging from 1.7850 percent to 2.2000 percent and .8750 percent to 2.3600 percent as at December 31, 2021 and 2020, respectively.

7. RECEIVABLES

This account is composed of the following:

	2021	2020
Receivable from direct contributors	8,715,552,355	8,536,647,321
Due from NGAs	21,123,953,825	21,401,657,560
Due from LGUs	344,742,522	415,239,938
Accrued interest receivable from investment	2,217,609,469	1,497,000,575
Other receivables	2,934,807	3,061,630
Receivables	32,404,792,978	31,853,607,024
Allowance for impairment	(21,777,473,067)	(20,687,230,551)
Receivables, net	10,627,319,911	11,166,376,473

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

	2021	2020
Receivable from direct contributors	8,715,552,355	8,536,647,321
Allowance for impairment	(816,647,255)	(15,371,751)
Receivables, net	7,898,905,100	8,521,275,570

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

	2021	2020
Senior Citizen		
No. of enrollees	8,557,139	8,557,139
Amount	20,537,134,800	20,537,134,800
Point-of-Service (POS)		
No. of enrollees	2,238,331	2,238,331
Amount	450,295,200	450,295,200
Fortuitous event		
No. of enrollees	56,135	56,135
Amount	134,724,000	134,724,000
Department of Public Works and Highways (DPWH)		
No. of enrollees	-	-
Amount	1,799,825	-
Total	21,123,953,825	21,122,154,000
Allowance for impairment	(20,671,858,800)	(20,671,858,800)
Net amount	452,095,025	450,295,200

Fund transfer to DPWH for lot improvements (PRO II)	1,799,825
Total 2021	1,799,825

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
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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 (Net)	-
Grand Total	452,095,025

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

Region	2021	2020
National Capital Region (NCR)	6,040	23,041,240
Cordillera Administrative Region (CAR)	-	-
I	158,400	2,664,000
II	553,270	553,270
III	108,697,856	109,978,856
IV-A	-	5,325,400
IV-B	-	3,580,800
V	795,000	3,219,000
VI	164,308,425	168,254,075
VII	4,429,600	15,227,100
X	-	1,500,000
XI	3,172,200	10,812,200
XII	-	-
XIII – CARAGA	62,621,731	70,571,997
Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	-	512,000
Total	344,742,522	415,239,938
Less: Allowance for Impairment	(286,136,294)	-
Due from LGUs, net	58,606,228	415,239,938

- 7.4. Accrued Interest Receivables from Investment account amounting P2.212 billion and P1.497 billion as at December 31, 2021 and December 31, 2020, respectively, represent interest earned as at the reporting date from SSD, time deposits, investment securities at amortized cost which are due for collection on the following year.

- 7.5. Other Receivables amounting to P2.935 million and P3.062 million as of December 31, 2021 and 2020, respectively, represent due from officers and employees.

Allowance for impairment of P2.831 million was provided due to ECL as at December 31, 2021.

8. OTHER RECEIVABLE - INTERIM REIMBURSEMENT MECHANISM (IRM)

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

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

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

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

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

As at December 31, 2021, a total of P14.952 billion or 99.8753 percent has already been liquidated out of the P14.971 billion released IRM, leaving a balance of P18.669 million or 0.1247 percent nationwide. For December 31, 2020, the balance is P1.571 billion. Details as at December 31, 2021 as follows:

Region	No. of HCIs	Released	Liquidated	Balance
NCR	162	4,353,410,549	4,346,394,382	7,016,167
CAR	19	484,137,869	484,137,869	-
I	49	782,476,918	779,976,974	2,499,944
II	13	338,564,867	338,564,867	-
III	105	1,956,388,846	1,953,990,493	2,398,353
IV-A	89	1,248,048,505	1,248,051,200	(2,695)
IV-B	41	690,075,500	690,075,500	-
V	61	724,616,526	722,100,059	2,516,467
VI	1	121,372,688	121,372,688	-
VII	50	1,101,824,043	1,101,549,036	275,007
VIII	36	505,534,202	505,534,202	-
IX	13	378,753,947	378,753,947	-
X	18	737,824,644	737,945,512	(120,868)
XI	28	890,240,858	886,153,381	4,087,477
XII	17	483,567,834	483,567,834	-
BARM	2	84,524,850	84,524,850	-
CARAGA	7	89,487,449	89,487,449	-
Total		14,970,850,095	14,952,180,243	18,669,852

9. INVENTORIES

This account includes the following:

	2021	2020
Office supplies and materials inventory	102,261,256	110,139,605
Semi-expendable machinery and equipment	7,992,349	21,613,716
Semi-expendable furniture, fixture and books	21,758,519	20,177,940
Total	132,012,124	151,931,261

- 9.1. Office Supplies and Materials Inventory account amounting to P102.261 million and P110.140 million as at December 31, 2021 and 2020, respectively, represents small tangible items that are expected to be used within one year from the reporting date.
- 9.2. Semi-Expendable Machinery and Equipment account amounting to P7.992 million and P21.614 million as at December 31, 2021 and 2020, respectively, represents office equipment, information and communication technology costing less than P15,000.
- 9.3. Semi-Expendable Furniture, Fixtures, and Books account amounting to P21.759 million and P20.178 million as at December 31, 2021 and 2020, respectively, represents furniture, fixtures and books costing less than P15,000.

10. OTHER CURRENT ASSETS

This account is composed of the following:

	2021	2020
Other Receivables	100,058,200	100,131,672
Philippine Red Cross (PRC)	100,000,000	100,000,000
HCl's	58,200	131,672
Creditable Withholding Tax	16,242,340	35,063,506
Other Current Assets	101,761,472	90,895,849
Other Current Assets	218,062,012	226,091,027
Less: Allowance for Impairment	(97,891,404)	-
Other Current Assets, net	120,170,608	226,091,027

- 10.1. The Corporation and PRC entered into MOA to cover COVID-19 testing services as provided in the approved MOA to wit:

Obligations of PhilHealth:

1. Pay PRC per testing packaged under this Agreement for all persons with PhilHealth coverage and those tested pursuant to Clause A(2) above, at the amount of Three Thousand Five Hundred Pesos Only (P3,500) per one (1) unit of SARS-CoV-2 test; Provided, that PhilHealth shall provide PRC with a data base of all persons with PhilHealth coverage to allow PRC to verify whether such persons are indeed covered for purposes of providing testing services thereto:

(Note: The testing package cost is P3,409 from October 10, 2020 to September 3, 2021. Starting September 4, 2021 the cost of the testing package was lowered to 2,800).

2. Upon the signing of this Agreement, immediately forward to PRC the full Advance Cash Payment of One Hundred Million Pesos (P100,000,000); Provided, the cost of testing services actually provided by PRC shall be automatically deducted from the Advanced Cash Payment; Provided, further, that the only accepted basis/proof needed to support such deductions shall be: (i) the duly accomplished customer information form duly signed by the person tested, and (ii) PRC summary of test results duly certified by PRC's pathologist as submitted to the DOH and RITM and/or attached agencies; Provided, moreover, and to allow PRC to maintain sufficient inventory of testing supplies for its mass testing services thus preventing their depletion, PhilHealth shall replenish the Advance Cash Payment so that the same will again amount to P100,000,000 within three (3) days upon written notice by the PRC; Provided, finally, that if after the termination of this Agreement and the satisfaction of all of PhilHealth's obligations to PRC are fully satisfied, any balance of this Advance Cash Payment shall remain with PRC as stranded costs in case other people need to be tested, and in the event that test failures or errors resulted, such as but not limited to swabbing, bar coding and the like, that may require re-testing.

IRM Funds amounting to P58,200 and P131,672 as at December 31, 2021 and December 31, 2020, respectively, represent advance payment to HCLs due to Taal Volcano eruption and typhoon Yolanda.

- 10.2. Remittance of taxes withheld from the released IRM amounted to P16.242 million and P35.064 million as at December 31, 2021 and 2020, respectively.
- 10.3. Other Current Assets amounting to P101.761 million and P90.896 million, as at December 31, 2021 and December 31, 2020, respectively, represent due from officers/employees and fines/penalties from ACAs and compromise penalties of hospitals amounting to P24.264 million for the taxable year 2003-2004 per Bureau of Internal Revenue (BIR) decision with reference No. P06-15 dated April 14, 2015.

