



*Republic of the Philippines*  
**PHILIPPINE HEALTH INSURANCE CORPORATION**

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Call Center: (02) 441-7442 Trunkline: (02) 441-7444  
[www.philhealth.gov.ph](http://www.philhealth.gov.ph)



# **FINANCIAL STATEMENTS**

## **as of December 31, 2021**

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**PHILIPPINE HEALTH INSURANCE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**



		December 31	
	Note	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	₱ 6,363,794,517.98	₱ 28,050,485,089.23
Investment in time deposit	6	66,238,665,698.88	67,235,402,004.88
Receivable, net	7	10,627,319,911.35	11,166,376,473.11
Other receivable - IRM	8	18,669,852.08	1,570,977,279.66
Inventories	9	132,012,124.34	151,931,261.21
Other current assets	10	120,170,607.66	226,091,027.02
Total Current Assets		83,500,632,712.29	108,401,263,135.11
<b>Non-Current Assets</b>			
Investment securities at amortized cost	11	260,877,460,647.51	162,544,939,050.16
Property and equipment, net	12	2,569,319,832.60	3,041,286,570.48
Intangible assets, net	13	217,370,134.08	224,231,817.05
Other assets, net	14	318,210,373.39	248,883,192.99
Total Noncurrent Assets		263,982,360,987.58	166,059,340,630.68
		₱ 347,482,993,699.87	₱ 274,460,603,765.79
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Financial liabilities	15	₱ 142,234,204,640.89	₱ 107,709,036,140.91
Inter-agency payables	16	645,224,113.38	624,413,467.53
Trust liabilities	17	1,755,243,688.65	458,536,363.20
Other payables	18	2,212,752,740.72	739,498,490.44
Total Current Liabilities		146,847,425,183.64	109,531,484,462.08
<b>Noncurrent Liabilities</b>			
Deferred credits/unearned income	19	1,266,530,829.93	1,183,584,411.60
Leave benefits payable	20	1,121,556,490.44	1,208,368,125.37
Provision for Insurance Contract Liabilities (ICL)	21	1,014,255,679,627.97	1,014,255,679,627.97
Total Noncurrent Liabilities		1,016,643,766,948.34	1,016,647,632,164.94
Total Liabilities		1,163,491,192,131.98	1,126,179,116,627.02
<b>Equity</b>			
Members' Equity (Unfunded Liabilities due to the Provision of ICL)	22	(816,008,198,432.11)	(851,718,512,861.23)
Total Equity		(816,008,198,432.11)	(851,718,512,861.23)
		₱ 347,482,993,699.87	₱ 274,460,603,765.79

See accompanying Notes to Financial Statements.

Prepared by:

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Executive Vice President and  
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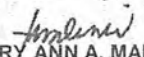
**PHILIPPINE HEALTH INSURANCE CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**



		December 31	
	Note	2021	2020
<b>INCOME</b>			
Premium contributions	23	P 171,174,395,113.09	P 148,994,622,174.87
Interest and other income	24	9,671,320,123.58	9,113,372,620.17
		180,845,715,236.67	158,107,994,795.04
<b>EXPENSES</b>			
Benefit claims expenses	25	140,161,027,863.45	120,903,158,174.96
Personnel services	26	4,277,374,147.01	4,807,795,598.20
Other operating expenses	27	3,568,206,169.51	2,337,313,381.42
		148,006,608,179.97	128,048,267,154.58
<b>NET INCOME</b>		<b>32,839,107,056.70</b>	<b>30,059,727,640.46</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>0.00</b>	<b>0.00</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 32,839,107,056.70</b>	<b>P 30,059,727,640.46</b>

See accompanying Notes to Financial Statements.

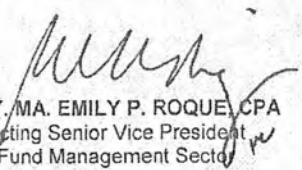
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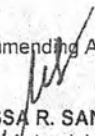
  
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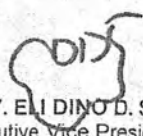
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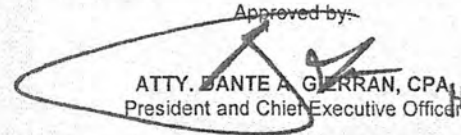
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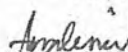
**PHILIPPINE HEALTH INSURANCE CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**



December 31			
	Note	2021	2020
PREMIUM CONTRIBUTIONS	23	₱ 171,174,395,113.09	₱ 148,994,622,174.87
BENEFIT CLAIMS EXPENSES	25	140,161,027,863.45	120,903,158,174.96
GROSS MARGIN FROM OPERATIONS		31,013,367,249.64	28,091,463,999.91
OPERATING EXPENSES			
Personnel services	26	4,277,374,147.01	4,807,795,598.20
Other operating expenses	27	3,568,206,169.51	2,337,313,381.42
		7,845,580,316.52	7,145,108,979.62
NET OPERATING INCOME		23,167,786,933.12	20,946,355,020.29
INTEREST AND OTHER INCOME	24	9,671,320,123.58	9,113,372,620.17
NET INCOME		32,839,107,056.70	30,059,727,640.46
OTHER COMPREHENSIVE INCOME		0.00	0.00
TOTAL COMPREHENSIVE INCOME		₱ 32,839,107,056.70	₱ 30,059,727,640.46

See accompanying Notes to Financial Statements.

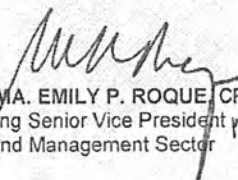
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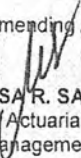
  
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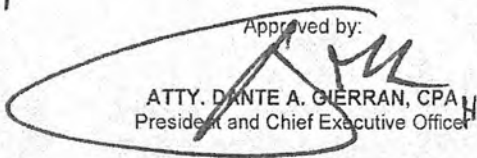
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President and Chief Executive Officer





PHILIPPINE HEALTH INSURANCE CORPORATION  
STATEMENTS OF CHANGES IN EQUITY



		December 31	
	Note	2021	2020
<b>SURPLUS</b>	22		
Balance at beginning of year		P 0.00	P 1,783,347.50
Net income		32,839,107,056.70	30,059,727,640.46
Prior year adjustment		2,871,207,372.42	858,581,399.63
Adjustment to contingent capital		0.00	(1,783,347.50)
Sub-total		35,710,314,429.12	30,918,309,040.09
Transfer to reserve		(35,710,314,429.12)	(30,918,309,040.09)
Balance at end of year		0.00	0.00
<b>RESERVE FUND</b>	22		
Balance at beginning of year		140,874,550,031.06	109,956,240,990.97
Transfer from surplus		35,710,314,429.12	30,918,309,040.09
Balance at end of year		176,584,864,460.18	140,874,550,031.06
<b>PROVISION FOR ICL</b>	21	(992,593,062,892.29)	(992,593,062,892.29)
<b>TOTAL MEMBERS' EQUITY</b>		<b>(P 816,008,198,432.11)</b>	<b>(P 851,718,512,861.23)</b>

See accompanying Notes to Financial Statements.

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President and Chief Executive Officer



**PHILIPPINE HEALTH INSURANCE CORPORATION**  
**STATEMENTS OF CASH FLOWS**



		Years Ended December 31	
	Note	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Inflows:			
Premium contributions		P 172,591,693,945.02	P 149,124,372,821.28
Interest received from investments		10,358,834,701.46	9,442,517,988.58
Collection of other income		434,725,500.26	350,273,719.51
Collection of rent income		966,181.08	490,600.56
Point of service (POS) reimbursement		9,522,070.00	3,833,180.00
Total Cash Inflows		183,395,742,397.82	158,921,488,309.93
Cash Outflows:			
Payment of benefit claims		(100,236,837,966.67)	(100,116,022,874.53)
Payment of operating expenses		(5,950,463,864.47)	(6,740,277,535.22)
Payment of bank charges		(37,902.80)	(82,121.49)
Total Cash Outflows		(106,187,339,733.94)	(106,856,382,531.24)
Net cash provided by operating activities		77,208,402,663.88	52,065,105,778.69
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash Inflows:			
Matured time deposits		183,116,448,228.24	140,548,007,407.69
Matured treasury bills		4,576,728,014.38	2,449,315,185.36
Matured treasury bonds		59,026,529,000.00	19,888,928,000.00
Proceeds from disposal of asset		250,482.00	486,329.33
Total Cash Inflows		246,719,955,724.62	162,886,736,922.38
Cash Outflows:			
Placement on time deposits		(182,119,647,809.17)	(137,697,386,264.91)
Placement on treasury bills		—	(7,026,043,199.74)
Placement on treasury bonds		(162,620,621,333.39)	(53,764,546,692.61)
Accrued interest paid on placement of bonds		(866,458,172.28)	(174,534,351.45)
Purchase of equipment		(201,182,424.57)	(188,717,520.57)
Total Cash Outflows		(345,807,909,739.41)	(198,851,228,029.28)
Net cash used in investing activities		(99,087,954,014.79)	(35,964,491,106.90)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Inflow:			
Trust receipts		504,431,433.65	367,316,273.92
Total Cash Inflow		504,431,433.65	367,316,273.92
Cash Outflow:			
Finance lease payments		(310,578,910.80)	(252,099,675.21)
Total Cash Outflow		(310,578,910.80)	(252,099,675.21)
Net cash provided in financing activities		193,852,522.85	115,216,598.71
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(21,685,698,828.06)</b>	<b>16,215,831,270.50</b>
<b>GAIN ON FOREIGN EXCHANGE</b>	24	<b>22,256.81</b>	<b>33,616.59</b>
<b>REVERSAL OF INTEREST INCOME ON TREASURY BONDS</b>		<b>(1,014,000.00)</b>	<b>0.00</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5	<b>28,050,485,089.23</b>	<b>11,834,620,202.14</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	5	<b>P 6,363,794,517.98</b>	<b>P 28,050,485,089.23</b>

See accompanying Notes to Financial Statements.

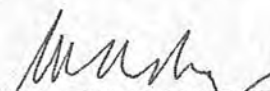
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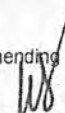
  
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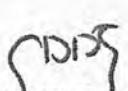
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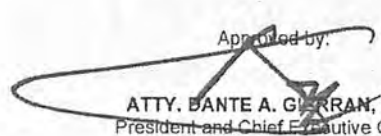
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## PHILIPPINE HEALTH INSURANCE CORPORATION NOTES TO FINANCIAL STATEMENTS



### 1. General Information

The National Health Insurance Act of 1995 (Republic Act 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, a tax-exempt government owned and controlled corporation, was established to administer the Program at the central and local levels. The Head Office is located at 709 CityState Center Building, Barangay Oranbo, Shaw Blvd., Pasig City.

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

The Corporation being an attached agency of the Department of Health for policy coordination and guidance, and is governed by a Board of Directors (BOD) composed of thirteen (13) members and has the powers and functions provided for in Article IV, Section 16 of RA 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 7875, as amended; donations and grants-in-aid; and all accruals thereof. Under Section 26, Article VI of RA 7875, as amended, the use, disposition, investment, administration and management of the NHIF, including any subsidy, grant or donation received for the program operations shall be governed by applicable laws, and in the absence thereof, existing resolution of the BOD of the Corporation subject to limitations prescribed in the Act.

#### 1.1. Corona Virus 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 Company operations and financial performance, however, cannot be reasonably determined as at March 31, 2022. Nonetheless, the Company 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.

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## **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 PFRS, 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 PFRS by government corporation classified as government business enterprises.

### **2.2. Measurement Bases**

The financial statements are measured in Philippine Peso (₱), 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 assets 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 following new and amended PFRS 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 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 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 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:

- (i) 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 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 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 ₱1,207,751,571.64 for receivables and ₱222,229.66 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 PFRS, 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 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 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.
  - 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 fair value through profit and loss (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	Number of Years
Land Improvements	10
Building and Building Improvements	30
Leasehold Improvements	10
IT Equipment	5
Furniture and Fixtures	10
Office Equipment	5
Communication Equipment	10
Library Books	5
Medical Equipment	10
Transportation Equipment	7

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

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 asset represents computer software and licenses. This is initially measured at cost and is presented in the Statement of Financial Position at cost less accumulated amortization and any accumulated impairment losses.

Computer software is amortized over its estimated useful life of five (5) years using the straight-line method while the licenses are amortized over the life of the license. The amortization period and method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits from the intangible assets. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

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 it 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, 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 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 Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company 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 Company 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 Company 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 Company.

The Corporation's leasing activity is mainly for office spaces and warehouses. The non-cancellable contracts period for leases is 3 to 5 years and has no extension clause. Upon expiration of the lease contract, it is extended on a month to month basis only until a new contract is executed or a new office space will be leased.

*ROU Assets.* At commencement date, the Company 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 Company 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.

