

Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION

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www.philhealth.gov.ph

FINANCIAL STATEMENTS

as of December 31, 2022



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2022 and 2021
(In Philippine Peso)

	Notes 2022	2022	2021 (As Restated)	January 01, 2022 (As Restated)
ASSETS				
Current Assets				
Cash & cash equivalents	5	6,423,703,001.41	6,363,794,517.98	28,050,485,089.23
Investment in time deposits	6	126,426,398,154.07	66,238,665,698.88	67,235,402,004.88
Receivables, net	7	34,577,099,066.17	25,670,967,806.35	11,166,376,473.11
Other receivable, IRM	8	8,230,950.17	18,669,852.08	1,570,977,279.66
Inventories	9	122,846,003.71	132,012,124.34	151,931,261.21
Other current assets	10	28,369,587.64	120,170,607.66	226,091,027.02
Total Current Assets		167,586,646,763.17	98,544,280,607.29	108,401,263,135.11
Non-Current Assets				
Investment securities at amortized cost	11	281,181,882,804.54	260,877,460,647.51	162,544,939,050.16
Property and equipment, net	12	1,680,050,270.36	1,794,371,492.34	2,004,512,812.16
Right-of-Use Assets	13	505,427,949.43	644,440,512.72	882,953,381.09
Intangible assets, net	14	264,741,752.95	217,370,134.08	224,231,817.05
Other non-current assets, net	15	216,173,172.81	318,210,373.39	248,883,192.99
Total Non-Current Assets		283,848,275,950.09	263,851,853,160.04	165,905,520,253.45
TOTAL ASSETS		451,434,922,713.26	362,396,133,767.33	274,306,783,388.56
LIABILITIES AND EQUITY				
Current Liabilities				
Financial liabilities	16	57,634,055,212.72	86,097,351,103.43	42,228,713,880.60
Inter-agency payables	17	278,434,503.07	645,224,113.38	624,413,467.53
Trust liabilities	18	1,009,113,076.02	1,755,243,688.65	458,536,363.20
Provision for Health Benefits - IBNR	19	95,098,573,409.40	55,453,415,291.42	64,574,818,535.64
Other payables	20	2,243,373,710.01	2,212,752,740.72	739,498,490.44
Total Current Liabilities		156,263,549,911.22	146,163,986,937.60	108,625,980,737.41
Non-Current Liabilities				
Deferred credits/Unearned income	21	911,858,174.63	1,266,530,829.93	1,183,584,411.60
Lease payable	22	535,743,246.85	683,438,246.04	905,503,724.67
Leave benefits payable	23	807,441,849.24	1,121,556,490.44	1,208,368,125.37
Provision for insurance contract liabilities (ICL)	24	266,873,312,531.00	339,309,737,739.00	1,014,255,679,627.97
Total Non-Current Liabilities		269,128,355,801.72	342,381,263,305.41	1,017,553,135,889.61
TOTAL LIABILITIES		425,391,905,712.94	488,545,250,243.01	1,126,179,116,627.02
EQUITY				
Members' Equity	25	26,043,017,000.32	(126,149,116,475.68)	(851,872,333,238.46)
Total Equity		26,043,017,000.32	(126,149,116,475.68)	(851,872,333,238.46)
TOTAL LIABILITIES AND EQUITY		451,434,922,713.26	362,396,133,767.33	274,306,783,388.56

Prepared by:

MARY ANN A. MALINIS

Acting Division Chief, AICD, Comptrollership Department

Reviewed by:

CHERIE CARMEN B. DIVINA, CPA, MBA, CSEE

Senior Manager, Comptrollership Department

Recommending Approval:

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

SVP, Fund Management Sector

NERISSA R. SANTIAGO

Acting SVP-Actuarial Services and
Risk Management Sector

ATTY. ELI DINO D. SANTOS

EVP and Chief Operating Officer

Approved by:

EMMANUEL R. LEDESMA, JR.

Acting President and Chief Executive Officer



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Notes	2022	2021
	2022		(As Restated)
INCOME			
Premium contributions	26	216,779,856,065.38	186,218,043,008.09
Interest and other income	27	11,853,163,645.58	9,671,320,123.58
		228,633,019,710.96	195,889,363,131.67
EXPENSES			
Benefit claims expenses	28	143,560,402,394.25	140,161,027,863.45
Personnel services	29	4,972,582,892.41	4,277,374,147.01
Other operating expenses	30	4,253,755,674.51	3,544,893,619.82
		152,786,740,961.17	147,983,295,630.28
NET INCOME BEFORE CHANGE IN ICL		75,846,278,749.79	47,906,067,501.39
Other Gains	27	72,436,425,208.00	674,945,941,888.97
OTHER COMPREHENSIVE INCOME		-	-
NET INCOME		148,282,703,957.79	722,852,009,390.36

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(In Philippine Peso)

	Notes 2022	2022	2021 (As Restated)
Premium Contributions	26	216,779,856,065.38	186,218,043,008.09
Less: Benefit claims expenses	28	143,560,402,394.25	140,161,027,863.45
GROSS MARGIN FROM OPERATIONS		73,219,453,671.13	46,057,015,144.64
OPERATING EXPENSES			
Personnel services	29	4,972,582,892.41	4,277,374,147.01
Other operating expenses	30	4,253,755,674.51	3,544,893,619.82
TOTAL OPERATING EXPENSES		9,226,338,566.92	7,822,267,766.83
NET OPERATING INCOME		63,993,115,104.21	38,234,747,377.81
Add: Interest and other income	27	11,853,163,645.58	9,671,320,123.58
NET INCOME BEFORE CHANGE IN ICL		75,846,278,749.79	47,906,067,501.39
Other Gains	27	72,436,425,208.00	674,945,941,888.97
OTHER COMPREHENSIVE INCOME		-	-
NET INCOME		148,282,703,957.79	722,852,009,390.36

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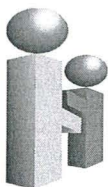

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(In Philippine Peso)

RESERVE FUND	25		
Reserve at January 1		191,498,004,527.64	140,720,729,653.83
Net income before change in ICL		75,846,278,749.79	47,906,067,501.39
Prior year adjustment		3,909,429,518.21	2,871,207,372.42
Reserve Fund at December 31		271,253,712,795.64	191,498,004,527.64
Provision for insurance contract liabilities (ICL)	24	(245,210,695,795.32)	(317,647,121,003.32)
TOTAL MEMBERS' EQUITY		26,043,017,000.32	(126,149,116,475.68)

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Cash received from premium contributions	207,196,436,070.78	172,591,693,945.02
Interest received from investments	11,610,930,177.27	10,358,834,701.46
Collection of other income	375,592,221.95	434,725,500.26
Gain (Loss) on Foreign Exchange	43,466.18	22,256.81
Collection of rent income	638,791.12	966,181.08
Reimbursement of point of service (POS)	-	9,522,070.00
Total Cash Inflows	219,183,640,727.30	183,395,764,654.63
Cash Outflows		
Payment of benefit claims	(130,557,999,598.51)	(100,236,837,966.67)
Payment of operating expenses	(6,841,221,259.21)	(5,897,438,767.46)
Payment of financial charges	(29,860,033.11)	(53,062,999.81)
Total Cash Outflows	(137,429,080,890.83)	(106,187,339,733.94)
Net Cash Provided by/(Used in) Operating Activities	81,754,559,836.47	77,208,424,920.69
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Matured time deposits	120,189,963,979.73	183,116,448,228.24
Matured treasury bills	2,864,435,324.02	4,576,728,014.38
Matured treasury bonds	20,122,998,342.00	59,026,529,000.00
Proceeds from disposal of assets	302,911.32	250,482.00
Total Cash Inflows	143,177,700,557.07	246,719,955,724.62
Cash Outflows		
Placement on time deposits	(180,377,570,871.30)	(182,119,647,809.17)
Placement on treasury bills	(12,214,512,859.21)	-
Placement on treasury bonds	(31,787,669,036.74)	(162,620,621,333.39)
Accrued interest paid on placement of bonds	(8,114,166.66)	(866,458,172.28)
Purchase of Fixed assets	(269,768,889.60)	(201,182,424.57)
Total Cash Outflows	(224,657,635,823.51)	(345,807,909,739.41)
Net Cash Provided by/(Used in) Investing Activities	(81,479,935,266.44)	(99,087,954,014.79)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Trust receipts	459,281,711.78	504,431,433.65
Total Cash Inflow	459,281,711.78	504,431,433.65
Cash Outflows		
Trust disbursements	(408,284,323.22)	-
Finance lease payments	(265,713,475.16)	(310,578,910.80)
Principal	(243,171,307.53)	(274,200,714.43)
Interest	(22,542,167.63)	(36,378,196.37)
Total Cash Outflows	(673,997,798.38)	(310,578,910.80)
Net Cash Provided by/(Used in) Financing Activities	(214,716,086.60)	193,852,522.85
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	59,908,483.43	(21,685,676,571.25)
Reversal of interest income on treasury bonds	-	(1,014,000.00)
CASH AND CASH EQUIVALENTS, JANUARY 1	6,363,794,517.98	28,050,485,089.23
CASH AND CASH EQUIVALENTS, DECEMBER 31	6,423,703,001.41	6,363,794,517.98

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PHILIPPINE HEALTH INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
(All amounts in Philippine Peso unless otherwise stated)

1. General Information

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

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

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

The NHIF as amended shall consist of premiums from direct or indirect contributors; other appropriations earmarked by the national and local governments purposely for the implementation of the program; subsequent appropriations provided for under Sections 46 and 47 of RA No. 7875, as amended; donations and grants-in-aid; and all accruals thereof. Under Section 26, Article VI of RA No. 7875, as amended, the use, disposition, investment, administration and management of the NHIF, including any subsidy, grant or donation received for the program operations shall be governed by applicable laws, and in the absence thereof, existing resolution of the BODs of the Corporation subject to limitations prescribed in the Act.

The financial statements of the Corporation for the year ended December 31, 2022 were approved and authorized for issue by the Board of Directors on March 13, 2023.

1.1. Corona Virus Pandemic

The COVID-19 pandemic that started in 2020 has greatly challenged the country, compromising the viability of numerous businesses, triggering massive layoffs and joblessness, and sending the nation’s economy to record high contraction. But for countless members and their families afflicted with COVID-19, PhilHealth has been able to provide the needed financial relief from the high cost of treatment for the novel coronavirus. As a crucial partner of the government in its overall pandemic response, PhilHealth immediately put together benefit packages ranging from testing, facility-based and home

isolation, treatment and hospitalization, and a vaccine injury compensation package for those who will experience serious adverse effects following COVID-19 inoculation.

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

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

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

2. Summary of Significant Accounting Policies

2.1. Basis of Preparation and Statement of Compliance

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

2.2. Basis of Measurement

The financial statements are presented in Philippine Peso (₱), which is also the Corporation's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

2.3. Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Corporation adopted effective for annual periods beginning January 1, 2022.

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

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PFRS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the related proceeds and related cost from such items shall be recognized in profit or loss. The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Annual Improvements to PFRS 2018 to 2021 Cycle:
 - Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

2.4. New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

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

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

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

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

2.5. Financial Assets and Liabilities

Date of Recognition

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

Initial Recognition

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

“Day 1” Difference

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

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

Classification of Financial Instruments

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

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

Financial Assets at Amortized Cost

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

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

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

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

Financial Liabilities at Amortized Cost

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

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

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

2.6. Impairment of Financial Assets at Amortized Cost

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

2.7. Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

2.8. Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the

recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

2.9. Classification of Financial Instrument between Liability and Equity

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

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

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

2.10. Inventories

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

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

2.11. Other Current Assets

Other current assets represent assets of the Corporation which are expected to be realized within one year or within the Corporation's normal operating cycle whichever is longer. Other current assets are presented in the Statement of Financial Position at cost less any portion that has already been consumed or that has already expired.

2.12. Property and Equipment

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

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

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

Particulars	Number of Years
Land Improvements	10
Building and Building Improvements	30
Leasehold Improvements	10
IT Equipment	5
Furniture and Fixtures	10
Office Equipment	5
Communication Equipment	10
Library Books	5
Medical Equipment	10
Transportation Equipment	7

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

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

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

2.13. Intangible Assets

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

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

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

2.14. Impairment of Non-Financial Assets

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

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

2.15. Reserve Fund

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

2.16. Revenue Recognition

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

Premium Contributions

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

Interest Income

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

Rent Income

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

2.17. Expense Recognition

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

Benefit Claims Expense

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

Operating Expenses

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

2.18. Leases

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

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

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

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

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

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

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

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

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

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

	2022	2021
Carrying amount of Right-of-use asset	505,427,949	644,440,513
Depreciation expense	272,589,986	391,866,812
Interest expense	22,873,017	99,169,767
Short-term leases	282,442,354	88,688,354
Total	1,083,441,063	1,224,165,446

Lease Liabilities

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

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

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

The Corporation does not have leases of low-value assets. Classified under short-term leases are office spaces that are on a month to month basis renewal and have no multi-year contract.