10.4. Allowance for Impairment amounting to P97.891 million was provided due to ECL as at December 31, 2021. Details as follows:

	Total Amount	Allowance	Net Amount
Other Receivables - IFM	100,000,000	-	100,000,000
Other Receivables - IRM (Taal Volcano Eruption)	58,200	-	58,200
Other Receivables - IRM (COVID-19) Tax	16,242,340	(7,625,726)	8,616,614
Other Receivables - Accrued Fines & Penalties from ACAs	3,881,552	(3,493,397)	388,155
Other Receivables - Personal Calls	68,518	(68,645)	(127)
Other Receivables - Refund from Benefit Payment - Employer	23,398,277	(16,519,092)	6,879,185
Other Receivables - Filing Fees	132,792	(109,742)	23,050
Other Receivables - Off. & Employ. Disallow. (Registration Fees)	26,200	(26,200)	-
Other Receivables - GPAI	67,473	(67,473)	-
Other Receivables - Others	74,186,660	(69,981,129)	4,205,531
Total	218,062,012	(97,891,404)	120,170,608

11. INVESTMENT SECURITIES AT AMORTIZED COST

This account is composed of the following:

	2021	2020
Investment in Treasury Bills	-	4,576,728,014
Investment in Government Bonds	256,365,182,877	143,105,711,036
Investment in Corporate Bonds	4,512,277,771	14,862,500,000
Total	260,877,460,648	162,544,939,050

11.1. Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 3.8197 percent as at December 31, 2020:

	Interest Rate	2021	2020
Treasury Bills	3.8360%	-	2,578,490,109
Treasury Bills	3.8390%	-	500,584,229
Treasury Bills	3.7870%	-	1,497,653,676
Sub-Total		-	4,576,728,014

11.2. Investment in Government Bonds with a maturity period of more than one year and with an average interest rate of 3.9794 percent:

	Interest Rate	2021	2020
Retail T-bonds	4.1833%	49,616,890,000	58,816,890,000
RTB non-restricted environment	4.1526%	89,844,093,546	77,536,468,190
Outstanding investment	3.6023%	116,904,199,331	6,752,352,846
Sub-Total		256,365,182,877	143,105,711,036

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

	Interest Rate	2021	2020
7-year PLDT Fixed Rate Bonds	5.2250%	-	650,000,000
7-year SM Prime Holdings, Inc. Fixed Rate Bonds	5.2006%	-	500,000,000
7-year Aboitiz Power Corp. Fixed Rate Bonds	5.2050%	-	1,000,000,000
7-year Aboitiz Equity Ventures, Inc. Fixed Rate Bonds	5.0056%	-	1,000,000,000
7-year Filinvest Land, Inc. Fixed Rate Bonds	5.4000%	-	1,000,000,000
7-year Filinvest Land, Inc. Fixed Rate Bonds	5.3567%	780,000,000	780,000,000
7-year Robinsons Land Corp. Fixed Rate Bonds	4.8000%	1,500,000,000	1,500,000,000
7-year Ayala Land, Inc. Fixed Rate Bonds	4.5000%	950,000,000	950,000,000
7-year Ayala Land, Inc. Fixed Rate Bonds	3.8915%	1,100,000,000	1,100,000,000
7-year South Luzon Tollway Corp. Fixed Rate Bonds	5.5796%	182,500,000	182,500,000
5.25-year SM Prime Holdings	4.5095%	-	1,200,000,000
2-year DBP Series A ASEAN Sustainability Fund	4.2500%	-	5,000,000,000
Sub-Total		4,512,500,000	14,862,500,000
Less: Allowance for Impairment		(222,229)	-
Total		4,512,277,771	14,862,500,000

Interest earned on Investment Securities at Amortized Cost amounted to P7.801 billion and P6.643 billion in CYs 2021 and 2020, respectively.

12. PROPERTY AND EQUIPMENT

This account is composed of the following:

	2021						
	Land and land improvements	Building and structure / leasehold improvements	Right-of-use assets	Construction in progress	Furniture & fixtures equipment & books	Motor vehicles	Total
Cost							
Balance at beginning of year	876,177,353	240,236,356	1,316,311,435	27,569,241	3,020,855,658	231,006,847	5,712,156,890
Additions	-	17,133,715	163,607,723	-	140,441,692	874,446	322,057,576
Adjustments	-	(3,584,095)	(96,458,279)	-	(263,860,648)	(1,755,258)	(365,658,280)
Balance at end of year	876,177,353	253,785,976	1,383,460,879	27,569,241	2,897,436,702	230,126,035	5,668,556,186
Accumulated Depreciation							
Balance at beginning of year	1,498,053	122,262,879	433,358,054	-	1,944,289,670	169,461,664	2,670,870,320
Depreciation	399	30,116,683	391,866,812	-	307,291,715	14,805,817	744,081,426
Adjustments	(76)	1,648,237	(86,204,501)	-	(229,976,000)	(1,183,053)	(315,715,393)
Balance at end of year	1,498,376	154,027,799	739,020,365	-	2,021,605,385	183,084,428	3,099,236,353
Net Book Value, Dec. 31, 2021	874,678,977	99,758,177	644,440,514	27,569,241	875,831,317	47,041,607	2,569,319,833

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

Included under Land and Buildings accounts are the following:

- 12.1. A parcel of land situated in Quezon City with a total area of 17,231 square meters (sq. m.). This property has a carrying amount of P439.378 million. The Head Office of PhilHealth shall be constructed in this lot.

Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation acquired an additional 145 sq. m. lot from the National Housing Authority located in Barangay Pinyahan, East Avenue, Quezon City at a cost of P2.440 million.

- 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 P413.846 million was appraised with a fair market value of P3.354 billion as at August 6, 2021.
- 12.3. A parcel of lot with total area of 1,544 sq. m. and a building with a total floor area of 3,287 sq. m. purchased by PRO No. III for its permanent Regional Office in San Fernando, Pampanga at a cost of P25.520 million. The land and building were appraised to have a fair market value of P73.710 million as at August 4, 2021. PRO No. III also purchased a warehouse in San Fernando City, Pampanga with a total area of 1,831 sq. m. and was appraised with a fair market value of P22.025 million as at August 4, 2021.
- 12.4. A parcel of lot with a total area of 2,897 sq. m. located in Tuguegarao City which will be used as the PRO No. II's Regional Office. This property was received by way of donation, through a MOA executed between DPWH Region II and the Corporation. This property which is carried in the books at P4.056 million was appraised with a fair market value of P51.280 million as at 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 No. II, the construction of the building for another two years per RDC-2 Resolution No. 02-25, series of 2017.

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

12.6. Summary of ROU Assets follows:

Office	2021	2020
Head Office	441,722,861	479,762,130
PRO NCR	149,228,616	167,819,282
PRO CAR	63,592,570	63,592,570
PRO I	29,501,346	19,193,204
PRO III	70,367,194	47,948,907
PRO IV-A	80,275,750	71,107,870
PRO IV-B	105,066,846	98,641,188
PRO V	24,278,093	24,278,093
PRO VI	61,027,138	61,027,128
PRO VII	87,118,593	34,655,504
PRO VIII	9,614,660	9,614,660
PRO X	106,689,891	95,823,072
PRO XI	46,790,139	46,790,139
PRO XII	25,131,313	25,131,313
PRO CARAGA	66,351,096	54,221,603
PRO BARMM	16,704,773	16,704,772
Total	1,383,460,879	1,316,311,435

Details of ROU Assets as at December 31, 2021 are as follows:

Lessor	Use	Lease Period	Amount
Head Office			
Zapanta Realty & Dev't. Corp.	Office Space	06/01/2019 to 05/31/2024	198,829,920
Columbia Estate Properties, Inc.	Office Space	01/01/2021 to 05/31/2024	129,128,909
Columbia Estate Properties, Inc.	Warehouse	03/01/2019 to 02/29/2024	26,963,466
Fortune General Ins. Corp.	Office Space	06/01/2019 to 05/31/2024	14,095,120
Fortune Life Ins. Co., Inc.	Office Space	06/01/2019 to 05/31/2024	37,264,464
Columbia Estate Properties, Inc.	Office Space	01/01/2019 to 05/31/2024	35,440,982
Sub-Total Head Office			441,722,861
PRO NCR			
Westco Electrical & Equipt. Corp.	PRO Space	12/01/2017 to 11/30/2022	18,795,649
Metro Dry Clean Ventures, Inc.	PRO Warehouse 1	01/01/2019 to 04/30/2021	2,708,024
CAS Properties, Inc.	PRO Warehouse 2	07/16/2018 to 07/15/2023	4,207,385
Columbia Estate Properties	Central Branch Office & LHIO QC	01/01/2018 to 12/31/2022	34,835,751
Fibertex Corporation	LHIO Rizal	03/01/2017 to 02/28/2022	6,689,639
Our Workshop Sales (OWS)	LHIO Fairview	06/01/2017 to	6,148,054