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

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

Account Title	2021
Carrying Amount of ROU Asset	₱644,440,512.72
Depreciation Expense	391,866,812.12
Interest Expense	99,063,666.28
Short-Term Leases	88,688,353.56
	<u>₱1,224,059,344.68</u>

*Lease Liabilities.* At commencement date, the Company 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 Company uses its incremental borrowing rate.

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

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

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

If there is a change in the lease term or if there is a change in the assessment of an option

to purchase the underlying asset, the lease liability is 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 Company 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 and outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and discounted to present values using a pre-tax rate that reflects current market

assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

## 2.22. Provision for Insurance Contract Liabilities (ICL)

Provision for ICL is the best estimate that relates to expected 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 insurance contract liabilities.

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

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

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

## 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.

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## 3. Significant Judgments, Accounting Estimates and Assumptions

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

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

### 3.1. Judgments

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

*Accounting for Lease Commitments - the Company as a Lessor.* The Company has entered into commercial property sublease agreements for its leased property. The Company 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 - Company as a Lessee.* The Company has entered into commercial property leases for its premises and administrative offices. For the Company'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 Company's incremental borrowing rate. For the Company'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 (IBNP) claims which consist of the following:

- a. In-Course of Settlement (ICS) - these are claims still in process at the end of the reporting period. The estimate is based on the case rate amount extracted from the N-Claims.
- b. Incurred But Not Yet Reported (IBNR) - These are claims which are estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the 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.

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

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#### **4. Financial Risk Management**

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

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

- a. The first line of defense has the ownership, responsibility and accountability for directly managing the risks. These are the Business Process Owners (BPOs) who have the responsibility of managing the day-to-day risks that they will encounter as they do their respective works. And they have the responsibility to report the risks so that immediate action can be done to address those risks that affect their work in particular and the Corporation in general;
- b. The second line of defense oversees, monitors and facilitates the implementation of an effective Risk Management practices by the first line of defense. These are the Risk Management Committee of the Board (RiskCom), the Management and Project Management Team-Risk Management (PMT-RM) as the technical arm of RiskCom. They are mainly responsible for developing policies for Management's or BOD's approval and monitor the risk management policies, define work practices and advise when needed the BPOs with regard to risk management and compliance; and
- c. The third line of defense is the audit functions for both internal and external auditors which will provide assurance to the Board and Management on the effectiveness of the first and second line of defense in managing risks.

### **Financial Risk Factors**

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

### **Credit Risk**

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

The Corporation's placements in fixed term deposits with Authorized Government Depository Banks (AGDBs) are in accordance with Sec. 2 of Department of Finance (DOF) Circular 01-2017, on the Amended Guidelines on Authorized Government Depository Banks, which mandates all Government Owned and Controlled Corporations (GOCCs), National Government Agencies (NGAs) and Local Government Units (LGUs) to maintain and deposit government funds only with AGDBs.

The Corporation implements a structured and standardized evaluation guideline, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due Diligence process (i.e., yield versus comparable financial instruments, term of the indebtedness including redemption feature, liquidity of the issuance, monitoring of issuer and counterparty risks including risks arising from implementation, and other portfolio and strategic considerations) and information from third party (e.g., Philippine Ratings Services Corporation and Credit Ratings and Investors Services Philippines, Inc.) are used to determine if counterparties are credit-worthy. With respect to bond underwriters and selling agents, PhilHealth as a qualified institutional buyer of debt securities under Section 10.1 (L) of the Securities Regulation Code, deals only with domestic universal bank or domestic investment house duly assigned by the issuer as underwriter or selling agent for the distribution of debt issuances.

Purchase of peso denominated government securities under the Non-Restricted Trading Environment (NRTE) of the Philippine Dealing Exchange is based on Treasury Circular No. 04-2014, Implementing DOF Department Order No. 068-2014 entitled, "Revised Rules and Regulations for the Issuance, Placement, Sale, Service and Redemption of Treasury Bills and Bonds under R.A. No. 245, As Amended". Evaluation of counterparty trading participant

in the NRTE platform, at the minimum, is measured on the Government Securities Eligible Dealer's (i) good standing in the Philippine Dealing Exchange, (ii) Risk-Based Capital Adequacy Ratio (CAR), (iii) Financial Standing on Earnings and Profitability, (iv) compliance to Securities Regulation Code and Code of Ethics Governing Financial Market Activities in the Philippines, and (v) positive track record of service with other government agencies.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, PhilHealth investments are regularly monitored to ensure that these are always within the prescribed cumulative ceilings specified in Sec. 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 (BSP) Performance Indicators for banks, including non-banks with quasi-banking function. Once accredited, on an annual basis, submission of their yearly financial statements is required to monitor financial standing of the ACAs to mitigate any losses that may be incurred by the concerned ACAs. Other documentary requirements such as Articles of Incorporation, Certificate of Good Standing with Existing Industry Association, Electronic Banking Authority, among others are likewise submitted by PhilHealth ACAs to assess their capabilities as collecting agents.

On Cash Management: The Corporation maintains its accounts in any of the Authorized Government Depository Banks (AGDBs) in compliance with DOF Circular No. 01-2017 namely: Land Bank of the Philippines, 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 on One Fund Disbursement Account, respectively. Hence, lesser vulnerability of default given the Corporation's compliance to regulatory agencies and the service agreements with the AGDBs.

#### **Liquidity Risk**

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

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

As to management of ACAs, they are required to remit their collections to PhilHealth on a daily basis in accordance with the DOF Circular Nos. 01-2015 dated June 1, 2015 and 01-2017 dated May 11, 2017. Compliance to existing covenants in the Collection and



Remittance Agreements with ACAs is strictly covenants in the Collection and Remittance Agreements with ACAs is strictly monitored by the Corporation and close monitoring through daily reconciliation of collections and remittances by ACAs are being done and implemented including the imposition of penalties and interests for late remittances, under remittances and late submission of required reports and documents.

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

### **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 held-to-maturity 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 Law which states that the funds invested in various investment and financial instruments shall earn an average annual income at prevailing rates of interest. Currently, PhilHealth has significant investments in government securities and corporate bonds with fixed interest rates that are within acceptable levels.

## **5. Cash and Cash Equivalents**

This account is composed of the following:

	2021	2020
Collecting Officers	<b>₱28,724,227.09</b>	₱112,340,133.96
Petty Cash Fund (PCF)	<b>2,970,129.29</b>	3,024,342.47
Cash in Bank	<b>2,705,288,887.31</b>	25,297,702,624.34
Special Savings Deposits (SSDs)	<b>3,626,811,274.29</b>	2,637,417,988.46
	<b>₱6,363,794,517.98</b>	₱28,050,485,089.23

- 5.1. Collecting officers represent collections at the end of the month made by collecting officers which are to be deposited on the following working day.
- 5.2. The Corporation uses the imprest fund system in handling its petty cash fund. This fund is for the use of miscellaneous expenditures which cannot be conveniently paid by check wherein an officer holding the fund is also properly bonded in accordance with law.
- 5.3. Cash in banks represent various bank deposits that are unrestricted and available for current operations. Included in this account are cash denominated in foreign currencies which are translated to peso using the closing rate as of reporting dates.



- 5.4. SSDs are term deposits of one (1) day up to ninety (90) days with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The interest rates ranged from 0.2603 per cent to .8000 per cent as of 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	₱7,801,259,843.23	₱6,643,293,351.86
SSDs and Investment in Time Deposit	1,727,095,168.17	2,154,744,390.76
Savings and Current Deposits	1,880,828.75	3,109,847.57
	<b>₱9,530,235,840.15</b>	<b>₱8,801,147,590.19</b>

## 6. Investment in Time Deposit

	2021	2020
Investment in Time Deposits	₱66,238,665,698.88	₱67,235,402,004.88
	<b>₱66,238,665,698.88</b>	<b>₱67,235,402,004.88</b>

Investments in Time Deposits are term deposits of ninety-one (91) to three hundred sixty-four (364) days with interest rate ranging from 1.7850 per cent to 2.2000 per cent and .8750 per cent to 2.3600 per cent as of December 31, 2021 and 2020, respectively.

## 7. Receivables

This account is composed of the following:

	2021	2020
Receivables from Direct Contributors	₱8,715,552,355.28	₱8,536,647,320.68
Due from NGAs	21,123,953,824.93	21,401,657,560.31
Due from LGUs	344,742,522.15	415,239,938.50
Accrued Interest Receivable from Investment	2,217,609,469.09	1,497,000,575.05
Other Receivables	2,934,806.72	3,061,629.57
Receivables	32,404,792,978.17	31,853,607,024.11
Allowance for Impairment	(21,777,473,066.82)	(20,687,230,551.00)
Receivables, net	<b>₱10,627,319,911.35</b>	<b>₱11,166,376,473.11</b>

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

	2021	2020
Receivables from Direct Contributors	₱8,715,552,355.28	₱8,536,647,320.68
Allowance for Impairment	(816,647,255.69)	(15,371,751.00)
Receivables from Direct Contributors, net	<b>₱7,898,905,099.59</b>	<b>₱8,521,275,569.68</b>

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	P20,537,134,800.00	P20,537,134,800.00
Point-of-Service (POS)		
No. of enrollees	2,238,331	2,238,331
Amount	P450,295,200.00	P450,295,200.00
Fortuitous event		
No. of enrollees	56,135	56,135
Amount	P134,724,000.00	P134,724,000.00
DPWH		
No. of enrollees	0	0
Amount	P1,799,824.93	P0.00
Total	21,123,953,824.93	P21,122,154,000.00
Allowance for Impairment	(20,671,858,800.00)	(20,671,858,800.00)
Net Amount	P452,095,024.93	P450,295,200.00
<hr/>		
Fund transfer to DPWH for lot improvements (PRO II)		P1,799,824.93
2021 Total		P1,799,824.93
<hr/>		
Enrollment of 187,623 qualified members under the 2019 POS program for the period January to December 2018 per billing to DBM		P450,295,200.00
2018 Total		P450,295,200.00
<hr/>		
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 collections)		P5,421,018,000.00
Allowance for Impairment		(5,421,018,000.00)
2016 Total		P0.00
<hr/>		
Enrollment of 5,416,178 Senior Citizens for CY 2015 based on billing to DBM		P12,998,827,200.00
Allowance for Impairment		(12,998,827,200.00)
2015 Total		P0.00
<hr/>		
Enrollment of 56,135 families of which 55,474 families came from Region 8 who were casualties of Typhoon Yolanda and for the extended insurance coverage under the Fortuitous Event Program implemented as a component of the NHIP for the billing period January to December 2014		P134,724,000.00
Enrollment of 882,204 Senior Citizens for the period of October to December 2014 based on billing to DBM		2,117,289,600.00
Allowance for Impairment		(2,252,013,600.00)
2014 Total		P0.00
<hr/>		
Grand Total		P452,095,024.93

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

Region	2021	2020
National Capital Region (NCR)	₱6,040.00	₱23,041,240.00
Cordillera Administrative Region (CAR)	0.00	0.00
I	158,400.00	2,664,000.00
II	553,270.00	553,270.00
III	108,697,856.17	109,978,856.17
IV-A	0.00	5,325,400.00
IV-B	0.00	3,580,800.00
V	795,000.00	3,219,000.00
VI	164,308,424.98	168,254,074.98
VII	4,429,600.00	15,227,100.00
X	0.00	1,500,000.00
XI	3,172,200.00	10,812,200.00
XII	0.00	0.00
CARAGA	62,621,731.00	70,571,997.35
BARMM	0.00	512,000.00
Total	344,742,522.15	415,239,938.50
Less: Allowance for Impairment	(286,136,293.38)	0.00
Receivables from Direct Contributors, net	₱58,606,228.77	₱415,239,938.50

- 7.4. Accrued Interest Receivable from investment amounting to ₱ P2,217,609,469.09 and ₱1,497,000,575.05 as at December 31, 2021 and December 31, 2020, respectively, represent interest earned as at the reporting date from special savings deposit, time deposit, investment securities at amortized cost which are due for collection on the following year.
- 7.5. Other Receivables amounting to ₱2,934,806.72 and ₱3,061,629.57 as at December 31, 2021 and 2020, respectively, represent due from officers and employees.

Allowance for impairment of ₱2,830,717.75 was provided due to ECL as of December 31, 2021.

## 8. Other Receivable – Interim Reimbursement Mechanism (IRM)

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

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

Subsequently, the Board issued PBR No. 2515, S. 2020 dated 31 March 2020 to ratify the implementation of IRM nationwide due to the COVID-19 pandemic. Thus:

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

On 07 May 2020, PhilHealth issued Corporate Order No. 2020-0033 signed by PCEO BGen. Ricardo C. Morales. It provides the guidelines and procedures in the recording and reporting of benefit claims under the IRM.