Corporation as a Lessor

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

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

2.19. Employee Benefits

Short-term Benefits.

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

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

2.20. Related Parties

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

2.21. Provisions

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

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

2.22. Provision for Insurance Contract Liabilities (ICL)

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

2.23. Contingencies

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

2.24. Events after the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

3.1. Judgments

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

3.2. Estimates and Assumptions

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

Estimating Premium Income from the Direct Contributors - Employed Sector

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

Estimating Allowance for Impairment of Receivables

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

Estimating Useful Lives of Property and Equipment

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

There is no change in the estimated useful lives of depreciable property and equipment in 2022 and 2021.

Estimating Benefit Claims Payables

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

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

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

Methodology for Estimating IBNP

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

4. Financial Risk Management

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

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

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

Management Committee of the Board (RiskCom), the Management and Project Management Team-Risk Management (PMT-RM) as the technical arm of RiskCom. They are mainly responsible for developing policies for Management's or BOD's approval and monitor the risk management policies, define work practices and advise when needed the BPOs with regard to risk management and compliance; and

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

Financial Risk Factors

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

Credit Risk

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

The Corporation's placements in fixed term deposits with Authorized Government Depository Banks (AGDBs) are in accordance with Sec. 5.2 of Department of Finance (DOF) Circular No. 002-2022, on the Revised Guidelines on Authorized Government Depository Banks, which mandates all Government Owned and Controlled Corporations (GOCCs), National Government Agencies (NGAs) and Local Government Units (LGUs) to maintain and deposit government funds only with AGDBs.

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

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

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, PhilHealth investments are regularly monitored to ensure that these are

always within the prescribed cumulative ceilings specified in Sec. V.D.2 of CO 2021-0057 PhilHealth Omnibus Guidelines on Fund Investments (Corporate Order No. 2021-0057). The said Corporate Order outlines the policies and guidelines in determining and managing exposure limits to investment instruments including the negative list of investments that are considered not ethically and socially responsible by the Corporation such as companies with exposures in sin products like tobacco, liquor, alcohol, including gaming, and mining and quarrying.

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

$$\begin{array}{ccccccc}
 \text{EAD} & & \text{PD} & & \text{LGD} & = & \text{ECL} \\
 \text{Exposure at Default} & \times & \text{Probability of Default} & \times & \text{Loss Given Default} & & \text{Expected Credit Loss} \\
 1,103,567,208.33 & \times & 0.001809 & \times & 0.2761 & = & 551,193.09
 \end{array}$$

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

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

Liquidity Risk

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

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

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

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

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

Interest Rate Risk

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

5. Cash and Cash Equivalents

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

Cash in bank earns interest based on the prevailing interest rates. Interest earned on bank deposits amounted to ₱1,659,949.03 and ₱1,880,828.75 in 2022 and 2021 respectively.

- 5.4.** SSDs are term deposits of one (1) day up to ninety (90) days with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The interest rates ranging from 0.4500 per cent to 0.5500 per cent and 0.2603 per cent to 0.8000 per cent as of December 31, 2022 and December 31, 2021, respectively.

This account is composed of the following:

	2022	2021
Collecting Officers	346,093,287.75	28,724,227.09
Petty Cash Fund (PCF)	3,660,932.71	2,970,129.29
Cash in Bank	4,250,198,796.83	2,705,288,887.31
Special Savings Deposits	1,823,749,984.12	3,626,811,274.29
Total	6,423,703,001.41	6,363,794,517.98

6. Investment in Time Deposit

Investments in Time Deposits are term deposits of ninety-one (91) to three hundred sixty-four (364) days with interest rate ranging from .1000 per cent to 6.0000 per cent and 1.800 per cent to 2.2000 per cent as of December 31, 2022 and December 31, 2021, respectively.

	2022	2021
Investment in Time Deposits – Local Currency	126,425,079,472.13	66,237,474,760.69
Investment in Time Deposits – Foreign Currency	1,318,681.94	1,190,938.19
Total	126,426,398,154.07	66,238,665,698.88

7. Receivables

This account is composed of the following:

	2022	2021
Receivable from Direct Contributors	33,617,838,133.22	23,759,200,250.28
Due from NGAs	21,122,806,684.38	21,123,953,824.93
Due from LGUs	255,783,120.78	344,742,522.15
Accrued Interest Receivable from Investment	2,837,220,803.94	2,217,609,469.09
Other Receivable	47,668,952.11	2,934,806.72
Receivables	57,881,317,694.43	47,448,440,873.17
Less: Allowance for Impairment	(23,304,218,628.26)	(21,777,473,066.82)
Receivables, net	34,577,099,066.17	25,670,967,806.35

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

	2022	2021
Receivable from Direct Contributors	33,617,838,133.22	23,759,200,250.28
Less: Allowance for Impairment	(2,353,248,669.33)	(816,647,255.69)
Total	31,264,589,463.89	22,942,552,994.59

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

	2022	2021
Senior Citizen		
No. of enrollees	8,557,139	8,557,139
Amount	20,537,134,800	20,537,134,800
Point-of-Service (POS)		
No. of enrollees	187,623	187,623
Amount	450,295,200	450,295,200
Fortuitous event		
No. of enrollees	56,135	56,135
Amount	134,724,000	134,724,000
Department of Public Works and Highways (DPWH)		
No. of enrollees	-	-
Amount	652,684.38	1,799,924.93
Total	21,122,806,684.38	21,123,953,824.93
Allowance for impairment	(20,671,858,800.00)	(20,671,858,800.00)
Net amount	450,947,884.38	452,095,024.93

Fund transfer to DPWH for lot improvements (PRO II)	652,684.38
Total 2021	652,684.38
Enrollment of 187,623 qualified members under the 2019 POS program for the period January to December 2018 per billing to DBM	450,295,200
Total 2018	450,295,200
Enrollment of 2,258,757 Senior Citizens which were automatically renewed for the period January to December 2016 per billing to DBM through DOH [P12,998,827,200 - P7,577,809,200 (Collection)]	5,421,018,000
Less: Allowance for impairment	(5,421,018,000)
Total 2016	-
Enrollment of 5,416,178 Senior Citizens for CY 2015 per billing to DBM	12,998,827,200
Less: Allowance for Impairment	(12,998,827,200)
Total 2015	-
Enrollment of 56,135 families of which 55,474 families came from Region VIII who were casualties of Typhoon Yolanda and for the extended insurance coverage under the Fortuitous Event Program implemented as a component of the NHIP for the billing period January to December 2014.	134,724,000
Enrollment of 882,204 Senior Citizens for the period of October to December 2014 per billing to DBM	2,117,289,600
Less: Allowance for Impairment	(2,252,013,600)
Total 2014	-
Grand Total	450,947,884.38

- 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:

	2022	2021
National Capital Region (NCR)	6,040.00	6,040.00
Cordillera Administrative Region (CAR)	105,365.00	-
I	-	158,400.00
II	1,192,600.00	553,270.00
III	98,908,028.30	108,697,856.17
V	795,000.00	795,000.00
VI	151,000,287.48	164,308,424.98
VII	3,775,800.00	4,429,600.00
XI	-	3,172,200.00
CARAGA	-	62,621,731.00
Due from LGUs	255,783,120.78	344,742,522.15
Less: Allowance for Impairment	(231,892,977.30)	(286,136,293.38)
Due from LGUs, net	23,890,143.48	58,606,228.77

- 7.4. Accrued Interest Receivable from investment amounting to ₱2,837,220,803.94 and ₱2,217,609,469.09 as at December 31, 2022 and December 31, 2021, 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 ₱41,778,499.67 and ₱2,934,806.72 as at December 31, 2022 and December 31, 2021, respectively, represent due from officers and employees.

Allowance for impairment of ₱41,951,869.44 was provided due to ECL as of December 31, 2022.

8. Other Receivable – Interim Reimbursement Mechanism (IRM)

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

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

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

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

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

As of December 31, 2022, a total of ₱14,962,619,143.39 or 99.9450 per cent has already been liquidated out of the ₱14,970,850,093.56 released IRM, leaving a balance of ₱8,230,950.17 or 0.0550 per cent nationwide. Details as of December 31, 2022, are as follows:

Region	No. of HCIs	Released	Liquidated	Balance
NCR	162	4,353,410,548.80	4,347,354,598.63	6,055,950.17
CAR	19	484,137,869.40	484,137,869.40	-
I	49	782,476,917.41	780,301,917.41	2,175,000.00
II	13	338,564,866.55	338,564,866.55	-
III	105	1,956,388,846.23	1,956,388,846.23	-
IV-A	89	1,248,048,505.33	1,248,048,505.33	-
IV-B	41	690,075,499.50	690,075,499.50	-
V	61	724,616,526.28	724,616,526.28	-
VI	1	121,372,688.00	121,372,688.00	-
VII	50	1,101,824,042.59	1,101,824,042.59	-
VIII	36	505,534,201.70	505,534,201.70	-
IX	13	378,753,947.06	378,753,947.06	-
X	18	737,824,643.50	737,824,643.50	-
XI	28	890,240,858.28	890,240,858.28	-
XII	17	483,567,834.00	483,567,834.00	-
CARAGA	2	89,487,448.93	89,487,448.93	-
BARMM	7	84,524,850.00	84,524,850.00	-
Total		14,970,850,093.56	14,962,619,143.39	8,230,950.17

As of January 26, 2023, the Legal Sector reported the following:

PRO	HCI	Amount	Legal Actions Taken
NCR	San Juan Medical Center	6,055,950.17	The Appeal of 117 denied claims was GRANTED thru PARD Resolution X22-0606-004 to 0111; X22-0606—0118 to 0126. As of January 24, 2023, the unliquidated balance is ₱ 5,967,956.174 (117 claims). Four (4) claims are for process amounting to ₱175,988.00.
I	Sta. Teresita Hospital, Inc.	2,175,000.00	The HCI is consistently paying their monthly installments. They made a payment of ₱200,000.00 last January 10, 2023. PRO I still has 6 post-dated checks every 10th of the month totaling ₱ 1,977,412.47. Last check is dated July 10, 2023.

9. Inventories

Inventories as of December 31, 2022 and 2021 were all stated at cost.

This account is composed of the following:

	2022	2021
Office Supplies and Materials Inventory	91,980,768.04	102,261,255.58
Semi-Expendable Machinery and Equipment	8,842,410.67	7,992,349.37
Semi-Expendable Furniture, Fixtures and Books	23,200,560.53	21,758,519.39
Inventories	124,023,739.29	132,012,124.34
Less: Allowance for Impairment	(1,177,735.53)	-
Inventories, net	122,846,003.71	132,012,124.34

Office Supplies and Materials Inventory account amounting to ₱91,980,768.04 and ₱102,261,255.58 as at December 31, 2022 and December 31, 2021, respectively, represents small tangible items that are expected to be used within one (1) year from the reporting date.

9.1. Semi-Expendable Machinery and Equipment account amounting to ₱8,842,410.67 and ₱7,992,349.37 as at December 31, 2022 and December 31, 2021, respectively, represents office equipment, information and communication technology costing less than ₱50,000.00.

9.2. Semi-Expendable Furniture, Fixtures, and Books account amounting to ₱ 23,200,560.53 and ₱21,758,519.39 as at December 31, 2022 and December 31, 2021, respectively, represents furniture, fixtures and books costing less than ₱50,000.00.

10. Other Current Assets

This account is composed of the following:

	2022	2021
Other Receivables:		
Philippine Red Cross (PRC)	-	100,000,000.00
Health Care Institutions (HCIs)	-	58,199.99
Creditable Withholding Tax	1,493,155.59	16,242,339.49
Other Current Assets	70,833,859.29	101,761,472.71
Other Current Assets	72,327,014.88	218,062,012.19
Less: Allowance for Impairment	(43,957,427.24)	(97,891,404.53)
Other Current Assets, net	28,369,587.64	120,170,607.66

- 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 (₱3,500.00) 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 (₱100,000,000.00); 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 ₱100,000,000.00 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.

The Other Receivable account has been fully liquidated hence no balance as of December 31, 2022.