Lessor	Use	Lease Period	Amount
		05/31/2022	
Intraland Resource, Inc.	North Branch Office	01/01/2019 to 12/31/2021	903,969
Guru Property Dev't. & Mgt. Corp.	LHIO Caloocan	01/01/2019 to 11/30/2021	6,901,710
Lica Management, Inc.	LHIO Mandaluyong	05/02/2018 to 04/30/2023	8,816,271
Cromagen Land Corporation	South Branch Office	07/01/2019 to 06/30/2024	40,845,095
Industrial Timber Corporation	LHIO Makati	01/01/2019 to 03/31/2021	903,969
Iriz One Properties Inc.	LHIO Pasig	01/01/2019 to 04/30/2021	6,964,698
Editha Building	LHIO Las Pinas	01/01/2019 to 10/31/2019	1,671,983
BNC Properties, Inc.	LHIO Paranaque	08/01/2018 to 07/31/2022	8,836,419
Sub-Total PRO NCR			149,228,616
PRO CAR			
Snobt, Inc.	PRO Space	01/01/2019 to 09/30/2022	36,782,658
Kennon Wood Homes	PRO Warehouse	01/01/2019 to 06/30/2023	14,760,210
Lester Astudillo	Abra Office Space	01/01/2019 to 04/30/2021	774,798
Lester Astudillo	Abra Storage	01/01/2019 to 09/30/2022	277,396
Fe C. Ballesteros	Apayao Office Space	01/01/2019 to 07/31/2022	805,054
Dangwa Transportation Co., Inc.	Benguet Office Space	01/01/2019 to 08/31/2022	5,372,104
Municipality of Mankayan	Benguet Office Space	01/01/2019 to 09/30/2023	437,425
JDT Commercial	Ifugao Office Space	01/01/2019 to 10/31/2022	698,867
JZ Commercial Space	Kalinga Storage	01/01/2019 to 07/31/2022	411,375
Rosemarie Maliaman-Agus	Kalinga Office Space	01/01/2019 to 09/30/2022	666,194
Kedawen Rentals	Mt. Province Office Space	01/01/2019 to 02/28/2023	2,606,489
Sub-Total PRO CAR			63,592,570
PRO I			
Goldmaster Holding Corp.	Office Rental	01/01/2019 to 12/31/2021	17,183,827
Paul Jude Realty Co.	PRO Warehouse	01/01/2020 to 12/31/2022	2,769,829
Marmor Realty	LHIO Western Pangasinan	01/01/2020 to 12/31/2022	1,878,941
VVH Realty Corp.	Office Rental	07/01/2020 to 12/31/2020	5,311,923
Henady Real Estate Lessor	LHIO Ilocos Sur	01/01/2019 to 12/31/2021	2,356,826
Sub-Total PRO I			29,501,346
PRO III			
Dona Rita Realty Corp.	Branch Office	03/01/2016 to 02/28/2021	11,403,079
Dona Rita Realty Corp.	LHIO Malolos	04/01/2016 to 03/31/2021	5,907,079
Vicente Lim	Warehouse	04/10/2019 to	13,562,850

Lessor	Use	Lease Period	Amount
		03/31/2024	
Juan D. Nepomuceno Sons, Inc.	LHIO Angeles	06/01/2015 to 05/31/2020	2,101,347
Tarlac MetroTown Corp.	LHIO Tarlac	02/01/2017 to 01/31/2022	3,309,626
Juanita T. Pancho	LHIO Olongapo	05/01/2015 to 04/30/2020	1,373,012
Alfredo B. Zabala	LHIO Bataan	04/01/2016 to 03/31/2021	2,372,422
Tioseco Sta. Ines Properties	LHIO Gapan	03/01/2015 to 02/28/2020	1,104,060
Abe & Luth Property Leasing	LHIO Sta. Maria	09/01/2017 to 08/31/2022	6,150,873
Ellmac Primeholdings, Inc.	LHIO Baler	02/01/2016 to 01/30/2021	664,559
JCB Building	LHIO Gapan	11/09/2020 to 11/28/2025	1,426,970
Juan D. Nepomuceno Sons, Inc.	LHIO Angeles	04/30/2021 to 04/29/2026	14,730,365
Alice B. Gonzales	LHIO Iba	04/30/2021 to 04/29/2026	6,260,952
Sub-Total PRO III			70,367,194
PRO IV-A			
Lucena Grand Central Terminal, Inc.	Storage Space	10/01/2019 to 09/30/2024	4,231,115
Lucena Grand Central Terminal, Inc.	Storage Space	09/01/2019 to 02/28/2022	1,273,442
Lucena Grand Central Terminal, Inc.	LHIO Lucena	01/01/2019 to 07/31/2023	4,845,200
Lucena Grand Central Terminal, Inc.	PRO Office Space	12/01/2019 to 11/30/2024	25,183,214
James L. Uy	LHIO San Pablo	01/01/2019 to 03/31/2020	1,715,914
Kian Seng Trading	LHIO San Pablo Storage Space	01/01/2019 to 10/31/2020	112,372
Calamba Medical Center	LHIO Calamba	11/01/2019 to 10/31/2024	10,484,741
Calamba Medical Center	LHIO Calamba	07/01/2020 to 06/30/2025	2,491,822
Premium Link Devt. Corp.	LHIO Dasmarinas	05/01/2019 to 04/30/2024	14,027,937
One FS Industrial Corp.	LHIO Dasmarinas Storage Space	08/01/2019 to 07/31/2024	1,411,917
One FS Industrial Corp.	LHIO Trece Martires	01/01/2019 to 08/31/2023	4,427,683
One FS Industrial Corp.	LHIO Trece Martires Storage Space	08/01/2019 to 07/31/2024	1,268,189
Manuelito Lorica	LHIO Gumaca Office Space	02/01/2021 to 01/31/2026	589,550
Manuelito Lorica	LHIO Gumaca Office Space	01/01/2019 to 04/30/2020	6,676,068
JVB Building	LHIO Gumaca Storage Space	01/01/2019 to 01/31/2023	1,536,586
Sub-Total PRO IV-A			80,275,750
PRO IV-B			
Sunview Property Ventures, Inc.	Regional Office Warehouse	11/07/2017 to 10/07/2022	7,026,515
Wildy Dy Tan	LHIO Lipa Warehouse	01/01/2017 to 10/31/2022	1,062,637
Wildy Dy Tan	LHIO Lipa Warehouse	10/24/2018 to	4,826,996

Lessor	Use	Lease Period	Amount
		09/24/2023	
Antonio Ramos, Jr. MD	LHIO Occidental Mindoro	12/11/2017 to 11/11/2022	1,346,835
Araceli R. Tan	LHIO Marinduque	09/16/2017 to 09/15/2022	2,926,772
Millorey, Inc.	LHIO Batangas City	09/05/2019 to 08/31/2024	7,252,250
Edgardo P. Perez	LHIO Tanauan	07/01/2017 to 06/30/2020	2,878,611
Bernardo B. Go, Jr.	LHIO Palawan	06/03/2017 to 05/31/2022	5,962,443
Feature Realty Holdings & Dev't. Corp.	LHIO Lemery	11/27/2019 to 11/31/2024	5,539,757
Karangyan Builders & Traders	LHIO Oriental Mindoro	06/01/2021 to 05/31/2026	59,818,372
XRC Mall Developer	Regional Office	07/01/2020 to 06/30/2025	6,425,658
Sub-Total PRO IV-B			105,066,846
PRO V			
ANST Building	Regional Office	06/01/2019 to 05/31/2022	24,278,093
Sub-Total PRO V			24,278,093
PRO VI			
Ojacastro, Joseph Royce	LHIO Aklan Office Space	04/01/2017 to 03/31/2022	3,386,270
Ong, Virgilio K.	LHIO Antique Office Space	12/01/2017 to 11/30/2022	2,000,988
426 Holdings, Inc	LHIO Bacolod Office Space	10/17/2017 to 10/16/2022	6,785,115
426 Holdings, Inc	LHIO Bacolod Office Space	07/01/2017 to 06/30/2022	502,212
Pueblo de Panay, Inc.	LHIO Capiz Office Space	01/01/2018 to 12/31/2022	5,957,059
Heva Management and Development Corp.	LHIO Iloilo Office Space	01/01/2017 to 12/31/2021	4,214,732
Heva Management and Development Corp.	PRO Office Space	01/01/2017 to 12/31/2021	31,002,599
Heva Management and Development Corp.	PRO Warehouse	01/01/2017 to 12/31/2021	3,673,842
Pedro P. Zayco	LHIO Kabankalan Office Space	10/01/2017 to 09/30/2022	1,394,496
Northern Negros Planters Association, Inc.	LHIO Sagay Office Space	01/01/2017 to 12/31/2021	1,084,240
Roman Catholic Archbishop of Jaro	LHIO Sara Office Space	03/01/2017 to 02/28/2022	1,025,585
Sub-Total PRO VI			61,027,138
PRO VII			
Province of Siquijor	Office Space	01/01/2017 to 12/31/2026	2,585,425
Municipality of Talibon	Office Space	08/31/2017 to 07/31/2022	444,237
Verde Linear Building Warehouse	Warehouse	01/16/2018 to 01/15/2023	9,827,076
Elsita A. Panizales (Bais)	Office Space	07/01/2019 to 06/30/2021	1,026,040
Carcar City - LGU	Office Space	07/22/2019 to 06/21/2024	6,160,726
JGY Land Corporation	Office Space	09/16/2019 to 09/15/2024	14,396,243