As of December 31, 2021, a total of ₱14,952,180,241.48 or 99.8753 per cent has already been liquidated out of the ₱14,970,850,093.56 released IRM, leaving a balance of ₱18,669,852.08 or 0.1247 per cent nationwide. For December 31, 2020, the balance is ₱1,570,977,279.66. Details as of December 31, 2021 as follows:

Region	No. of HCIs	Released	Liquidated	Balance
NCR	162	₱4,353,410,548.77	₱4,346,394,381.60	₱7,016,167.17
CAR	19	484,137,869.40	484,137,869.40	0.00
I	49	782,476,917.51	779,976,974.01	2,499,943.50
II	13	338,564,866.56	338,564,866.56	0.00
III	105	1,956,388,846.19	1,953,990,492.69	2,398,353.50
IV-A	89	1,248,048,505.30	1,248,051,200.30	(2,695.00)
IV-B	41	690,075,499.50	690,075,499.50	0.00
V	61	724,616,526.30	722,100,059.40	2,516,466.90
VI	1	121,372,688.00	121,372,688.00	0.00
VII	50	1,101,824,042.58	1,101,549,035.88	275,006.70
VIII	36	505,534,201.70	505,534,201.70	0.00
IX	13	378,753,947.06	378,753,947.06	0.00
X	18	737,824,643.50	737,945,511.79	(120,668.29)
XI	28	890,240,858.26	886,153,380.66	4,087,477.6
XII	17	483,567,834.00	483,567,834.00	0.00
BARMM	2	84,524,850.00	84,524,850.00	0.00
CARAGA	7	89,487,448.93	89,487,448.93	0.00
<b>Total</b>		<b>₱14,970,850,093.56</b>	<b>₱14,952,180,241.48</b>	<b>₱18,669,852.08</b>

## 9. Inventories

This account is composed of the following:

	2021	2020
Office Supplies and Material Inventory	₱102,261,255.58	₱110,139,605.32
Semi-Expendable Machinery and Equipment	7,992,349.37	21,613,716.27
Semi-Expendable Furniture, Fixtures and Books	21,758,519.39	20,177,939.62
	<b>₱132,012,124.34</b>	<b>₱151,931,261.21</b>

- 9.1. Office Supplies and Materials Inventory account amounting to ₱102,261,255.58 and ₱110,139,605.32 as at December 31, 2021 and 2020, respectively, represents small tangible items that are expected to be used within one (1) year from the reporting date.
- 9.2. Semi-Expendable Machinery and Equipment account amounting to ₱7,992,349.37 and ₱21,613,716.27 as at December 31, 2021 and 2020, respectively, represents office equipment, information and communication technology costing less than ₱15,000.00.
- 9.3. Semi-Expendable Furniture, Fixtures, and Books account amounting to ₱21,758,519.39 and ₱20,177,939.62 as at December 31, 2021 and 2020, respectively, represents furniture, fixtures and books costing less than ₱15,000.00.



## 10. Other Current Assets

This account is composed of the following:

	2021	2020
Other Receivables:		
Philippine Red Cross (PRC)	P100,000,000.00	P100,000,000.00
Health Care Institutions (HCIs)	58,199.99	131,672.03
Creditable Withholding Tax	16,242,339.49	35,063,506.13
Other Current Assets	101,761,472.71	90,895,848.86
Other Current Assets	218,062,012.19	226,091,027.02
Less: Allowance for Impairment	(97,891,404.53)	0.00
Other Current Assets, net	P120,170,607.66	P226,091,027.02

- 10.1. The Corporation and PRC entered into Memorandum of Agreement (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 (P3,500.00) 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 3,409.00 from October 10, 2020 to September 3, 2021. Starting September 4, 2021 the cost of the testing package was lowered to 2,800.00).

2. Upon the signing of this Agreement, immediately forward to PRC the full Advance Cash Payment of One Hundred Million Pesos (P100,000,000.00); 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 P100,000,000.00 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 P58,199.99 and P131,672.03 as at December 31, 2021 and December 31, 2020, respectively, represents advance payment to Health Care Institutions due to Taal Volcano eruption and typhoon Yolanda.

- 10.2. Remittance of taxes withheld from the released IRM amounting to P16,242,339.49 and P35,063,506.13 as at December 31, 2021 and December 31, 2020, respectively.
- 10.3. Other Current Assets amounting to P101,761,472.71 and P90,895,848.86, 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

₱24,264,032.00 for the taxable year 2003-2004 per BIR decision with reference No. P06-15 dated April 14, 2015

- 10.4. Allowance for Impairment amounting to ₱97,891,404.53 was provided due to ECL as of December 31, 2021. Details as follows:

	Total Amount	Allowance	Net Amount
Other Receivables - IFM	₱100,000,000.00	₱0.00	₱100,000,000.00
Other Receivables - IRM (Taal Volcano Eruption)	58,199.99	0.00	58,199.99
Other Receivables - IRM (COVID 19) Tax	16,242,339.49	(7,625,725.50)	8,616,613.99
Other Receivables - Accrued Fines & Penalties from ACAs	3,881,551.63	(3,493,396.47)	388,155.16
Other Receivables - Personal Calls	68,518.28	(68,644.97)	(126.69)
Other Receivables - Refund from Benefit Payment - Employer	23,398,277.36	(16,519,092.36)	6,879,185
Other Receivables - Filing Fees	132,792.20	(109,743.34)	23,048.86
Other Receivables - Off. & Employ. Disallow. ( Registration Fees )	26,200.00	(26,200.00)	0.00
Other Receivables - GPAI	67,473.00	(67,473.00)	0.00
Other Receivables - Others	74,186,660.24	(69,981,128.89)	4,205,531.35
	<b>₱218,062,012.19</b>	<b>(97,891,404.53)</b>	<b>₱120,170,607.66</b>

## 11. Investment Securities at Amortized Cost

This account is composed of the following:

	2021	2020
Investment in Treasury Bills	₱-	₱4,576,728,014.38
Investment in Government Bonds	256,365,182,877.17	143,105,711,035.78
Investment in Corporate Bonds	4,512,277,770.34	14,862,500,000.00
	<b>₱260,877,460,647.51</b>	<b>₱162,544,939,050.16</b>

- 11.1. Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 3.8179 per cent as at December 31, 2020.

	Interest Rate (%)	2021	2020
Treasury Bills	3.8360	₱0.00	₱2,578,490,109.61
Treasury Bills	3.8390	0.00	500,584,228.86
Treasury Bills	3.7870	0.00	1,497,653,675.91
		<b>₱0.00</b>	<b>₱4,576,728,014.38</b>

- 11.2. Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of 3.9794 per cent.

	Interest Rate (%)	2021	2020
Retail T-bonds	4.1833	₱49,616,890,000.00	₱58,816,890,000.00
RTB Non-Restricted Environment	4.1526	89,844,093,545.77	77,536,468,190.01
Outstanding Investment	3.6023	116,904,199,331.40	6,752,352,845.77
		<b>₱256,365,182,877.17</b>	<b>₱143,105,711,035.78</b>

**11.3. Investment in Corporate Bonds with a maturity period of more than one (1) year and with interest rates ranging from 3.8915 per cent to 5.5796 per cent.**

	Interest Rate (%)	2021	2020
7-year PLDT Fixed Rate Bonds	5.2250	P0.00	P650,000,000
7-yr SM Prime Holdings, Inc. Fixed Rate Bonds	5.2006	0.00	500,000,000
7-yr Aboitiz Power Corp. Fixed Rate Bonds	5.2050	0.00	1,000,000,000
7-yr Aboitiz Equity Ventures, Inc. Fixed Rate Bonds	5.0056	0.00	1,000,000,000
7-yr Filinvest Land Inc. Fixed Rate Bonds	5.4000	0.00	1,000,000,000
7-yr Filinvest Land, Inc. Fixed Rate Bonds	5.3567	780,000,000.00	780,000,000
7-yr Robinsons Land Corp. Fixed Rate Bonds	4.8000	1,500,000,000.00	1,500,000,000
7-yr Ayala Land Inc. Fixed Rate Bonds	4.5000	950,000,000.00	950,000,000
7-yr Ayala Land Inc. Fixed Rate Bonds	3.8915	1,100,000,000.00	1,100,000,000
7-yr South Luzon Tollway Corp. Fixed Rate Bonds	5.5796	182,500,000.00	182,500,000
5.25-yr SM Prime Holdings	4.5095	0.00	1,200,000,000
2-yr DBP Series A ASEAN Sustainability Fund	4.2500	0.00	5,000,000,000
<b>Total</b>		<b>4,512,500,000.00</b>	<b>14,862,500,000</b>
Less: Allowance for Impairment		(222,229.66)	0.00
<b>Investment in Corporate Bonds, net</b>		<b>P4,512,277,770.34</b>	<b>P14,862,500,000</b>

Interest earned on Investment Securities at Amortized Cost amounted to P7,801,259,843.23 and P6,643,293,351.86 as at December 31, 2021 and 2020, respectively.

**12. Property and Equipment – Net**

This account is composed of the following:

	2021						Total
	Land and Land Improvements	Building and Structure/ Leasehold Improvement	Right-of-Use Assets	Construction in Progress	Furniture and Fixtures, Equipment and Books	Motor Vehicle	
<b>Cost</b>							
Balance at beginning of year	P876,177,352.96	P240,236,356.32	P1,316,311,434.24	P27,569,240.50	P3,020,855,657.80	P231,006,847.33	P5,712,156,889.15
Additions	0.00	17,133,714.60	163,607,722.63	0.00	140,441,692.14	874,446.30	322,057,575.67
Adjustments	0.00	(3,584,094.94)	(96,458,278.97)	0.00	(263,860,647.50)	(1,755,258.00)	(365,658,279.41)
Balance at end of year	876,177,352.96	253,785,975.98	1,383,460,877.90	27,569,240.50	2,897,436,702.44	230,126,035.63	5,668,556,185.41
<b>Accumulated Depreciation</b>							
Balance at beginning of year	1,498,053.13	122,262,878.31	433,358,053.15	0.00	1,944,289,670.43	169,461,663.65	2,670,870,318.67
Depreciation	398.89	30,116,683.06	391,866,812.12	0.00	307,291,715.58	14,805,816.58	744,081,426.23
Adjustments	(76.13)	1,648,238.75	(86,204,500.09)	0.00	(229,976,001.19)	(1,183,053.43)	(315,715,392.09)
Balance at end of year	1,498,375.89	154,027,800.12	739,020,365.18	0.00	2,021,605,384.82	183,084,426.80	3,099,236,352.81
<b>Carrying Amount</b>	<b>P874,678,977.07</b>	<b>P99,758,175.86</b>	<b>P644,440,512.72</b>	<b>P27,569,240.50</b>	<b>P875,831,317.62</b>	<b>P47,041,608.83</b>	<b>P2,569,319,832.60</b>

	2020						Total
	Land and Land Improvements	Building and Structure/ Leasehold Improvement	Right-of-Use Assets	Construction in Progress	Furniture and Fixtures, Equipment and Books	Motor Vehicle	
<b>Cost</b>							
Balance at beginning of year	P876,177,352.96	P203,545,772.26	P1,169,988,082.72	P27,569,240.50	P2,988,168,775.08	P234,199,192.78	P5,499,648,416.30
Additions	0.00	47,614,212.87	154,819,117.00	0.00	153,626,945.14	2,998,934.55	359,059,209.55
Adjustments	0.00	(10,923,627.81)	(8,495,765.48)	0.00	(120,940,062.42)	(6,191,280.00)	(146,550,735.71)
Balance at end of year	876,177,352.96	240,236,357.32	1,316,311,434.24	27,569,240.50	3,020,855,657.80	231,006,847.33	5,712,156,890.15
<b>Accumulated Depreciation</b>							
Balance at beginning of year	1,470,337.21	101,669,778.82	200,209,850.33	0.00	1,642,825,081.09	151,371,969.58	2,097,547,017.03
Depreciation	27,715.92	25,106,379.73	239,479,446.26	0.00	341,030,230.36	22,064,838.31	627,708,610.58
Adjustments	0.00	(4,513,280.24)	(6,331,243.44)	0.00	(39,565,641.02)	(3,975,144.24)	(54,385,308.94)
Balance at end of year	1,498,053.13	122,262,878.31	433,358,053.15	0.00	1,944,289,670.43	169,461,663.65	2,670,870,318.67
<b>Carrying Amount</b>	<b>P874,679,299.83</b>	<b>P117,973,479.01</b>	<b>P882,953,381.09</b>	<b>P27,569,240.50</b>	<b>P1,076,565,987.37</b>	<b>P61,545,183.68</b>	<b>P3,041,286,571.48</b>

Included under Land and Buildings accounts are the following:

- 12.1. A parcel of land situated in Quezon City with a total area of 17,230.50 square meters (sq. m.). This property has a carrying amount of ₱439,377,750. The Head Office of PhilHealth shall be constructed in this lot.

Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation acquired an additional 145 sq. m. lot from the National Housing Authority (NHA) located in Barangay Pinyahan, East Avenue, Quezon City at a cost of ₱2,439,735.68.

- 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 ₱413,845,805.00 was appraised with a fair market value of ₱3,354,220,000.00 as of August 06, 2021.
- 12.3. A parcel of lot with a total area of 1,544 sq. m. and a building with a total floor area of 3,287 sq. m. purchased by PRO III for its permanent Regional Office in San Fernando, Pampanga at a cost of ₱25,520,363.00. The land and building were appraised with a fair market value of ₱73,710,000.00 as of August 4, 2021. PRO III also purchased a warehouse in San Fernando City, Pampanga with a total area of 1,831 sq. m. and was appraised with a fair market value of ₱22,025,000.00 as of 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 II's Regional Office. This property was received by way of donation, through a Memorandum of Agreement (MOA) executed between the Department of Public Works and Highways (DPWH) Region II and the Corporation. This property which is carried in the books at ₱4,056,000.00 was appraised with a fair market value of ₱51,280,000.00 as of August 10, 2021. In compliance with the condition set forth in the MOA to construct PhilHealth's office building within two years from the execution of the Deed of Donation, the Regional Development Council (RDC) II has extended, upon the request of PRO II, the construction of the building for another two years per RDC-2 Resolution No. 02-25, 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 at ₱1,086,000.

- 12.6. Summary of Right of Use Assets as follows:

	2021	2020
Head Office	₱441,722,860.22	₱479,762,129.87
NCR	149,228,615.60	167,819,282.15
CAR	63,592,569.88	63,592,569.88
I	29,501,345.78	19,193,204.02
II	70,367,193.74	47,948,906.79
IV-A	80,275,750.34	71,107,859.90
IV-B	105,066,846.33	98,641,187.74
V	24,278,092.82	24,278,092.82
VI	61,027,137.83	61,027,127.83
VII	87,118,593.20	34,655,503.63
VIII	9,614,659.80	9,614,659.80
X	106,689,891.30	95,823,071.85
XI	46,790,139.34	46,790,139.34
XII	25,131,312.58	25,131,312.58
CARAGA	66,351,095.83	54,221,602.73
BARMM	16,704,773.31	16,704,773.31
Carrying Amount	₱1,383,460,877.90	₱1,316,311,434.24



Details of ROU assets as of December 31, 2021 are as follows:

Lessor	Use	Term of Lease	Amount
<b>HEAD OFFICE</b>			
Zapanta Realty & Devt Corp	OfficeSpace	June 1, 2019 to May 31, 2024	198,829,919.55
Columbia Estate Properties, Inc.	Office Space	Jan.1, 2021 to May 31, 2024	129,128,908.62
Columbia Estate Properties, Inc.	Warehouse	March 1, 2019 to Feb 29, 2024	26,963,465.56
Fortune General Ins. Corp.	Office Space	June 1, 2019 to May 31, 2024	14,095,120.28
Fortune Life Ins. Co., Inc.	Office Space	June 1, 2019 to May 31, 2024	37,264,464.55
Columbia Estate Properties, Inc.	Office Space	Jan. 01, 2021 to Dec. 31, 2024	35,440,981.66
<b>Sub-total Head Office</b>			<b>441,722,860.22</b>
<b>PRO NCR</b>			
<b>OVP PROPER</b>			
Westco Electrical & Equipt. Corp.	Office Space	Dec. 1, 2017 to Nov. 30, 2022	18,795,648.69
Metro Dry Clean Ventures	Tandang Sora Warehouse 1	Jan. 1, 2019 to Apr. 30, 2021	2,708,023.56
CAS Properties Inc.	Warehouse1	July 16, 2018 to July 15, 2023	4,207,384.51
<b>PRO NCR CENTRAL</b>			
Columbia Estate Properties	Branch Office & LHIO QC	Jan. 1, 2018 to Dec. 31, 2022	34,835,751.21
Fibertex Corporation	LHIO Rizal	Mar. 1, 2017 to Feb. 28, 2022	6,689,639.09
Our Workshop Sales (OWS)	LHIO Fairview	June 1, 2017 to May 31, 2022	6,148,053.75
Intraland Resources and Development Corporation	NCR North Branch	Jan. 1, 2019 to Dec 31, 2021	903,969.42
Guru Property Development and Management Corporation	LHIO Caloocan	Jan 1, 2019 to Nov 30, 2021	6,901,710.50
<b>PRO NCR NORTH</b>			
Lica Management Inc.	LHIO Mandaluyong	May 2, 2018 to April 30, 2023	8,816,270.76
<b>PRO NCR SOUTH</b>			
Cromagen Land Corporation	Branch Office	July 1, 2019 to June 30, 2024	40,845,094.72
Industrial Timber Corporation	LHIO Makati	Jan. 1, 2019 to March 31, 2021	903,969.42
Iriz One Properties Inc	LHIO Pasig	Jan. 1, 2019 to April 30, 2021	6,964,698.31
Editha Bldg	LHIO Las Pinas	Jan. 1, 2019 to Oct 31, 2019	1,671,982.84
BNC Properties Inc.	LHIO Paranaque	Aug. 1, 2018 to July 31, 2022	8,836,418.82
<b>Sub-total PRO NCR</b>			<b>149,228,615.6</b>
<b>PRO CAR</b>			
Snobt, Inc.	PROs-Office Space	Jan. 1, 2019 to Sept. 30, 2022	36,782,657.69
Kennon Wood Homes	PROs-Warehouse	Jan. 1, 2019 to June 30, 2023	14,760,210.41
Lester Astudillo	Abra - Office Space	Jan. 1, 2019 to April 30, 2021	774,797.99
Lester Astudillo	Abra - Storage	Jan. 1, 2019 to Sept. 30, 2022	277,395.61
Fe C. Ballesteros	Apayao-Office Space	Jan. 1, 2019 to July 31, 2022	805,054.48
Dangwa Transportation Co., Inc.	Benguet-Office Space	Jan. 1, 2019 to Aug. 31, 2022	5,372,103.54
Municipality of Mankayan	Benguet-Office Space	Jan. 1, 2019 to Sept. 30, 2023	437,425.31
JDT Commercial	Ifugao-Office Space	Jan. 1, 2019 to Oct. 31, 2022	698,867.22
JZ Commercial Space	Kalinga-Storage	Jan. 1, 2019 to July 31, 2022	411,374.68

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Rosemarie Maliaman-Agus	Kalinga-Office Space	Jan. 1, 2019 to Sept. 30, 2022	666,194.40
Kedawen Rentals	Mt. Province-Office Space	Jan. 1, 2019 to Feb. 28, 2023	2,606,488.55
<b>Sub-total PRO CAR</b>			<b>63,592,569.88</b>
<b>PRO I</b>			
Goldmaster Holding Corporation (Jimmy Gapuz)	Office Rental	Nov. 1, 2019 to Dec. 31, 2021	17,183,826.44
PaulJude Realty Co.(Paul Francis T. Co)	PRO 1 Warehouse	Jan. 1, 2020 to Dec. 31, 2022	2,769,829.18
Marmor Realty (Mario Alberto)	LHIO Western Pangasinan	Jan. 1, 2020 to Dec. 31, 2022	1,878,941.35
VVH Realty Corp.(Atty. Hilario P. Valdez)	Office Rental	July 1, 2020 to Dec. 31, 2022	5,311,922.62
Henady Real Estate Lessor (Henry B. Dy)	Office rental	Jan. 1, 2019 to Dec. 31, 2021	2,356,826.19
<b>Sub-total PRO I</b>			<b>29,501,345.78</b>
<b>PRO III</b>			
Dona Rita Realty Corporation	Branch Office	March 1, 2016 to Feb. 28, 2021	11,403,079.01
Dona Rita Realty Corporation	LHIO Malolos	April 1, 2016 to March 31, 2021	5,907,079.43
Vicente Lim	Warehouse	April 10, 2019 to March 31, 2024	13,562,850.21
Juan D.Nepomuceno & SonsInc	LHIO Angeles	June 1, 2015 to May 31, 2020	2,101,346.58
Tarlac MetroTown Corp.	LHIO Tarlac	Feb. 1, 2017 to Jan 31, 2022	3,309,625.90
Juanita T. Pancho	LHIO Olongapo	May 1, 2015 to April 30, 2020	1,373,012.45
Alfredo B. Zabala	LHIO Bataan	April 1, 2016 to March 31, 2021	2,372,422.08
Tioseco Sta. Ines Properties (TSIP)	LHIO Gapan	March 1, 2015 to Feb 28, 2020	1,104,059.60
Abe & Luth Property Leasing	LHIO Sta. Maria	Sept. 1, 2017 to Aug. 31, 2022	6,150,872.89
Elmac Primeholdings,Inc.	LHIO Baler	Feb. 1, 2016 to Jan. 30, 2021	664,558.64
JCB Building	LHIO Gapan	Nov. 9, 2020 to Nov.28, 2025	1,426,970.01
Juan D. Nepomuceno Sons,Inc.	LHIO Angeles	April 30, 2021 to April 29, 2026	14,730,364.76
Alice B. Gonzales	LHIO Iba	April 30, 2021 to April 29, 2026	6,260,952.18
<b>Sub-total PRO III</b>			<b>70,367,193.74</b>
<b>PRO IVA</b>			
Lucena Grand Central Terminal Inc..	Storage Space	Oct. 1, 2019 to Sept. 30, 2024	4,231,115.13
Lucena Grand Central Terminal Inc..	Storage Space	Sept. 1, 2019 to Feb. 28, 2022	1,273,441.80
Lucena Grand Central Terminal Inc..	LHIO Lucena	Jan. 1, 2019 to July 31, 2023	4,845,199.84
Lucena Grand Central Terminal Inc..	PRO IVA Office Space	Dec. 1, 2019 to Nov. 30, 2024	25,183,214.34
James L. Uy	LHIO San Pablo	Jan. 1, 2019 to March 31, 2020	1,715,914.31
Kian Seng Trading	LHIO Storage Space	Jan. 1, 2019 to Oct. 31, 2020	112,371.85
Calamba Medical Center	LHIO Calamba	Nov. 1, 2019 to Oct. 31, 2024	10,484,741.13
Calamba Medical Center	LHIO Calamba Storage	Jul. 1, 2020 to June 30, 2025	2,491,822.15

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PremiumLink Devt. Corp.	LHIO Dasmariñas	May 1, 2019 to April 30, 2024	14,027,936.48
One FS Industrial Corp.	LHIO Dasmariñas Storage	Aug. 1, 2019 to July 31, 2024	1,411,916.84
One FS Industrial Corp.	LHIO Trece Martires	Jan. 1, 2019 to Aug. 31, 2023	4,427,682.80
One FS Industrial Corp.	LHIO Trece Martires Storage	Aug. 1, 2019 to July 31, 2024	1,268,188.78
Manuelito Lorica	LHIO Gumaca Office Space	Feb 1, 2021 to Jan 31, 2026	589,550.40
Manuelito Lorica	LHIO Gumaca Office Space	Jan. 1, 2019 to April 30, 2020	6,676,068.29
JVB Building	LHIO Gumaca Storage Space	Jan. 1, 2019 to Jan. 31, 2023	1,536,586.20
<b>Sub-total PRO IVA</b>			<b>80,275,750.34</b>
<b>PRO IVB</b>			
Sunview Property Ventures Inc.	Regional Office/Warehouse	Nov. 7, 2017 to Oct. 7, 2022	7,026,514.60
Wildy Dy Tan	LHIO Lipa/Warehouse	Nov. 1, 2017 to Oct. 31, 2022	1,062,637.05
Wildy Dy Tan	LHIO Lipa/Warehouse	Oct. 24, 2018 to Sept. 24, 2023	4,826,995.79
Antonio Ramos, Jr. MD	LHIO Occidental Mindoro	Dec. 11, 2017 to Nov. 11, 2022	1,346,835.26
Araceli R. Tan	LHIO Marinduque	Sept. 16, 2017 to Sept. 15, 2022	2,926,771.84
Millorey Inc.	LHIO Batangas City	Sept. 5, 2019 to Aug. 31, 2024	7,252,249.75
Edgardo P. Perez	LHIO Tanauan	July 1, 2017 to June 30, 2020	2,878,611.52
Bernardo B. Go, Jr.	LHIO Palawan	June 3, 2017 to May 31, 2022	5,962,443.58
Feature Realty Holdings & Dev't. Corp.	LHIO Lemery	Nov. 27, 2019 to Nov. 30, 2024	5,539,756.66
Karangyan Builders & Traders	LHIO Oriental Mindoro	June 1, 2021 to May 31, 2026	59,818,371.69
XRC Mall Developer	Regional Office	July 1, 2020 to June 30, 2025	6,425,658.59
<b>Sub-total PRO IVB</b>			<b>105,066,846.33</b>
<b>PRO V</b>			
ANST Building	Regional Office	June 1, 2019 to May 31, 2022	<b>24,278,092.82</b>
<b>PRO VI</b>			
Ojacastro, Joseph Royce	Office Space - LHIO AKLAN	April 1, 2017 to March 31, 2022	3,386,269.59
Ong, Virgilio K.	Office Space - LHIO ANTIQUE	Dec. 1, 2017 to Nov. 30, 2022	2,000,987.58