- 10.2.** Remittance of taxes withheld from the released IRM have a balance of ₱1,493,155.59 and ₱16,242,339.49 as at December 31, 2022 and December 31, 2021, respectively.
- 10.3.** Other Current Assets amounting to ₱ 70,833,859.29 and ₱101,761,472.71, as at December 31, 2022 and December 31, 2021, respectively, represent Due from Officers and Employees and Fines and 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 ₱43,957,427.24 was provided due to ECL as of December 31, 2022. Details as follows:

	Total Amount	Allowance for Impairment	Net Amount
Other Receivables:			
IRM (COVID 10) Tax	1,493,155.59	(136,345.83)	1,356,809.76
Accrued Fines & Penalties from ACAs	3,044,221.95	(2,387,521.32)	656,700.63
Personal Calls	69,042.83	(69,042.83)	0.00
Refund from Benefit Payment-Employer	32,411,234.36	(25,532,049.36)	6,879,185.00
Filing Fees	258,141.12	(258,141.12)	0.0
GPAI	67,473.00	(67,473.00)	0.00

Payment Recovery	166,276.60	-	166,276.60
Others	34,817,469.43	(15,506,853.78)	19,310,615.65
Other Current Assets - Other Receivable	72,327,014.88	(43,957,427.24)	28,369,587.64

11. Investment Securities at Amortized Cost

This account is composed of the following:

	2022	2021
Investment in Treasury Bills	9,350,077,535.19	
Investment in Government Bonds	270,732,356,462.44	256,365,182,877.17
Investment in Corporate Bonds	1,100,000,000.00	4,512,500,000.00
Total Investments	281,182,433,997.63	260,877,682,877.17
Less: Allowance for Impairment	(551,193.09)	(222,229.66)
Investments, net	281,181,882,804.54	260,877,460,647.51

- 11.1. Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 3.6475 percent as at December 31, 2022.

	Interest Rate(%)	2022	2021
Treasury Bills	3.4850	5,615,365,066.64	-
Treasury Bills	3.4850	1,429,808,755.57	-
Treasury Bills	3.8100	1,962,204,667.76	-
Treasury Bills	3.8100	342,699,045.22	-
Total		9,350,077,535.19	

- 11.2. Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of 3.8995 per cent and 3.9794 per cent as at December 31, 2022 and December 31, 2021, respectively.

	Interest Rate(%)	2022	2021
Retail Treasury Bonds	4.3971	78,316,890,000.00	49,616,890,000.00
RTB Non-Restricted Environment	3.6993	75,913,279,582.48	89,844,093,545.77
Outstanding Investment	3.6023	116,502,186,879.96	116,904,199,331.40
Total		270,732,356,462.44	256,365,182,877.17

- 11.3. Investment in Corporate Bonds with a maturity period of more than one (1) year and with an average interest rate of 3.8915 per cent and 4.8256 per cent as at December 31, 2022 and December 31, 2021, respectively.

	Interest Rate(%)	2022	2021
7-yr Filinvest Land, Inc. Fixed Rate Bonds	5.3567	-	780,000,000.00
7-yr Robinsons Land Corp. Fixed Rate Bonds	4.8000	-	1,500,000,000.00
7-yr Ayala Land Inc. Fixed Rate Bonds	4.5000	-	950,000,000.00
7-yr Ayala Land Inc. Fixed Rate Bonds	3.8915	1,100,000,000.00	1,100,000,000.00
7-yr South Luzon Tollway Corp. Fixed Rate Bonds	5.5796	-	182,500,000.00
Total		1,100,000,000.00	4,512,500,000.00
Less: Allowance for Impairment		(551,193.09)	(222,229.66)
Investments in Corporate Bonds, net		1,099,448,806.91	4,512,277,770.34

Interest earned on Investment Securities at Amortized Cost amounted to ₱9,920,279,267.80 and ₱7,801,259,843.23 as at December 31, 2022 and December 31, 2021, respectively.

	Interest Rate(%)	2022	2021
Retail Treasury Bonds	4.3971	78,316,890,000.00	49,616,890,000.00
RTB Non-Restricted Environment	3.6993	75,913,279,582.48	89,844,093,545.77
Outstanding Investment	3.6023	116,502,186,879.96	116,904,199,331.40
Total		270,732,356,462.44	256,365,182,877.17

12. Property and Equipment – Net

This account is composed of the following:

2022						
	Land and Land Improvements	Bldg. & Structure/ Leasehold Impts.	Construction in Progress	Furniture & Fixtures, Equipment & Books	Motor Vehicle	Total
Cost						
Balance at beg. of year	₱876,177,352.96	₱252,045,197.89	₱27,870,253.01	₱2,287,996,767.40	₱230,094,370.63	₱3,674,183,941.89
Additions	0.00	19,093,988.35	1,147,140.55	83,353,274.65	106,190,000.00	209,784,403.55
Adjustments	0.00	(6,648,572.67)	0.00	(123,218,544.23)	(2,613,188.99)	(132,480,305.89)
Balance at end of year	876,177,352.96	264,490,613.57	29,017,393.56	2,248,131,497.82	333,671,181.64	3,751,488,039.55
Accum. Depreciation						
Balance at beg. of year	1,498,375.89	153,134,466.66	0.00	1,542,123,678.70	183,055,928.30	1,879,812,449.55
Depreciation	0.00	28,212,562.65	0.00	213,565,541.97	14,493,515.15	256,271,619.77
Adjustments	0.00	(6,273,748.73)	0.00	(55,770,990.04)	(2,601,561.36)	(64,646,300.13)
Balance at end of year	1,498,375.89	175,073,280.58	0.00	1,699,918,230.63	194,947,882.09	2,071,437,769.19
Carrying Amount	₱874,678,977.07	₱89,417,332.99	₱29,017,393.56	₱548,213,267.19	₱138,723,299.55	₱1,680,050,270.36

2021 (As Restated)						
	Land and Land Improvements	Bldg. & Structure/ Leasehold Impts.	Construction in Progress	Furniture & Fixtures, Equipment & Books	Motor Vehicle	Total
Cost						
Balance at beg. of year	₱876,177,352.96	₱238,495,578.23	₱27,870,253.01	₱2,426,955,851.28	₱230,975,182.33	₱3,800,474,217.81
Additions	0.00	17,133,714.60	0.00	124,901,563.62	874,446.30	142,909,724.52
Adjustments	0.00	(3,584,094.94)	0.00	(263,860,647.50)	(1,755,258.00)	(269,200,000.44)
Balance at end of year	876,177,352.96	252,045,197.89	27,870,253.01	2,287,996,767.40	230,094,370.63	3,674,183,941.89
Accum. Depreciation						
Balance at beg. of year	1,498,053.13	121,369,544.85	0.00	1,467,309,631.30	169,433,165.15	1,759,610,394.43
Depreciation	398.89	30,116,683.06	0.00	304,790,048.59	14,805,816.58	349,712,947.12
Adjustments	(76.13)	1,648,238.75	0.00	(229,976,001.19)	(1,183,053.43)	(229,510,892.00)
Balance at end of year	1,498,375.89	153,134,466.66	0.00	1,542,123,678.70	183,055,928.30	1,879,812,449.55
Carrying Amount	₱874,678,977.07	₱98,910,731.23	₱27,870,253.01	₱745,873,088.70	₱47,038,442.33	₱1,794,371,492.34

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, s. 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.

13. Right-of-Use Assets

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

Summary of Right-of-Use Assets as follows:

2022			
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	441,721,774.49	(293,281,906.14)	148,439,868.35
NCR	149,228,615.60	(74,035,177.11)	75,193,438.49
CAR	22,643,590.88	(16,413,949.78)	6,229,641.10
I	1,149,859.14	(263,138.00)	886,721.14
II	-	-	-
III	118,134,934.10	(24,292,815.63)	93,842,118.47
IVA	75,637,436.18	(49,445,052.76)	26,192,383.42
IVB	101,425,109.85	(46,308,741.76)	55,116,368.09
V	-	-	-
VI	6,212,330.78	(5,917,679.55)	294,651.23
VII	87,505,524.04	(57,171,314.37)	30,334,209.67
VIII	10,961,210.61	(7,068,469.49)	3,892,741.12
IX	-	-	-
X	92,574,846.16	(85,355,036.58)	7,219,809.58
XI	50,243,144.02	(34,898,006.77)	15,345,137.25
XII	-	-	-
CARAGA	76,467,794.09	(37,367,887.18)	39,099,906.91
BARRM	16,704,773.31	(13,363,818.70)	3,340,954.61
Carrying Amount	1,250,610,943.25	(745,182,993.82)	505,427,949.43

2021			
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	441,722,860.22	(191,197,946.73)	250,524,913.49
NCR	149,228,615.60	(74,035,177.11)	75,193,438.49
CAR	63,592,569.88	(48,909,579.60)	14,682,990.28
I	29,501,345.78	(26,181,114.91)	3,320,230.87
II	-	-	-
III	70,367,193.74	(43,418,864.17)	26,948,329.57

IVA	80,275,750.34	(38,483,166.80)	41,792,583.54
IVB	105,066,846.33	(45,307,234.14)	59,759,612.19
V	24,278,092.82	(20,906,135.55)	3,371,957.27
VI	61,027,137.83	(56,987,780.24)	4,039,357.59
VII	87,118,593.20	(36,022,774.45)	51,095,818.75
VIII	9,614,659.80	(5,108,133.34)	4,506,526.46
IX	-	-	-
X	106,689,891.30	(71,855,531.39)	34,834,359.91
XI	46,790,139.34	(28,710,483.99)	18,079,655.35
XII	25,131,312.58	(20,105,050.07)	5,026,262.51
CARAGA	66,351,095.83	(21,768,528.67)	44,582,567.16
BARRM	16,704,773.31	(10,022,864.02)	6,681,909.29
Carrying Amount	1,383,460,877.90	(739,020,365.18)	644,440,512.72

Details of ROU Assets as at December 31, 2022 are as follows:

Lessor	Use	Lease Period	Amount
Head Office			
Zapanta Realty & Dev't. Corp.	Office Space	06/01/2019 to 05/31/2024	198,829,375.97
Columbia Estate Properties, Inc.	Office Space	01/01/2021 to 05/31/2024	129,128,366.47
Columbia Estate Properties, Inc.	Warehouse	03/01/2019 to 02/29/2024	26,963,465.56
Fortune General Ins. Corp.	Office Space	06/01/2019 to 05/31/2024	14,095,120.28
Fortune Life Ins. Co., Inc.	Office Space	06/01/2019 to 05/31/2024	37,264,464.55
Columbia Estate Properties, Inc.	Office Space	01/01/2019 to 05/31/2024	35,440,981.66
Sub-Total Head Office			441,721,774.49
PRO NCR			
Westco Electrical & Equip't. Corp.	PRO Space	12/01/2017 to 11/30/2022	18,795,648.69
Metro Dry Clean Ventures, Inc.	PRO Warehouse 1	01/01/2019 to 04/30/2021	2,708,023.56
CAS Properties, Inc.	PRO Warehouse 2	07/16/2018 to 07/15/2023	4,207,384.51
Columbia Estate Properties	Central Branch Office & LHIO QC	01/01/2018 to 12/31/2022	34,835,751.21
Fibertex Corporation	LHIO Rizal	03/01/2017 to 02/28/2022	6,689,639.09
Our Workshop Sales (OWS)	LHIO Fairview	06/01/2017 to 05/31/2022	6,148,053.75
Intraland Resource, Inc.	North Branch Office	01/01/2019 to 12/31/2021	903,969.42
Guru Property Dev't. & Mgt. Corp.	LHIO Calocan	01/01/2019 to 11/30/2021	6,901,710.50
Lica Management, Inc.	LHIO Mandaluyong	05/02/2018 to 04/30/2023	8,816,270.76
Cromagen Land Corporation	South Branch Office	07/01/2019 to 06/30/2024	40,845,094.72
Industrial Timber Corporation	LHIO Makati	01/01/2019 to 03/31/2021	903,969.42
Iriz One Properties Inc.	LHIO Pasig	01/01/2019 to 04/30/2021	6,964,698.31
Editha Building	LHIO Las Pinas	01/01/2019 to 10/31/2019	1,671,982.84
BNC Properties, Inc.	LHIO Paranaque	08/01/2018 to 07/31/2022	8,836,41.82
Sub-Total PRO NCR			149,228,615.60
PRO CAR			
Kennon Wood Homes	PRO Warehouse	01/01/2019 to 06/30/2023	14,760,210.41
Lester Astudillo	Abra Office Space	04/01/2022 to 03/03/2027	5,276,891.92
Kedawen Rentals	Mt. Province Office Space	01/01/2019 to 02/28/2023	2,606,488.55
Sub-Total PRO CAR			22,643,590.88
PRO I			
Municipality of Laoa, Pangasinan	LHIO Eastern Pangasinan Warehouse	03/01/2022 to 02/28/2025	339,610.07
B & D Bldg, Allied Properties	LHIO Western Pangasinan	05/16/2022 to 05/15/2025	810,249.07
Sub-Total PRO I			1,149,859.14
PRO III			
Dona Rita Realty Corp.	Branch Office	07/06/2022 to 07/05/2027	53,503,199.30
Analita T. Mangahas	LHIO Gapan	08/01/2022 to 07/31/2027	10,418,399.14
Vicente Lim	Warehouse	04/10/2019 to 03/31/2024	13,562,850.21
Oscar Santos	LHIO Olongapo	08/01/2022 to 07/31/2027	18,232,198.50
JCB Building	LHIO Gapan satellite office	11/09/2020 to 11/28/2025	1,426,970.01
Juan D. Nepomuceno Sons, Inc.	LHIO Angeles	04/30/2021 to 04/29/2026	14,730,364.76
Alice B. Gonzales	LHIO Iba	04/30/2021 to 04/29/2026	6,260,952.18
Sub-Total PRO III			118,134,934.10