Lessor	Use	Lease Period	Amount
Talibon DC General Merchandise	Warehouse	03/16/2020 to 03/15/2025	215,756
Hancit Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	33,303,268
Skytower Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	19,159,822
Sub-Total PRO VII			87,118,593
PRO VIII			
R.K. Eng'g. & Construction Works	Office Space	07/01/2019 to 06/30/2024	1,853,819
MAV Properties	Office Space	04/16/2019 to 04/15/2024	6,016,069
EC Cereno Rental Services	Office Space	07/01/2019 to 06/30/2024	1,744,772
Sub-Total PRO VIII			9,614,660
PRO X			
Limketkai and Sons, Inc.	Regional Office	01/04/2019 to 05/03/2023	89,688,820
Q & G Chua Trading Corp.	LHIO Valencia	01/01/2019 to 06/30/2023	1,678,138
Q & G Chua Trading Corp.	LHIO Valencia Stock Room	01/01/2019 to 06/30/2023	195,783
F.E. Chua	LHIO Valencia	01/01/2019 to 06/30/2023	1,012,105
Exequiel D. Idulsa, Jr.	LHIO Gingoog	02/01/2021 to 09/30/2021	1,044,261
Jimmy P. Lim/J-Me Building	LHIO Ozamiz	07/01/2019 to 06/30/2022	3,178,841
Cherob Real Estate Lessor	PBC Oroquieta	07/01/2019 to 06/30/2022	124,935
Gonzales-Gimeno Realty, Inc.	LHIO Iligan	02/01/2021 to 12/31/2022	2,357,360
Nelson S. Dychnauco	PBC Camiguin	03/15/2021 to 03/14/2022	356,327
Mayee Commercial Space Rental	PBC Maranding	01/01/2021 to 06/30/2022	156,134
LGU maramag	PBC Maramag	01/01/2021 to 12/31/2021	122,490
N & G Realty and Development Corporation	PRO-X's Warehouse	05/01/2021 to 04/30/2022	4,461,392
Ororama Supercenter Inc.	PBC Carmen	10/01/2021 to 09/30/2022	410,310
Exequiel D. Idulsa Jr.	LHIO Gingoog	10/01/2021 to 09/30/2022	1,607,733
Stephen N. Harun	PBC Tubod	01/01/2021 to 08/31/2022	295,262
Sub-Total PRO X			106,689,891
PRO XI			
DDIS Inc.	Warehouse	06/01/2017 to 05/31/2022	3,673,230
Valgosons Realty Incorporated	Office Space	01/16/2019 to 01/15/2024	43,116,909
Sub-Total PRO XI			46,790,139
PRO XII			
CSA Building	Regional Office	01/01/2019 to 10/01/2022	25,131,313
Sub-Total PRO XII			25,131,313
PRO CARAGA			
Abcalo Commercial Building	Office Space	07/01/2020 to	43,598,301

Lessor	Use	Lease Period	Amount
Mn Bayalas Commercial	LHIO Bislig	06/30/2025	
		03/01/2020 to 02/28/2025	4,877,827
Primeglee Corporation	LHIO Surigao	05/01/2020 to 04/30/2023	3,769,173
CARAGA Ramlizdy Corp.	LHIO Butuan City	12/01/2020 to 11/30/2025	12,129,493
JTP Realty	LHIO Tandag	02/01/2018 to 01/31/2021	1,976,302
Sub-Total PRO CARAGA			66,351,096
PRO BARMM			
Kouzgary Builders	PRO Space	01/01/2019 to 12/31/2023	16,704,773
Total PRO BARMM			16,704,773
GRAND TOTAL			1,383,460,879

13. INTANGIBLE ASSETS

This account is composed of the following:

	2021	2020
Cost		
Balance at beginning of year	434,936,717	267,770,907
Additions	32,778,500	5,967,374
Adjustments	(97,835)	161,198,436
Balance at end of year	467,617,382	434,936,717
Accumulated Amortization		
Balance at beginning of year	210,704,900	-
Amortization	39,542,348	58,345,765
Adjustments	-	152,359,135
Balance at end of year	250,247,248	210,704,900
Carrying Amount	217,370,134	224,231,817

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

14. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	2021	2020
Advances to disbursing officers	-	100
Advances to officers and employees	705,789	643,131
Prepayments	116,112,494	38,851,547
Guaranty deposits	107,489,405	103,294,526
Sub-Total	224,307,688	142,789,304
DBM (transfer of NHIP from GSIS to PHIC)	155,235,240	155,235,240
PDIC (per MB Reso. 459 dated 04/07/2005)	327,103	327,103
COA Disallowance of former officers and employees	1,456,749	1,456,749

	2021	2020
PROs (from various Health Providers-DCS)	710,254	729,565
Unserviceable equipment	72,910,139	54,218,336
Serviceable equipment	1,006,730	1,919,814
Receivable from NGAs	394,741,430	394,741,430
Receivable from PCSO	283,800	283,800
Receivable from LGUs	425,366,264	437,719,969
Other assets - Intangible	6,249,938	6,152,104
Gross Long-term receivable	1,058,287,647	1,052,784,110
Less: Allowance for doubtful accounts	(964,384,962)	(946,690,221)
Sub-Total	93,902,685	106,093,889
Grand Total	318,210,373	248,883,193

- 14.1. The Disbursing Officer 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 amounts of nil and P100 as at December 31, 2021 and 2020, respectively, represent available funds from the said officers as of reporting date.
- 14.2. Advances to Officers and Employees amounting to P0.706 million and P0.643 million as at December 31, 2021 and 2020, respectively, represent cash advances granted to authorized officers and employees for legal authorized purpose such as local and foreign travels.
- 14.3. Prepayments amounting to P116.112 million and P38.852 million as at December 31, 2021 and 2020, respectively, represent authorized payments made for the purchase of goods from the Procurement Service of the DBM as well as insurance of motor vehicles of the Corporation from the Government Service Insurance System (GSIS).
- 14.4. Guaranty Deposits amounting to P107.489 million and P103.295 million as at December 31, 2021 and 2020, respectively, represent transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals.
- 14.5. Long Term Receivable from the DBM amounting to P155.235 million as at December 31, 2021 and 2020 represents surcharges for late remittance of the employer counterpart for premium contribution. However, allowance for impairment account of the same amount was provided after evaluation of factors such as aging of accounts, collection experience in relation to particular receivable and identified doubtful accounts.
- 14.6. Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to P327,103 as at December 31, 2021 and 2020 was in pursuant to Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation.
- 14.7. Disallowances amounting to P1.457 million as at December 31, 2021 and 2020 refer to disbursements from CYs 1995 to 1999 for travel expenses, employees' benefits, and purchases of goods and services that were subsequently

disallowed by the COA. Subsidiary ledgers for these disallowances are being maintained and kept for ready references.

- 14.8. The DCS amounting to P0.710 million and P0.730 million as at December 31, 2021 and 2020, respectively, refers to the balance of advance payment to Health Care Provider (HCPs) for the year 1999. Allowance for impairment of P115,626 for PRO VII; P9,698 for PRO X; P11,394 for PRO IV-A; P37,352 for PRO V; P76,184 for PRO VI and P17,609 for PRO CARAGA, or a total of P267,863 was provided due to closure of the hospital facilities
- 14.9. Unserviceable Equipment account amounting to P72.910 million and P54.218 million as at December 31, 2021 and 2020, 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.
- 14.10. Serviceable Equipment account amounting to P1.007 million and P1.920 million as at December 31, 2021 and 2020, 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.
- 14.11. Receivable from NGAs amounting to P394.741 million as at December 31, 2021 and 2020 represents deficiency in employer share of the Health Insurance Premium Contributions to the Corporation by different government agencies nationwide for CYs 2001 to 2008.
- 14.12. Receivable from PCSO amounting to P283,800 as at December 31, 2021 and 2020 represents unpaid billings for the enrollment of indigent families under the PCSO-GMA program for CYs 2003 and 2005.
- 14.13. 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.

PRO	2021	2020
NCR	1,307,600	1,307,600
CAR	22,911,868	22,984,568
I	38,303,867	38,805,892
II	15,914,961	15,914,961
IV-A	14,124,485	14,124,485
IV-B	938,740	938,740
V	283,853,173	285,953,173
VIII	6,940,502	12,143,182
X	23,756,375	26,700,975
XI	15,398,141	16,918,141
BARMM	1,916,552	1,928,252
Total	425,366,264	437,719,969

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

14.15. 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.

	2021	2020
DBM (transfer of NHIP Program from GSIS to PhilHealth)	155,235,240	155,235,240
PDIC (per MB Resolution 459 dated April 7, 2005)	327,103	327,103
PROs (from various Health Providers-DCS)	710,254	267,863
Receivable from NGAs	394,741,430	394,741,430
Receivable from LGUs	413,370,935	396,118,585
Total Allowance for Impairment	964,384,962	946,690,221

14.16. Other Assets – Intangible – These are reclassified from Intangible Assets accounts which are fully amortized and is left only with their residual value amounting to P6.250 million and P6.152 million as at December 31, 2021 and 2020, respectively.

15. FINANCIAL LIABILITIES

This account is composed of the following:

	2021	2020
Accounts payable	8,217,614,822	7,452,516,468
Accrued benefits payable	132,946,594,759	99,061,105,693
Due to officers and employees	380,777,790	282,798,743
Operating lease payable	2,491,996	2,336,296
Finance lease payable	683,438,246	905,503,725
Tax refund payable	3,272,028	4,760,216
Other financial liabilities	15,000	15,000
Total	142,234,204,641	107,709,036,141

Below is the breakdown of the Accounts Payable:

	2021	2020
Personnel Services	28,625,746	624,158,605
MOOE	1,068,018,406	1,136,200,147
CAPEX	222,918,293	276,683,241
Benefit Claims Processed	6,867,427,768	5,317,814,480

	2021	2020
Benefit Claims Processed- Primary Care Benefit (PCB)	30,624,609	97,659,995
Total	8,217,614,822	7,452,516,468

- 15.1. Accounts Payable – Personnel Services amounting to P28.626 million and P624.159 million as at December 31, 2021 and 2020, 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 P20.605 million 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 per Opinion No. 56 Series of 2018 from the Office of the Government Corporate Counsel (OGCC) dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the ND is lifted.
- 15.2. Accounts Payable – Maintenance and Other Operating Expenses (MOOE) amounting to P1.068 billion and P1.136 billion as at December 31, 2021 and 2020, respectively, represent receipt/acquisition of goods or services which are due for payment
- 15.3. Accounts Payable – Capital Expenditure (CAPEX) amounting to P222.918 million and P276.683 million as at December 31, 2021 and 2020, respectively, represents receipt/acquisition of property and equipment which are due for payment.
- 15.4. Benefit claims processed amounting to P6.867 billion and P5.318 billion as at December 31, 2021 and 2020, respectively, represent benefit claims awaiting 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.
- 15.5. PCB processed amounting to P30.625 million and P97.660 million as at December 31, 2021 and 2020, respectively, represent PCB payment checks still in the possession of the Corporation.