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426 Holdings, Inc	Office Space - LHIO BACOLOD	Oct. 17, 2017 to Oct. 16, 2022	6,785,115.09
426 Holdings, Inc	Warehouse - LHIO BACOLOD	July 1, 2017 to June 30, 2022	502,212.23
Pueblo de Panay, Inc.	Office Space - LHIO CAPIZ	Jan. 1, 2018 to Dec. 31, 2022	5,957,059.18
Heva Management and Development Corp.	Office Space - LHIO ILOILO	Jan. 1, 2019 to Dec. 31, 2021	4,214,732.45
Heva Management and Development Corp.	Office Space - PRO VI	Jan. 1, 2019 to Dec. 31, 2021	31,002,599.27
Heva Management and Development Corp.	Warehouse - PRO VI	Jan. 1, 2019 to Dec. 31, 2021	3,673,841.89
Pedro P. Zayco	Office Space - LHIO KABANKALA N	Oct. 1, 2017 to Sept 30, 2022	1,394,495.54
Northern Negros Planters Association, Inc.	Office Space - LHIO SAGAY	Jan. 1, 2019 to Dec. 31, 2021	1,084,239.92
Roman Catholic Archbishop of Jaro	Office Space - LHIO SARA	Mar. 1, 2017 to Feb. 28, 2022	1,025,585.09
<b>Sub-total PRO VI</b>			<b>61,027,137.83</b>
<b>PRO VII</b>			
Province of Siquijor	Office Space	Jan. 2017 to Dec. 2026	2,585,425.60
Municipality of Talibon	Office Space	Aug. 2017 to July 2022	444,237.34
Verde Linear Building Warehouse	Warehouse	Jan. 16, 2018 to Jan. 15, 2023	9,827,076.00
Elsita A. Panizales (Bais)	Office Space	July 1, 2019 to June 30, 2021	1,026,039.62
Carcar City - LGU	Office Space	July 22, 2019 to June 21, 2024	6,160,725.69
JGY Land Corporation	Office Space	Sept. 16, 2019 to Sept.15, 2024	14,396,242.80
Talibon DC General Merchandise	Warehouse	Mar. 16, 2020 to Mar. 15, 2025	215,756.58
Hancit Realty & Development Corp	Office Space	Janaury 1, 2020 to December 31, 2023	33,303,267.95
Skytower Realty & Development Corp	Office Space	Janaury 1, 2020 to December 31, 2023	19,159,821.62
<b>Sub-total PRO VII</b>			<b>87,118,593.20</b>
<b>PRO VIII</b>			
R.K. Eng'g. & Construction Works	Office Space	July 1, 2019 to June 30, 2024	1,853,819.49
MAV Properties	Office Space	April 16, 2019 to April 15, 2024	6,016,068.84
EC Cereno Rental Services	Office Space	July 1, 2019 to June 30, 2024	1,744,771.47
<b>Sub-total PRO VIII</b>			<b>9,614,659.8</b>
<b>PRO X</b>			
Limketkai and Sons, Inc.	Regional Office	Jan. 4, 2019 to May 3, 2023	89,688,820.17
Q & G Chua Trading Corp.	LHIO Valencia	Jan. 1, 2019 to June 30, 2023	1,678,138.20
Q & G Chua Trading Corp.	LHIO Valencia /StockRoom	Jan. 1, 2019 to June 30, 2023	195,783.08
F.E. Chua	LHIO Valencia	Jan. 1, 2019 to June 30, 2023	1,012,104.71
Exequiel D. Idulsa Jr.	LHIO Gingoog	Feb. 1, 2021 to Sept 30, 2021	1,044,260.82

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Jimmy P. Lim/J-Me Building	LHIO Ozamiz	July 1, 2019 to June 30, 2022	3,178,841.12
Cherob Real Estate Lessor	PBC Oroquieta	Jan. 1, 2021 to Dec. 31, 2021	124,934.70
Gonzales-Gimeno Realty, Inc.	LHIO Iligan	02/01/2021 to 12/31/2022	2,357,360.54
Nelson S. Dychauco	PBC Camiguin	03/15/2021 to 03/14/2022	356,327.02
Mayee Commercial Space Rental	PBC Maranding	January 1, 2021 to June 30, 2022	156,134.47
LGU maramag	PBC Maramag	Jan. 1, 2021 to Dec. 31, 2021	122,489.82
N & G Realty and Development Corporation	PRO-X's Warehouse	May 1, 2021 to April 30, 2022	4,461,391.98
Ororama Supercenter Inc.	PBC Carmen	October 1, 2021 to September 30, 2022	410,309.67
Exequiel D. Idulsa Jr.	LHIO Gingoog	October 1, 2021 to September 30, 2022	1,607,732.66
Stephen N. Harun	PBC Tubod	Jan 1, 2021 to Aug. 31, 2022	295,262.34
<b>Sub-total PRO X</b>			<b>106,689,891.30</b>
<b>PRO XI</b>			
DDIS Inc.	Warehouse	June 1, 2017 to May 31, 2022	3,673,229.84
Valgosons Realty Incorporated	Office Space	Jan. 16, 2019 to January 15, 2024	43,116,909.50
<b>Sub-total PRO XI</b>			<b>46,790,139.34</b>
<b>PRO XII</b>			
CSA Building	Regional Office	Jan. 1, 2019 to Oct. 1, 2022	25,131,312.58
<b>PRO CARAGA</b>			
Abcolo Commercial Building (PROs)	Office Space	July 1, 2020 to June 30, 2025	43,598,301.17
MN Bayalas Commercial (LHIP-Bislig)	Office Space	March 1, 2020 to February 28, 2025	4,877,827.01
Primeglee Corp. (LHIO-Surigao City)	Office Space	May 1, 2020 to April 30, 2023	3,769,172.69
CARAGA Ramlizdy Corp. (LHIO-Butuan City)	Office Space	Dec. 1, 2020 to November 30, 2025	12,129,493.10
JTP REALTY (LHIO- TANDAG)	Office Space	Feb. 1, 2018 to Jan. 31, 2021	1,976,301.86
<b>Sub-total PRO CARAGA</b>			<b>66,351,095.83</b>
<b>PRO BARMM</b>			
Kouzbury Builders	Regional Office	Jan. 1, 2019 to Dec. 31, 2023	16,704,773.31
<b>Grand Total</b>			<b>₱1,383,460,877.90</b>

### 13. Intangible Assets – Net

This account is composed of the following:

	2021	2020
<b>Cost</b>		
Balance at beginning of year	₱434,936,716.67	₱267,770,907.08
Additions	32,778,500.00	5,967,374.00
Adjustments	(97,834.91)	161,198,435.59
Balance at end of year	₱467,617,381.76	₱434,936,716.67
<b>Accumulated Amortization</b>		
Balance at beginning of year	₱210,704,899.62	₱ 0.00
Amortization	39,542,348.06	58,345,764.79
Adjustments	0.00	152,359,134.83
Balance at end of year	250,247,247.68	210,704,899.62
<b>Carrying Amount</b>	<b>₱217,370,134.08</b>	<b>₱224,231,817.05</b>

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	P 0.00	P 100.00
Advances to Officers and Employees	705,789.21	643,130.77
Prepayments	116,112,494.40	38,851,546.85
Guaranty Deposits	107,489,404.76	103,294,526.27
	<b>P224,307,688.37</b>	<b>P142,789,303.89</b>
DBM (transfer of NHIP from GSIS to PHIC)	P155,235,240.00	155,235,240.00
PDIC (per MB Reso. 459 dated 04/07/2005)	327,103.25	327,103.25
COA Disallowance of former officers and employees	1,456,748.97	1,456,748.97
PROs (from various Health Providers-DCS)	710,253.60	729,564.88
Unserviceable equipment	72,910,139.15	54,218,336.13
Serviceable equipment	1,006,729.87	1,919,814.31
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from PCSO	283,800.00	283,800.00
Receivable from LGUs	425,366,263.73	437,719,968.73
Other assets - Intangible	6,249,938.39	6,152,103.48
Gross Long-Term Receivables	1,058,287,646.96	1,052,784,109.75
Less: Allowance for Impairment	(964,384,961.94)	(946,690,220.65)
	<b>93,902,685.02</b>	<b>106,093,889.10</b>
Net Amount	<b>P318,210,373.39</b>	<b>P248,883,192.99</b>

- 14.1. The Disbursing Officer is an Accountable Officer (AO) duly designated, responsible and accountable for the proper management of funds for a specific legal purpose or activity and is properly bonded in accordance with law. The amounts of nil and P100.00 as at December 31, 2021 and December 31, 2020, respectively, represent available funds from the said officers as of reporting date.
- 14.2. Advances to Officers and Employees amounting to P705,789.21 and P643,130.77 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 P116,112,494.40 and P38,851,546.85 as at December 31, 2021 and 2020, respectively, represent authorized payments made for the purchase of goods from the Procurement Service of the Department of Budget and Management (PS-DBM) as well as insurance of motor vehicles of the Corporation from the Government Service Insurance System (GSIS).
- 14.4. Guaranty Deposits amounting to P107,489,404.76 and P103,294,526.27 as at December 31, 2021 and 2020, respectively, represents 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 P155,235,240.00 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 for after evaluation of such factor 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 ₱327,103.25 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 ₱1,456,748.97 as at December 31, 2021 and 2020 refer to disbursements from 1995 to 1999 for travel expenses, employees' benefits, and purchases of goods and services that were subsequently disallowed by the COA. Subsidiary ledger for these disallowances is being maintained and kept for ready references.
- 14.8. Debit/Credit Scheme (DCS) amounting to ₱710,253.60 and ₱729,564.88 as at December 31, 2021 and 2020, respectively, refers to the balance of advance payment to HCPs for the year 1999. Allowance for impairment of ₱115,625.80 for PRO VII, ₱9,698.45 for PRO X, ₱11,393.50 for PRO IVA, ₱37,352.05 for PRO V, ₱76,183.91 for PRO VI and ₱17,608.75 for PRO CARAGA, a total of ₱267,862.46 was provided for due to closure of the hospital facilities.
- 14.9. Unserviceable Equipment account amounting to ₱72,910,139.15 and ₱54,218,336.13 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 ₱1,006,729.87 and ₱1,919,814.31 as at December 31, 2021 and 2020, respectively, represents 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 ₱394,741,430.00 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 ₱283,800.00 as at December 31, 2021 and 2020 represents remaining unpaid billings for the enrollment of indigent families under the PCSO-GMA program for 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.

	2021	2020
NCR	₱ 1,307,600.00	₱ 1,307,600.00
CAR	22,911,868.32	22,984,568.32
I	38,303,867.37	38,805,892.37
II	15,914,961.40	15,914,961.40
IV-A	14,124,485.00	14,124,485.00
IV-B	938,740.00	938,740.00
V	283,853,173.04	285,953,173.04
VIII	6,940,501.57	12,143,181.57
X	23,756,374.45	26,700,974.45
XI	15,398,140.54	16,918,140.54
BARMM	1,916,552.04	1,928,252.04
Total	₱425,366,263.73	₱437,719,968.73

- 14.14. Allowance for impairment was provided for the following uncollectible receivable accounts as recommended by COA per AOM No. 17-003 dated February 28, 2017 in accordance with COA Circular No. 2016-005 dated December 19, 2016 and based on the Corporation's policy on the setting up of allowance for doubtful/uncollectible/impairment accounts receivable per PhilHealth Corporate Order No. 2017-0010 dated January 20, 2017.
- 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 from GSIS to PHIC)	<b>₱155,235,240.00</b>	₱155,235,240.00
PDIC (per MB Reso. 459 dated 04/07/2005)	<b>327,103.25</b>	327,103.25
PROs (from various Health Providers-DCS)	<b>710,253.60</b>	267,862.46
Receivable from NGAs	<b>394,741,430.00</b>	394,741,430.00
Receivable from LGUs	<b>413,370,935.09</b>	394,118,584.94
Allowance for Impairment	<b>₱964,384,961.94</b>	₱944,690,220.65

- 14.16. Other Assets – Intangibles – These are reclassified from Intangible Assets which fully amortized and is left only with their residual value amounting to ₱6,249,938.39 and ₱6,152,103.48 as at December 31, 2021 and 2020, respectively.