Lessor	Use	Lease Period	Amount
PRO IV-A			
Lucena Grand Central Terminal, Inc.	Storage Space	10/01/2019 to 09/30/2024	4,231,115.13
Lucena Grand Central Terminal, Inc.	LHIO Lucena	01/01/2019 to 07/31/2023	4,845,299.84
Lucena Grand Central Terminal, Inc.	PRO Office Space	12/01/2019 to 11/30/2024	25,183,214.34
Calamba Medical Center	LHIO Calamba	11/01/2019 to 10/31/2024	10,484,741.13
Calamba Medical Center	LHIO Calamba	07/01/2020 to 06/30/2025	2,491,822.15
Premium Link Devt. Corp.	LHIO Dasmariñas	05/01/2019 to 04/30/2024	14,027,936.48
One FS Industrial Corp.	LHIO Dasmariñas Storage Space	08/01/2019 to 07/31/2024	1,411,916.84
One FS Industrial Corp.	LHIO Trece Martires	01/01/2019 to 08/31/2023	4,427,682.80
One FS Industrial Corp.	LHIO Trece Martires Storage Space	08/01/2019 to 07/31/2024	1,268,188.78
Manuelito Lorica	LHIO Gumaca Office Space	02/01/2021 to 01/31/2026	6,676,068.29
JVB Building	LHIO Gumaca Storage Space	01/01/2019 to 01/31/2023	589,550.40
Sub-Total PRO IV-A			75,637,436.18
PRO IV-B			
Wildy Dy Tan	LHIO Lipa Warehouse	10/24/2018 to 09/24/2023	4,826,995.78
Millorey, Inc.	LHIO Batangas City	09/05/2019 to 08/31/2024	7,252,249.75
Edgardo P. Perez	LHIO Tanauan	06/02/2022 to 06/02/2027	17,562,077.39
Feature Realty Holdings & Dev't. Corp.	LHIO Lemery	11/27/2019 to 11/31/2024	5,539,756.66
Karangyan Builders & Traders	LHIO Oriental Mindoro	06/01/2021 to 05/31/2026	59,818,371.69
XRC Mall Developer	Regional Office	07/01/2020 to 06/30/2025	6,425,658.58
Sub-Total PRO IV-B			101,425,109.85
PRO VI			
Pueblo de Panay, Inc.	LHIO Capiz Office Space	01/01/2019 to 3/12/2023	6,212,330.78
Sub-Total PRO VI			6,212,330.78
PRO VII			
Province of Siquijor	Office Space	01/01/2017 to 12/31/2026	2,585,425.60
Elsita A. Panizales (Bais)	Office Space	02/01/2022 to 01/31/2024	1,547,469.92
Carcar City - LGU	Office Space	07/22/2019 to 06/21/2024	6,160,726.69
JGY Land Corporation	Office Space	09/16/2019 to 09/15/2024	14,396,242.80
Talibon DC General Merchandise	Warehouse	03/16/2020 to 03/15/2025	215,756.58
Hancit Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	19,159,821.62
Skytower Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	43,440,081.83
Sub-Total PRO VII			87,505,524.04
PRO VIII			
R.K. Eng'g. & Construction Works	Office Space	07/01/2019 to 06/30/2024	1,853,819.49
MAV Properties	Office Space	04/16/2019 to 04/15/2024	6,016,068.84
EC Cereno Rental Services	Office Space	07/01/2019 to 06/30/2024	1,744,771.47
CINCO Real Property Estate Leasing	Office Space	12/09/2022 to 11/18/2025	1,346,550.81
Sub-Total PRO VIII			10,961,210.61
PRO X			
Limketkai and Sons, Inc.	Regional Office	01/04/2019 to 05/03/2023	89,688,820.17
Q & G Chua Trading Corp.	LHIO Valencia	01/01/2019 to 06/30/2023	1,678,138.20
Q & G Chua Trading Corp.	LHIO Valencia Stock Room	01/01/2019 to 06/30/2023	195,783.08
F.E. Chua	LHIO Valencia	01/01/2019 to 06/30/2023	1,012,104.71
Sub-Total PRO X			92,574,846.16
PRO XI			
828 Commercial Building	Office Space	07/01/2022 to 06/30/2027	1,228,795.77
DDIS Inc	Warehouse	07/01/2022 to 06/30/2027	5,897,438.75
Valgosons Realty Incorporated	Office Space	01/16/2019 to 01/15/2024	43,116,909.50
Sub-Total PRO XI			50,243,144.02
PRO CARAGA			
Abcalo Commercial Building	Office Space	07/01/2020 to 06/30/2025	43,598,301.17
Mn Bayalas Commercial	LHIO Bislig	03/01/2020 to 02/28/2025	4,877,827.01
Primeglee Corporation	LHIO Surigao	05/01/2020 to 04/30/2023	3,769,172.69
CARAGA Ramlizdy Corp.	LHIO Butuan City	12/01/2020 to 11/30/2025	12,129,493.10
Saint Francis Realty	Office Space	06/01/2022 to 05/31/2025	7,060,207.62
JTP Realty	LHIO Tandag	03/01/2022 to 02/28/2025	5,032,792.50
Sub-Total PRO CARAGA			76,467,794.09

Lessor	Use	Lease Period	Amount
PRO BARMM			
Kouzbary Builders	PRO Space	01/01/2019 to 12/31/2023	16,704,773.31
Total PRO BARMM			16,704,773.31
GRAND TOTAL			1,250,610,943.25

14. Intangible Assets – Net

This account is composed of the following:

	2022	2021
Cost		
Balance at beginning of year	467,617,381.76	434,936,716.67
Additions	47,651,497.20	32,778,500.00
Adjustments	10,700,179.72	(97,834.91)
Balance at end of year	525,969,058.68	467,617,381.76
Accumulated Amortization		
Balance at beginning of year	250,247,247.68	210,704,899.62
Amortization	10,206,769.67	39,542,348.06
Adjustments	773,288.38	
Balance at end of year	261,227,305.73	250,247,247.68
Carrying Amount	264,741,752.95	217,370,134.08

This account mainly pertains to various software applications/programs, the majority of which are licenses used, to fully utilize the capability of a software system to operate in a virtual environment. Please see attached schedule for Intangibles at book value.

15. Other Non-Current Assets

This account is composed of the following:

	2022	2021
Advances to Special Disbursing Officers	-	-
Advances to Officers & Employees	350,377.72	705,789.21
Prepayments	38,023,716.50	116,112,494.40
Guaranty Deposits	114,838,300.57	107,489,404.76
Sub-Total	153,212,395.09	224,307,688.37
DBM (transfer of NHIP Program from GSIS to PHIC)	155,235,240.00	155,235,240.00
PDIC (per MB Reso. 459 dated 04/07/2005)	327,103.25	327,103.25
COA Disallowance of former officers and employees	-	1,456,748.97
PROs (from Various Health Providers-DCS)	700,555.15	710,253.60
Unserviceable Equipment	48,874,314.98	72,910,139.15
Serviceable Equipment	1,095,251.36	1,006,729.87
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from PCSO	-	283,800.00
Receivable from LGUs	481,189,229.73	425,366,263.73
Other Assets - Intangibles	6,287,168.39	6,249,938.39
Total	1,088,450,292.86	1,058,287,646.96
Less: Allowance for Impairment	(1,025,489,515.14)	(964,384,961.94)
Sub-Total	62,960,777.72	93,902,685.02
Other Non-Current Assets, net	216,173,172.81	318,210,373.39

- 15.1. The Special Disbursing Officer (SDO) is an Accountable Officer duly designated, responsible and accountable for the proper management of funds for a specific legal purpose or activity and is properly bonded in accordance with law. The amount is nil as at December 31, 2022 and December 31, 2021, respectively. The nil amount represents the funds on hand from the said officers as of reporting date.
- 15.2. Advances to Officers and Employees amounting to ₱350,377.72 and ₱705,789.21 as at December 31, 2022 and December 31, 2021, respectively, represent cash advances granted to authorized officers and employees for legal authorized purpose such as local and foreign travels.
- 15.3. Prepayments amounting to ₱38,023,716.50 and ₱116,112,494.40 as at December 31, 2022 and December 31, 2021, 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).
- 15.4. Guaranty Deposits amounting to ₱114,838,300.57 and 107,489,404.76 as at December 31, 2022 and December 31, 2021, respectively, represent transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals. These deposits are made for the faithful performance of the provisions of the lease agreements and shall cover possible damages to the leased premises. These are refundable at the end of the service agreement.
- 15.5. Long Term Receivable from the DBM amounting to ₱155,235,240.00 as at December 31, 2022 and December 31, 2021 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.
- 15.6. Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to ₱327,103.25 as at December 31, 2022 and December 31, 2021 was the result of the Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation. As of last communication on July 7, 2022, no collection has been received. A follow-up letter was made on March 10, 2023 as per Audit Committee directive.
- 15.7. Debit/Credit Scheme (DCS) amounting to ₱700,555.15 and ₱710,253.60 as at December 31, 2022 and December 31, 2021 refer to the balance of advance payment to HCPs for the year 1999.

Allowance for impairment of 700,555.15 was provided for due to closure of the hospital facilities and as prescribed by PFRS 9.
- 15.8. Unserviceable Equipment account amounting to ₱48,874,314.98 and ₱72,910,139.15 as at December 31, 2022 and December 31, 2021, 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.
- 15.9. Serviceable Equipment account amounting to ₱1,095,251.36 and ₱1,006,729.87 as at December 31, 2022 and December 31, 2021, respectively, represent pieces of equipment which are still functional but already obsolete and fully depreciated and ready for disposal. This account shall be further reclassified as Non-Current Asset–Held for Sale, once the requirements set upon by the Standard are met.

- 15.10.** Receivable from NGAs amounting to ₱394,741,430.00 as at December 31, 2022 and December 31, 2021 represents deficiency in employer share of the Health Insurance Premium Contributions by different government agencies nationwide from CYs 2001 to 2008.
- 15.11.** Receivable from PCSO amounting to ₱283,800.00 as at December 31, 2021. The amount is nil as at December 31, 2022.
- 15.12.** 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:

	2022	2021
NCR	1,307,600.00	1,307,600.00
CAR	22,806,503.32	22,911,868.32
I	35,962,267.37	38,303,867.37
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	281,853,173.04	283,853,173.04
VIII	6,940,501.57	6,940,501.57
X	21,456,374.45	23,756,374.45
XI	16,546,340.54	15,398,140.54
CARAGA	61,421,731.00	-
BARMM	1,916,552.04	1,916,552.04
Carrying Amount	481,189,229.73	425,366,263.73

- 15.13.** Other Assets – Intangibles – These are reclassified from Intangible Assets which were fully amortized and was left with their residual value only amounting to ₱6,287,168.39 and ₱6,249,938.39 as at December 31, 2022 and December 31, 2021, respectively.
- 15.14.** 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.

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.