Below is the breakdown of the Accrued Benefits Payable:

	2021	2020
In-Course of Settlement (ICS)		
ICS – in process	52,315,310,013	15,862,773,693
ICS – RTH	14,402,620,840	5,372,520,762
IBNR	55,453,415,291	64,574,818,536
PCB	10,775,248,615	13,250,992,702
Total	132,946,594,759	99,061,105,693

- 15.6. Accrued Benefits Payable – ICS amounting to P66.718 billion and P21.235 billion as at December 31, 2021 and 2020, respectively, are estimated benefit claims still in process as of the reporting period.

- 15.7. Provision for Health Benefits – IBNR amounting to P55.453 billion and P64.575 billion as at December 31, 2021 and 2020, respectively, are claims which are actuarially estimated to be in the possession of the HCIs as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per Corporate Order No. 2015-0017 dated December 8, 2015.

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

- 15.8. Accrued Benefits Payable – PCB amounting to P10.775 billion and P13.251 billion as at December 31, 2021 and 2020, respectively, are claims which are actuarially estimated.
- 15.9. Due to Officers and Employees amounting to P380.778 million and P282.799 million as at December 31, 2021 and 2020, respectively, represent payables 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 PS for Welfare Support Assistance (WESA) from CYs 2012 to 2020. Below is the basis of accruing the said assistance, to wit:

The PhilHealth BODs issued PBR No. 385, s. 2001, granting the payment of the WESA of P4,000 each to all qualified employees effective January 1, 2001. This is in lieu of the subsistence and laundry allowances paid to public health workers under RA No. 7305, otherwise known as the Magna Carta of Public Health Workers. However, On February 7, 2008, the COA issued ND No. 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 (SC) seeking to reverse and set aside the Decision of the COA. The SC in its Decision dated November 29, 2016, held that the Health Secretary approved the grant of the WESA together with 10 other members of the Board does not make the act any short of the approval required under the law. As far as the Magna Carta and its Revised Implementing Rules and Regulations (RIRR) 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 Salary Standardization Law (SSL) which explicitly identifies laundry and subsistence allowance as excluded from the integrated salary, but also by statutory authority, particularly, Sections 22 and 24 of the

Magna Carta. In view of such fact, the PhilHealth officers cannot be found to have approved the issuance of the same in bad faith or in gross negligence amounting to bad faith for it was well within the parameters set by law.

As a result of the decision of the SC (GR No. 213453) reversing the ND and COA decision on WESA on November 29, 2016, PhilHealth Management, with the concurrence of the BODs, 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 December 31, 2021, the remaining balance for WESA is P95.765 million.

- 15.10. Operating Lease liability amounting to P2.492 million and P2.336 million as at December 31, 2021 and 2020, respectively, are accrual for Rental expense which did not qualify as finance lease or use of right assets.
- 15.11. Finance Lease Payable amounting to P683.438 million and P905.504 million as at December 31, 2021 and 2020, respectively, are lease payable of the Corporation mostly office and warehouse rental ranging from one to five years.
- 15.12. Tax Refund Payable – amounting to P3.272 million and 4.760 million as at December 31, 2021 and 2020, respectively, represent the amount of refundable to taxpayers for excess amount paid/withheld.
- 15.13. 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.

16. INTER-AGENCY PAYABLES

This account consists of:

	2021	2020
Due to BIR	128,109,522	127,108,007
Due to GSIS	73,611,362	52,636,987
Due to Pag-IBIG	2,894,270	3,302,888
Due to PhilHealth	7,121,644	6,688,796
Due to NGAs	10,534,817	10,529,468

	2021	2020
Due to Government Corporations	421,336,489	421,336,489
Due to LGUs	1,616,009	2,810,833
Total	645,224,113	624,413,468

- 16.1. Due to BIR consists of liability for income taxes withheld from employees' compensation and for taxes withheld from payment to suppliers and health service providers for the account of the BIR.
- 16.2. Due to GSIS, Due to Home Development Mutual Fund (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.
- 16.3. Due to NGAs refers to Sigurado at Garantisadong Insurance Pangkalusugan (SAGIP) and Philippine Health Information Exchange (PHIE) projects of the DOH.
- 16.4. Due to Government Corporations refer to receipt of funds from Philippine Charity Sweepstakes Office (PCSO) to be used for COVID-19 related packages.
- 16.5. 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.

17. TRUST LIABILITIES

This account consists of:

	2021	2020
UNFPA Project	37,515	37,244
Unclaimed Refund from Health Care Providers	311,979,216	311,857,534
AHP - Protest Bond	16,355,000	9,815,000
Donations	8,754,480	8,826,740
Bail bond payable/guaranty/security deposit pay	24,985,935	31,321,958
Retention fee	31,454,009	38,475,384
Global Development Project	1,951,554	1,923,583
Philippine Training Institute	5,258,516	5,216,171
Philippine Training Institute-NSSF	615,930	245,886
PhilHealth Run 2013	900	900
PhilHealth Run 2015	87,219	872,605
Calamity fund	127,379	127,750
PhilHealth Provident Fund	819,991,025	21,136,154
COVID-19 National Vaccine Indemnity Fund	500,000,000	-
Others	33,645,011	28,679,454
Total	1,755,243,689	458,536,363

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

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

	2021	2020
Westmont Investment Corporation	2,945,656	2,945,656
Strategies and Alliance Corporation	3,607,059	3,679,319
Land Bank of the Philippines	110,000	110,000
Donation received by PROs	2,091,765	2,091,765
Total	8,754,480	8,826,740

18. OTHER PAYABLES

This account consists of:

	2021	2020
Undistributed collections	1,800,460,102	329,092,713
Due to Non-government organization/civil society	433,329	433,329
Other payables – others	411,859,310	409,972,448
Total	2,212,752,741	739,498,490

18.1. Undistributed Collections refer to unidentified premium collections, remittances of ACAs and accreditation fees credited to PhilHealth bank accounts as at December 31, 2021.

18.2. Due to Non-Government Organization represents various reimbursement of PhilHealth Employees Association (PHICEA) BOD for meals and accommodation.

18.3. Other Payables – Others include employees' association dues to PhilHealth White, amortization of loan availments from PhiCEA, and PROs Cooperative deduction from the salary of the PhilHealth employees.

19. DEFERRED CREDITS/UNEARNED INCOME

This account consists of the following:

	2021	2020
Advance premium from direct contribution members	712,865,311	556,083,542
Premium contribution for NHTS enrollment (CYs 2013 and 2014)	516,844,200	516,844,200
Accreditation fees – ACAs	635,143	642,969
Accreditation fees – HCPs	1,686,000	1,739,000
Subsidy from LGUs	31,198,143	42,812,788
Others	3,302,033	65,461,913
Total	1,266,530,830	1,183,584,412

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.

20. LEAVE BENEFITS PAYABLE

Leave benefits payable amounted to P1.122 billion and P1.208 billion as at December 31, 2021 and 2020, respectively. This represents money value of the earned leave credits of officers and employees of PhilHealth.

21. PROVISION FOR INSURANCE CONTRACT LIABILITIES

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 the year 2021:

Requisite Information	Assumptions Used
Valuation	Closed group valuation
Mortality rates	In accordance with the Philippine Inter Company Mortality Study per age group
Morbidity rates	Average of the past 3-years on Utilization Rates and Average Value per Claim disaggregated by age and sex
Discount rates	Discount rates for Non-Life Insurance Policy Reserves as at December 31, 2021 (Reference: IC Circular Letter (CL) No. 2022-01)
Inflation rate	3% as historical average and conservative projection
Salary increase rate	3% for Private, 4% for Government, 0% for IPP and OWP
On premium increase	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 in the Inflows
BVAL rates	Source is the Insurance Commission Circular Letter 2022-01 and Bloomberg Valuation Rate, which is increasing by 0.5% (or 50 basis points) every 5 years after the 25th 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 comply 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; and
7. Conduct of mortality study.

Following the assumptions aforementioned, the ICL as approved by the BOD to be recorded for CY 2021 are as follows:

	Figures in Scenario 6
Total Outflows	3,866,551,703,165
Total Inflows	3,527,241,965,426
ICL, end of the year	339,309,737,739
ICL, beginning of the year	1,014,255,679,628
Change in ICL	(674,945,941,889)

The Actuarial Services and Risk Management Sector 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 P339.310 billion, thus, no additional provisions were recognized for the year 2021.