## 15. Financial Liabilities

This account is composed of the following:

	2021	2020
Accounts Payable	<b>₱ 8,217,614,822.12</b>	₱ 7,452,516,467.73
Accrued Benefits Payable	<b>132,946,594,758.73</b>	99,061,105,693.19
Due to Officers and Employees	<b>380,777,790.43</b>	282,798,742.64
Operating Lease Payable	<b>2,491,995.56</b>	2,336,296.13
Finance Lease Payable	<b>683,438,246.04</b>	905,503,724.67
Tax Refund Payable	<b>3,272,028.01</b>	4,760,216.55
Other Financial Liabilities	<b>15,000.00</b>	15,000.00
	<b>₱142,234,204,640.89</b>	₱107,709,036,140.91

Below is the breakdown of the Accounts Payable:

	2021	2020
Personnel Services	<b>₱ 28,625,746.31</b>	₱ 624,158,604.65
MOOE	<b>1,068,018,405.92</b>	1,136,200,146.58
CAPEX	<b>222,918,293.19</b>	276,683,241.56
Benefit Claims Processed	<b>6,867,427,767.70</b>	5,317,814,479.99
Benefit Claims Processed (PCB)	<b>30,624,609.00</b>	97,659,994.95
	<b>₱8,217,614,822.12</b>	₱7,452,516,467.73

- 15.1. Accounts Payable – Personnel Services amounting to ₱28,625,746.31 and ₱624,158,604.65 as at December 31, 2021 and 2020, respectively represents per diems and allowances of the Board of Directors and Committee members which are due for payment. This also includes the GSIS premium amounting to ₱20,604,585.00 which was part and parcel of the salary adjustments given to PhilHealth employees but subsequently



- 15.2. 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 dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the Notice of Disallowance is lifted.
- 15.3. Accounts Payable – MOOE amounting to ₱1,068,018,405.92 and ₱1,136,200,146.58 as at December 31, 2021 and 2020, respectively, represents receipt/acquisition of goods or services which are due for payment
- 15.4. Accounts Payable- CAPEX amounting to ₱222,918,293.19 and ₱276,683,241.56 as at December 31, 2021 and 2020, respectively, represents receipt/acquisition of property and equipment which are due for payment.
- 15.5. Benefit claims processed amounting to ₱6,867,427,767.70 and ₱5,317,814,479.99 as at December 31, 2021 and 2020, respectively, represents 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.
- 15.6. Primary Care Benefit (PCB) processed amounting to ₱30,624,609.00 and ₱97,659,994.95 as at December 31, 2021 and 2020, respectively, represents 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	₱ 52,315,310,012.60	₱15,862,773,693.07
ICS – RTH	14,402,620,839.99	5,372,520,762.20
IBNR	55,453,415,291.42	64,574,818,535.63
PCB	10,775,248,614.72	13,250,992,702.29
	<b>₱132,946,594,758.73</b>	<b>₱99,061,105,693.19</b>

- 15.7. Accrued Benefits Payable–ICS amounting to ₱66,717,930,852.59 and ₱21,235,294,455.27 as at December 31, 2021 and 2020, respectively, are estimated benefit claims still in process as of the reporting period.
- 15.8. Provision for Health Benefits – IBNR amounting to ₱55,453,412,291.42 and ₱64,574,818,535.63 as at December 31, 2021 and 2020, respectively, are claims which are actuarially estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per Corporate Order No. 2015-0017 dated December 8, 2015.

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.

- 15.9. Accrued Benefits Payable – PCB amounting to ₱10,775,248,614.72 and ₱13,250,992,702.29 as at December 31, 2021 and 2020, respectively, are claims which are actuarially estimated.

- 15.10. Due to Officers and Employees amounting to ₱380,777,790.43 and ₱282,798,742.64 as at December 31, 2021 and 2020, respectively, represents liability to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees.

Included in the accounts payable is the accrued personnel services (PS) for Welfare Support Assistance (WESA) from CY 2012 to CY 2020. Below is the basis of accruing the said assistance, to wit:

The PhilHealth Board of Directors issued PHIC Board Resolution No. 385, s. 2001, granting the payment of the Welfare Support Assistance (WESA) of P4,000.00 each to all qualified employees effective January 01, 2001. This is in lieu of the subsistence and laundry allowances paid to public health workers under Republic Act (R.A.) No. 7305, otherwise known as the Magna Carta of Public Health Workers. However, On February 07, 2008, the COA issued ND PHIC 2008-003 (2004) disallowing the payment of WESA contending that the payment was made without legal basis in the absence of approval from the Office of the President. On Appeal, the COA en banc sustained the disallowance.

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

As a result of the decision of the Supreme Court (GR No. 213453) reversing the ND and COA decision on WESA on November 29, 2016, PhilHealth Management, with the concurrence of the Board of Directors, decided that such WESA should be given retroactive effect so that the rate of WESA, in lieu of Subsistence and Laundry Allowance, at P4,000 shall be deemed continuously granted starting February 2012 after its restoration by virtue of the PhilHealth Board of Directors Resolution dated December 2019.

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

As at December 31, 2021, the remaining balance for WESA is ₱95,764,729.96

- 15.11. Operating Lease liability amounting to ₱2,491,995.56 and ₱2,336,296.13 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.

- 15.12. Finance Lease Payable amounting to ₱683,438,246.04 and ₱905,503,724.67 as at December 31, 2021 and 2020, respectively, are lease payable of the Corporation mostly office and warehouse rental ranging from 1 to 5 years.
- 15.13. Tax Refund Payable – amounting to ₱3,272,028.01 and ₱4,760,216.55 as at December 31, 2021 and 2020, respectively, represents the amount of refundable to taxpayers for excess amount paid/withheld.
- 15.14. 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 is composed of the following:

	2021	2020
Due to BIR	₱128,109,522.41	₱127,108,006.89
Due to GSIS	73,611,362.29	52,636,986.91
Due to Pag-IBIG	2,894,269.61	3,302,888.30
Due to PhilHealth	7,121,644.27	6,688,795.49
Due to NGAs	10,534,817.00	10,529,468.14
Due to Government Corporations	421,336,489.30	421,336,489.30
Due to LGUs	1,616,008.50	2,810,832.50
	<b>₱645,224,113.38</b>	<b>₱624,413,467.53</b>

- 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 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 SAGIP and PHIE projects of the Department of Health.
- 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 is composed of the following:

	2021	2020
UNFPA Project	P37,514.89	P37,244.13
Unclaimed Refund from Health Care Providers	311,979,215.98	311,857,534.01
AHP - Protest Bond	16,355,000.00	9,815,000.00
Donations	8,754,479.86	8,826,739.86
Bail Bond Payable/Guaranty/Security Deposit Pay.	24,985,935.14	31,321,957.87
Retention Fee	31,454,008.90	38,475,384.04
Global Development Project	1,951,554.00	1,923,583.26
Philippine Training Institute	5,258,516.39	5,216,170.75
Philippine Training Institute - NSSF	615,930.12	245,885.88
PhilHealth Run 2013	900.00	900.00
PhilHealth Run 2015	87,218.87	872,604.89
Calamity Fund	127,379.18	127,750.45
PhilHealth Provident Fund	819,991,024.80	21,136,154.18
COVID-19 National Vaccine Indemnity Fund	500,000,000.00	0.00
Others	33,645,010.52	28,679,453.88
	<b>P1,755,243,688.65</b>	<b>P458,536,363.20</b>

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 Corp.	P2,945,656.00	P2,945,656.00
Strategies & Alliance Corp.	3,607,058.83	3,679,318.86
Land Bank of the Philippines	110,000.00	110,000.00
Donation received by PRO's	2,091,765.03	2,091,765.00
	<b>P8,754,479.86</b>	<b>P8,826,739.86</b>

## 18. Other Payables

This account is composed of the following:

	2021	2020
Undistributed Collections	P1,800,460,101.49	P329,092,713.37
Due to Non-Government Organizations/Civil Society	433,329.17	433,329.17
Other Payables - Others	411,859,310.06	409,972,447.90
	<b>P2,212,752,740.72</b>	<b>P739,498,490.44</b>

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

18.2. Due to Non-Government Organization represents various reimbursement of PhiCEA Board of directors for meals and accommodation.

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



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**19. Deferred Credits/Unearned Income**

This account is composed of the following:

	2021	2020
Advance premium from direct contributor members	<b>₱712,865,311.02</b>	<b>₱556,083,542.47</b>
Premium contribution for NHTS enrollment (CYs 2013 & 2014).	<b>516,844,200.00</b>	516,844,200.00
Accreditation Fees - ACAs	<b>635,142.35</b>	642,969.38
Accreditation Fees - HCPs	<b>1,686,000.00</b>	1,739,000.00
Sponsored - LGUs	<b>31,198,143.21</b>	42,812,788.05
Others	<b>3,302,033.35</b>	65,461,911.70
	<b>₱1,266,530,829.93</b>	<b>₱1,183,584,411.60</b>

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

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**20. Leave Benefits Payable**

	2021	2020
Leave Benefits Payable	<b>₱1,121,556,490.44</b>	<b>₱1,208,368,125.37</b>
	<b>₱1,121,556,490.44</b>	<b>₱1,208,368,125.37</b>

This account represents money value of the earned leave credits of officers and employees of PhilHealth.

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**21. Provision for ICL**

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

The following are the Actuarial assumptions used in the computation of ICL for 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 of 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 25 <sup>th</sup> year up to a max of 8%
Lifespan	According to the latest WHO data published in 2019 life expectancy in the Philippines is: Male 67.3, female 75.5 and total life expectancy is 71.2. For the Direct Contributors, the liabilities beyond the average lifespan will not be considered when using this assumption.

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

The following are expected to be for further revisions:

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

Following the assumptions aforementioned, the ICL as approved by the Board of Directors to be recorded for CY2021 are as follows:

	Figures in Scenario 6
Total Outflows	₱ 3,866,551,703,165.00
Total Inflows	3,527,241,965,426.00
ICL, end of the year	339,309,737,739.00
ICL, beginning of the year	1,014,255,679,627.97
Change in ICL	₱ (674,945,941,888.97)

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 ₱339,309,737,739.00, thus, no additional provisions were recognized for the year 2021.

The following are the Actuarial assumptions used in the computation of ICL for CY2020:

Requisite Information	Assumptions Used
Valuation	Closed group valuation
Mortality rates	In accordance with the Philippine Inter Company Mortality Study per age group
Discount rates	Discount rates for Non-Life Insurance Policy Reserves as of June 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, IPP and 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 CL No. 2020-78 as of June 30, 2020;
4. Lifespan according to the latest WHO Data except to the Senior Citizen and Lifetime Members; and
5. Government Premiums through 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 Board of Directors reflected in our books of accounts for CY2020 are as follows:

Sectors	PV of Contributions	PV of Benefit Expense	ICL Provision
Government	₱641,786,367,443.67	₱258,581,040,919.05	₱383,205,326,524.62
Private	2,080,577,255,293.22	1,163,623,780,423.58	916,953,474,869.64
IPP	147,096,556,202.60	1,121,341,184,774.87	(974,244,628,572.27)
OWP	7,740,802,663.75	341,679,894,588.07	(333,939,091,924.32)
Indigent	—	2,423,035,586,161.35	(2,423,035,586,161.35)
Lifetime	—	112,166,764,860.36	(112,166,764,860.36)
Senior Citizen	—	655,028,409,503.93	(655,028,409,503.93)
Total	₱2,877,200,981,603.24	₱6,075,456,661,231.21	(3,198,255,679,627.97)
Sensitivity Analysis Impact			2,184,000,000,000.00
<b>Net Impact</b>			<b>(₱1,014,255,679,627.97)</b>

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

## 22. Members' Equity

This account is composed of the following:

	2021	2020
Surplus	₱ 0.00	₱ 0.00
Reserve Fund	176,584,864,460.18	140,874,550,031.06
Provision for Insurance Contract Liabilities	(992,593,062,892.29)	(992,593,062,892.29)
	<b>(₱816,008,198,432.11)</b>	<b>(₱851,718,512,861.23)</b>

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

### 22.1. Below is the breakdown of Surplus:

	2021	2020
Balance at beginning of year	₱ 0.00	₱ 1,783,347.50
Net income	32,839,107,056.70	30,059,727,640.46
Prior year's adjustments	2,871,207,372.42	858,581,399.63
Adjustment to contingent capital	0.00	(1,783,347.50)
Total surplus	35,710,314,429.12	30,918,309,040.09
Transfer to reserve fund	(35,710,314,429.12)	(30,918,309,040.09)
Balance at end of year	₱ 0.00	₱ 0.00

Below are the Prior Year's Adjustments closed to Retained Earnings:

Premium contributions	(P242,338,365.81)
Accreditation income	140,333.66
Interest income	(1,043,401.48)
Other income	2,416,335.02
Fines and penalties	7,335,025.20
Personnel services	16,681,522.66
Other operating expenses	46,919,219.06
Other financial charges	10,491,381.83
Non-cash expenses	(8,794,797.02)
Members' benefit expenses	3,039,400,119.30
<b>Total</b>	<b>P2,871,207,372.42</b>

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 LDDAP collections previously recorded as other payable (PROs). e.) Erroneous crediting of LBP Gumaca to Clearing acct. instead of crediting Rural B. 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 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 / AP - PS which remained outstanding for 2 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 Personal Services for CY 2016 to 2018 per COA AOM No. 220-006 dated March 11, 2020 and on AOM 2021-007 dated February 9, 2021 (PRO CAR - P 6,012,150.73). 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 CY 2016 to 2018 per COA AOM No. 220-006 dated March 11, 2020 and on AOM 2021-007 dated February 9, 2021 (PRO CAR P 4,044,306.04). b.) Reversion of over accrual of MOOE expenses for CY 2019 and below (PROs). c.) Reversion of A.P. which remained outstanding for 2 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 A.P. which remained outstanding for 2 years or more in the books. This is in compliance with COA and DBM Joint Circular No. 1, 2021 dated March 31, 2021 (HO). d.) PRO XII adjustment on interest expense on financial leased liability



9. Non-Cash Expenses - a.) PRO CAR, IV-B and VIII adjustments in the recording of depreciation expense incurred in CY 2020 Semi-expandable and Machinery Equipment. b.) PRO IX, III, CAR, IVB, 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. 4.) Reclassification of entry made on the sale of unserviceable equipment during 2019 (PRO VI). d.) Lost of PPEs during Marawi siege and with issued Relief of Accountability by the COA Auditors (PRO-BARMM). e.) Adjustment on Other Assets account - Serviceable & Unserviceable per PRID Memo dated November 25, 2021. (HO).
10. Members' Benefits Expenses - a.) Reversion of AP-Benefit Claims processed with age more than 2 years (PRO 2 - 19,999,108.15). 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 PFPR PCB from CY 2004 to CY 2018 (PRO VI - 2,469,262,483.72) 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 2 years (PRO). f.) Adjustment of NCR per COA AOM 21-019 (20) re: over accrual of Benefit Expense of manual encoded claims on CY 2020 (P492,700,720.36). g.) Actual cost of availment of claimants under the 2017 POS program based on the billing of MMG to DBM (HO).

**22.2.** Below is the breakdown of Reserve Fund:

	2021	2020
Balance at beginning of year	P140,874,550,031.06	P109,956,240,990.97
Transfer from surplus	35,710,314,429.12	30,918,309,040.09
Balance at end of year	P176,584,864,460.18	P140,874,550,031.06

The Reserve Fund is recorded in compliance with Office Order No. 0145, Series of 2012 which is based on the provisions of Section 27 of RA 7875 as amended by RA 10606, which states that the Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, that the total amount of reserves shall not exceed a ceiling of P470.59B, the amount actuarially estimated for two years' projected program expenditures: Provided further; that whenever actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

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

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

This account is composed of the following:

	2021	2020
Direct Contributors	<b>₱90,935,604,160.97</b>	₱85,569,185,890.83
Indirect Contributors	<b>80,238,790,952.12</b>	63,425,436,284.04
	<b>₱171,174,395,113.09</b>	₱148,994,622,174.87

### 23.1. Below is the breakdown of the Direct Contributors:

	2021	2020
Government	23,185,415,818.46	22,716,799,524.76
Private	59,876,962,200.91	55,262,099,768.94
Informal Economy	7,873,226,141.60	7,590,286,597.13
	<b>₱90,935,604,160.97</b>	₱85,569,185,890.83

### 23.2. Below is the breakdown of the Indirect Contributors:

	2021	2020
Indigents - NHTS	<b>₱30,600,693,600.00</b>	₱30,290,011,200.00
Senior Citizens	<b>49,059,040,000.00</b>	31,177,190,000.00
Special Government Programs - PAMANA	<b>50,553,600.00</b>	52,687,200.00
Sponsored	<b>528,503,752.12</b>	1,905,547,884.04
	<b>₱80,238,790,952.12</b>	₱63,425,436,284.04

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

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

This account is composed of the following:

	2021	2020
Interest Income	P9,530,235,840.15	P8,801,147,590.19
Other Income	141,084,283.43	312,225,029.98
	<b>P9,671,320,123.58</b>	<b>P9,113,372,620.17</b>

### 24.1. Below is the breakdown of the Interest Income:

	2021	2020
Investment Securities at Amortized Cost	P7,801,259,843.23	P6,643,293,351.86
SSDs and Investment in Time Deposit	1,727,095,168.17	2,154,744,390.76
Savings and Current Deposits	1,880,828.75	3,109,847.57
	<b>P9,530,235,840.15</b>	<b>P8,801,147,590.19</b>

### 24.2. Below is the breakdown of the Other Income:

	2021	2020
Accreditation Fees	P19,393,628.27	P19,574,505.38
Fines and Penalties	77,812,970.66	56,841,705.28
Rent Income	952,366.68	490,600.56
Sale of Disposed/Unserviceable Property	0.00	551,304.43
Gain (Loss) on Foreign Exchange	133,500.85	33,616.59
Gain on Sale of Property, Plant, and Equip.	236.64	30,971.60
Gain on Sale of Unserviceable Property	111,204.88	0.00
Other Gain	12,137,262.70	0.00
Miscellaneous Income	30,543,112.75	234,702,326.14
	<b>P141,084,283.43</b>	<b>P312,225,029.98</b>

Miscellaneous Income consists of income ranging from one hundred thousand 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 Claim Expenses

This account is composed of the following:

	2021	2020
Members' Benefit for Direct Contributors	P82,614,508,385.03	P53,075,853,580.19
Members' Benefit for Indirect Contributors	53,116,098,784.62	64,105,138,017.77
IFM	4,179,683,792.00	3,722,166,577.00
DPCM-PRC	250,714,851.80	0.00
KONSULTA	22,050.00	0.00
	<b>P140,161,027,863.45</b>	<b>P120,903,158,174.96</b>

25.1. Below is the breakdown of the Direct Contributors:

	2021	2020
Government	₱13,695,950,402.73	₱5,887,964,494.42
Private	29,124,946,627.41	13,888,654,669.86
Informal Economy	25,831,164,194.78	33,299,234,415.91
Lifetime Member	13,962,447,160.11	0.00
	<b>₱82,614,508,385.03</b>	<b>₱53,075,853,580.19</b>

25.2. Below is the breakdown of the Indirect Contributors:

	2021	2020
Indigent - NHTS	₱17,293,399,354.05	₱29,607,884,125.86
Senior Citizens	27,118,845,148.89	27,198,499,529.73
Sponsored	8,703,854,281.68	7,298,754,362.18
	<b>₱53,116,098,784.62</b>	<b>₱64,105,138,017.77</b>

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

The benefit claims balance also includes accruals for Primary Care Benefit (PCB) which are actuarially estimated as of December 2019. The same are expected to be paid on the basis of the existing policy on payment of the PCB PFPR (per family payment rate).

## 26. Personnel Services

This account is composed of the following:

	2021	2020
Salaries and Wages	₱1,813,757,225.72	₱1,875,584,821.50
Other Compensation	1,860,807,541.46	1,835,348,484.33
Statutory Contributions	595,461,596.66	723,645,136.23
Other Personnel Services	7,347,783.17	373,217,156.14
	<b>₱4,277,374,147.01</b>	<b>₱4,807,795,598.20</b>

## 27. Other Operating Expenses

This account is composed of the following:

	2021	2020
Maintenance and Other Operating Expenses (MOOE)	₱1,399,955,711.45	₱1,475,420,463.66
Financial Expenses	171,558,187.89	139,033,190.70
Non-Cash Expenses	1,996,692,270.17	722,859,727.06
	<b>₱3,568,206,169.51</b>	<b>₱2,337,313,381.42</b>

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



27.1. Below is the breakdown of the MOOE:

	2021	2020
Travelling Expenses		
Travelling Expenses – Local	<b>₱15,328,637.74</b>	₱21,946,983.37
Travelling Expenses – Foreign	<b>0.00</b>	0.00
Training and Scholarship Expense	<b>18,522,145.04</b>	8,360,380.30
Supplies and Materials Expenses	<b>140,091,894.31</b>	135,935,187.94
Semi-Expendable Expenses	<b>25,917,360.08</b>	10,841,698.14
Utility Expenses		
Water Expenses	<b>6,722,919.32</b>	6,652,320.18
Electricity Expenses	<b>142,906,828.68</b>	127,436,602.97
Communication Expenses		
Postage and Courier Services	<b>21,206,591.24</b>	23,418,450.19
Telephone Expenses	<b>72,124,121.06</b>	73,434,812.51
Internet Subscription Expenses	<b>73,664,073.70</b>	96,664,395.32
Cable, Satellite, Telegraph and Radio Expenses	<b>418,792.61</b>	529,105.26
Awards/Rewards, Prizes and Indemnities	<b>3,785,774.75</b>	3,189,689.65
Survey, Research, and Development Exp.	<b>29,924,716.36</b>	30,659,587.79
Confidential, Intelligence and Extraordinary Exp.	<b>5,357,680.39</b>	4,714,427.52
Professional Services		
Auditing Services	<b>66,616,787.00</b>	63,520,987.00
Consultancy Services	<b>0.00</b>	1,224,613.39
Other Professional Services	<b>230,623,121.49</b>	188,556,214.69
General Services		
Janitorial Services	<b>81,967,655.75</b>	78,556,265.42
Security Services	<b>166,023,778.95</b>	166,574,375.43
Repairs and Maintenance		
Repairs and Maint. - Land Improvements	<b>0.00</b>	47,450.00
Repairs and Maint. - Bldg. & Other Structures	<b>724,939.56</b>	857,497.15
Repairs and Maint. - Machinery & Equip.	<b>7,634,018.20</b>	8,789,128.27
Repairs and Maint. - Transportation Equip.	<b>7,797,962.41</b>	6,914,897.01
Repairs and Maint. - Furniture & Fixtures	<b>211,545.20</b>	369,239.80
Repairs and Maint. - Leased Assets	<b>22,200.00</b>	0.00
Repairs and Maint. - Leased Assets Improvements	<b>3,010,946.42</b>	2,892,515.12
Repairs and Maint. - Semi-Exp. - Machinery & Equip	<b>7,399.00</b>	0.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	<b>404,671.45</b>	178,867.51
Fidelity Bond Premiums	<b>7,162,902.37</b>	7,274,824.26
Insurance Expenses	<b>13,401,094.60</b>	10,933,947.23
Other Maintenance and Operating Expenses		
Advertising, Promotional, and Marketing Expenses	<b>27,064,467.05</b>	37,415,917.08
Printing and Publication Expenses	<b>4,831,261.51</b>	8,206,593.37
Representation Expenses	<b>39,046,575.57</b>	31,136,286.74
Transportation and Delivery Expenses	<b>1,938,454.51</b>	2,751,499.55
Rent/Lease Expenses	<b>88,688,353.56</b>	239,591,032.56
Membership Dues and Contribution to Organization	<b>8,530,495.36</b>	8,948,981.89
Subscription Expenses	<b>7,798,552.21</b>	27,596,156.18
Donations	<b>1,093,832.91</b>	612,035.50
Major Events and Conventions Expenses	<b>10,601,957.40</b>	4,406,751.49
Other MOOE - Others	<b>68,781,203.69</b>	34,280,745.88
	<b>₱1,399,955,711.45</b>	<b>₱1,475,420,463.66</b>

**27.2.** Below is the breakdown of the Financial Expenses:

	2021	2020
Bank Charges	<b>P49,173.18</b>	P13,659.27
Interest Expenses	<b>99,169,766.55</b>	47,231,732.36
Other Financial Charges	<b>72,339,248.16</b>	91,787,799.07
	<b>P171,558,187.89</b>	P139,033,190.70

Interest Expenses includes the effect of applying PFRS 16 amounting to P99,169,766.55.