	2022	2021
DBM (transfer of NHIP Program from GSIS to PHIC)	155,235,240.00	155,235,240.00
PDIC (per MB Reso. 459 dtd 04/07/2005)	327,103.25	27,103.25
PROs (from Various Health Providers-DCS)	700,555.15	710,253.60
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from LGUs	474,485,186.74	413,370,935.09
Allowance for Impairment	1,025,489,515.14	964,384,961.94

16. Financial Liabilities

This account is composed of the following:

	2022	2021 (New Presentation Format)
Accounts Payable	9,042,664,208.22	8,217,614,822.12
Accrued Benefits Payable	48,122,580,844.11	77,493,179,467.31
Due to Officers and Employees	464,537,809.95	380,777,790.43
Operating Lease Payable	4,257,350.44	2,491,995.56
Tax Refund Payable	-	3,272,028.01
Other Financial Liabilities	15,000.00	15,000.00
Total	57,634,055,212.72	86,097,351,103.43

Below is the breakdown of the Accounts Payable:

	2022	2021
Personnel Services	32,124,909.12	28,625,746.31
M.O.O.E.	1,216,574,440.59	1,068,018,405.92
CAPEX	130,283,230.06	222,918,293.19
Benefit Claims Processed	7,656,040,443.25	6,867,427,767.70
Benefit Claims Processed - Primary Care Benefit	6,847,697.00	30,624,609.00
Benefit Claims Processed - Konsulta	793,488.20	-
Total	9,042,664,208.22	8,217,614,822.12

- 16.1.** Accounts Payable – Personnel Services amounting to ₱32,124,909.12 and ₱28,625,746.31 as at December 31, 2022 and December 31, 2021, respectively, represent per diems and allowances of the Board of Directors and Committee members which are due for payment. This also includes the GSIS premium amounting to ₱20,604,585.00 which was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS in compliance with Opinion No. 56, s. of 2018 from the Office of the Government Corporate Counsel dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the Notice of Disallowance is lifted.
- 16.2.** Accounts Payable – MOOE amounting to ₱1,216,574,440.59 and ₱1,068,018,405.92 as at December 31, 2022 and December 31, 2021, respectively, represent procurement of goods or services which are due for payment
- 16.3.** Accounts Payable - CAPEX amounting to ₱130,283,230.06 and ₱222,918,293.19 as at December 31, 2022 and December 31, 2021, respectively, represent procurement of property and equipment which are due for payment.
- 16.4.** Benefit claims processed amounting to ₱7,656,040,443.25 and ₱6,867,427,767.70 as at December 31, 2022 and December 31, 2021, respectively, represent benefit claims payment waiting 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.
- 16.5.** Primary Care Benefit (PCB) processed amounting to ₱6,847,697.00 and ₱30,624,609.00 as at December 31, 2022 and December 31, 2021, respectively, represent PCB payment checks still in the possession of the Corporation.

- 16.6.** The amount 793,488.20 represents benefit claims for Konsulta package for CY 2022.

Below is the breakdown of the Accrued Benefits Payable:

	2022	2021
	(New Presentation Format)	
In-Course of Settlement (ICS)	38,988,364,634.60	66,717,930,852.59
ICS - in process	35,639,638,549.72	52,315,310,012.60
ICS-RTH	3,348,726,084.88	14,402,620,839.99
PCB	8,930,105,106.66	10,775,248,614.72
Konsulta	204,111,102.85	-
Total	48,122,580,844.11	77,493,179,467.31

- 16.7.** Accrued Benefits Payable – ICS amounting to ₱38,988,364,634.60 and ₱66,717,930,852.59 as at December 31, 2022 and December 31, 2021, respectively, are estimated benefit claims still in process as of the reporting period.
- 16.8.** Accrued Benefits Payable – PCB amounting to ₱8,930,105,106.66 and ₱10,775,248,614.72 as at December 31, 2022 and December 31, 2021, respectively, are claims which are actuarially estimated to be outstanding as of report date.
- 16.9.** Due to Officers and Employees amounting to ₱464,537,809.95 and ₱380,777,790.43 as at December 31, 2022 and December 31, 2021, respectively, represents liability to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees.

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

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

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

As a result of the decision of the Supreme Court (GR No. 213453) reversing the ND and COA decision on WESA on November 29, 2016, PhilHealth Management, with the concurrence of the Board of Directors, decided that such WESA should be given retroactive effect so that the rate of WESA, in lieu of Subsistence and Laundry Allowance, at P4,000

shall be deemed continuously granted starting February 2012 after its restoration by virtue of the PhilHealth Board of Directors Resolution dated December 2019.

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

As at December 31, 2022, the remaining balance for WESA amounting to ₱95,764,729.96 are for retired and resigned employees.

- 16.10.** Operating Lease Payable amounting to ₱4,257,350.44 and ₱2,491,995.56 as at December 31, 2022 and December 31, 2021, respectively, are accrual for Rental expense which did not qualify as finance lease or right of use assets.
- 16.11.** Tax Refund Payable – amounting to ₱3,272,028.01 as at December 31, 2021, represents the amount of refund to taxpayers/employees for the excess amount paid/withheld which was reclassified to appropriate accounts in 2022.
- 16.12.** Other Financial Liabilities – this account is used to recognize the amount of other financial liabilities incurred which cannot be appropriately classified under any of the specific financial liability accounts.

17. Inter-Agency Payables

This account is composed of the following:

	2022	2021
Due to BIR	160,737,151.66	128,109,522.41
Due to GSIS	88,446,180.32	73,611,362.29
Due to Pag-ibig	3,701,875.41	2,894,269.61
Due to PhilHealth	13,194,105.83	7,121,644.27
Due to NGAs	10,540,300.97	10,534,817.00
Due to Government Corporations	751,489.30	421,336,489.30
Due to LGUs	1,063,399.58	1,616,008.50
Total	278,434,503.07	645,224,113.38

- 17.1.** Due to BIR consists of liability for taxes withheld from employees' compensation and income payment to suppliers of goods and services which will be remitted in the subsequent period.
- 17.2.** Due to GSIS, Due to Pag-IBIG and Due to PhilHealth comprise of amortization of loans availments, life and retirement insurance premiums payable to GSIS, contributions and amortization of loan availments payable to Pag-IBIG fund, and medical insurance premiums payable to PhilHealth deducted from the salaries of the Corporation's officials and employees and the employer's counterpart which will be remitted to the appropriate agencies in the subsequent periods.
- 17.3.** Due to NGAs refers to SAGIP and PHIE projects of the Department of Health.

- 17.4. Due to Government Corporations refer to receipt of funds from Philippine Charity Sweepstakes Office (PCSO) to be used for COVID-19 related packages. For CY 2022, the PCSO fund was applied on paid COVID-19 related packages.
- 17.5. 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.

18. Trust Liabilities

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

This account is composed of the following:

	2022	2021
UNFPA Project	37,785.77	37,514.89
Unclaimed Refund from Health Care Providers	312,162,815.75	311,979,215.98
AHP - Protest Bond	41,985,000.00	16,355,000.00
Donations	8,710,839.86	8,754,479.86
Bail Bonds Pay./Guaranty/Security Deposit Pay.	32,773,701.79	24,985,935.14
Retention Fee	36,736,179.70	31,454,008.90
Global Dev't Project	1,958,886.31	1,951,554.00
Philippine Training Institute	5,222,073.80	5,258,516.39
Philippine Training Institute - NSSF	619,138.39	615,930.12
PhilHealth Run 2013	900.00	900.00
PhilHealth Run 2015	87,218.87	87,218.87
Calamity Fund	127,437.26	127,379.18
PhilHealth Provident Fund	36,622,000.73	819,991,024.80
COVID-19 Nat'l Vaccine Indemnity Fund	498,833,761.87	500,000,000.00
Others	33,235,335.92	33,645,010.52
Total	1,009,113,076.02	1,755,243,688.65

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

	2022	2021
Westmont Investment Corporation	2,945,656.00	2,945,656.00
Strategies and Alliance Corporation	3,563,418.83	3,607,058.83
Land Bank of the Philippines	110,000.00	110,000.00
Donation received by PROs	2,091,765.03	2,091,765.03
Total	8,710,839.86	8,754,479.86

19. Provision for Health Benefits – IBNR

Provision for Health Benefits – IBNR amounted to ₱95,098,573,409.40 and ₱55,453,412,291.42 as at December 31, 2022 and December 31, 2021, respectively. They are claims which are actuarially estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per Corporate Order No. 2015-0017 dated December 8, 2015.

Provision for IBNR, December 31, 2021	55,453,415,291.42
Add: Adjustment on Restatement (COA)	1,447,209,967.00
IBNR, adjusted balance	56,900,625,258.42
Less: Claims paid applied to balance	(17,731,629,070.57)
IBNR, balance for 2021	39,168,996,186.85
Add: Increase in the Estimated Provision	55,929,577,221.55
Provision for IBNR, December 31, 2022	95,098,573,408.55

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

20. Other Payables

This account is composed of the following:

	2022	2021
Undistributed Collections	1,005,835,986.13	1,800,460,101.49
Due to Non-Government Organizations / Civil Society Organizations	433,329.17	433,329.17
Other Payable - Others	1,237,104,394.71	411,859,310.06
Total	2,243,373,710.01	2,212,752,740.72

- 20.1.** Undistributed Collections refer to unidentified premium collections, remittances of ACAs and accreditation fees credited to PhilHealth bank accounts as of December 31, 2022.
- 20.2.** Due to Non-Government Organization represents various reimbursement of PhiCEA Board of directors for meals and accommodation.
- 20.3.** Other Payables – Others includes employees' association dues to PhilHealth White, amortization of loan availed from PhiCEA, and PROs Cooperative deduction from the salary of the PhilHealth employees.

21. Deferred Credits/Unearned Income

This account is composed of the following:

	2022	2021
Advance premium from Direct Contributor members	371,978,478.73	712,865,311.02
Premium Contribution for NHTS enrollment (CY 2013 & 2014)	516,844,200.00	516,844,200.00
Accreditation Fees - ACAs	852,468.66	635,142.35
Accreditation Fees - HCPs	2,873,500.00	1,686,000.00
Sponsored - LGUs	18,943,227.24	31,198,143.21
Others	366,300.00	3,302,033.35
Total	911,858,174.63	1,266,530,829.93

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

22. Lease Payable

Lease Payable amounting to ₱535,743,246.85 and ₱683,438,246.04 as at December 31, 2022 and December 31, 2021, respectively, are lease payable of the Corporation mostly office and warehouse rental ranging from 1 to 5 years.

23. Leave Benefits Payable

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

Beg. Balance, 12/31/2021		1,121,556,490.44
Less: Terminal Leave Pay	13,916,471.23	
Monetization	79,705,544.17	93,622,015.40
		1,027,934,475.04
Adjustment on over-provision		220,492,625.80
End. Balance, 12/31/2022		807,441,849.24

Office	Regular	Casual	Total
Head Office	173,762,625.50	16,207,734.72	189,970,360.22
CAR	29,403,523.78	5,548,446.08	34,951,969.86
I	28,019,916.15	10,824,679.35	38,844,595.50
II	26,386,532.24	6,052,306.03	32,438,838.27
III	31,569,213.15	19,306,506.93	50,875,720.08
NCR	52,046,742.75	26,414,311.39	78,461,054.14
IV-A	42,970,145.11	21,747,349.65	64,717,494.76
IV-B	17,759,287.24	12,029,271.35	29,788,558.59
V	23,759,901.94	10,323,359.48	34,083,261.42
VI	26,342,833.90	17,387,036.53	43,729,870.43
VII	24,185,683.59	10,690,756.55	34,876,440.14
VIII	21,893,581.05	5,758,197.32	27,651,778.37
IX	18,262,367.93	4,979,708.06	23,242,075.99
X	13,932,800.93	5,792,399.40	19,725,200.33
XI	14,312,649.08	7,378,536.01	21,691,185.09
XII	15,646,703.37	7,914,434.04	23,561,137.41
CARAGA	21,122,259.30	6,073,421.93	27,195,681.23
BARMM	10,327,750.27	21,308,877.14	31,636,627.41
Total	591,704,517.28	215,737,331.96	807,441,849.24

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

The provision of ₱807,441,849.24 represents money value of the earned leave credits as of December 31, 2022 of officers and employees of PhilHealth.

24. Provision for ICL

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

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

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

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

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

The following are expected to be for further revisions:

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

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

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

The Actuarial Services and Risk Management Sector (ASRMS) performed Liability Adequacy Test as required by PFRS 4, using the same assumptions as stated above and in Note 2.22 as required by IC, the result of which is ₱339,309,737,739.00, thus, no additional provisions were recognized for the year 2021. However, per COA recommendation, the decrease should be recognized as a change in accounting estimates per PAS 8. Adjustment were made in CY2022.

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

The following are the Actuarial assumptions used in the computation of ICL for the CY2021:

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

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

The following are expected to be for further revisions:

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

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

	Actuarial Estimates
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 (ASRMS) performed Liability Adequacy Test as required by PFRS 4, using the same assumptions as stated above and in Note 2.22 as required by IC, the result of which is ₱339,309,737,739.00, thus, no additional provisions were recognized for the year 2021.