The following are the Actuarial assumptions used in the computation of ICL for CY 2020:

Requisite Information	Assumptions Used
Valuation	Closed group valuation
Mortality rates	In accordance with the Philippine Inter Company Mortality Study per age group
Discount rates	Discount rates for Non-Life Insurance Policy Reserves as at June 30, 2020 (Reference: IC CL No. 2020-78)
Inflation rate	3% as historical average and conservative projection
Salary increase rate	3% for Private, 4% for Government, 0% for IPP and OWP
On premium increase	As per RA 11223, providing increments of 0.5% to reach 5% by 2024; deferred implementation is 2020
On benefits	KONSULTA and Comprehensive OPB deferred for 1 year and other legislated benefits of UHC Law
Operating expense	7.5% as ceiling by Operating Budget

1. Government, Private, Individual Pension Plan (IPP) and Overseas Workers Program (OWP) Present Value of Benefits recognition until 59 years old;
2. Indigent, Lifetime Members and Senior Citizen Present Value of Benefits as legislated coverage;
3. IC Rates were used for the Discounting Rate Circular Letter No. 2020-78 as at June 30, 2020;
4. Lifespan according to the latest World Health Organization (WHO) Data except to the Senior Citizen and Lifetime Members; and
5. Government Premiums through General Appropriations Act (GAA) included in the inflow as discounted using the IC Rates.

Following the assumptions aforementioned and applying prudence based on the limitation on the sectors identified, the ICL as approved by the BOD reflected in our books of accounts for CY 2020 are as follows:

Sectors	PV of Contributions	PV of Benefit Expense	ICL Provision
Government	641,786,367,444	258,581,040,919	383,205,326,525
Private	2,080,577,255,293	1,163,623,780,424	916,953,474,869
IPP	147,096,556,202	1,121,341,184,775	(974,244,628,573)
OWP	7,740,802,664	341,679,894,588	(333,939,091,924)
Indigent	-	2,423,035,586,161	(2,423,035,586,161)
Lifetime	-	112,166,764,860	(112,166,764,860)
Senior Citizen	-	655,028,409,504	(655,028,409,504)
Total	2,877,200,981,603	6,075,456,661,231	(3,198,255,679,628)
Sensitivity Analysis Impact			2,184,000,000,000
Net Impact			(1,014,255,679,628)

The approved computation was used to record the ICL, subject to re-measurement.

22. MEMBERS' EQUITY

Members' Equity consists of the following:

	2021	2020
Surplus	-	-
Reserve fund	176,584,864,460	140,874,550,031
Provision for ICL	(992,593,062,892)	(992,593,062,892)
Total Members' Equity	(816,008,198,432)	(851,718,512,861)

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

22.1. Surplus

	2021	2020
Surplus at the beginning of year	-	1,783,347
Net income	32,839,107,057	30,059,727,640
Prior year's adjustments	2,871,207,372	858,581,400
Adjustment of contingent capital	-	(1,783,347)
Total surplus	35,710,314,429	30,918,309,040
Surplus transferred to reserve	(35,710,314,429)	(30,918,309,040)
Surplus at Year-End	-	-

Prior Year's Adjustments were closed to Retained Earnings.

Premium contributions	(242,338,366)
Accreditation income	140,334
Interest income	(1,043,401)
Other income	2,416,335
Fines and penalties	7,335,025
Personnel services	16,681,522
Other operating expenses	46,919,219
Other financial charges	10,491,382

Non-cash expense	(8,794,797)
Member's benefits expense	3,039,400,119
Total	2,871,207,372

The following are the nature of the above Prior Year's Adjustments:

1. Premium Contributions – a) Premium collection received with applicable period of 2020 from informal sector and self-earning individual (HO). b) Adjustment of Premium collection with prior year applicable period (PROs). c) Refund on the double payment of premium contribution of various members with prior year applicable period (PROs). d) Recognition of income List of Due and Demandable Accounts Payable (LDDAP) collections previously recorded as other payable (PROs). e) Erroneous crediting of LBP Gumaca to Clearing account instead of crediting Rural Bank of Gen. Luna (HO). f) Premium collections from LGUs with prior year applicable (PROs).
2. Accreditation Income – prior year's accreditation fees from ACAs – (HO).
3. Interest Income – prior year interest income on operations and One-Way Deposit Account (OWDA) of PRO BARMM. Prior year interest income on Treasury Bonds (HO).
4. Other Income – Collection of unwarranted claims with prior year applicable period (PROs).
5. Fines Penalties – a) Collections of fines and penalties for late payment of premiums of prior years (PROs). b) Reclassification of payment made on fines and penalties of ACAs for 2020 (HO).
6. Personnel Services - a) Reversion of due from officers and employees / Accounts Payable (AP) - PS which remained outstanding for two years or more in the books. This is in compliance with COA and DBM Joint Circular No. 1, s. 2021 dated March 31, 2021 (HO). b) Reversion of unutilized accruals for PS for CYs 2016 to 2018 per COA AOM No. 2020-006 dated March 11, 2020 and on AOM No. 2021-007 dated February 9, 2021 (PRO CAR - P6,012,150.73). c) Adjustment on prior year's salaries of officers and employees (HO).
7. Other Operating Expenses – a) Reversion of unutilized accruals for Operational expenses for CYs 2016 to 2018 per COA AOM No. 2020-006 dated March 11, 2020 and on AOM No. 2021-007 dated February 9, 2021 (PRO CAR P4,044,306.04). b) Reversion of over accrual of MOOE expenses for CY 2019 and below (PROs). c) Reversion of AP which remained outstanding for two years or more in the books. This is in compliance with COA and DBM Joint Circular No. 1, s. 2021 dated March 31, 2021 (HO).
8. Other Financial Charges - a) Reversion of interest expense on lease payments for 2020 due to double recording (HO). b) Adjustment on interest expense on leased assets for CY 2020 per COA AOM No. PRO 21-015 (20) dated February 23, 2021 recomputation on Leased Assets (PRO 1). c) Reversion of AP which remained outstanding for two years or more in the books. This is in compliance

with COA and DBM Joint Circular No. 1, s. 2021 dated March 31, 2021 (HO). d) PRO XII adjustment on interest expense on financial lease liability.

9. Non-Cash Expenses - a) PRO CAR, IV-B and VIII adjustments in the recording of depreciation expense incurred in CY 2020 Semi-expendable and Machinery Equipment. b) PRO IX, III, CAR, IVB and XII adjustments on the recording of depreciation expense prior year's. c) PRO I adjustment on depreciation expense on lease assets for CY 2020 per COA AOM No. PRO 21-015 (20) dated February 23, 2021. d) Reclassification of entry made on the sale of unserviceable equipment during 2019 (PRO VI). e) Lost of Property Plant and Equipment during Marawi siege and with issued Relief of Accountability by the COA Auditors (PRO-BARMM). f) Adjustment on Other Assets account - Serviceable & Unserviceable per Property Resources and Infrastructure Department Memo dated November 25, 2021 (HO).
10. Members' Benefits Expenses - a) Reversion of AP-Benefit Claims processed with age more than two years (PRO 2 - P20 million). b) Receipt of refund of benefit claims paid due to expired accreditation (PROs). c) Reversion of outstanding checks for more than two years (PROs). d) PRO CAR entry on cancelled benefit claims processed in October 2020 due to system error (PRO). e) Reversion of AP-Benefit Claims processed Per Family Payment Rate (PFPR) PCB from CYs 2004 to 2018 (PRO VI – P2.5 billion) due to COA AOM No. 2021-005 (2020) dated February 18, 2021 re: Accrued Benefit Claims PFPR PCB that has been outstanding for more than two years (PRO). f) Adjustment of NCR per COA AOM No. 21-019 (20) re: over accrual of Benefit Expense of manual encoded claims on CY 2020 (P492,700,720). g) Actual cost of availment of claimants under the 2017 POS program based on the billing of Member Management Group (MMG) to DBM (HO).

22.2. Reserve Fund

	2021	2020
Reserve at January 1	140,874,550,031	109,956,240,991
Surplus transferred to reserve	35,710,314,429	30,918,309,040
Reserve Fund	176,584,864,460	140,874,550,031

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 No. 7875 as amended by RA No. 10606, which states that the Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, that the total amount of reserves shall not exceed a ceiling of P470.590 billion, the amount actuarially estimated for two years' projected program expenditures: Provided further; that whenever actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

The remaining portion of the Reserve Fund that is not needed to meet the current expenditure obligations or used for the 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".