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

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

	2021	2020
Depreciation		
Depreciation - Land Improvements	<b>P398.89</b>	P27,715.92
Depreciation - Buildings and Other Structures	<b>1,298,744.94</b>	1,299,847.44
Depreciation - Machinery and Equipment	<b>296,179,129.43</b>	328,582,403.30
Depreciation - Furniture and Fixtures and Books	<b>11,081,365.44</b>	12,428,297.06
Depreciation - Transportation Equipment	<b>14,805,816.58</b>	22,064,838.31
Depreciation - Leased Assets	<b>391,866,812.12</b>	239,479,446.26
Depreciation - Leased Assets Improvements	<b>28,817,938.12</b>	23,806,532.29
Depreciation - Other Property, Plant, & Equipment	<b>31,220.71</b>	19,530.00
Amortization - Intangible Assets	<b>39,967,948.06</b>	58,345,764.79
Impairment Loss		
Impairment Loss – Receivables	<b>1,207,751,571.64</b>	7,057,199.74
Impairment Loss – Loans and Receivables	<b>807,537,677.79</b>	0.00
Impairment Loss – Other Receivables	<b>133,393,581.91</b>	7,057,199.74
Impairment Loss – Due from LGUs	<b>266,820,311.94</b>	0.00
Impairment Loss – Financial Assets Held to Maturity	<b>222,229.66</b>	0.00
Impairment Loss – Property and Equipment	<b>5,455.21</b>	5,952,804.93
Impairment Loss – Intangible Assets	<b>0.00</b>	17,674,126.73
Impairment Loss – Other Assets	<b>372,463.38</b>	5,678,888.34
Losses		
Loss on Sale of Property and Equipment	<b>3,752,264.86</b>	24.87
Loss on Forex	<b>47,130.97</b>	63,338.02
Loss of Assets	<b>4,000.00</b>	322,242.00
Loss on Sale of Assets	<b>93,550.50</b>	31,590.86
Others	<b>394,229.66</b>	25,136.20
	<b>P1,996,692,270.17</b>	P722,859,727.06

**28. Related Party Transactions**

**Compensation of Key Management Personnel**

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

The aggregate compensation to the executive officers for CYs 2021 and 2020 are as follows:

	2021	2020
Salaries and Wages	<b>₱26,202,103.52</b>	₱20,100,824.00
Terminal Benefits	<b>0.00</b>	0.00
	<b>₱26,202,103.52</b>	₱20,100,824.00

To the Board of Directors for CYs 2021 and 2020 are as follows:

	2021	2020
Honorarium/Per Diem	<b>₱8,478,400.00</b>	₱6,176,000.00
Other Benefits	<b>0.00</b>	0.00
	<b>₱8,478,400.00</b>	₱6,176,000.00

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 Government Business Enterprise

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.

Philippine Health Insurance Corporation is now a Government Business Enterprise per Commission on Audit 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 Department of Budget and Management has issued the following SAROs for the payment of cost of availment for 2017 benefit claims of financially incapable families under Universal Health Care through POS Program, chargeable against PhilHealth's authorized appropriation under Republic Act No. 10924, FY 2017.

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

SARO No.	Amount of SARO	Amount Received from DBM as of December 31, 2021
SARO-BMB-C-17-0023166	₱91,333,530.00	₱91,333,530.00
SARO-BMB-C-17-0025119	103,350,096.00	103,350,096.00
SARO-BMB-C-17-0025794	2,805,316,374.00	1,196,668,091.00
	<b>₱3,000,000,000.00</b>	<b>₱1,391,351,717.00</b>

### 29.3. PhilHealth Supplemental Benefits

On December 28, 2018, the Department of Budget and Management issued SARO No. SARO-BMB-C-18-0035076 to eight billion five hundred ninety-seven million four hundred seventy-five thousand seven hundred seventy-six pesos (P8,597,475,776) which include the locally funded project "PhilHealth Supplemental Benefits" for all government employees of the Executive Branch amounting to P3,500,000,000. No NCA received yet for the P3,500,000.00 as of December 31, 2021.

### 29.4. Arrears of the National Government as an Employer

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

PhilHealth had adjusted premium contribution of the Employed Sector in CY2013 through PhilHealth Circular No. 057 s.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 312.50 or a 40% discrepancy. The Corporation had formally billed the Department of Budget and Management of the estimated NG Employer Premium Differential and requested allocation of the unappropriated balances for the following periods:

Calendar Year	Amount
2001-2012	P9,664,042,012.00
2013	330,691,801.00
2014	330,691,801.00
CY 2015	330,691,801.00
CY 2016	330,691,801.00
Total	P10,986,809,216.00

### 29.5. Assigned Lot to PRO III

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

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

The GSIS premium amounting to P20,604,585.00 was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS per Opinion No. 56 Series of 2018 from the Office of the Government Corporate Counsel dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the Notice of Disallowance is lifted.

### 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-PR program for CY 2017.



The release of the corresponding cash allocation is subject to PhilHealth's submission of Monthly Disbursement Program. On December 01, 2021, payment made by DBM through BTr amounted to ₱279,503,560.00 has been received and it was acknowledged through POR No. 95559617.

**29.8. Released of SARO to the Bureau of Treasury from the DBM for the Insurance Premiums of Senior Citizens**

SARO NO. BMB C-20-0022548 dated December 29, 2020 in the amount of ₱8,951,340,000 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 National Health Insurance Program, chargeable against the GAA FY 2020 under Republic Act No. 11465.

The SARO was only disclosed in the books as at December 31, 2020 as approved by the Board of Directors. 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. Released of SARO to the Bureau of Treasury 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 ₱500,000,000.00 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 of December 31, 2021, payment made by DBM through BTr has been received and it was acknowledged through POR No. 95558966 dated November 15, 2021 amounted to ₱333,333,333.00 and POR No. 96920165 dated December 13, 2021 amounted to ₱166,666,667.00. This was recorded as Trust Liabilities in the books.

**29.10. Number and amount of Outstanding Legal Cases endorsed with the Office of the Government Corporate Counsel:**

	No. of Cases	Amount
Complaints Against		
Health Care Institutions (HCIs)	3,652	₱152,588,767.51
Health Care Professionals (HCPs)	1,212	9,342,590.81
Employers	1,697	157,468,877.92
Members	99	734,963.20
PhilHealth/PhilHealth Employees	13	4,960,248.88
COA – Notice of Disallowance (ND)	282	6,082,793,863.69
<b>Total</b>	<b>6,955</b>	<b>₱6,407,889,312.01</b>

**Head Office**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCIs*					16,781,539.65
HCPs*					5,823,926.67
Employers	–	–	–	–	–
Members*					3,717.00
PhilHealth/PhilHealth Employees	–	–	–	–	–
COA – ND	–	3,449,512,514.09	–	–	3,449,512,514.09
<b>Total</b>	<b>–</b>	<b>3,449,512,514.09</b>	<b>–</b>	<b>–</b>	<b>3,472,121,697.41</b>

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

**NCR**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's*	23,526,956.68		5,842,708.50		31,770,965.18
HCPs	—	—	—	—	—
Employers	—	—	—	—	—
Members*	—	—	—	—	—
PhilHealth/PhilHealth Employees*					2,214,834.95
COA – ND	—	518,420,538.64	—	—	518,420,538.64
Total	—	518,420,538.64	5,842,708.50	—	552,406,338.77

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

**CAR**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	—	—	—	—
HCPs*					40,000.00
Employers	—	—	—	—	—
Members*	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	286,856,871.29	—	—	286,856,871.29
Total	—	286,856,871.29	—	—	286,896,871.29

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

**PRO I**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	—	—	—	—
HCPs	—	—	—	—	—
Employers	—	—	—	—	—
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	—	—	—	—
Total	—	—	—	—	—

**PRO II**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	8,309,720.00	—	—	8,309,720.00
HCPs	—	—	—	—	—
Employers	629,684.52	907,196.17	1,006,574.60	—	2,543,455.29
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	—	—	—	—
Total	629,684.52	9,216,916.17	1,006,574.60	—	10,853,175.29

**PRO III**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	—	—	—	—
HCPs	—	—	—	—	—
Employers	—	—	—	—	—
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	608,711,436.40	—	—	608,711,436.40
Total	—	608,711,436.40	—	—	608,711,436.40

**PRO IV-A**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	—	—	3,603,985.62	3,603,985.62
HCPs	—	—	—	—	—
Employers	1,518,338.07	—	138,318,666.05	—	139,837,004.12
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	—	—	—	—
Total	1,518,338.07	—	138,318,666.05	3,603,985.62	143,440,989.74

**PRO IV-B**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	—	2,426,530.00	—	2,426,530.00
HCPs	—	—	—	—	—
Employers	—	—	876,668.90	910,591.76	1,787,260.66
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	358,782,649.36	—	—	358,782,649.36
Total	—	358,782,649.36	3,303,198.90	910,591.76	362,996,440.02

**PRO V**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	3,733,921.80	—	—	3,733,921.80
HCPs	—	—	—	—	—
Employers	—	—	—	—	—
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees*	—	—	—	—	250,815.00
COA – ND	—	—	—	—	—
Total	—	3,733,921.80	—	—	3,984,736.80

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

**PRO VI**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	—	—	—	—
HCPs	—	—	—	—	—
Employers	106,000.00	—	1,832,027.76	—	1,938,027.76
Members	270,112.50	—	461,133.70	—	731,246.20
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	—	—	—	—
Total	376,112.50	—	2,293,161.46	—	2,920,088.96

**PRO VII**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	—	244,998.00	—	—	244,998.00
HCPs	—	—	—	—	—
Employers	—	6,320,597.14	—	—	6,320,597.14
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	283,597,209.22	—	—	283,597,209.22
Total	—	290,162,804.36	—	—	290,162,804.36

**PRO VIII**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	–	314,506.00	–	–	314,506.00
HCPs	–	713,400.00	–	–	713,400.00
Employers	–	17,325.00	–	–	17,325.00
Members	–	–	–	–	–
PhilHealth/PhilHealth Employees	–	–	–	–	–
COA – ND	–	–	–	–	–
Total	–	1,045,231.00	–	–	1,045,231.00

**PRO IX**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	–	97,080.00	–	–	97,080.00
HCPs	–	–	–	–	–
Employers	–	481,906.60	–	–	481,906.60
Members	–	–	–	–	–
PhilHealth/PhilHealth Employees	–	–	–	–	–
COA – ND	–	253,127,015.52	–	–	253,127,015.52
Total	–	253,706,002.12	–	–	253,706,002.12

**PRO X**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	–	–	–	–	–
HCPs	–	–	–	–	–
Employers	537,679.80	1,161,431.05	187,452.50	–	1,886,563.35
Members	–	–	–	–	–
PhilHealth/PhilHealth Employees	–	–	–	–	–
COA – ND	–	–	–	–	–
Total	537,679.80	1,161,431.05	187,452.50	–	1,886,563.35

**PRO XI**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	–	–	–	–	–
HCPs	–	–	–	–	–
Employers	–	–	136,535.33	2,333,502.67	2,470,038.00
Members	–	–	–	–	–
PhilHealth/PhilHealth Employees	–	–	–	–	–
COA – ND	–	285,502,419.47	–	–	285,502,419.47
Total	–	285,502,419.47	136,535.33	2,333,502.67	287,972,457.47

**PRO XII**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI's	–	–	–	–	–
HCPs	–	–	–	–	–
Employers	174,500.00	–	12,200.00	–	186,700.00
Members	–	–	–	–	–
PhilHealth/PhilHealth Employees	–	–	–	–	–
COA – ND	–	–	–	–	–
Total	174,500.00	–	12,200.00	–	186,700.00



**PRO CARAGA**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI	—	116,401.26	79,098,060.00	2,125,360.00	81,339,821.26
HCP	—	385,984.14	856,480.00	1,522,800.00	2,765,264.14
Employers	—	—	—	—	—
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	—	—	—
COA – ND	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>502,385.40</b>	<b>79,954,540.00</b>	<b>3,648,160.00</b>	<b>84,105,085.40</b>

**PRO BARM**

Complaints Against	Settled	Probable	Possible	Remote	Total
HCI	—	—	3,965,700.00	—	3,965,700.00
HCP	—	—	—	—	—
Employers	—	—	—	—	—
Members	—	—	—	—	—
PhilHealth/PhilHealth Employees	—	—	2,494,598.93	—	2,494,598.93
COA – ND	—	38,283,209.70	—	—	38,283,209.70
<b>Total</b>	<b>—</b>	<b>38,283,209.70</b>	<b>6,460,298.93</b>	<b>—</b>	<b>44,743,508.63</b>

**30. Supplementary Tax Information under Revenue Regulations (RR) 15-2010**

The taxes, duties and licenses fees paid and accrued during the taxable year required under RR 15-2010 are as follows:

	2021	2020
Real estate tax, license and permit taxes	<b>₱368,945.95</b>	<b>₱178,868.00</b>
Taxes on compensation and benefits	<b>230,682,809.72</b>	<b>386,272,463.00</b>
Government Money Payments (GMP)	<b>62,459,076.94</b>	<b>48,883,147.00</b>
Expanded withholding taxes	<b>697,954,565.47</b>	<b>1,071,991,116.00</b>
	<b>₱991,465,398.08</b>	<b>₱1,507,325,594.00</b>

Other taxes, duties and licenses amounted to ₱368,945.95 and ₱178,868.00 for 2021 and 2020, respectively, are taxes paid for real property taxes and other fees paid to regulatory entities.