25. Members' Equity

This account is composed of the following:

	2022	2021 (As Restated)
Reserve	271,253,712,795.64	191,498,004,527.64
Provision for ICL	(245,210,695,795.32)	(317,647,121,003.32)
Total Members' Equity	26,043,017,000.32	(126,149,116,475.68)

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.

25.1. Below is the breakdown of Surplus:

	2022	2021 (As Restated)
Surplus at January 1		(153,820,377.23)
Reserved transferred to Surplus		153,820,377.23
Surplus at Jan. as restated	-	-
Net income	148,282,703,957.79	722,852,009,390.36
Prior year's adjustments	3,390,429,518.21	2,871,207,372.42
Total Surplus	152,192,133,476.00	725,723,216,762.78
Surplus transferred to reserve	(152,192,133,476.00)	(725,723,216,762.78)
Surplus at Year-End	-	-

Prior Year's Adjustments were closed to Retained Earnings.

Premium Contributions	1,537,414,466.17
Accreditation Income	162,543.00
Interest Income	(30,241,477.37)
Other Income	-800,719.90
Fines and Penalties	3,574,333.25
Personnel Services	212,084,915.05
Other Operating Expenses	(25,274,728.00)
Other Financial Charges	619,568.93
Non-Cash Expenses	6,958,144.60
Member's Benefits Expenses	2,204,932,472.48
Total	3,909,429,518.21

25.2. Below is the breakdown of Reserve Fund:

	2022	2021 (As Restated)
Reserve at Jan 1	191,498,004,527.64	140,720,729,653.83
Net Income	75,846,278,749.79	47,906,067,501.39
Prior year's adjustments	3,909,429,518.21	2,871,207,372.42
Reserve Fund at Year-End	271,253,712,795.64	191,498,004,527.64

The Reserve Fund is recorded in compliance with Office Order No. 0145, s. of 2012 which is based on the provisions of Section 27 of RA 7875 as amended by RA 10606, which states that the Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, that the total amount of reserves shall not exceed a ceiling of ₱470.59B, the amount actuarially estimated for two years' projected program expenditures: Provided further; that whenever

actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

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

25.3. Provision for Insurance Contract Liabilities (ICL)

Provision for insurance contract liabilities (ICL)		
	2022	2021 (As Restated)
Provision for Insurance Contract Liabilities (ICL)	(245,210,695,795.32)	(317,647,121,003.32)

26. Premium Contributions

This account is composed of the following:

	2022	2021
Direct Contributors	136,715,403,724.97	105,979,252,055.97
Indirect Contributors	80,064,452,340.41	80,238,790,952.12
Total	216,779,856,065.38	186,218,043,008.09

26.1. Below is the breakdown of the Direct Contributors:

	2022	2021 (New Presentation Format)
Government	35,528,325,450.44	27,018,184,791.46
Private	92,446,533,785.76	69,373,980,149.86
Kasambahay	101,203,951.42	71,974,905.13
Family Driver	46,082.80	61,241.30
Migrant Worker - Land Based	267,637,186.16	277,490,856.85
Migrant Worker - Sea Based	628,763.22	801,492.00
Filipino with Dual Citizenship / Living Abroad	719,565.58	1,556,933.00
Women about to give birth	128,200.00	81,506.92
Professional Practitioner	50,613,694.01	11,014,711.38
Self-Earning Individual	6,975,275,789.00	8,426,015,977.24
Self-Earning Individual - Sole Proprietor	4,150,488.28	2,270,660.62
Self-Earning Individual - Group Enrollment Scheme	1,315,491,474.50	777,555,105.08
Foreign National	23,782,983.96	18,263,725.13
Others	866,309.84	-
Total	136,715,403,724.97	105,979,252,055.97

(Details of 2021 audited to new presentation format on note # 32.5)

26.2. Below is the breakdown of the Indirect Contributors:

	2022	2021
Indigent - NHTS	38,237,655,000.00	30,600,693,600.00
Senior Citizens	41,318,550,000.00	49,059,040,000.00
PAMANA	13,600,800.00	50,553,600.00
Sponsored	494,646,540.41	528,503,752.12
Total	80,064,452,340.41	80,238,790,952.12

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

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

27. Interest and Other Income

This account is composed of the following:

	2022	2021
Interest Income	11,544,397,569.62	9,530,235,840.15
Other Income	308,766,075.96	141,084,283.43
Total	11,853,163,645.58	9,671,320,123.58

27.1. Below is the breakdown of the Interest Income:

	2022	2021
		(New Presentation Format)
Investment Securities at Amortized Cost	9,920,279,267.80	7,801,259,843.23
Special Savings Deposit	318,231,985.33	218,985,066.34
Investment in Time Deposit	1,304,226,367.46	1,508,110,101.83
Savings & Current Deposits	1,659,949.03	1,880,828.75
Total	11,544,397,569.62	9,530,235,840.15

(Details of 2021 audited to new presentation format on note # 32.6)

27.2. Below is the breakdown of the Other Income:

	2022	2021
Accreditation Fees	28,758,144.05	19,393,628.27
Fines & Penalties	129,180,068.81	77,812,970.66
Rent Income	638,791.12	952,366.68
Gain (Loss) on Foreign Exchange	259,837.14	133,500.85
Gain on Sale of Property, Plant & Equipment		236.64
Gain on Sale of Unserviceable Property	229,675.52	111,204.88
Other Gain	23,318.98	12,137,262.70
Miscellaneous Income	149,676,240.34	30,543,112.75
Total – Before change in ICL	308,766,075.96	141,084,283.43

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

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

27.3. Other Gains – Change in ICL

This account is credited to recognize gains which are not classified under any specific gain accounts. The decrease in the estimated Provision of Insurance Contract Liabilities is credited to this account while an increase is charged to the benefit expense account.

	2022	2021
ICL, end of the year	266,873,312,531.00	339,309,737,739.00
ICL, beginning of the year	339,309,737,739.00	1,014,255,679,627.97
Change in ICL	(72,436,425,208.00)	(674,945,941,888.97)

Under PAS 8 on Accounting Policies, Changes in Accounting Estimates and Errors, a change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors. Paragraph 36 states that:

The effect of a change in an accounting estimate, other than a change to which paragraph 37 applies, shall be recognized prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or*
- (b) the period of the change and future periods, if the change affects both.*

Further, Paragraph 37 states that:

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

28. Benefit Claim Expenses

Benefit Claims Expenses for 2022 and 2021 are recognized at the time of admission.

The benefit claims balance also includes accruals for Primary Care Benefit (PCB) which were actuarially estimated in 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).

This account is composed of the following:

	2022	2021
Members' Benefits for Direct Contributors	86,970,165,111.92	82,614,504,895.05
Members' Benefits for Indirect Contributors	56,092,416,693.95	53,116,102,274.60
Interim Financing Mechanism (IFM)	269,004,561.00	4,179,683,792.00
DCPM-PRC	-	250,714,851.80
KONSULTA	228,816,027.38	22,050.00
Total	143,560,402,394.25	140,161,027,863.45

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

	2022	2021
		(New Presentation Format)
Government	11,240,792,472.94	13,695,946,912.75
Private	28,281,918,689.76	29,108,134,651.75
Kasambahay	29,050,203.80	15,124,491.66
Family Driver	339,285.00	117,978.00
Migrant Worker - Land Based	2,096,764,676.89	18,539,816,520.99
Migrant Worker - Sea Based	97,704,868.99	1,288,795,345.59
Filipino with Dual Citizenship/Living Abroad	20,676,522.72	376,591.00
Professional Practitioner	2,522,475.67	-
Self-Earning Individual	33,250,132,225.81	5,950,521,092.76
Self-Earning Individual - Sole Proprietor	3,382,479.43	1,569,506.00
Self-Earning Individual - Group Enrollment	522,316,292.80	48,136,834.44
Foreign National	11,636,236.99	3,517,810.00
Lifetime Members	11,412,646,513.12	13,962,447,160.11
Others	282,168.00	-
Total	86,970,165,111.92	82,614,504,895.05

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

	2022	2021
		(New Presentation Format)
Indigent - NHTS	15,879,870,523.24	17,293,399,354.05
Senior Citizens	28,695,167,678.47	27,118,845,148.89
Sponsored	11,517,378,492.24	8,703,857,771.66
Total	56,092,416,693.95	53,116,102,274.60

29. Personnel Services

This account is composed of the following:

	2022	2021
Salaries & Wages	2,382,652,094.32	1,813,757,225.72
Other Compensation	2,043,349,862.59	1,860,807,541.46
Statutory Contributions	540,139,104.94	595,461,596.66
Other Personnel Services	6,441,830.56	7,347,783.17
Total	4,972,582,892.41	4,277,374,147.01

30. Other Operating Expenses

This account is composed of the following:

	2022	2021
		(New Presentation Format)
Maintenance and Other Operating Expenses	1,938,498,855.82	1,413,840,229.23
Financial Expenses	96,958,545.80	171,558,187.89
Non-Cash Expenses	2,218,298,272.89	1,959,495,202.70
Total	4,253,755,674.51	3,544,893,619.82

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

30.1. Below is the breakdown of the MOOE:

	2022	2021
		(As Restated)
Traveling Expenses	79,178,933.19	15,328,637.74
Training and Scholarship Expenses	30,352,268.00	18,522,145.04
Supplies and Materials Expenses	168,139,329.96	140,091,894.31
Semi-Expendable Expenses	55,612,979.96	39,801,877.86
Water Expenses	7,210,995.04	6,722,919.32
Electricity Expenses	182,746,727.89	142,906,828.68
Communication Expenses	165,938,346.11	167,413,578.61
Awards / Rewards, Prizes and Indemnities	9,522,333.92	3,785,774.75
Research, Exploration and Development Exp.	15,962,748.00	29,924,716.36
Confidential, Intelligence and Extraordinary Exp.	5,827,007.37	5,357,680.39
Auditing Services	64,857,701.00	66,616,787.00
Consultancy Services	545,638.28	-
Other Professional Services	269,224,984.71	230,623,121.49
Janitorial Services	84,774,361.82	81,967,655.75
Security Services	174,932,949.17	166,023,778.95
Repairs & Maintenance	24,052,826.59	19,409,010.79
Taxes, Duties and Licenses	415,558.24	404,671.45
Fidelity Bond and Insurance Expenses	23,846,398.42	20,563,996.97
Advertising Expenses	22,225,400.86	11,021,329.81
Marketing and Promotional Expenses	37,324,541.37	16,043,137.24
Printing and Publication Expenses	9,949,856.83	4,831,261.51
Representation Expenses	61,685,774.12	39,046,575.57
Transportation and Delivery Expenses	2,228,220.76	1,938,454.51
Rent / Lease Expenses	282,550,111.01	88,688,353.56
Membership Dues and Contr. to Organizations	10,150,843.93	8,530,495.36
Subscription Expenses	31,989,759.00	7,798,552.21
Donations	1,654,337.14	1,093,832.91
Major Events Expenses	20,175,879.89	10,601,957.40
Other MOOE - Others	95,422,043.24	68,781,203.69
Total	1,938,498,855.82	1,413,840,229.23

30.2. Below is the breakdown of the Financial Expenses:

	2022	2021
Bank Charges	23,830.02	49,173.18
Interest Expenses	22,873,016.61	99,169,766.55
Other Financial Charges	74,061,699.17	72,339,248.16
Total	96,958,545.80	171,558,187.89

Interest Expenses includes the effect of applying PFRS 16 amounting to ₱20,861,040.99.

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.