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

23. PREMIUM CONTRIBUTIONS

Details of Premium Contributions are as follows:

	2021	2020
Direct Contributors	90,935,604,161	85,569,185,891
Indirect Contributors	80,238,790,952	63,425,436,284
Total	171,174,395,113	148,994,622,175

23.1. Below is the breakdown of the Direct Contributors:

	2021	2020
Government	23,185,415,818	22,716,799,525
Private	59,876,962,201	55,262,099,769
Informal Economy	7,873,226,142	7,590,286,597
Direct Contributors	90,935,604,161	85,569,185,891

23.2. Below is the breakdown of the Indirect Contributors:

	2021	2020
Indigents - NHTS	30,600,693,600	30,290,011,200
Senior Citizens	49,059,040,000	31,177,190,000
Special Government Programs - PAMANA	50,553,600	52,687,200
Sponsored	528,503,752	1,905,547,884
Indirect Contributors	80,238,790,952	63,425,436,284

The amounts collected come from the following members in accordance with Title III Section 5 of the IRR of RA No. 7875 as amended otherwise known as the National Health Insurance Act of 2013 to wit:

- a. Income from the 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 No. 10361 on "Kasambahay Law"
 7. Family Drivers

8. Migrant Workers – as defined in RA No. 10022 (Migrant Workers Act) and RA No. 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 come from the premium contributions of the following:
1. Premium contributions recorded as income for Indigent- National Household Targeting System (NHTS) come from the National Government as appropriated in the GAA
 2. Premium contributions from the sponsored members are being paid by another individual, government agency, or private entity according to the rules as may be prescribed by the Corporation
 3. Premium contributions for special government programs come from the National Government as appropriated in the GAA
 4. Premium contributions for Senior Citizen or elderly come from the National Government as appropriated in the GAA

24. INTEREST AND OTHER INCOME

Interest and other income account is as follows:

	2021	2020
Interest Income	9,530,235,840	8,801,147,591
Other Income	141,084,284	312,225,029
Total	9,671,320,124	9,113,372,620

24.1. Below is the breakdown of the Interest Income:

	2021	2020
Investment securities at amortized cost	7,801,259,843	6,643,293,352
SSDs and Investment in Time Deposit	1,727,095,168	2,154,744,391
Savings and current deposits	1,880,829	3,109,848
Interest Income	9,530,235,840	8,801,147,591

24.2. Below is the breakdown of the Other Income:

	2021	2020
Accreditation fees – HCPs	19,393,628	19,574,505
Fines and penalties	77,812,971	56,841,705
Rent income	952,366	490,600
Gain on foreign exchange	133,501	33,617

	2021	2020
Sale of disposed/unserviceable property	-	551,304
Gain on sale of unserviceable property	111,205	-
Gain on sale of property, plant and equipment	237	30,972
Other gain	12,137,263	-
Miscellaneous income	30,543,113	234,702,326
Other Income	141,084,284	312,225,029
Total Interest and Other Income	9,671,320,124	9,113,372,620

Miscellaneous Income consists of income ranging from P100,000 and above. For PROs, this includes income from 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.

25. BENEFIT CLAIMS EXPENSES

Details of this account are as follows:

	2021	2020
Members' Benefits for Direct Contributors	82,614,508,385	53,075,853,580
Members' Benefits for Indirect Contributors	53,116,098,784	64,105,138,018
Interim financing mechanism (IFM)	4,179,683,792	3,722,166,577
Debit-credit payment method (DCPM)	250,714,852	-
PhilHealth konsultasyon sulit at tama (KONSULTA) package	22,050	-
Total	140,161,027,863	120,903,158,175

25.1. Below is the breakdown of the Members' Benefits for Direct Contributors:

	2021	2020
Private	29,124,946,627	13,888,654,670
Informal economy	25,831,164,195	33,299,234,416
Government	13,695,950,403	5,887,964,494
Lifetime member	13,962,447,160	-
Direct Contributors	82,614,508,385	53,075,853,580

25.2. Below is the breakdown of the Members' Benefits for Indirect Contributors:

	2021	2020
Senior citizens	27,118,845,149	27,198,499,530
Indigent - NHTS	17,293,399,354	29,607,884,126
Sponsored	8,703,854,281	7,298,754,362
Indirect Contributors	53,116,098,784	64,105,138,018

Benefit Claims Expenses for CYs 2021 and 2020 are recognized at the date of confinement.

The benefit claims balance also includes accruals for PCB which are actuarially estimated as at December 2019. The same is expected to be paid on the basis of the existing policy on payment of the PCB PFPR.

26. PERSONNEL SERVICES

Personnel services account includes:

	2021	2020
Salaries and wages	1,813,757,226	1,875,584,822
Other compensation	1,860,807,541	1,835,348,484
Statutory contributions	595,461,597	723,645,136
Other personnel services	7,347,783	373,217,156
Total	4,277,374,147	4,807,795,598

27. OTHER OPERATING EXPENSES

This account is composed of the following:

	2021	2020
MOOE	1,399,955,712	1,475,420,464
Financial Expenses	171,558,188	139,033,191
Non-cash expenses	1,996,692,270	722,859,727
Total	3,568,206,170	2,337,313,382

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

27.1. Below is the breakdown of the MOOE:

	2021	2020
Travelling expenses	15,328,638	21,946,983
Travelling expenses – local	15,328,638	21,946,983
Travelling expenses – foreign	-	-
Training and scholarship expenses	18,522,145	8,360,380
Supplies and materials expenses	140,091,894	135,935,188
Semi-expendable expenses	25,917,360	10,841,699
Utility expenses	149,629,748	134,088,923
Water expenses	6,722,919	6,652,320
Electricity expenses	142,906,829	127,436,603
Communication expenses	167,413,579	194,046,763
Postage and courier services	21,206,591	23,418,450
Telephone expenses	72,124,121	73,434,813
Internet subscription expenses	73,664,074	96,664,395
Cable, satellite, telegraph and radio expenses	418,793	529,105
Awards/rewards, prizes and indemnities	3,785,775	3,189,690
Survey, research, and development expenses	29,924,716	30,659,588
Confidential, intelligence and extraordinary expenses	5,357,680	4,714,428

	2021	2020
Professional services	297,239,908	253,301,815
Auditing services	66,616,787	63,520,987
Consultancy services	-	1,224,613
Other professional services	230,623,121	188,556,215
General services	247,991,435	245,130,640
Janitorial services	81,967,656	78,556,265
Security services	166,023,779	166,574,375
Repairs and maintenance	19,409,011	19,870,727
Repairs and maintenance - land improvement	-	47,450
Repairs and maintenance - building & other structures	724,940	857,497
Repairs and maintenance - machinery & equipment	7,634,018	8,789,128
Repairs and maintenance - transportation equipment	7,797,962	6,914,897
Repairs and maintenance - furniture & fixtures	211,545	369,240
Repairs and Maintenance - leased assets	22,200	-
Repairs and Maintenance - leased assets improvements	3,010,947	2,892,515
Repairs and Maintenance - semi-expendable expenses	7,399	-
Taxes, insurance premiums and other fees	20,968,668	18,387,639
Taxes, duties and licenses	404,671	178,868
Fidelity bond premiums	7,162,902	7,274,824
Insurance expenses	13,401,095	10,933,947
Other maintenance and operating expenses	258,375,155	394,946,001
Advertising, promotional and marketing expenses	27,064,467	37,415,917
Printing and publication expenses	4,831,262	8,206,593
Representation expenses	39,046,576	31,136,287
Transportation and delivery expenses	1,938,455	2,751,500
Rent / lease expenses	88,688,354	239,591,033
Membership dues and contribution to organizations	8,530,495	8,948,982
Subscription expenses	7,798,552	27,596,156
Donations	1,093,833	612,035
Major events and conventions expenses	10,601,957	4,406,752
Other MOOE – others	68,781,204	34,280,746
Total	1,399,955,712	1,475,420,464

27.2. Below is the breakdown of the Financial Expenses:

	2021	2020
Bank charges	49,173	13,659
Interest expenses	99,169,767	47,231,732
Other financial charges	72,339,248	91,787,800
Total	171,558,188	139,033,191

Interest Expenses include the effect of applying PFRS 16 amounting to P99.170 million.

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

27.3. Below is the breakdown of the Non-Cash Expenses:

	2021	2020
Depreciation	744,081,426	627,708,610
Depreciation - land improvements	399	27,716
Depreciation - buildings & structures/leasehold improvements	1,298,745	1,299,848
Depreciation - machinery and equipment	296,179,129	328,582,403
Depreciation - furniture and fixtures and books	11,081,365	12,428,297
Depreciation - transportation equipment	14,805,817	22,064,838
Depreciation - right-of-use assets	391,866,812	239,479,446
Depreciation - leased assets improvements	28,817,938	23,806,532
Depreciation - other property, plant & equipment	31,221	19,530
Amortization - Intangible assets	39,967,948	58,345,765
Impairment loss	1,208,351,720	36,363,020
Impairment loss - loans and receivables	807,537,678	-
Impairment loss - inter-agency receivables	266,820,312	-
Impairment loss - other receivables	133,393,582	7,057,200
Impairment loss - financial assets held to maturity	222,230	-
Impairment loss - property, plant & equipment	5,455	5,952,805
Impairment loss - other assets	372,463	5,678,888
Impairment loss - intangible assets	-	17,674,127
Losses	4,291,176	442,332
Loss on forex	47,131	63,338
Loss on sale of property, plant, & equipment	3,752,265	25
Loss on sale of assets	93,550	31,591
Loss of assets	4,000	322,242
Other losses	394,230	25,136
Total	1,996,692,270	722,859,727

28. RELATED PARTY DISCLOSURES

Compensation of key management personnel

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

The aggregate compensation of the executive officers for CYs 2021 and 2020 is as follows:

	2021	2020
Salaries and wages	26,202,104	20,100,824
Terminal benefits	-	-
Total	26,202,104	20,100,824

The compensation of BODs for CYs 2021 and 2020 is as follows:

	2021	2020
Honorarium/ per diem	8,478,400	6,176,000
Other benefits	-	-
Total	8,478,400	6,176,000

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

29. OTHER SIGNIFICANT AND RELEVANT INFORMATION

29.1. PhilHealth as Commercial Public Sector Entity (CPSE)

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

PhilHealth is now a GBE per COA Resolution No. 2018-001 dated January 20, 2018, re: Reclassification of the Philippine Health Insurance Corporation from a Non-Government Business Enterprise (Non-GBE) to a Government Business Enterprise (GBE) and its adoption of the PFRS as its financial reporting framework.

29.2. POS Program

The DBM has issued the following Special Allotment Release Order (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 RA No. 10924, FY 2017.

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

SARO No.	Amount of SARO	DBM Releases from CYs 2017 to 2021
SARO-BMB-C-17-0023166	91,333,530	91,333,530
SARO-BMB-C-17-0025119	103,350,096	103,350,096
SARO-BMB-C-17-0025794	2,805,316,374	1,196,668,091
Total	3,000,000,000	1,391,351,717

29.3. PhilHealth Supplemental Benefits

On December 28, 2018, the DBM issued SARO No. SARO-BMB-C-18-0035076 to eight billion five hundred ninety-seven million four hundred seventy-five thousand seven hundred seventy-six pesos (P8,597,475,776) which include the locally funded project "PhilHealth Supplemental Benefits" for all government employees of the Executive Branch amounting to P3.5 billion. No Notice of Cash Allotment (NCA) received yet for the P3.5 billion as at December 31, 2021.

29.4. Arrears of the National Government as an Employer

The information below, though not recorded in PhilHealth's books of accounts, are deemed necessary to be disclosed.

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

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

29.5. Assigned lot to PRO III

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

29.6. Non-remittance of GSIS Premium for Disallowed Salary Adjustments

The GSIS premium amounting to P20.605 million was part and parcel of the salary adjustments given to the Corporation's employees, but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS per Opinion No. 56, Series of 2018 from the 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 ND is lifted.

29.7. PhilHealth's share from Military Camp Sales Proceeds Fund (MCSPF)

The Department of Budget and Management has issued SARO-BMB-C-19-0024648 dated December 16, 2019 amounting to P279,503,560 for the premium contributions of 116,460 indigent families under NHTS - Poverty Reduction program for CY 2017.

The release of the corresponding cash allocation is subject to PhilHealth's submission of Monthly Disbursement Program. On December 1, 2021, payment made by DBM through BTr amounted to P279.504 million has been received and it was acknowledged through POR No. 95559617.

29.8. Release of SARO to the Bureau of the Treasury (BTr) from DBM for insurance premiums of Senior Citizens

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

The SARO was only disclosed in the books as at December 31, 2020 as approved by the BOD. On April 23, 2021, the corresponding NCA has been received and it was acknowledged through POR No. 93154584 and was taken up as current income.

29.9. Release of SARO to the BTr from the DBM for the Insurance Premiums to cover the FY 2021 COVID-19 National Vaccine Indemnity Fund.

SARO No. BMB C-21-0006975 in the amount of P500 million was released to the BTr by the DBM to cover the FY 2021 COVID-19 National Vaccine Indemnity Fund to the PhilHealth, per Office of the President approval dated August 5, 2021. The SARO was only disclosed in the books as at September 30, 2021.

The release of the corresponding cash allocation is subject to PhilHealth's submission of Monthly Disbursement Program. As at December 31, 2021, payment made by DBM through BTr has been received and it was acknowledged through POR No. 95558966 dated November 15, 2021 amounting to P333.333 million and POR No. 96920165 dated December 13, 2021 amounting to P166.667 million. This was recorded as Trust Liabilities in the books.

29.10. Number of Outstanding Legal Cases endorsed with the OGCC:

	No. of Cases	Amount
Complaints Against		
Health Care Institutions (HCIs)	3,652	152,588,767
Health Care Professionals (HCPs)	1,212	9,342,591
Employers	1,697	157,468,878
Members	99	734,963
PhilHealth/PhilHealth Employees	13	4,960,249
COA –ND	282	6,082,793,864
Total	6,955	6,407,889,312

Head Office

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs*	-	-	-	-	16,781,540
HCPs*	-	-	-	-	5,823,927
Employers	-	-	-	-	-
Members*	-	-	-	-	3,717
PhilHealth/PhilHealth Employees	-	-	-	-	-
COA – ND	-	3,449,512,514	-	-	3,449,512,514
Total	-	3,449,512,514	-	-	3,472,121,697

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

NCR

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCLs*	23,526,957	-	5,842,709	-	31,770,965
HCPs*	-	-	-	-	-
Employers	-	-	-	-	-
Members*	-	-	-	-	-
PhilHealth/PhilHealth					
Employees	-	-	-	-	2,214,835
COA – ND	-	518,420,537	-	-	518,420,537
Total	23,526,957	518,420,537	5,842,709	-	3,472,121,697

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

CAR

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCLs	-	-	-	-	-
HCPs*	-	-	-	-	40,000
Employers	-	-	-	-	-
Members*	-	-	-	-	-
PhilHealth/PhilHealth					
Employees	-	-	-	-	-
COA – ND	-	286,856,871	-	-	286,856,871
Total	-	286,856,871	-	-	286,896,871

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

PRO I

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCLs	-	-	-	-	-
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	-	-	-	-	-

PRO II

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCLs	-	8,309,720	-	-	8,309,720
HCPs	-	-	-	-	-
Employers	629,684	907,196	1,006,575	-	2,543,456
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	629,684	9,216,916	1,006,575	-	10,853,175

PRO III

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCLs	-	-	-	-	-
HCPs	-	-	-	-	-

PRO III

	Settled	Probable	Possible	Remote	Total
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	608,711,436	-	-	608,711,436
Total	-	608,711,436	-	-	608,711,436

PRO IV-A

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	3,603,986	3,603,986
HCPs	-	-	-	-	-
Employers	1,518,338	-	138,318,666	-	139,837,004
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	1,518,338	-	138,318,666	3,603,986	143,440,990

PRO IV-B

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	2,426,530	-	2,426,530
HCPs	-	-	-	-	-
Employers	-	-	876,669	910,592	1,787,261
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	358,782,649	-	-	358,782,649
Total	-	358,782,649	3,303,199	910,592	362,996,440

PRO V

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	3,733,922	-	-	3,733,922
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	250,815
Employees*	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	-	3,733,922	-	-	3,984,737

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

PRO VI

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	-	-
HCPs	-	-	-	-	-
Employers	106,000	-	1,832,028	-	1,938,028
Members	270,113	-	461,134	-	731,246
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-

PRO VI					
	Settled	Probable	Possible	Remote	Total
COA – ND	-	-	-	-	-
Total	376,113	-	2,293,162	-	2,920,089

PRO VII					
	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	244,998	-	-	244,998
HCPs	-	-	-	-	-
Employers	-	6,320,597	-	-	6,320,597
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	283,597,209	-	-	283,597,209
Total	-	290,162,804	-	-	290,162,804

PRO VIII					
	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	314,506	-	-	314,506
HCPs	-	713,400	-	-	713,400
Employers	-	17,325	-	-	17,325
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	-	1,045,231	-	-	1,045,231

PRO IX					
	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	97,080	-	-	97,080
HCPs	-	-	-	-	-
Employers	-	481,907	-	-	481,907
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	253,127,016	-	-	253,127,016
Total	-	253,706,003	-	-	253,706,003

PRO X					
	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	-	-
HCPs	-	-	-	-	-
Employers	537,680	1,161,431	187,453	-	1,886,564
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	537,680	1,161,431	187,453	-	1,886,564

PRO XI

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	-	-
HCPs	-	-	-	-	-
Employers	-	-	136,535	2,333,503	2,470,038
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	285,502,419	-	-	285,502,419
Total	-	285,502,419	136,535	2,333,503	287,972,457

PRO XII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	-	-
HCPs	-	-	-	-	-
Employers	174,500	-	12,200	-	186,700
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	174,500	-	12,200	-	186,700

PRO CARAGA

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	116,401	79,098,060	2,125,360	81,339,821
HCPs	-	385,984	856,480	1,522,800	2,765,264
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	-	-
Total	-	502,385	79,954,540	3,648,160	84,105,085

PRO BARM

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	3,965,700	-	3,965,700
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	2,494,599	-	2,494,599
Employees	-	-	-	-	-
COA – ND	-	38,283,210	-	-	38,283,210
Total	-	38,283,210	6,460,299	-	44,743,509

30. SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATION (RR) NO. 15 - 2010

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

	2021	2020
Real estate tax, license and permit taxes	368,946	178,868
Taxes on compensation and benefits	230,682,810	386,272,463
GMP	62,459,077	48,883,147
Expanded withholding taxes	697,954,565	1,071,991,116
Total	991,465,398	1,507,325,594

Other Taxes, Duties and Licenses amounted to P368,946 and P178,868 for CYs 2021 and 2020, respectively, are taxes paid for real property taxes and other fees paid to regulatory entities.