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

	2022	2021 (As Restated and New Presentation Format)
Depreciation	528,861,606.14	706,884,358.76
Land Improvements	-	398.89
Buildings and Other Structures	1,290,437.16	1,298,744.94
Machinery and Equipment	209,046,868.81	265,023,997.80
Furniture, Fixtures and Books	4,492,150.16	5,039,429.60
Transportation Equipment	14,493,515.15	14,805,816.58
Leased Assets	-	-
Leased Assets Improvements	26,922,125.49	28,817,938.12
Right-of-Use Assets	272,589,986.37	391,866,812.12
Other Property, Plant and Equipment	26,523.00	31,220.71
Amortization - Intangible Assets	10,206,769.67	39,967,948.06
Impairment Loss	1,676,675,916.81	1,208,351,719.89
Loans and Receivables	1,539,716,013.64	807,537,677.79
Other Receivables	53,538,380.39	133,393,581.91
Due from LGUs	-	266,820,311.94
Financial Assets held to maturity	328,963.43	222,229.66
Inventories	1,177,735.53	-
Property, Plant and Equipment	962.37	5,455.21
Intangible Assets	707,370.00	-
Other Assets	81,206,491.45	372,463.38
Losses	2,553,980.27	4,291,175.99
Loss on sale of property and equipment	477,140.35	3,752,264.86
Loss on FOREX	90,807.34	47,130.97
Loss of Assets	268,606.74	4,000.00
Loss on Sale of Assets	1,717,425.84	93,550.50
Other Losses	-	394,229.66
Total	2,218,298,272.89	1,959,495,202.70

31. Related Party Transactions

Compensation of Key Management Personnel

Key management personnel refers to the executive team with the rank of Senior Vice President (SVP) 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 of the executive officers for CYs 2022 and 2021 are as follows:

	2022	2021
Short-term benefits	71,450,250.22	26,202,103.52
Retirement benefits	794,062.64	-
Total	72,244,312.86	26,202,103.52

The Board of Directors in CYs 2022 and 2021 received the following:

	2022	2021
Honorarium/Per Diem	8,523,200.00	8,478,400.00
Total	8,523,200.00	8,478,400.00

32. RESTATEMENTS AND CHANGED IN PRESENTATION FORMAT OF CERTAIN ACCOUNTS IN THE FINANCIAL STATEMENT.

The restatement which is in accordance with PAS 8, pertains to prior period adjustments of semi-expendable expenses applying changes in accounting policies, specific principles, rules and practices in the preparation and presentation of the financial statements. Likewise, the presentation format of certain accounts in the 2019 financial statements were changed to conform with the current year presentation format based on COA Circular No. 2020-002 dated January 28, 2020 and COA Circular No. 2021-009 "Implementation of Philippine Financial Reporting Standard 16 – Leases by all Government Corporations classified as Commercial Public Sector Entities.

Below is the summary of the financial impact of the restatements of the 2021 financial statements pertaining to semi-expendable expenses. On the other hand, the new presentation format of certain accounts did not impact on the financial statement as of December 31, 2021.

32.1. Statement of Financial Position

December 31, 2021				
	Audited	PYA-	Changed in Presentation Format	As Restated/New Presentation Format
ASSETS				
Current Assets				
Cash & cash equivalents	6,363,794,517.98	-	-	6,363,794,517.98
Investment in time deposits	66,238,665,698.88	-	-	66,238,665,698.88
Receivables, net	10,627,319,911.35	15,043,647,895.00	-	25,670,967,806.35
Other receivable, IRM	18,669,852.08	-	-	18,669,852.08
Inventories	132,012,124.34	-	-	132,012,124.34
Other current assets	120,170,607.66	-	-	120,170,607.66
Total Current Assets	83,500,632,712.29	-	-	98,544,280,607.29
Non-Current Assets				
Investment securities at amortized cost	260,877,460,647.51	-	-	260,877,460,647.51
Property and equipment, net	2,569,319,832.60	(130,507,827.54)	(644,440,512.72)	1,794,371,492.34
Right-of-Use Assets	-	-	644,440,512.72	644,440,512.72
Intangible assets, net	217,370,134.08	-	-	217,370,134.08
Other non-current assets, net	318,210,373.39	-	-	318,210,373.39
Total Non-Current Assets	263,982,360,987.58	(130,507,827.54)	-	263,851,853,160.04
TOTAL ASSETS	347,482,993,699.87	14,913,140,067.46	-	362,396,133,767.33

LIABILITIES AND EQUITY**Current Liabilities**

Financial liabilities	142,234,204,640.89	-	(56,136,853,537.46)	86,097,351,103.43
Inter-agency payables	645,224,113.38	-	-	645,224,113.38
Trust liabilities	1,755,243,688.65	-	-	1,755,243,688.65
Provision for Health Benefits - IBNR	-	-	55,453,415,291.42	55,453,415,291.42
Other payables	2,212,752,740.72	-	-	2,212,752,740.72
Total Current Liabilities	146,847,425,183.64	-	(683,438,246.04)	146,163,986,937.60

Non-Current Liabilities

Deferred credits/Unearned Income	1,266,530,829.93	-	-	1,266,530,829.93
Lease Payable	-	-	683,438,246.04	683,438,246.04
Leave benefits payable	1,121,556,490.44	-	-	1,121,556,490.44
Provision for ICL	1,014,255,679,627.97	(674,945,941,888.97)	-	339,309,737,739.00
Total Non-Current Liabilities	1,016,643,766,948.34	(674,945,941,888.97)	683,438,246.04	342,381,263,305.41
TOTAL LIABILITIES	1,163,491,192,131.98	(674,945,941,888.97)	(0.00)	488,545,250,243.01

EQUITY

Members' Equity	(816,008,198,432.11)	689,859,081,956.43	-	(816,138,706,259.65)
Total Equity	(816,008,198,432.11)	689,859,081,956.43	-	(816,138,706,259.65)
TOTAL LIABILITIES AND EQUITY	347,482,993,699.87	14,913,140,067.46	(0.00)	347,460,714,695.09

32.2. Statement of Comprehensive Income

	December 31, 2021		
	Audited	PYA	As Restated
Premium contributions	171,174,395,113.09	15,043,647,895.00	186,218,043,008.09
Less: Benefit claims expenses	140,161,027,863.45	-	140,161,027,863.45
GROSS MARGIN FROM OPERATIONS	31,013,367,249.64	15,043,647,895.00	46,057,015,144.64
Operating expenses			
Personnel services	4,277,374,147.01	-	4,277,374,147.01
Other operating expenses	3,568,206,169.51	(23,312,549.69)	3,544,893,619.82
TOTAL OPERATING EXPENSES	7,845,580,316.52	(23,312,549.69)	7,822,267,766.83
NET OPERATING INCOME (LOSS)	23,167,786,933.12	15,066,960,444.69	38,234,747,377.81
Add: Interest and other income	9,671,320,123.58	674,945,941,888.97	684,617,262,012.55
NET INCOME	32,839,107,056.70	690,012,902,333.66	722,852,009,390.36
OTHER COMPREHENSIVE INCOME	-		
NET INCOME	32,839,107,056.70	690,012,902,333.66	722,852,009,390.36

32.3. Statement of Changes in Equity

	December 31, 2021		
	Audited	PYA	As Restated
SURPLUS			
Surplus at January 1	-	-	-
Net income without ICL	32,839,107,056.70	23,312,549.69	47,906,067,501.39
Prior year adjustment	2,871,207,372.42		2,871,207,372.42
Adjustment to contingent capital	-	-	-
Total Surplus	35,710,314,429.12	23,312,549.69	50,777,274,873.81
Surplus transferred to reserves	(35,710,314,429.12)	(23,312,549.69)	(50,777,274,873.81)
Surplus at December 31	-	-	-
RESERVE FUND			
Reserve at January 1	140,874,550,031.06	(153,820,377.23)	140,720,729,653.83
Surplus transferred to reserves	35,710,314,429.12	23,312,549.69	50,777,274,873.81
Reserve Fund at December 31	176,584,864,460.18		191,498,004,527.64
Provision for insurance contract liabilities (ICL)	(992,593,062,892.29)	674,945,941,888.97	(317,647,121,003.32)
TOTAL MEMBERS' EQUITY	(816,008,198,432.11)		(126,149,116,475.68)

32.4. Statement of Cash Flow

	December 31, 2021		
	Audited	Changed in presentation format	New Presentation Format
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Cash received from premium contributions	172,591,693,945.02	-	172,591,693,945.02
Interest received from investments	10,358,834,701.46	-	10,358,834,701.46
Collection of other income	434,725,500.26	-	434,725,500.26
Gain (Loss) on Foreign Exchange	-	22,256.81	22,256.81
Collection of rent income	966,181.08	-	966,181.08
Reimbursement of point of service (POS)	9,522,070.00	-	9,522,070.00
Income from grants and donation	-	-	-
Total Cash Inflows	183,395,742,397.82	22,256.81	183,395,764,654.63
Cash Outflows			
Payment of benefit claims	(100,236,837,966.67)	-	(100,236,837,966.67)
Payment of operating expenses	(5,950,463,864.47)	-	(5,950,463,864.47)
Payment of Personnel Service	(2,686,605,912.02)	-	(2,686,605,912.02)
Payment of MOOE	(2,514,030,917.54)	-	(2,514,030,917.54)
Payment to Officers & Employees	(728,121,020.03)	-	(728,121,020.03)
Payment of Leave Benefits	(21,706,014.88)	-	(21,706,014.88)
Payment of financial charges	(37,902.80)	-	(37,902.80)
Total Cash Outflows	(106,187,339,733.94)	-	(106,187,339,733.94)
Net Cash Provided by/(Used in) Operating Activities	77,208,402,663.88	22,256.81	77,208,424,920.69
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Matured time deposits	183,116,448,228.24	-	183,116,448,228.24
Matured treasury bills	4,576,728,014.38	-	4,576,728,014.38
Matured treasury bonds	59,026,529,000.00	-	59,026,529,000.00
Proceeds from disposal of assets	250,482.00	-	250,482.00
Total Cash Inflows	246,719,955,724.62	-	246,719,955,724.62

Cash Outflows			
Placement on time deposits	(182,119,647,809.17)	-	(182,119,647,809.17)
Placement on treasury bills	-	-	-
Placement on treasury bonds	(162,620,621,333.39)	-	(162,620,621,333.39)
Accrued interest paid on placement of bonds	(866,458,172.28)	-	(866,458,172.28)
Purchase of Fixed assets	(201,182,424.57)	-	(201,182,424.57)
Total Cash Outflows	(345,807,909,739.41)	-	(345,807,909,739.41)
Net Cash Provided by/(Used in) Investing Activities	(99,087,954,014.79)	-	(99,087,954,014.79)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflow			
Trust receipts	504,431,433.65	-	504,431,433.65
Total Cash Inflow	504,431,433.65	-	504,431,433.65
Cash Outflows			
Trust disbursements	-	-	-
Finance Lease	(310,578,910.80)	-	(310,578,910.80)
Principal	(274,200,714.43)	-	(274,200,714.43)
Interest	(36,378,196.37)	-	(36,378,196.37)
Total Cash Outflows	(310,578,910.80)	-	(310,578,910.80)
Net Cash Provided by/(Used in) Financing Activities	193,852,522.85	-	193,852,522.85
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Reversal of interest income on treasury bonds	(1,014,000.00)	-	(1,014,000.00)
Gain(Loss) on Foreign Exchange	22,256.81	(22,256.81)	-
CASH AND CASH EQUIVALENT, JANUARY 1	28,050,485,089.23	-	28,050,485,089.23
CASH AND CASH EQUIVALENTS, DECEMBER 31	6,363,794,517.98	(22,256.81)	6,363,794,517.98

32.5. Revenue – Premium Contributions

December 31, 2021				
	2021			2021
	(Audited)	Change in presentation format	PYE	New Presentation
Premium Contributions				
Direct Contributors				105,979,252,055.97
Government	23,185,415,818.46	-	3,832,768,973.00	27,018,184,791.46
Private	<u>59,876,962,200.91</u>	(74,306,807.05)	9,571,324,756.00	69,373,980,149.86
Private	59,802,655,393.86	-	9,571,324,756.00	69,373,980,149.86
Enterprise Owner	2,270,660.62	(2,270,660.62)	-	-
Kasambahay	71,974,905.13	(71,974,905.13)	-	-
Family Driver	61,241.30	(61,241.30)	-	-
Informal Economy	<u>7,873,226,141.60</u>	<u>74,306,807.05</u>		
Kasambahay	-	71,974,905.13		71,974,905.13
Family Driver	-	61,241.30		61,241.30
Migrant Worker –Land based	213,884,198.85	-	63,606,658.00	277,490,856.85
Migrant Worker	142,648,108.35	(142,648,108.35)		
Migrant Worker – Land based	71,236,090.50	142,648,108.35	63,606,658.00	277,490,856.85
Migrant Worker – Sea based	801,492.00	-		801,492.00
Naturalized Filipino Citizen	1,222,973.00	(1,222,973.00)		-
Citizen of Other countries working/Studying in the Phils.	13,887,173.17	(13,887,173.17)		-
Filipino with Dual Citizenship	333,960.00	1,222,973.00		1,556,933.00
Woman about to give birth	81,506.92	-		81,506.92
Professional Practitioner	11,014,711.38	-		11,014,711.38
Self – Earning Individual				8,426,015,977.24
Informal Sector	4,659,549,924.89	(4,659,549,924.89)		-
Self- Earning Individual	2,190,518,544.35	4,659,549,924.89	1,575,947,508.00	8,426,015,977.24

Self-earning Ind. – Sole Proprietor	-	2,270,660.62	2,270,660.62
Organized Group	777,555,105.08	(777,555,105.08)	-
Self- Earning Ind. – Group			
Enrollment Scheme		777,555,105.08	777,555,105.08
Foreign National	4,376,551.96	13,887,173.17	18,263,725.13
Indirect Contributors	80,238,790,952.12	-	80,238,790,952.12
Indigents - NHTS	30,600,693,600.00	-	30,600,693,600.00
Senior Citizens	49,059,040,000.00	-	49,059,040,000.00
Special government programs	50,553,600.00	-	
PAMANA	50,553,600.00	-	50,553,600.00
Sponsored	528,503,752.12	-	528,503,752.12
NGAs			-
LGUs	47,679,877.12	-	47,679,877.12
Point of Service	239,787,675.00	-	239,787,675.00
Person with Disability	240,000,000.00	-	240,000,000.00
Others	1,036,200.00	-	1,036,200.00
Total Premium Contributions	171,174,395,113.09	0.00	186,218,043,008.09

32.6. Interest and Other Income

	Notes		2021		2021
	2022	2021	(Audited)	Change in presentation format	New Presentation
Interest Income	27	24			
Investment in Securities at Amortized Cost			7,801,259,843.23		7,801,259,843.23
Treasury Bonds			7,776,846,437.80	-	7,776,846,437.80
Treasury Bills			24,413,405.43	-	24,413,405.43
SSD and Time Deposits			1,727,095,168.17	(1,727,095,168.17)	-
Special Saving Deposits			-	218,985,066.34	218,985,066.34
Investment in Time Deposits			-	1,508,110,101.83	1,508,110,101.83
Savings and Current Deposits			1,880,828.75	-	1,880,828.75
Total Interest Income			9,530,235,840.15	-	9,530,235,840.15
Other Income	27	24			
Accreditation Fees			19,393,628.27	-	19,393,628.27
Gain (Loss) on Foreign Exchange			133,500.85	-	133,500.85
Sale of Disposed/Unserviceable Property			-	-	-
Gain on Sale of Property, Plant and Equip			236.64	-	236.64
Gain on Sale of Unserviceable Property			111,204.88	-	111,204.88
Other Gain			12,137,262.70	674,945,941,888.97	674,958,079,151.67
Fines and Penalty			77,812,970.66	-	77,812,970.66
Rent Income			952,366.68	-	952,366.68
Miscellaneous Income			30,543,112.75	-	30,543,112.75
Total Other Income			141,084,283.43	-	675,087,026,172.40
Total Revenue			180,845,715,236.67		870,835,305,020.64

32.7. Other Operating Expenses

December 31, 2021			
	2021	PYA – Semi Exp.	2021 (Restated)
Maintenance and Other Operating Expenses			
Traveling Expenses	15,328,637.74	-	15,328,637.74
Training and Scholarship Expenses	18,522,145.04	-	18,522,145.04
Supplies and Materials Expenses	140,091,894.31	-	140,091,894.31
Semi-Expendable Expenses	25,917,360.08	13,884,517.78	39,801,877.86
Water Expenses	6,722,919.32	-	6,722,919.32
Electricity Expenses	142,906,828.68	-	142,906,828.68
Communication Expenses	167,413,578.61	-	167,413,578.61
Awards / Rewards, Prizes and Indemnities	3,785,774.75	-	3,785,774.75
Research, Exploration and Development Expenses	29,924,716.36	-	29,924,716.36
Confidential, Intelligence and Extraordinary Expenses	5,357,680.39	-	5,357,680.39
Auditing Services	66,616,787.00	-	66,616,787.00
Other Professional Services	230,623,121.49	-	230,623,121.49
Janitorial Services	81,967,655.75	-	81,967,655.75
Security Services	166,023,778.95	-	166,023,778.95
Repairs & Maintenance	19,409,010.79	-	19,409,010.79
Taxes, Duties and Licenses	404,671.45	-	404,671.45
Fidelity Bond and Insurance Expenses	20,563,996.97	-	20,563,996.97
Advertising Expenses	11,021,329.81	-	11,021,329.81
Marketing and Promotional Expenses	16,043,137.24	-	16,043,137.24
Printing and Publication Expenses	4,831,261.51	-	4,831,261.51
Representation Expenses	39,046,575.57	-	39,046,575.57
Transportation and Delivery Expenses	1,938,454.51	-	1,938,454.51
Rent / Lease Expenses	88,688,353.56	-	88,688,353.56
Membership Dues and Contr. to Organizations	8,530,495.36	-	8,530,495.36
Subscription Expenses	7,798,552.21	-	7,798,552.21
Donations	1,093,832.91	-	1,093,832.91
Major Events Expenses	10,601,957.40	-	10,601,957.40
Other MOOE - Others	68,781,203.69	-	68,781,203.69
Total Maintenance & Other Operating Expenses	1,399,955,711.45	13,884,517.78	1,413,840,229.23
Financial Expenses	171,558,187.89	0.00	171,558,187.89
Non-Cash Expenses	1,996,692,270.17	(37,197,067.47)	1,959,495,202.70
Total Other Operating Expenses	3,568,206,169.51	(23,312,549.69)	3,544,893,619.82
Total Operating Expenses	7,845,580,316.52	(23,312,549.69)	7,822,267,766.83
TOTAL EXPENSES	148,006,608,179.97	(23,312,549.69)	147,983,295,630.28

33. Other Significant and Relevant Information

33.1. PhilHealth reclassified as Commercial Public Sector Entities (CPSEs)

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

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.

33.2. 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 Dec. 31, 2022
SARO-BMB-C-17-0023166	₱ 91,333,530.00	₱ 91,333,530.00
SARO-BMB-C-17-0025119	103,350,096.00	103,350,096.00
SARO-BMB-C-17-0025794	2,805,316,374.00	1,196,668,091.00
	₱ 3,000,000,000.00	₱ 1,391,351,717.00

33.3. PhilHealth Supplemental Benefits

On December 28, 2018, the Department of Budget and Management issued SARO No. SARO-BMB-C-18-0035076 amounting to eight billion five hundred ninety-seven million four hundred seventy-five thousand seven hundred seventy-six pesos (₱8,597,475,776) which include the locally funded project "PhilHealth Supplemental Benefits" for all government employees of the Executive Branch amounting to ₱3,500,000,000. No NCA received yet for the ₱3,500,000.00 as of December 31, 2022.

33.4. 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 adjusted the premium contribution of the Employed Sector in CY2013 through PhilHealth Circular No. 057, s.2012 which prescribed ₱875.00 per month as the maximum contribution shared equally by the Employer and the Employee at ₱437.50 each. However, DBM had allocated 312.50 only or a 40% deficiency. The Corporation consequently billed

the Department of Budget and Management of the estimated NG Employer premium differential and requested the allocation of the unappropriated balances in the following periods:

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

33.5. 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 ₱ 2,520,000 in the financial statements.

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

The GSIS premium amounting to ₱20,604,585.00 was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS in accordance with Opinion No. 56, s. of 2018 from the Office of the Government Corporate Counsel (OGCC) dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the Notice of Disallowance is lifted.

33.7. Number of Outstanding Legal Cases

In compliance to PAS 37, disclosure of information on contingent liabilities particularly on the outstanding legal cases concerning litigations and claims are required. This is to make assessments on the financial effects to the Corporation, if there will be any.

	No. of Cases	Amount
Complaints Against		
Health Care Institutions (HCIs)	1,031	116,552,539
Health Care Professionals (HCPs)	273	15,796,976
Employers	105	11,578,544
Members	8	720,000
PhilHealth/PhilHealth Employees	69	
Others	6	3,640
COA –ND	1,528	7,833,216,694
Total	3,020	7,977,868,393

Head Office

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI*	-	78,701,237	-	-	78,701,237
HCP*	-	2,196,000	-	-	2,196,000
Employers	-	-	-	-	-
Members*	-	720,000	-	-	720,000
PhilHealth/PhilHealth Employees	-	-	-	-	-
COA – ND	-	-	-	1,900,551,665	1,900,551,665
Total	-	81,617,237		1,900,551,665	1,982,168,902

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

NCR

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI*	-	3,380,909	-	-	3,380,909
HCP*	-	-	-	-	-
Employers	-	-	-	-	-
Members*	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
COA – ND	-	-	-	604,086,200	604,086,200
Total		3,380,909	-	604,086,200	607,467,109

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

CAR

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	3,354,640	-	-	3,354,640
HCP*	-	368,924	-	-	368,924
Employers	-	-	-	-	-
Members*	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
COA – ND	-	-	-	340,055,105	340,055,105
Total	-	3,723,564	-	340,055,105	343,778,669

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

PRO I

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	-	-	-	-
HCP	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
COA – ND	-	-	-	227,524,901	227,524,901
Total	-	-	-	227,524,901	227,524,901

PRO II

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	8,140,087	-	-	8,140,087
HCP	-	-	-	-	-
Employers	-	1,384,376	3,558,617	1,388,119	6,331,111
Members	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
COA – ND	-	-	-	339,129,376	339,129,376
Total	-	9,524,463	3,558,617	340,517,495	353,600,574

PRO III

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCl's	-	-	-	-	-
HCPs	-	659,880	-	-	659,880
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth					
Employees	-	-	-	-	-
COA – ND	-	-	-	610,474,673	610,474,673
Total	-	659,880	-	610,474,673	611,134,553

PRO IV-A

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCl's	-	-	-	-	9,259,855
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees					
COA – ND	-	-	-	285,331,164	285,331,164
Total	-	-	-	285,331,164	294,591,019

PRO IV-B

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCl's	-	-	2,395,228	-	2,395,228
HCPs	-	-	2,563,368	-	2,563,368
Employers	196,950	-	1,347,811	910,592	2,455,353
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees					
Others			3,640		3,640
COA – ND	-	-	-	358,781,932	358,781,932
Total	196,951	-	6,310,047	910,592	366,199,521

PRO V

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCl's	-	809,778	-	-	809,778
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees*					
COA – ND	-	-	-	459,793,951	459,793,951
Total	-	809,778	-	459,793,951	460,603,729

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

PRO VI

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCl's	-	873,488	-	-	873,488
HCPs	-	70,350	-	-	70,350
Employers	289,954	187,050	-	-	477,004
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees					
COA – ND	-	-	-	598,080,882	598,080,882
Total	289,955	1,130,888	-	598,080,882	599,501,724

PRO VII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	4,000	1,454,564	-	-	1,458,564
HCP's	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	283,597,209	283,597,209
Total	4,000	1,454,564	-	283,597,209	285,055,773

PRO VIII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	496,296	-	-	496,296
HCP's	-	67,350	-	-	67,350
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	275,401,452	275,401,452
Total	-	563,646	-	275,401,452	275,965,098

PRO IX

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	844,735	-	-	844,735
HCP's	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	253,054,132	253,054,132
Total	-	844,735	-	253,054,132	253,898,867

PRO X

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	573,860	2,723,883	1,025,479	4,323,222
HCP's	-	-	96,000	-	96,000
Employers	327,639	691,622	2,110,358	-	3,129,619
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	471,336,385	471,336,385
Total	327,639	1,265,482	4,930,241	472,361,864	478,885,226

PRO XI

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	633,080	-	-	633,080
HCP's	-	199,120	-	-	199,120
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	347,572,118	347,572,118
Total	-	832,200	-	347,572,118	348,404,318

PRO XII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	-	-	295,985	295,985
HCPs	-	-	-	32,000	32,000
Employers	297,641	-	-	-	297,641
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	32,106,488	32,106,488
Total	297,641	-	-	32,434,473	32,732,114

PRO CARAGA

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	1,522,000	1,522,000	-	3,044,000
HCPs	-	180,040	404,980	220,000	805,020
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	408,040,852	408,040,852
Total	-	1,702,040	1,926,980	408,260,852	411,889,872

PRO BARM

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI's	-	3,911,300	3,313,500	59,600	7,284,400
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth/PhilHealth	-	-	-	-	-
Employees	-	-	-	-	-
COA – ND	-	-	-	38,298,210	38,298,210
Total	-	3,911,300	3,313,500	38,357,810	45,582,610

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

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

	2022	2021
Real estate tax, license and permit taxes	376,957	368,946
Taxes on compensation and benefits	355,210,350	230,682,810
GMP	61,063,635	62,459,077
Expanded withholding taxes	1,679,376,992	697,954,565
Total	2,096,027,934	991,465,398

Other Taxes, Duties and Licenses amounted to P376,957 and P368,946 for CYs 2022 and 2021, respectively, are taxes paid for real property taxes and other fees paid to regulatory entities.